APRM
COUNTRY REVIEW
REPORT NO 8

FEDERAL REPUBLIC
OF NIGERIA
June 2009
FOREWORD

Six years ago, African Heads of State and Government came up with a jointly crafted and broadly supported agenda for advancing the basic values of democracy and good governance which together constitute the key requirements for the sustainable economic growth and development of their countries. The continental agenda, designated as the ‘African Peer Review Mechanism (APRM)’, has grown from strength to strength.

It gives me great pleasure to present today, the APRM Country Review Report and the National Programme of Action of the Federal Republic of Nigeria. This is the eighth in the series and the fifth to be accomplished under my stewardship as Chairperson of the APR Forum.

I would like to seize this opportunity to congratulate His Excellency Umaru Yar’Adua and the people of Nigeria on this great achievement.

Nigeria is central to the NEPAD and APRM. It was not only one of the five initiating countries of NEPAD; indeed, my immediate predecessor as Chairperson of the APR Forum, former president Olusegun Obasanjo of Nigeria, served as Chairperson of the NEPAD Heads of State and Government Implementation Committee as well as the APR Forum from the inception of NEPAD in July 2001 until his departure from office in May 2007. Moreover, Nigeria has been generous in financing the APRM and has so far contributed USD $2,350,000 to the continental Mechanism. The successful accomplishment of the country review process once again testifies to Nigeria’s commitment to and leadership of Pan-Africanism and the African Renaissance in general, and the NEPAD/APRM initiatives in particular.

This Report candidly elucidates the challenges Nigeria faces, including managing its diversity in nation-building, reducing the country’s over-dependence on oil and providing public services to its 140 million inhabitants. The Report also recognises the sound initiatives that have been taken with a view to addressing these challenges. Notably, the Federal Character principle and the Council of State initiative, which are enshrined in the country’s constitution, are already yielding tangible results in nation-building. Nigeria has also made commendable efforts in tackling corruption through the establishment of institutions such as the Economic and Financial Crime Commission (EFCC). The Report has highlighted the remarkable leadership shown by President Yar’Adua in not only adhering to the constitutional requirements to declare his assets and liabilities before the Code of Conduct Bureau, but also going beyond the call of duty and making his declaration public. It is hoped that this example will be emulated at all levels of the public service and among ordinary citizens, for the betterment of the country.

The APRM is also about identifying and disseminating best practices for peer learning and the advancement of the continent as a whole. In this context, the APRM has the mandate to promote intra-African trade and technical cooperation. It is therefore gratifying that the Report for example points out the Technical Aid Corps Programme as one of Nigeria’s major contributions to socio-economic development among the African, Caribbean and Pacific countries. It is the sole volunteer service of its kind currently operated by an African country and therefore
worthy of emulation. Nigeria’s Technical Aid Corps Programme challenges the commonly held perception that Africa is only a recipient of aid.

Nigeria shares commonality with many African countries in the governance and development-related challenges with which it is confronted. Although Africa is mostly at peace with itself, lingering flashpoints of conflict, such as the recent case of Madagascar, remind all of us that there is still a lot to be done. Close to half of the African population continues to live below the poverty line - which is a higher proportional share than in any other region of the world. No wonder, our countries continue to present some of the weakest indicators of social development. Given the current trends, Africa may not meet the Millennium Development Goals. Africa may also not escape the effects of the ongoing economic crisis due to the importance of international trade, foreign capital inflows, development assistance and diaspora contributions to national economies.

We are convinced that the APRM will play a significant role in promoting courageous reforms that are needed to bring about changes in the political and economic environments of our countries, and in the living conditions of our populations. It is gratifying to note that, to date, 29 members of the African Union are currently participating in the APRM. However, if the APRM is to make a difference on the continent as a whole, then there is a need for the countries that have not acceded to the Mechanism to join the fold.

We have agreed that the APRM should be funded principally from African resources. I call upon my colleagues to demonstrate this commitment through regular and increased funding to the APRM. More significantly, as the APRM is an agent of change and not an end in itself, countries should be supported to muster the resources and capacity required to implement the national programmes of action emanating from the assessment process. To this end partnerships from within and outside Africa are vital.

I thank the APR Panel for this uniquely candid and highly insightful report that will no doubt help Nigeria further in its efforts to address the governance-related problems that it faces.

Once again, I would like to congratulate the Government and people of the Federal Republic of Nigeria on this remarkable achievement and I look forward to receiving progress reports on the implementation of the National Programme of Action.

His Excellency Meles Zenawi
Chairperson of the APR Forum
The 28 countries participating in the APRM as of May 2008 are: Algeria, Angola, Benin, Burkina Faso, Cameroon, Djibouti, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritania, Mauritius, Mozambique, Nigeria, Republic of Congo, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Uganda and Zambia.

The African Peer Review (APR) Panel of Eminent Persons

Professor Adebayo Adedeji, from Nigeria, representing West Africa (Chairperson)

Ambassador Bethuel Kiplagat, from Kenya, representing East Africa (Lead panellist for Nigeria)

Professor Mohammed Seghir Babès, from Algeria, representing North Africa (Member)

Mrs Graça Machel, from Mozambique, representing Southern Africa (Member)

Professor Dorothy Njeuma, from Cameroon, representing Central Africa (Member)

Mrs Marie-Angélique Savané, from Senegal, representing West Africa (Member)

Dr Chris Stals, from South Africa, representing Southern Africa (Member)

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ACKNOWLEDGEMENTS

The African Peer Review Mechanism Panel of Eminent Persons (APR Panel) commends the government and the people of Nigeria for reaching this stage of the process. Nigeria is one of the five countries that initiated the New Partnership for Africa’s Development (NEPAD). It was also a key architect of, and one of the first countries to accede to, the African Peer Review Mechanism (APRM). The APR Panel lauds the government and people of Nigeria for staying the course, thereby enabling the country to finalise the self-assessment and review stages of the process. The APR Panel is especially grateful to His Excellency President Umaru Musa Yar’Adua for the support and resources he made available to the national process. The APR Panel further recognises the contribution of former president, His Excellency Olusegun Obasanjo, to the continental and national processes.

The APR Panel expresses its gratitude to Ambassador Bethuel Kiplagat, who led the Nigerian country review process. The APR Panel also acknowledges the contribution of His Excellency Ahmad Tejan Kabbah, the former president of Sierra Leone, who participated in the Country Review Mission (CRM) as a high-level resource person and observer. The CRM would not have succeeded without the support of the various national structures. In this regard, the APR Panel notes the contribution of Ambassador Baba Gana Kingibe [the APR National Focal Point (NFP) for Nigeria], Chief Mrs Chinyere Asika [chairperson of the National Working Group (NWG)] and Ambassador Tunji Olagunju (special adviser to the president on NEPAD and the APRM).

The APR Panel is grateful to the governors and people of the various states that hosted the CRM – Adamawa, Akwa Ibom, Anambra, Bayelsa, Benue, Borno, Edo, Ekiti, Imo, Katsina, Kwara, Lagos, Ogun, Plateau, Sokoto and the Federal Capital Territory (FCT) of Abuja. The participation of stakeholders from the following states is most sincerely appreciated: Abia, Adamawa, Bauchi, Cross River, Delta, Ebonyi, Enugu, Gombe, Jigawa, Kaduna, Kano, Katsina, Kebbi, Kogi, Nassarawa, Niger, Ondo, Osun, Oyo, Rivers, Taraba, Yobe and Zamfara. The APR Panel wishes to thank especially all the nonstate stakeholders and the media in Nigeria for the vibrancy with which they embraced and contributed to the APRM process.

The strategic partners of the APRM, namely the African Development Bank (AfDB), the United Nations Development Programme’s (UNDP) Regional Bureau for Africa, and the United Nations Economic Commission for Africa (UNECA), have supported the APRM since its inception. The APR Panel acknowledges the personal commitment of the respective heads of these institutions: Mr Donald Kaberuka, Mr Gilbert Fossoun Houngbo and Mr Abdouli Janneh. The APR Panel notes the useful contributions of the representatives of these institutions who participated in the various APRM missions.

The APR Panel mentions especially the African experts who participated in the CRM and assisted in drafting the report. They are the independent consultants (Dr David Abdulai, Ms Khadijah Alia Bah, Dr Bernard Dasah, Professor Shadrack Gutto, Ambassador Tesfaye Habisco, Professor Mbaya Kankwenda, Dr John Karimu, Ms Sara Longwe, Professor Wafula Masai, Ms Laura Nyirinkindi, Professor Olewe Nyunya, Dr Shekou Sesay and Dr Byron Tarr), the strategic partners [Ms Tonaina Ngororano (of the AfDB), Dr Bartholomew Armah, Dr Kojo Busia and Dr Adam Elhiraika (all of UNECA)], and the APR Secretariat (Ms Nana Boateng, Ms Evelynne Change and Mr Ferdinand Katende).
TABLE OF CONTENTS

FOREWORD II
ACKNOWLEDGEMENTS V
POLITICAL MAP OF NIGERIA IX
COUNTRY FACT SHEET X
ACRONYMS AND ABBREVIATIONS XXVI
LIST OF NIGERIAN STATUTES REFERRED TO XXX

EXECUTIVE SUMMARY 1

CHAPTER ONE 25

1. INTRODUCTION: THE AFRICAN PEER REVIEW MECHANISM PROCESS AND ITS IMPLEMENTATION IN NIGERIA 25
  1.1 Origin and purpose of the African Peer Review Mechanism 25
  1.2 The country reviews and the National Programme of Action 27
  1.3 Key objectives of the African Peer Review Mechanism focus areas 30
  1.4 Implementation of the African Peer Review Mechanism process in Nigeria 31
  1.5 The Country Support Mission 32
  1.6 Methodology used to prepare the Country Self-Assessment Report 33
  1.7 Elections and the aftermath thereof 34
  1.8 Preparation of the National Programme of Action 36
  1.9 The Country Review Mission 36
  1.10 Activities undertaken during the Country Review Mission 38

CHAPTER TWO 41

2. HISTORICAL BACKGROUND AND CURRENT CHALLENGES 41
  2.1 Introduction 41
  2.2 Historical background 43
  2.3 Federalism reassessed 49
  2.4 Nigeria’s democratic milestones 52
  2.5 The economy and oil 54
  2.6 Nigeria’s role in Africa and beyond 55
  2.7 Key strengths and challenges 58
  2.8 Future prospects of Nigeria 61

CHAPTER THREE 64

3. DEMOCRACY AND GOOD POLITICAL GOVERNANCE 64
  3.1 Overview 64
  3.2 Implementation of standards and codes 69
  3.3 Assessment of performance on African Peer Review Mechanism objectives 79
CHAPTER FOUR
4. ECONOMIC GOVERNANCE AND MANAGEMENT
   4.1 Overview
   4.2 Implementation of standards and codes
   4.3 Assessment of performance on African
      Peer Review Mechanism objectives

CHAPTER FIVE
5. CORPORATE GOVERNANCE
   5.1 Overview
   5.2 Implementation of standards and codes
   5.3 Assessment of performance on African
      Peer Review Mechanism objectives

CHAPTER SIX
6. SOCIOECONOMIC DEVELOPMENT
   6.1 Overview
   6.2 Implementation of standards and codes
   6.3 Assessment of performance on African
      Peer Review Mechanism objectives

CHAPTER SEVEN
7. CONCLUSION
   7.1 Overview
   7.2 Overarching issues
   7.3 Issues unique to Nigeria
   7.4 The National Programme of Action

SELECT REFERENCES

ANNEXURE I
COMMENTS OF THE GOVERNMENT AND PEOPLE OF NIGERIA

ANNEXURE II
NATIONAL PROGRAMME OF ACTION

ANNEXURE III
REPORT ON THE PEER REVIEW OF NIGERIA

TABLES
3.1 Implementation of democracy and good political
governance standards and codes
3.2 Percentage of political positions occupied by women
4.1 Implementation of economic governance and
management standards and codes
4.2 Selected macroeconomic projections vis-à-vis actual (percentages) 152
4.3 The Quick National Employment Generation Survey, 2006 157
4.5 Deployment of Technical Aid Corps volunteers, 1987-2004 201
5.1 Implementation of corporate governance standards and codes 210
6.1 Millennium Development Goal indicators 280
6.2 Gender disparities in school enrolments and literacy rates 310
6.3 Gender divisions in decision making (households) 310
6.4 Workforce gender disparities in federal and local government civil service 310
6.5 Distribution of workers in occupational categories 311
6.6 Gender disparities by social status, 2004 311

**BOXES**

1.1 Innovations in the implementation of the African Peer Review Mechanism in Nigeria 35
2.1 Notable achievements by Nigerians and persons of Nigerian origin 62
5.1 Trade unions in Nigeria 232
5.2 The Consumer Protection Councils 246
6.1 The evolution of development planning in Africa 271
6.2 How oil undermines economic diversification in Nigeria 272
6.3 The ‘resource curse’ and poverty in Nigeria 278
6.4 The Conditional Cash Transfer scheme 278
6.5 The decline of agriculture in oil-rich Nigeria 279
6.6 Special schools for married girls and young mothers in the north 290
6.7 Civil society organisations as go-betweens 316

**GOOD AND BEST PRACTICES**

2.1 Nigeria’s role in Africa 58
3.1 The Council of the State 87
3.2 Nigeria’s role in regional peacekeeping in the context of the Economic Community of West African States 88
3.3 The Federal Character Principle 108
3.4 Declaration and publication of assets – a signal of President Yar’Adua’s commitment to transparency 114
3.5 The National Agency for the Prohibition of Trafficking in Persons 129
4.1 The due process mechanism in public procurement and contracting 190
4.2 The Economic and Financial Crimes Commission 195
4.3 The Technical Aid Corps scheme 204
5.1 The Extractive Industries Transparency Initiative 234
6.1 Gender affirmative action in Kebbi State 313

**FIGURES**

1.1 African Peer Review Mechanism geographical coverage 27
1.2 Map of Nigeria - teams 1 and 2 40
4.1 Nigeria’s key economic indicators 163
7.1 Trends in the sectoral composition of Nigeria’s gross domestic product (in percentages) 330
POLITICAL MAP OF NIGERIA

Source: Department of Geography, University of Ibadan.
## General indicators

### GENERAL

<table>
<thead>
<tr>
<th>Location</th>
<th>Nigeria is located in the extreme east of West Africa. It is bordered by Niger and Chad to the north, Cameroon to the east, and Benin to the west. It also borders on the Bight of Benin and the Atlantic Ocean in the south.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area</td>
<td>923,768 km².</td>
</tr>
<tr>
<td>Terrain</td>
<td>This ranges from southern coastal swamps to tropical forests, open woodlands, grasslands and semidesert in the far north. The highest regions are Jos Plateau, which is between 1,200 and 2,400 metres above sea level, and the mountains along the border with Cameroon.</td>
</tr>
<tr>
<td>Climate</td>
<td>Its climatic regions are subequatorial, tropical and sahel. It has dry and wet (rainy) seasons. Its annual rainfall ranges from 381 cm along the coast to 64 cm or less in the far north.</td>
</tr>
<tr>
<td>Drainage</td>
<td>Its major rivers are the Niger, Benue, Sokoto, Kaduna, Hadejia, Gongola, Ogun, Osun, Osse, Imo and Cross.</td>
</tr>
</tbody>
</table>

### Population characteristics

| --- | Female: 68,293,683 (48.78 per cent). |
| Life expectancy: 46.5 years. | Average growth rate: 3.2 per cent. |
| Density (persons per km²): 150. | Poverty incidence: 54.4 per cent. |
| Population below poverty line (US$1 a day): 76,161,927. | Adult literacy rate: 69.1 per cent. |
| Teledensity (2006): 38 million. | Unemployment rate (2006): 11.9 per cent (excluding structural unemployment). The urban rate is 10.1 per cent, while the rural rate is 12.3 per cent. |

### Administrative

| The capital is Abuja. The commercial capital is Lagos. |

### Independence

| Independence was gained on 1 October 1960. Nigeria became a republic in 1963. |

### Constitution

| The federal constitution was promulgated on 29 May 1999. This was the tenth since independence. It is based largely on the 1979 constitution. |
### GENERAL

| Government | Nigeria has a presidential system. It has a three-tiered structure: federal, state and local. There are six geopolitical zones: north-central, northeast, northwest, southeast, south-south and southwest. There are 36 states and the Federal Capital Territory (FCT) of Abuja. There are 774 local government areas and six area councils within the FCT. There are 109 senatorial districts, 360 federal constituencies and 990 state constituencies. The total government budget (2006) was US$14 billion. Defence comprises 4.5 per cent of the budget. |
| Elections | The Independent National Electoral Commission (INEC) was established in August 1998. There are 50 registered political parties. Elections were held in 1999, 2003 and 2007. |
| Currency | The currency is naira and kobo (₦1.00 = 100 kobo). |
| Major indigenous languages | The major indigenous languages are Hausa, Yoruba, Igbo, Fulfulde, Kanuri and Ibibio. |
| Official language | The official language is English. |
| Main religions | The major religions are Christianity, Islam and traditional. |

### ECONOMY

| Mineral resources | Its mineral resources are hydrocarbons (petroleum and gas), coal, tin, columbite, limestone, gold, quartz sand, dolomite, iron ore, aluminium, nickel and granite. |
| Main commercial/industrial cities | The main commercial or industrial cities are Lagos, Kano, Ibadan, Port Harcourt, Kaduna, Jos, Onitsha, Maiduguri, Aba, Enugu, Benin City, Ilorin, Gusau, Bauchi, Oshogbo, Nnewi, Calabar, Katsina, Sango Otta and Owerri. |
| Iron and steel | Iron and steel are manufactured in Ajaokuta, Aladja (Warri), Oshogbo, Jos and Katsina. |
| Refineries and petrochemicals | Refineries and petrochemical industries are located in Port Harcourt, Elesa-Eleme, Warri and Kaduna. |
| Liquefied natural gas | Liquefied natural gas is found in Bonny. |
## ECONOMY

<table>
<thead>
<tr>
<th>Thermal and gas energy</th>
<th>Its energy sources are Kainji, Jebba, Shiroro, Egbin (Ikorodu-Lagos), Afam, Ughelli and Sapele.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity generation</td>
<td>The installed capacity (2005) is 6,130 megawatts (MW). The energy produced was 24,208.92 gigawatt hours (GWH) in 2004 and 20,635.74 GWH in 2005.</td>
</tr>
<tr>
<td>Aluminium smelter</td>
<td>There is an aluminium smelter at Ikot Abasi.</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>Fertilizers are manufactured at Onne, Port Harcourt, Kaduna, Minna and Kano.</td>
</tr>
<tr>
<td>Main seaports</td>
<td>The main seaports are located at Lagos (Apapa, Tin-Can Island and Roro), Port Harcourt, Warri, Onne Deep Sea Hub Port and Calabar, an Export Processing Zone.</td>
</tr>
<tr>
<td>Main airports</td>
<td>The main airports are at Lagos, Kano, Abuja, Port Harcourt, Enugu, Kaduna, Jos, Owerri, Calabar, Maiduguri, Ilorin, Yola and Sokoto.</td>
</tr>
</tbody>
</table>

## INTERNATIONAL TRADE (2005)

<table>
<thead>
<tr>
<th>Exports</th>
<th>Exports totalled US$59 billion.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main exports</td>
<td>Nigeria’s main exports were crude and refined oil, distillation products, tin, columbite, nickel, aluminium, sulphur, salt and other minerals, cocoa, rubber, plastics, crustacean, mollusc, food, cassava, raw hides and skins, and leather.</td>
</tr>
<tr>
<td>Major export partners</td>
<td>Nigeria’s main partner was the United States of America (US), with 58.4 per cent. Other partners were the United Kingdom (UK), Germany, France, Italy, South Africa, West African countries, the Netherlands, Belgium, China, Taiwan and Saudi Arabia.</td>
</tr>
<tr>
<td>Imports</td>
<td>Imports totalled US$25 billion.</td>
</tr>
<tr>
<td>Main imports</td>
<td>Nigeria’s main imports were manufactured goods, machinery and transport equipment, vehicles, aircraft, chemicals, mineral products, computers and accessories, fuels, oils and oil products, photographic and cinematographic goods, spirits, tobacco, textiles and telecommunications equipment.</td>
</tr>
</tbody>
</table>
**Major import partners**

Nigeria’s main import partners were China (10.6 per cent), the US (8.3 per cent), the Netherlands (5.9 per cent) and the UK (5.7 per cent). Other partners included Japan, Germany, France, Brazil, Belgium, Argentina, India, Canada, Denmark, South Africa, Korea, Thailand, Taiwan, Russia, Switzerland, Saudi Arabia, Greece, Spain, Israel, the United Arab Emirates and Scandinavian countries.

### Macroeconomic indicators

#### NOMINAL GROSS DOMESTIC PRODUCT (GDP)

| Nominal GDP (2007 estimate) | The nominal GDP for 2007 was estimated at US$175 billion. |

#### SECTORAL CONTRIBUTIONS TO GDP (PER CENT) AND GROWTH RATE (PER CENT)

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>40.98</td>
<td>41.19</td>
<td>41.77</td>
</tr>
<tr>
<td>Growth rate</td>
<td>6.50</td>
<td>7.06</td>
<td>7.17</td>
</tr>
<tr>
<td>Petroleum (crude oil, petrol and natural gas)</td>
<td>25.72</td>
<td>24.26</td>
<td>21.93</td>
</tr>
<tr>
<td>Growth rate</td>
<td>3.30</td>
<td>0.50</td>
<td>-4.5</td>
</tr>
<tr>
<td>Solid minerals</td>
<td>0.26</td>
<td>0.27</td>
<td>0.28</td>
</tr>
<tr>
<td>Growth rate</td>
<td>10.85</td>
<td>9.53</td>
<td>9.57</td>
</tr>
<tr>
<td>Telecommunications and postal services</td>
<td>1.20</td>
<td>1.45</td>
<td>1.82</td>
</tr>
<tr>
<td>Growth rate</td>
<td>28.97</td>
<td>28.81</td>
<td>31.98</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.68</td>
<td>3.79</td>
<td>3.79</td>
</tr>
<tr>
<td>Growth rate</td>
<td>10.00</td>
<td>9.61</td>
<td>9.71</td>
</tr>
</tbody>
</table>

*Source: National Bureau of Statistics (NBS), Abuja [adapted from the Country Self-Assessment Report (CSAR)].*
## GENERAL MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth rate (per cent)</td>
<td>0.4</td>
<td>5.4</td>
<td>4.7</td>
<td>4.6</td>
<td>9.6</td>
<td>6.6</td>
<td>6.2</td>
<td>5.67</td>
</tr>
<tr>
<td>Oil sector (per cent)</td>
<td>11.3</td>
<td>5.2</td>
<td>-5.7</td>
<td>23.9</td>
<td>3.3</td>
<td>0.5</td>
<td>-4.51</td>
<td></td>
</tr>
<tr>
<td>Nonoil sector (per cent)</td>
<td>2.9</td>
<td>4.5</td>
<td>8.3</td>
<td>5.2</td>
<td>7.8</td>
<td>8.2</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Inflation rate (per cent), 12-month moving average</td>
<td>6.6</td>
<td>6.9</td>
<td>18.9</td>
<td>12.9</td>
<td>14</td>
<td>15</td>
<td>17.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Inflation rate (per cent), year-on-year</td>
<td>0.2</td>
<td>14.5</td>
<td>16.5</td>
<td>12.2</td>
<td>23.8</td>
<td>10</td>
<td>11.6</td>
<td>8.5</td>
</tr>
<tr>
<td>External reserves (US$ million)</td>
<td>5,450.00</td>
<td>9,910.40</td>
<td>10,455.80</td>
<td>7,681.10</td>
<td>7,467.80</td>
<td>16,955.00</td>
<td>28,279.10</td>
<td>41,959.30</td>
</tr>
<tr>
<td>Number of months of imports cover</td>
<td>5.9</td>
<td>10.7</td>
<td>11.3</td>
<td>7.4</td>
<td>5.6</td>
<td>13.6</td>
<td>19.7</td>
<td>20.8</td>
</tr>
<tr>
<td>Manufacturing capacity utilisation (per cent)</td>
<td>34.6</td>
<td>36.1</td>
<td>42.7</td>
<td>44.3</td>
<td>45.6</td>
<td>45</td>
<td>45.9</td>
<td>44.5</td>
</tr>
<tr>
<td>External debt (US$ billion)</td>
<td>28.04</td>
<td>28.27</td>
<td>28.35</td>
<td>30.99</td>
<td>32.97</td>
<td>35.94</td>
<td>20.48</td>
<td>3.54</td>
</tr>
<tr>
<td>Domestic debt (US$ billion)</td>
<td>8.61</td>
<td>8.83</td>
<td>9.09</td>
<td>9.64</td>
<td>10.28</td>
<td>10.31</td>
<td>11.29</td>
<td>13.81</td>
</tr>
<tr>
<td>Total debt (US$ million)</td>
<td>36.65</td>
<td>37.11</td>
<td>37.44</td>
<td>40.63</td>
<td>43.2</td>
<td>46.26</td>
<td>32.31</td>
<td>17.35</td>
</tr>
<tr>
<td>Gross national savings (per cent of GDP)</td>
<td>23.1</td>
<td>19.3</td>
<td>19.5</td>
<td>13.6</td>
<td>15.3</td>
<td>19.4</td>
<td>20.9</td>
<td></td>
</tr>
<tr>
<td>Gross fixed capital formation (per cent of GDP)</td>
<td>12.2</td>
<td>8.8</td>
<td>10.2</td>
<td>8.6</td>
<td>11.9</td>
<td>12.2</td>
<td>12.6</td>
<td></td>
</tr>
<tr>
<td>Crude oil production (million barrels per day)</td>
<td>2</td>
<td>2.2</td>
<td>2.3</td>
<td>2.1</td>
<td>2.3</td>
<td>2.5</td>
<td>2.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Average crude oil price (US$)</td>
<td>18</td>
<td>28.6</td>
<td>24.5</td>
<td>25</td>
<td>29.2</td>
<td>38.5</td>
<td>55.4</td>
<td>66.4</td>
</tr>
</tbody>
</table>
### FEDERAL GOVERNMENT FINANCES (PER CENT OF GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall fiscal balance</td>
<td>-2.3</td>
<td>-4.3</td>
<td>-5.5</td>
<td>-2.8</td>
<td>-1.5</td>
<td>-1.1</td>
<td>-0.6</td>
<td></td>
</tr>
<tr>
<td>Primary balance</td>
<td>3</td>
<td>4.2</td>
<td>0.4</td>
<td>5.5</td>
<td>5.2</td>
<td>5.6</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>Retained revenue</td>
<td>13.1</td>
<td>15.4</td>
<td>13.1</td>
<td>13.9</td>
<td>10.7</td>
<td>11.2</td>
<td>10.1</td>
<td></td>
</tr>
<tr>
<td>Total expenditure</td>
<td>15.4</td>
<td>19.6</td>
<td>18.6</td>
<td>16.7</td>
<td>12.2</td>
<td>12.2</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>Domestic debt stock</td>
<td>19.8</td>
<td>19.6</td>
<td>21.3</td>
<td>18.1</td>
<td>11.7</td>
<td>10.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External debt stock/GDP (per cent)</td>
<td>68.1</td>
<td>61.2</td>
<td>72</td>
<td>61.1</td>
<td>41.9</td>
<td>18.1</td>
<td>2.5</td>
<td></td>
</tr>
</tbody>
</table>

### MONEY AND CREDIT (GROWTH RATE PER CENT)

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net domestic credit</td>
<td>-25.3</td>
<td>79.9</td>
<td>64.6</td>
<td>29.1</td>
<td>12</td>
<td>14.5</td>
<td>-65.0</td>
<td></td>
</tr>
<tr>
<td>Net credit to government</td>
<td>-170.1</td>
<td>95.2</td>
<td>6,320.60</td>
<td>58.4</td>
<td>-17.9</td>
<td>-37</td>
<td>-676.2</td>
<td></td>
</tr>
<tr>
<td>Credit to private sector</td>
<td>30.9</td>
<td>43.5</td>
<td>19.7</td>
<td>18.4</td>
<td>26.6</td>
<td>30.8</td>
<td>28.2</td>
<td></td>
</tr>
<tr>
<td>Narrow money (M1)</td>
<td>62.2</td>
<td>28.1</td>
<td>15.9</td>
<td>29.5</td>
<td>8.6</td>
<td>15.5</td>
<td>15.4</td>
<td></td>
</tr>
<tr>
<td>Broad money (M2)</td>
<td>48.1</td>
<td>27</td>
<td>21.6</td>
<td>25.0</td>
<td>12.3</td>
<td>16.6</td>
<td>30.9</td>
<td></td>
</tr>
</tbody>
</table>
### EXTERNAL SECTOR

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall balance (per cent of GDP)</td>
<td>6.9</td>
<td>0.4</td>
<td>-7.1</td>
<td>-1.6</td>
<td>9.7</td>
<td>9.3</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>Current account balance (per cent of GDP)</td>
<td>15.7</td>
<td>1.5</td>
<td>-3.4</td>
<td>4.9</td>
<td>17.7</td>
<td>20</td>
<td>23.2</td>
<td></td>
</tr>
<tr>
<td>Capital and financial account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance (per cent of GDP)</td>
<td>-8.6</td>
<td>-1.1</td>
<td>-3.6</td>
<td>-6.4</td>
<td>-7.9</td>
<td>-10.8</td>
<td>-13.3</td>
<td></td>
</tr>
<tr>
<td>Average official exchange rate (₦/US$)</td>
<td>91.8</td>
<td>102.1</td>
<td>111.9</td>
<td>121</td>
<td>129.4</td>
<td>133.5</td>
<td>129</td>
<td>128.7</td>
</tr>
</tbody>
</table>

### AVERAGE BUREAU DE CHANGE EXCHANGE RATE

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>₦/US$</td>
<td>99.2</td>
<td>111.1</td>
<td>133</td>
<td>137.8</td>
<td>142</td>
<td>140.8</td>
<td>141.8</td>
<td>137.1</td>
</tr>
<tr>
<td>Nigerian Stock Exchange (NSE) share index</td>
<td>5,266.40</td>
<td>8,110</td>
<td>10,963.10</td>
<td>12,137.70</td>
<td>20,128.90</td>
<td>23,844.50</td>
<td>24,085.80</td>
<td>33,189.30</td>
</tr>
<tr>
<td>Stock market capitalisation/GDP (per cent)</td>
<td>7.2</td>
<td>9.2</td>
<td>9.4</td>
<td>13.1</td>
<td>16.5</td>
<td>19.9</td>
<td>28.4</td>
<td></td>
</tr>
<tr>
<td>M2/GDP (per cent)</td>
<td>21.9</td>
<td>20</td>
<td>18.7</td>
<td>18.7</td>
<td>18.4</td>
<td>17.9</td>
<td>16.7</td>
<td>17.2</td>
</tr>
</tbody>
</table>

Federal allocation: Federal government (52.68 per cent); state governments (26.72 per cent); local government councils (20.6 per cent). Derivation to oil-producing states: 13 per cent.

*Source: Ministry of Finance, Abuja; Central Bank of Nigeria (CBN); NBS.*
### FACTS ON AGRICULTURE IN NIGERIA

| Research institutes (including agriculture, forestry, fisheries and veterinary) | 15 |
| Federal colleges of agriculture | 13 |
| Rural management training institute | 1 |
| Agricultural mechanisation | 1 |
| Research and development centre | 1 |

#### Major crops: production in metric tonnes (2006)

<table>
<thead>
<tr>
<th>Crop</th>
<th>Production (metric tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa</td>
<td>production raised to 600,000</td>
</tr>
<tr>
<td>Palm oil</td>
<td>209,200</td>
</tr>
<tr>
<td>Rubber</td>
<td>259,600</td>
</tr>
<tr>
<td>Cotton seed</td>
<td>631,500</td>
</tr>
<tr>
<td>Cotton lint</td>
<td>536,000</td>
</tr>
<tr>
<td>Rice (paddy)</td>
<td>4.2 million</td>
</tr>
<tr>
<td>Coffee</td>
<td>235,000</td>
</tr>
<tr>
<td>Cassava</td>
<td>39.7 million</td>
</tr>
<tr>
<td>Cashew nuts</td>
<td>22,000</td>
</tr>
<tr>
<td>Maize</td>
<td>11.1 million</td>
</tr>
<tr>
<td>Millet</td>
<td>7.9 million</td>
</tr>
<tr>
<td>Sorghum</td>
<td>11.2 million</td>
</tr>
<tr>
<td>Yam</td>
<td>30.3 million</td>
</tr>
<tr>
<td>Coco yams</td>
<td>2.6 million</td>
</tr>
<tr>
<td>Sugar cane</td>
<td>2.4 million</td>
</tr>
</tbody>
</table>

### BANKS AND HOTELS

<table>
<thead>
<tr>
<th>Commercial banks</th>
<th>There were formerly 89 banks. These were consolidated by December 31 2005 to 25.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>The total number of standard hotels in 2005 was 1,880. This rose to 1,974 in 2006. Hotel beds totalled 40,814. The growth rate for hotels and restaurants was 12.91 per cent in 2006.</td>
</tr>
</tbody>
</table>
### EDUCATION STATISTICS: PRIMARY SCHOOLS

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of schools</td>
<td>49,306</td>
<td>51,870</td>
<td>59,174</td>
<td>59,761</td>
<td>59,761</td>
<td>85,831</td>
</tr>
<tr>
<td>No. of pupils enrolled (6 to 11 years old)</td>
<td>19,263,534</td>
<td>19,881,681</td>
<td>25,772,044</td>
<td>21,575,178</td>
<td>22,267,407</td>
<td>27,543,639</td>
</tr>
<tr>
<td>No. of teachers</td>
<td>487,303</td>
<td>491,751</td>
<td>591,041</td>
<td>597,299</td>
<td>598,981</td>
<td>863,599</td>
</tr>
<tr>
<td>Pupil: teacher ratio</td>
<td>39.53</td>
<td>40.43</td>
<td>43.60</td>
<td>36.12</td>
<td>37.18</td>
<td>32</td>
</tr>
<tr>
<td>School: teacher ratio</td>
<td>9.88</td>
<td>9.48</td>
<td>10.00</td>
<td>10.00</td>
<td>10.02</td>
<td>10.01</td>
</tr>
</tbody>
</table>

### EDUCATION STATISTICS: JUNIOR-SECONDARY SCHOOLS

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total school enrolment</td>
<td>2,580,168</td>
<td>2,950,737</td>
<td>3,684,644</td>
<td>3,507,928</td>
<td>3,634,163</td>
<td>3,695,648</td>
</tr>
<tr>
<td>Male enrolments</td>
<td>1,431,633</td>
<td>1,746,909</td>
<td>2,083,699</td>
<td>1,972,637</td>
<td>1,984,387</td>
<td>2,040,367</td>
</tr>
<tr>
<td>Female enrolments</td>
<td>1,148,535</td>
<td>1,203,828</td>
<td>1,600,945</td>
<td>1,535,291</td>
<td>1,639,776</td>
<td>1,655,281</td>
</tr>
<tr>
<td>Gender ratio</td>
<td>55.49 per cent male: 44.51 per cent female</td>
<td>59.2 per cent male: 40.8 per cent female</td>
<td>56.55 per cent male: 43.45 per cent female</td>
<td>56.23 per cent male: 43.77 per cent female</td>
<td>54.60 per cent male: 45.40 per cent female</td>
<td>55.21 per cent male: 44.79 per cent female</td>
</tr>
<tr>
<td>No. of schools</td>
<td>6,292</td>
<td>6,909</td>
<td>10,570</td>
<td>10,913</td>
<td>10,913</td>
<td>11,081</td>
</tr>
<tr>
<td>No. of teachers</td>
<td>143,317</td>
<td>163,348</td>
<td>180,278</td>
<td>154,594</td>
<td>159,283</td>
<td>161,628</td>
</tr>
<tr>
<td>Pupil: teacher ratio</td>
<td>18:1</td>
<td>18:1</td>
<td>20:4:1</td>
<td>23:1</td>
<td>23:1</td>
<td></td>
</tr>
</tbody>
</table>

1 Includes senior-secondary schools.
2 Includes senior-secondary schools.
### EDUCATION STATISTICS: SENIOR-SECONDARY SCHOOLS

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total enrolments</td>
<td>2,020,937</td>
<td>2,173,533</td>
<td>2,826,799</td>
<td>2,771,634</td>
<td>2,773,418</td>
<td>2,819,952</td>
</tr>
<tr>
<td>Male enrolments</td>
<td>1,115,360</td>
<td>1,201,219</td>
<td>1,579,165</td>
<td>1,567,011</td>
<td>1,559,038</td>
<td>1,587,633</td>
</tr>
<tr>
<td>Female enrolments</td>
<td>905,577</td>
<td>972,314</td>
<td>1,247,634</td>
<td>1,204,623</td>
<td>1,214,380</td>
<td>1,232,319</td>
</tr>
<tr>
<td>Gender ratio</td>
<td>55.19 per cent male: 44.81 per cent female</td>
<td>55.27 per cent male: 44.73 per cent female</td>
<td>55.86 per cent male: 44.14 per cent female</td>
<td>56.54 per cent male: 43.46 per cent female</td>
<td>56.21 per cent male: 43.79 per cent female</td>
<td>56.30 per cent male: 43.70 per cent female</td>
</tr>
<tr>
<td>No. of schools</td>
<td>6,292</td>
<td>6,909</td>
<td>10,570</td>
<td>10,913</td>
<td>10,913</td>
<td>11,081</td>
</tr>
<tr>
<td>No. of teachers</td>
<td>143,317</td>
<td>163,348</td>
<td>180,278</td>
<td>154,594</td>
<td>159,283</td>
<td>161,628</td>
</tr>
<tr>
<td>Student: teacher ratio</td>
<td>14:1</td>
<td>13.31:1</td>
<td>15.70:1</td>
<td>18:1</td>
<td>17.41:1</td>
<td>14.6:1</td>
</tr>
<tr>
<td>Teacher: school ratio</td>
<td>23:1</td>
<td>24:1</td>
<td>17:1</td>
<td>14:1</td>
<td>14.6:1</td>
<td>14.6:1</td>
</tr>
<tr>
<td>Total secondary school enrolments</td>
<td>4,601,105</td>
<td>5,124,270</td>
<td>6,511,443</td>
<td>6,279,562</td>
<td>6,407,581</td>
<td>6,515,600</td>
</tr>
</tbody>
</table>

### COLLEGES OF EDUCATION, POLYTECHNIC AND MONOTECHNIC INSTITUTIONS AND UNIVERSITIES

Of the total of 72 colleges of education, 21 are federal, 41 are state, nine are private and one is military.

A total of 354,387 students enrolled for the 2006/2007 academic year. The gender ratio is 51 per cent male to 49 per cent female.

There are 11,256 academic staff members.

---

3 Includes junior secondary schools.

4 Includes junior secondary schools.
### COLLEGES OF EDUCATION, POLYTECHNIC AND MONOTECHNIC INSTITUTIONS AND UNIVERSITIES

| Polytechnic and monotechnic institutions | Of the 50 monotechnic institutions, 32 are federal, 12 are state and six are private. Of the 52 polytechnic institutions, 21 are federal, 25 are state and six are private. A total of 360,535 students enrolled for the 2006/2007 academic year. The gender ratio is 59 per cent male to 41 per cent female. There are 12,938 academic staff members. |
| University | Of the 92 universities, 27 are federal, 31 are state and 34 are private. A total of 1,096,312 students enrolled for the 2006/2007 academic year. The gender ratio is 64 per cent male to 36 per cent female. There are 30,452 academic staff members. |


### HEALTHCARE STATISTICS (2006)

<table>
<thead>
<tr>
<th>Total fertility rate – 15 to 49 years old</th>
<th>5.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antenatal attendance</td>
<td>47 per cent</td>
</tr>
<tr>
<td>Contraceptive prevalence rate</td>
<td>8 per cent</td>
</tr>
<tr>
<td>Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) prevalence rate</td>
<td>4.8 per cent</td>
</tr>
<tr>
<td>Neonatal mortality rate</td>
<td>53 deaths per 1,000 live births</td>
</tr>
<tr>
<td>Infant mortality rate</td>
<td>113 deaths per 1,000 live births</td>
</tr>
<tr>
<td>Under-5 mortality rate</td>
<td>201 deaths per 1,000 live births</td>
</tr>
<tr>
<td>Maternal mortality rate</td>
<td>1,000 deaths per 100,000 live births</td>
</tr>
<tr>
<td>Deliveries at health facilities</td>
<td>33 per cent</td>
</tr>
<tr>
<td>Deliveries at home</td>
<td>67 per cent</td>
</tr>
<tr>
<td>Health centres and dispensaries</td>
<td>Health centres and dispensaries totalled 20,653 in 2004, 21,222 in 2005 and 21,325 in 2006. The average distance to health care centres is 5 kilometres.</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Statistical data for key health personnel (2007)</td>
<td>Physicians totalled 55,376, of which 77.61 per cent were male and 22.39 per cent female. Dentists totalled 2,571, of which 66.9 per cent were male and 33.1 per cent female. Dental technologists totalled 462, of which 80.09 per cent were male and 19.91 per cent female. Dental therapists totalled 1,002, of which 42.42 per cent were male and 57.58 per cent female. Pharmacists totalled 14,199, of which 69.53 per cent were male and 30.47 per cent female. Nurses totalled 128,918, of which 5.43 per cent were male and 94.57 per cent female. Midwives totalled 90,489, of which 0.01 per cent were male and 99.99 per cent female. Radiographers totalled 799, of which 66.08 per cent were male and 33.92 per cent female. Physiotherapists totalled 1,500, of which 60.07 per cent were male and 39.93 per cent female.</td>
</tr>
<tr>
<td>Vaccine/Condition/Intervention</td>
<td>Immunisations (2006 and 2007)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Bacillus Calmette-Guérin (BCG), against tuberculosis (TB)</td>
<td>Immunisations reached 44 per cent of the target population in 2006 and 53 per cent in 2007.</td>
</tr>
<tr>
<td>Oral polio vaccine (OPV3), against poliomyelitis and paralysis</td>
<td>Immunisations reached 67 per cent of the target population in 2006 and 62 per cent in 2007.</td>
</tr>
<tr>
<td>Tetanus toxoid (TT2), against tetanus</td>
<td>Immunisations reached 64 per cent of the target populations in 2006 and 50 per cent in 2007.</td>
</tr>
<tr>
<td>Hepatitis B (HEP B3), against hepatitis, cancer and liver diseases</td>
<td>Immunisations reached 38 per cent of the target population in 2006 and 51 per cent in 2007.</td>
</tr>
<tr>
<td>Diphtheria, pertussis and tetanus (DPT3), against diphtheria, whooping cough and tetanus</td>
<td>Immunisations reached 75 per cent of the target population in 2006 and 70 per cent in 2007.</td>
</tr>
<tr>
<td>Measles</td>
<td>Immunisations reached 112 per cent of the target population in (2006) and 85 per cent in 2007.</td>
</tr>
<tr>
<td>Yellow fever</td>
<td>Immunisations reached 39 per cent of the target population in 2006 and 53 per cent in 2007.</td>
</tr>
<tr>
<td>Malaria intervention rate</td>
<td>Immunisations reached 46 per cent of the target population in 2006.</td>
</tr>
<tr>
<td>Routine immunisation rate</td>
<td>Immunisations reached 70 per cent of the target population in 2007.</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Health and the Primary Healthcare Development Agency, Abuja, 2008.

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5 Includes senior-secondary schools.
## NUTRITION DATA

| Percentage of infants with low birth weight (2006) | 14 |
| Percentage of children younger than 6 months who are exclusively breastfed (2006) | 17 |
| Percentage of children between 6 and 9 months who are breastfed with complementary food (2006) | 64 |
| Percentage of children who are still breastfeeding at 20 to 23 months (2006) | 34 |
| Percentage of children younger than 5 who are moderately underweight (2006) | 29 |
| Percentage of children younger than 5 who are severely underweight (2006) | 9 |
| Percentage of children younger than 5 who are suffering from moderate or severe wasting (2006) | 9 |
| Percentage of children younger than 5 who are suffering from moderate or severe stunting (2006) | 38 |
| Percentage of children between 6 and 59 months receiving at least one dose of Vitamin A (2005) | 73 |
| Percentage of households consuming iodised salt (2006) | 97 |

## POTABLE WATER: SOURCE OF MAIN WATER SUPPLY IN PER CENT (2006)

<table>
<thead>
<tr>
<th>Source</th>
<th>Pipeborne treated water</th>
<th>Pipeborne untreated water</th>
<th>Borehole/ hand pump</th>
<th>Protected well</th>
<th>Unprotected well</th>
<th>Rainwater</th>
<th>River, lake or pond</th>
<th>Vendor/ truck</th>
<th>Others</th>
<th>Total</th>
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<tr>
<td>National</td>
<td>11.9</td>
<td>2.1</td>
<td>23.2</td>
<td>16.2</td>
<td>16.2</td>
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<td>31.2</td>
<td>16.7</td>
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<td>Urban poor</td>
<td>15.7</td>
<td>2.7</td>
<td>23.4</td>
<td>14.3</td>
<td>12.7</td>
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*Source: NBS, Abuja.*
### POTABLE WATER: PROVISION OF MAIN WATER SUPPLY IN PER CENT (2006)

<table>
<thead>
<tr>
<th>Source</th>
<th>Pipeborne treated water</th>
<th>Pipeborne untreated water</th>
<th>Borehole/ hand pump</th>
<th>Protected well</th>
<th>Unprotected well</th>
<th>Rainwater</th>
<th>River, lake or pond</th>
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<td><strong>Total</strong></td>
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<td><strong>100</strong></td>
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<td><strong>100</strong></td>
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<td><strong>100</strong></td>
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Source: NBS, Abuja.
# ACRONYMS AND ABBREVIATIONS

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<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>ACP</td>
<td>African, Caribbean and Pacific</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>AIAE</td>
<td>African Institute for Applied Economics</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<tr>
<td>ANAN</td>
<td>Association of National Accountants of Nigeria</td>
</tr>
<tr>
<td>ANPP</td>
<td>All Nigerian People’s Party</td>
</tr>
<tr>
<td>APA</td>
<td>Auditing Professions Act</td>
</tr>
<tr>
<td>APR</td>
<td>African Peer Review</td>
</tr>
<tr>
<td>APRM</td>
<td>African Peer Review Mechanism</td>
</tr>
<tr>
<td>ART</td>
<td>antiretroviral therapy</td>
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<td>AU</td>
<td>African Union</td>
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<tr>
<td>BLP</td>
<td>Better Life Programme</td>
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<tr>
<td>BMPIU</td>
<td>Budget Monitoring and Price Intelligence Unit</td>
</tr>
<tr>
<td>BOI</td>
<td>Bank of Industry</td>
</tr>
<tr>
<td>BPE</td>
<td>Bureau of Public Enterprises</td>
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<tr>
<td>CAC</td>
<td>Corporate Affairs Commission</td>
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<tr>
<td>CAMA</td>
<td>Companies and Allied Matters Act</td>
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<tr>
<td>CAP</td>
<td>Capacity Acquisition Programme</td>
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<td>CBN</td>
<td>Central Bank of Nigeria</td>
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<td>CBO</td>
<td>community-based organisation</td>
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<td>CCB</td>
<td>Code of Conduct Bureau</td>
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<tr>
<td>CCGPCN</td>
<td>Committee on Corporate Governance of Public Companies in Nigeria</td>
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<tr>
<td>CCT</td>
<td>Conditional Cash Transfer</td>
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<tr>
<td>CD</td>
<td>compact disc</td>
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<tr>
<td>CEDAW</td>
<td>Convention on the Elimination of All Forms of Discrimination against Women</td>
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<td>CEO</td>
<td>chief executive officer</td>
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<tr>
<td>CET</td>
<td>Common External Tariff</td>
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<tr>
<td>CFR</td>
<td>Commander of the Order of the Federal Republic of Nigeria</td>
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<tr>
<td>CMC</td>
<td>Cash Management Committee</td>
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<tr>
<td>CO₂</td>
<td>carbon dioxide</td>
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<tr>
<td>CPC</td>
<td>Consumer Protection Council</td>
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<td>CRC</td>
<td>Convention on the Rights of the Child</td>
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<td>CRM</td>
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<tr>
<td>CRR</td>
<td>Country Review Report</td>
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<td>CSAR</td>
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<td>CSM</td>
<td>Country Support Mission</td>
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<td>CSO</td>
<td>civil society organisation</td>
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<td>CSR</td>
<td>corporate social responsibility</td>
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<tr>
<td>D.C.</td>
<td>District of Columbia</td>
</tr>
<tr>
<td>DAP</td>
<td>Digital Appreciation Programme</td>
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<td>DPR</td>
<td>Department of Petroleum Resources</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of the Congo</td>
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<td>ECOMOG</td>
<td>Economic Community of West African States Monitoring Group</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<tr>
<td>EDMI</td>
<td>elite/decision-maker interview</td>
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<td>EFCC</td>
<td>Economic and Financial Crimes Commission</td>
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<td>EGM</td>
<td>economic governance and management</td>
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<tr>
<td>EIA</td>
<td>environmental impact assessment</td>
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</table>
EITI  Extractive Industries Transparency Initiative
ETF  Education Trust Fund
FATF  Financial Action Task Force
FCC  Federal Character Commission
FCSC  Federal Civil Service Commission
FCT  Federal Capital Territory
FDI  foreign direct investment
FEAP  Family Economic Advancement Programme
FEC  Federal Executive Council
FEP  Farmers Empowerment Programme
FEPA  Federal Environmental Protection Agency
FERMA  Federal Roads Maintenance Agency
FGM  female genital mutilation
FIRS  Federal Inland Revenue Service
FSP  Family Support Programme
FTA  Free Trade Area
G77  Group of 77
G8  Group of Eight
GDP  gross domestic product
GIABA  Inter-Governmental Action Group Against Money Laundering in West Africa
GNI  gross national income
GSM  Global System for Mobile Communications
GWH  gigawatt hours
HIV  Human Immunodeficiency Virus
HSGIC  Heads of State and Government Implementation Committee
ICAN  Institute of Chartered Accountants of Nigeria
ICPC  Independent Corrupt Practices and Other Related Offences Commission
ICT  information and communication technology
IDP  internally displaced person
IFAD  International Fund for Agricultural Development
IFRS  International Financial Reporting Standards
ILO  International Labour Organization
IMC  Independent Monitoring Committee
IMF  International Monetary Fund
INEC  Independent National Electoral Commission
IoD  Institute of Directors of Nigeria
IOSCO  International Organization of Securities Commissions
IPP  Independent Power Project
IRBA  Independent Regulatory Board of Auditors
ISA  Investments and Securities Act
ISP  internet service provider
IST  Investment and Securities Tribunal
IT  information technology
JCCR  Joint Committee for Constitutional Review
LDC  Least Developing Country
LEEDS  Local Economic Empowerment and Development Strategy
LRO  lead research organisation
MDAs  ministries, departments and agencies
MDG  Millennium Development Goal
MDRI  Multilateral Debt Relief Initiative
MFI  microfinance institution
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<td>mass household survey</td>
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<td>mni</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MP</td>
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<td>MTEF</td>
<td>Medium-Term Expenditure Framework</td>
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<td>MTSS</td>
<td>Medium-Term Sector Strategy</td>
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<tr>
<td>MW</td>
<td>megawatts</td>
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<td>National Insurance Commission</td>
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<td>National Directorate for Employment</td>
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<td>NUPENG</td>
<td>National Union of Petroleum and Natural Gas Workers</td>
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<td>NWG</td>
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<td>Organisation of African Unity</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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OSGF  Office of the Secretary to the Government of the Federation
OSIC  One-Stop Investment Centre
PAP  Poverty Alleviation Programme
PDP  People’s Democratic Party
PFA  Pension Fund Administrator
PSI  Policy Support Instrument
PwC  PricewaterhouseCoopers
PWD  person with disabilities
QNEGS  Quick National Employment Generation Survey
RIMT  Research International Market Trends
ROSC  Reports on the Observance of Standards and Codes
SBMC  School-Based Management Committee
SCSC  State Civil Service Commission
SEC  Securities and Exchange Commission
SEEDS  State Economic Empowerment and Development Strategy
SERVICOM  Service Compact with all Nigerians
SGBP  Statement of General Business Principles
SGF  Secretary to the Government of the Federation
SMC  Supreme Military Council
SME  small and medium enterprise
SMEDAN  Small and Medium Enterprises Development Agency of Nigeria
SMEEIS  Small and Medium Enterprises Equity Investment Scheme
SMI  small and medium industry
SMIEIS  Small and Medium Industries Equity Investment Scheme
SMME  small, medium and microenterprise
SON  Standards Organisation of Nigeria
SPDC  Shell Petroleum Development Company
STI  sexually transmitted infection
TAC  Technical Aid Corps
TB  tuberculosis
TUC  Trade Union Congress of Nigeria
UBE  universal basic education
UK  United Kingdom
UN  United Nations
UNAIDS  Joint United Nations Programme on HIV/AIDS
UNDP  United Nations Development Programme
UNECA  United Nations Economic Commission for Africa
UNFCCC  United Nations Framework Convention on Climate Change
UNHCR  United Nations High Commissioner for Refugees
US  United States of America
VAT  value-added tax
VCD  video compact disk
VHS  video home system
VVF  vesicovaginal fistula
WAEMU  West African Economic and Monetary Union
WAMZ  West African Monetary Zone
WHO  World Health Organization
LIST OF NIGERIAN STATUTES REFERRED TO

Advance Fee Fraud and Other Fraud-Related Offences Act (1995)
Arbitration and Conciliation Act (1998)
Auditing Professions Act (APA) (2005)
Banks and Other Financial Institutions Act (BOFIA) (1991)
Bill on the Federal Character Tribunal
Companies and Allied Matters Act (CAMA) (1990)
Corrupt Practices Decree (1975)
Criminal Code Act (1990)
Environmental impact assessment (EIA) Decree (1992)
Failed Banks and Financial Malpractices in Banks Act (1994)
Federal Competition Commission Bill (2005)
Federal Environmental Protection Agency (FEPA) (Amendment) Decree (1992)
Federal Environmental Protection Agency (FEPA) Decree (1988)
Fiscal Responsibility Act (2007)
Investment and Securities Act (ISA) (1999)
Labour Act (1990)
Land Use Act (1978)
Marriage Act (1990)
Matrimonial Causes Act (1990)
Money Laundering Act (1995)
Nigerian Export Processing Zone Act (1992)
Nigerians with Disability Decree (1993)
Official Secrets Act (1962)
Osu Caste Law (1950s)
Penal Code Act (1959)
Pension Reform Act (2004)
Privatisation and Commercialisation Act (1988)
Public Enterprises (Privatisation and Commercialisation) Act (1999)
Public Officers Decree (1966)
Public Order Act (1990)
Public Procurement Act (2007)
Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)
(Establishment) Act (2003)
Trade Malpractices Act (1995)
Trade Unions (Amendment) Act (2005)
Trade Unions Act (1973)
Trafficking in Persons (Prohibition) Law Enforcement and Administration Act (2003)
Workmen’s Compensation Act (1987)
EXECUTIVE SUMMARY

1. THE APRM PROCESS

1.1 Origin and purpose of the APRM

The African Union (AU) Heads of State and Government Summit adopted the New Partnership for Africa’s Development (NEPAD) in Lusaka, Zambia, in July 2001. NEPAD is a strategic policy framework for Africa’s renewal and rebirth. It aims “to eradicate poverty and to place countries, individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy and body politic”. The five core principles of NEPAD are: good governance; peace, stability and security; sound economic policy making and management; effective partnerships; and domestic ownership and leadership.

1.2 The African Peer Review Mechanism (APRM) is at the epicentre of the NEPAD good governance initiative. The mechanism is a self-monitoring tool voluntarily acceded to by member states of the AU. Its objective is to foster the adoption of policies, standards and practices that will lead to political stability, high economic growth, sustainable development, and accelerated regional and economic integration. A lot of goodwill and buy-in result from the understanding that the APRM provides an African voice for African problems. Implemented effectively, therefore, the APRM has the potential to unleash Africa’s economic and other energies. For this reason, the mechanism is recognised as the most innovative aspect and crown jewel of the NEPAD agenda.

1.3 Assessment of governance and development performance, in terms of the APRM, is based on the codes, standards and objectives referred to in the Declaration on Democracy and Political, Economic and Corporate Governance. This document was adopted at the Sixth Summit of the NEPAD Heads of State and Government Implementation Committee (HSGIC) meeting held in Abuja, Nigeria, on 9 March 2003. APRM reviews are conducted under the leadership of the African Peer Review (APR) Panel. They consist of five interrelated stages that are defined in the APRM Base Document and discussed in detail in the Guidelines for countries to prepare for and to participate in the APRM.

1.4 The APRM is open to all member states of the AU. Thus far, 28 African countries have voluntarily acceded. Of the 28 member countries, six countries have been peer reviewed and are currently implementing their National Programmes of Action (NPoAs). They are Ghana, Rwanda, Kenya, South Africa, Algeria and Benin. Nigeria, Burkina Faso and Uganda have recently received a Country Review Mission (CRM) and expect to be peer reviewed in July 2008. Six countries have received a Country Support Mission (CSM). They are Lesotho, Mali, Mauritius, Mozambique, Tanzania and Zambia. The remaining 13 countries have yet to formally launch the APRM process.
1.2 Implementation of the APRM process in Nigeria

1.5 Nigeria was among the first countries to accede to the APRM at the Sixth Summit of the NEPAD HSGIC meeting held in Abuja, Nigeria, on 9 March 2003. In fact, the then president, Olusegun Obasanjo, was one of the architects of the NEPAD and APRM initiatives. He served as the chairperson of the NEPAD HSGIC from the inception of NEPAD in July 2001 until he left office in May 2007. He was also chairperson of the APR Forum from June 2003, when the APRM was launched, until his departure from office.

1.6 As mandated by the APRM Base Documents, Nigeria took steps to establish the requisite national structures following its accession to the APRM. In this regard, Nigeria appointed the Secretary to the Government of the Federation (SGF), Chief and Commander of the Order of the Federal Republic of Nigeria (CFR) Ufot G Ekaette, member of the National Institute (mni), as the National Focal Point (NFP). The country also established a 22-member National Steering Committee (NSC) and a 31-member National Working Group (NWG) to oversee the implementation of the APRM national process.

1.7 Once the national structures had been established, the APR Panel’s CSM visited Nigeria between 21 and 24 March 2005. However, the Nigerian APRM process ran into problems, particularly those relating to managing and financing the diverse and complex research institutions selected. A stalemate made a follow-up mission in October 2006 necessary. In the end, five lead research organisations (LROs) were commissioned during the third and fourth quarters of 2006 to assess the perceptions of Nigerians on the quality of governance in the country.

1.8 In order to execute the national self-assessment, the LROs domesticated and adapted the APRM master questionnaire to the context of the country. The LROs used four research instruments to conduct the national self-assessment survey. These were desktop research, the mass household survey (MHS), the elite/decision maker interview (EDMI) and focus-group discussions. The draft Country Self-Assessment Report (CSAR) and NPoA were collated by the end of 2006.

1.9 Nigeria held elections in April 2007. Alhaji Umaru Musa Yar’Adua took over from Chief Olusegun Obasanjo as president. The new administration ushered in changes in the management and administrative structure of the APRM at a national level. Ambassador Baba Gana Kingibe was appointed as SGF, replacing Chief Ekaette, and became the NFP for the APRM. The NWG was expanded to 240 members.

1.10 The country also embarked on a nationwide validation of the CSAR. This included hosting stakeholder workshops and serialising the executive summary of the CSAR in six of Nigeria’s national dailies and weeklies. E-mail and postal addresses were supplied for receiving feedback on the CSAR.

1.11 The preparation of the NPoA began with a two-phase nationwide validation of the CSAR and draft NPoA. The first was conducted between 19 and 30
November 2007 in 14 centres covering the 36 states of the federation. The second was conducted in Abuja between 3 and 11 December 2007. These workshops culminated in a national dialogue on the CSAR and NPoA. This was held on 11 December 2007 under the chairpersonship of President Yar’Adua. The outcomes were considered when preparing a four-year NPoA (2009–2012). The costed NPoA and the updated CSAR were endorsed by the NWG and the Federal Executive Council (FEC) (the highest decision-making body of the executive arm of the federal government) on 28 December 2007 and 9 January 2008 respectively.

1.12 Nigeria submitted its final CSAR and draft NPoA to the APR Panel in January 2008. This paved the way for the CRM, which was conducted between 3 February and 2 March 2008. The CRM was led by Ambassador Bethuel Kiplagat. His Excellency Alhaj Ahmad Tejan Kabbah, former president of Sierra Leone, participated as a high-level observer and African statesperson. In line with the requirements of the APRM Base Document, the CRM comprised African experts. They represented 10 African nationalities.

1.13 The CRM to Nigeria entailed a month-long validation of the CSAR and assessment of the state of governance and socioeconomic development in the country. The CRM formally began on 6 March 2008 with a public launch attended by His Excellency President Yar’Adua. The CRM spent the first week interacting with federal structures as well as nonstate groups in Abuja.

1.14 Between 11 and 28 February 2008 the team split into two groups. Each travelled from the north to the south of the country and covered a total of eight centres (selected state capitals). The CRM visited a total of 16 centres, including the Federal Capital Territory (FCT) of Abuja. It met representatives of all 36 states of the federation. The CRM interacted with representatives of state and nonstate groups. These included the executive, legislature, judiciary, nongovernmental organisations (NGOs) and civil society organisations (CSOs), the private sector, the media, academia, labour organisations, professional bodies and traditional rulers.

2. BACKGROUND

2.1 Nigeria became independent in 1960. However, it is still considered a young democracy because of its erratic political evolution and development since casting off the yoke of colonialism. Years of despotic and debilitating military rule made the country vulnerable to arbitrary and often poor governance, characterised by lack of transparency and accountability, lawlessness, underdevelopment, economic instability and severe human rights violations. Institutional governance was also compromised as the operations and jurisdiction of the nascent administrative and governance establishments in the executive, legislature and judiciary were curtailed. The effects of these two factors cannot be overstated.

2.2 The current democratic dispensation began on 29 May 1999 with a new constitution and president, Chief Olusegun Obasanjo. Obasanjo’s admin-
istration inherited a dysfunctional bureaucracy, a collapsed infrastructure, a breakdown in the rule of law, and a highly militarised political system. The administration therefore developed solutions aimed at reversing the negative trends and moving Nigeria toward stability, broad-based growth, development and prosperity for all. The resolution framework was outlined in a document known as the National Economic Empowerment and Development Strategy (NEEDS). Obasanjo is also lauded for embarking on a war against corruption and money laundering, and for the campaign to recover funds said to have been looted by the late military dictator, General Sani Abacha. However, Obasanjo championed a bid to amend the constitution to allow for a third term in office, which the National Assembly rejected in May 2006. This was a victory for Nigerian democracy.

2.3 The elections held in May 2007, although marred by irregularities, nevertheless marked a record eight years of continuous democratic rule since the country’s independence in 1960. It was also the first time that there was a transfer of power from one civilian government to another.

2.4 To sustain and deepen the reforms, the incoming administration of President Yar’Adua launched a seven-point agenda. This stated policy priorities that are intended to strengthen the reforms and build the economy, so that the reforms are widely felt by citizens across the country. The focus is to drive the type of growth which recognises the economic value of natural and human capital. The priorities stated in the agenda address:

- Sustainable growth in the real sector of the economy.
- Physical infrastructure (power, energy, transportation, agriculture and human-capital development).
- Education and health.
- Security; law and order.
- Combating corruption.
- Development of the Niger Delta.

2.5 The main challenge that continues to plague Nigeria is the paradox of poverty in the midst of plenty. Why does the biggest oil producer in sub-Saharan Africa have the world’s third-largest concentration of poor people? Nigeria also faces the challenge of reversing values and attitudes acquired during its military history. It needs to promote transparency and accountability in governance systems, tackle problems of implementation, and not effect frequent policy reversals in order that it may promote sustainable development. Another critical challenge to be addressed is that of tackling corruption and the attendant practices of graft, bribery and nepotism.
3. **SUMMARY OF FINDINGS IN THE THEMATIC AREAS**

3.1 **Democracy and good political governance**

3.1 Nigeria is endowed with a wealth of talented, varied and dynamic human resources in the political, sociocultural and economic spheres. Despite these endowments, Nigeria’s political leadership has yet to solve its democratic and political governance problems satisfactorily and to reconcile conflicting ethnoregional interests. It also faces the recurring challenge of managing the process and benefits of economic development in order to ensure the equitable distribution of wealth and growth in the country.

3.2 The country has ratified a number of major international treaties. Nonetheless, these treaties must undergo complex federal and state legislative procedures in order to become law. This is a time-consuming process. Additionally, some key treaties, which would guarantee personal freedoms for individuals, have yet to be ratified. Most Nigerians are unaware of the international conventions that have been ratified by the government, and therefore they cannot actively pursue the realisation of the various rights and freedoms guaranteed in the conventions.

3.3 Nigeria has excelled in promoting the peaceful settlement of disputes in the Economic Community of West African States (ECOWAS) region. It has also helped to contain conflicts in several African countries, such as Angola, Chad, the Democratic Republic of the Congo (DRC), Côte d’Ivoire, Gambia, Guinea-Bissau, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania and Zimbabwe, to name a few. Nigeria also contributed to the liberation movements that led to the independence of African countries such as Namibia, Mozambique and South Africa. In the promotion of peace and coexistence, Nigeria agreed to abide by a ruling of the International Court of Justice over a long-standing border dispute with Cameroon over the potentially oil-rich Bakassi Peninsula.

3.4 The above notwithstanding, Nigeria has been embroiled in military and intrastate conflicts. The most notable of these was the Nigerian civil war. These conflicts have partly retarded the emergence of political democracy and economic development in the country. The major causes of the intrastate conflicts include pervasive social and economic inequality, the distribution of wealth (especially of petroleum resources), religious intolerance, and political manipulation and representation. Issues of identity and ethnicity have their own dynamics and they contribute to these conflicts. In the absence of an effective early warning system, the effectiveness of conflict-resolution interventions at the national and interstate levels is limited.

3.5 Civilian rule returned in 1999. Nigeria’s current constitution, the bedrock of Nigerian democracy, was promulgated in the same year. Since then, Nigeria has held three presidential and parliamentary elections in 1999, 2003 and 2007. These events helped to promote constitutional democracy in the country. However, an overconcentration of power in the central government inhibits true federalism. The excessive powers of the executive vis-à-vis the legislature and judiciary – a legacy of the long period of military
rule – curtail the realisation in practice of the principle of separation of powers with its inherent checks and balances.

3.6 The government has introduced several reforms in the civil service since 1999. However, these have not resulted in an effective, accountable and efficient civil service. Demoralising issues such as poor pay, political patronage, a slow response to technological change and modern organisational methods, corruption and gross indiscipline characterise the civil service. These have resulted in declining efficiency, effectiveness and productivity. Multifaceted strategies are needed to bring about standardisation and the adoption of appropriate staff-development policies, which are essential for the development of a professional and effective public service.

3.7 Corruption is endemic at all levels of society and has been described as a way of life in Nigeria. The Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC) are actively engaged in fighting corruption. However, they are underresourced and are sometimes seen to be influenced by the executive. Corruption, especially the use of money in politics, greatly hinders the development of constitutional democracy in Nigeria and undermines the principles of good governance.

3.8 Nigeria is a party to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Nigerian women, like women in most traditional societies in Africa, are nevertheless discriminated against and marginalised because of prejudicial cultural practices and beliefs. Women are largely underrepresented on elective and nonelective decision-making bodies at federal and state level. Calls for affirmative action measures have not yet been heeded. Affirmative action would go a long way to ensuring the effective quantitative and qualitative inclusion and participation of women in public life and decision-making fora. It would enable women’s issues to be put on the national development agenda.

3.9 Nigeria has signed the Convention on the Rights of the Child (CRC), but the rights of children are still not well established. Only 18 out of 36 states have so far implemented the Child Rights Act. There are prevailing traditional practices that violate children’s rights. They include female genital mutilation (FGM) and forced early marriages. Other issues of concern include high rates of infant and child mortality, child trafficking, rape and sexual harassment, child labour, children living on the streets, lack of quality education and gender inequality. A holistic and multisectoral effort is needed from all concerned to address the plight of children.

3.10 The care of vulnerable groups, including the disabled and the poor, has been largely left to families, with little intervention from the government. Nigeria has signed but has yet to ratify the Convention on the Rights of Persons with Disabilities (PWDs). As a result, the rights of PWDs are inadequately protected and promoted at federal level and in several states. Most lack the necessary policy and institutional frameworks and adequate resources to protect PWDs. There is no current law or policy that specifically addresses the rights of PWDs. There are internally displaced
people and refugees in Nigeria, but there are inadequate services for them. Their accessibility to courts of law is poor, and refugee camps are overcrowded. Nigeria is urged to develop legal and policy frameworks to protect the rights of vulnerable groups.

3.11 Nigeria has made great strides towards building a democratic society since 1999. However, several initiatives are still required to consolidate what it has achieved so far. Reviewing the constitution to address the supremacy of the executive, addressing the Niger Delta crisis, confronting unequal distribution of resources, redefining the role of traditional leaders, combating corruption, depoliticising the civil service, and constitutionalising affirmative action for all vulnerable groups are areas that need urgent action.

3.2 Economic governance and management

3.12 Nigeria is a country of paradox. The country has the potential to build a prosperous economy, to reduce poverty significantly, and to provide the basic social and economic services its population needs. However, 29 years of military misrule, erratic and distorted policies, public-sector dominance in production and consumption, and unbridled corruption and rent-seeking have taken their toll on the development potential of the country. They have left the country with high incidences of poverty, high unemployment rates, poor infrastructure, low growth rates, and widespread insecurity and crime.

3.13 Nigeria is the largest oil producer in Africa and the seventh-largest in the world. Its oil reserves are estimated at 36.2 billion barrels. New oil wells are continually being discovered. Reserves are expected to increase to about 40 billion barrels. The country’s economic strength therefore derives largely from its oil and gas wealth. This sector contributed 95 per cent of export revenue, 78 per cent of government revenue, and 21.93 per cent of gross domestic product (GDP) in 2006. Other sector contributions to GDP in 2006 were agriculture (32.5 per cent), wholesale and retail (13.5 per cent), industry (excluding petroleum) (2.9 per cent) and other sectors (1.5 per cent).

3.14 The growing importance of oil has brought with it many advantages. They include: substantial surpluses on the current account of the balance of payments, thereby enabling the country to increase its foreign reserves and reduce its foreign debt; increases in the tax revenue of government, which provides much-needed scope for managing the budget; and increased liquidity in the financial sector, thereby facilitating extensive reforms, consolidation and rationalisation. However, the overreliance on oil has also had a number of disadvantages. They include: neglecting other important sectors of the economy, such as agriculture and manufacturing; increasing the oil market’s vulnerability to external shocks; neglecting to collect and administer other forms of taxation; and negative environmental consequences.

3.15 As already indicated, the Obasanjo administration, which restored democratic rule in 1999, took bold steps towards economic rehabilitation
through the NEEDS economic reform programme. This strategy was aimed at accelerating economic growth, reducing poverty, and achieving the Millennium Development Goals (MDGs). NEEDS has been consolidated further by the current government through the introduction of a seven-point agenda for Nigeria’s development in the context of a broader vision, called Vision 2020. This vision is to position the country as one of the 20 most developed economies internationally by 2020.

3.16 These reforms have largely succeeded in reversing the macroeconomic imbalances from which Nigeria suffered for most of the period of political misrule. The country’s macroeconomic indicators show significant improvements. There has been a modest growth in GDP and inflation is lower. Real GDP growth in 2006 was estimated at 5.67 per cent, and inflation dropped to 8.2 per cent from about 18 per cent in 2005. Progress has also been made in the areas of financial-sector reform, debt management, accumulation of foreign reserves, exchange-rate stability, and the fight against corruption. Notwithstanding these positive developments, the Nigerian economy is still confronted by many serious challenges.

3.17 There was inadequate official information to enable the dates of signing, accession and ratification of the economic governance and management standards and codes to be documented. However, it was noted that Nigeria has adopted most of the standards and codes relevant to its membership of the International Monetary Fund (IMF) and the World Bank. They include the adoption of the Guidelines for Public Debt Management, the Code of Good Practices on Transparency in Monetary and Financial Policies, the Core Principles for Effective Banking Supervision, and the IMF’s Code of Good Practices on Fiscal Transparency.

3.18 Current macroeconomic policies are driven by the NEEDS framework. These aim to stabilise the economy in the short term, to achieve internal balance in the medium term, and to move the economy towards attaining external balance in the medium to long term. Macroeconomic management is directed at achieving high and sustained noninflationary growth. The reform programme received a significant boost in December 2006 when the IMF reviewed and approved a two-year Policy Support Instrument (PSI) for Nigeria. The PSI is intended to help the government maintain prudent macroeconomic policies, strengthen financial institutions, and create an environment conducive to robust private-sector development.

3.19 The government has attempted to contain budget deficits by limiting them to no more than 3 per cent of GDP, and by reducing inflation rates to single digits. Furthermore, the government has stabilised the exchange rate, increased external reserves to about US$40 billion in 2006, and registered strong economic growth of slightly above 6 per cent in 2005 and 2006. This includes a strong nonoil-sector growth of about 8 per cent. Public debt has also been kept at sustainable levels since debt relief was obtained under the Multilateral Debt Relief Initiative (MDRI). This has improved Nigeria’s sovereign credit rating enormously.

3.20 Despite these positive developments, macroeconomic policy remains constrained by a low revenue base. This has been caused by high levels of
tax evasion, slow progress in diversifying the economy, high unemployment levels, and vulnerability to shocks and insecurity (mainly in the oil sector). In addition, the private sector faces the challenges of high interest rates, poor physical infrastructure, and a burdensome administrative and institutional environment.

3.21 Implementation of government policies has increasingly become more open, transparent and predictable. This is mainly due to the adoption of the Medium-Term Expenditure Framework (MTEF), the Medium-Term Sector Strategy (MTSS) and the Fiscal Strategy Paper. The budget has also been made more accessible to the general public.

3.22 Significant progress has been made in strengthening the legal and institutional framework for sound public finance management. The introduction of the MTEF; the Cash Management Committee (CMC); the revenue-sharing formula between federal, state and local governments; and improvements in the procurement process have largely promoted the prudent management of public finances. However, performance at state and local government levels still remains inadequate.

3.23 Corruption and fraud are rampant in Nigeria and continue to concern most stakeholders. The incidences of corruption and money laundering in the public sector are believed to be very high. Fighting these economic ills seems to have been a priority for the federal government since 1999. This is shown by the introduction of numerous legislative reforms and initiatives to combat corruption and money laundering. However, anticorruption agencies are hampered by significant capacity constraints in their attempts to tackle these problems effectively. The challenge to take the anticorruption war to the state and local government levels remains.

3.24 Nigeria appreciates the critical role that regional integration plays to promote trade, international competitiveness and development. Its participation in ECOWAS, the AU and NEPAD is seen as important for achieving this goal. The challenge remains to progress more rapidly towards full integration, especially in some of the ECOWAS targets.

3.25 Nigeria has undoubtedly made significant progress in the areas of macroeconomic stabilisation and growth since 1999. Challenges, however, remain. The APR Panel recommends that Nigeria consolidate its efforts to diversify the economy so as to reduce the impact of shocks, to encourage development led by the private sector, to improve infrastructure, to create an environment conducive to business development, to reduce youth unemployment, to rationalise and transform the civil service, and to combat corruption more decisively and aggressively.

3.3 Corporate governance

3.26 Nigeria’s vast size, abundant resources, large population, strong human resource base and significant earning class suggest that there would be opportunities for private-sector development. However, as is the case with many African countries, Nigeria has systemic governance problems and capacity constraints. These problems have led to limited economic growth
and transformation. The Nigerian economy is very uncompetitive. It is characterised by a large informal economy, high levels of unemployment, high costs of doing business and significant idle capacity, among other things. Despite its rich mineral resource base, Nigeria has the third-largest concentration of poor people in the world.

3.27 Nigeria has unequivocally declared its commitment to free enterprise capitalism. However, its reliance on distributing resources rather than on creating wealth undermines growth in the private sector. According to NEEDS, the private sector is dominated by a few large multinationals that depend heavily on imports. They operate largely as enclaves and have no relationship with the large number of small and medium enterprises (SMEs) or the very large informal sector in the country. The upshot of this is a rent-seeking and unproductive culture of overdependence on government patronage and contracts. Sustainable wealth creation will be difficult, and poverty alleviation impossible, unless corporate governance is improved.

3.28 There has been an increasing realisation that measures are needed to tackle weak governance in both the public and the private sectors in Nigeria, especially the economy. Specific actions have been directed towards improving public-sector management and fighting corruption. Efforts are also being made to improve the quality of the physical and economic infrastructure. As part of this initiative, the Committee on Corporate Governance of Public Companies in Nigeria (CCGPCN) was formed in 2003. Its mandate is to identify weaknesses in corporate governance practice in Nigeria, and to fashion necessary changes that will improve corporate governance practices in the country.

3.29 The CCGPCN developed the Nigeria Code of Corporate Governance. The code aims to inculcate the principles of corporate governance enshrined in international standards, especially the Organisation for Economic Co-operation and Development (OECD) guidelines, and the Cadbury and King reports. In addition, the Securities and Exchange Commission (SEC) has a code of conduct for capital market operators and employees. New codes of conduct were also developed to enhance and complement existing ones following the consolidation of the banking sector. Despite the progress made, corporate governance issues are not yet of regular concern in Nigeria – only 40 per cent of companies have adopted the corporate governance codes that are available. There is still much to be done to achieve strict adherence to international codes, standards and principles.

3.30 The primary constraints to sound corporate governance in Nigeria include incompatible legal regimes, outdated statutes, and the absence of sufficient application and the proper implementation of existing laws. Furthermore, implementation is generally ineffectual. The laws governing business operations in Nigeria reveal many legislative gaps. This suggests that most of them need to be updated. Notably, the penal code does not recognise corruption as a crime. The Companies and Allied Matters Act (CAMA) needs to be amended, particularly with regard to penalties for violation. Legislation with regard to whistle-blowing, freedom of
information and consumers has not been enacted, and the legislative process is protracted.

3.31 The CRM also noted problems with commercial dispute resolution. The normal court system is not adequate to serve as the primary recourse option of business people. Archaic recording and filing systems result in a backlog of cases, particularly at state level. Capital market disputes are adjudicated by the Investment and Securities Tribunal (IST), an independent body with the same status as the High Court. However, the capacity of the tribunal needs to be improved in respect of its jurisdiction and mandate, and in human and technological terms.

3.32 There are weaknesses in oversight functions. They include overlapping regulatory powers and conflicting jurisdictions. A related issue is multiple taxation, since the mandates of the different tiers of government are not effectively reconciled and demarcated on some matters regarding licensing and registering businesses. There is a need to enhance the supervisory legal framework for, amongst others, the capital market, retirement benefits and the safety, environmental and energy sectors. Other problems relate to political issues and interference with the autonomy of oversight bodies. The CSAR has also identified an alarming shortage of capacity and lack of appropriate skills for regulatory oversight.

3.33 As part of its efforts to reposition the economy and accelerate the process of growth and development, Nigeria embarked on one of the largest privatisation programmes in Africa. Over 100 public enterprises were targeted for transfer to the private sector in about 14 sectors of the economy. They included the electricity, oil and gas, telecommunications and transport sectors. Other efforts by Nigeria to promote investment included using incentives like tax holidays, deductions and concessions. The country also re-engineered the Nigeria Export Processing Zones Authority (NEPZA) and the Nigerian Export Promotion Council (NEPC) to promote its exports effectively. In addition, Nigeria established a One-Stop Investment Centre (OSIC), another key initiative to promote investment. The OSIC is intended to shorten and simplify the administrative procedures for issuing business approvals, permits and licences, and for incorporating companies. Thirteen agencies now participate in the OSIC.

3.34 Despite these initiatives, investment is constrained by poor infrastructure, especially in roads and electricity supply. Poor policy implementation limits access to funds, and capital is expensive. The business environment needs to be improved in terms of security of life and property. Festering political instability, kidnapping and the taking of hostages in the oil-producing Niger Delta region, together with contract killings (with fruitless investigations by the police) are particularly worrying.

3.35 Key developmental challenges are how to deal with the large and expanding informal sector, and how to boost the growth of SMEs, whose problems include access to finance and shortage of skills. The Central Bank of Nigeria (CBN) undertakes a number of development activities through programmes such as: the Agricultural Credit Guarantee Scheme;
the Commodity Surveillance Programme; the microfinancing scheme; the Small and Medium Enterprises Equity Investment Scheme (SMEEIS); the Refinancing and Discounting Scheme; and the Agricultural Credit Support Scheme. However, efforts to improve access to funding by the informal sector should go beyond creating institutions. They should focus on improving the effective implementation of existing statutes and schemes so as to enable SMEs to access funding effectively, and to foster an enabling environment for their operations.

3.36 Economic and financial crimes, such as advance fee fraud (‘419’) and money laundering, have had severe consequences for Nigeria, including impacting on the foreign direct investment (FDI) flows to the country due to a lack of investor confidence. Fighting these crimes is done mainly through laws such as the Corrupt Practices and Other Related Offences Act, the EFCC (Establishment) Act, the Money Laundering Act and the Money Laundering (Prohibition) Act. These laws contain comprehensive provisions prohibiting the laundering of the proceeds of a crime or an illegal act. They also provide appropriate penalties. However, observers believe that implementation is ineffective. Nigeria continues to be hampered by systemic corruption and its debilitating ancillaries - bribery, graft, advance fee fraud and nepotism. In order to improve the situation, it is important to ensure that all necessary safeguards, including whistle-blower protection, be put in place. This will help to expose unethical and corrupt business practices. The media also have a role to play as a watchdog. However, this oversight function in the public interest has been ineffectively exercised due to the political patronage of the media and limited expertise in investigative and feature reporting.

3.37 Nigeria is making increased demands on big business organisations for greater social responsibility. Stakeholders believe that corporations are not doing enough in terms of social investment. The awareness and implementation of corporate social responsibility (CSR) are generally poor on the part of both corporations and would-be beneficiaries. Corporations’ understanding of good corporate citizenship and CSR is largely based on philanthropic and altruistic notions. Much of the CSR focus in Nigeria tends to be on multinationals and the big oil-producing companies. However, SMEs and other home-grown companies can also play an active role in sensitising communities and advocating for CSR. There are, however, perceptions that NGOs, community-based organisations (CBOs) and CSOs are weak, lack internal democracy, and show limited transparency and accountability. Public-private partnerships, as vehicles for development, are not used enough in Nigeria.

3.38 Nigeria was the first African country to sign up for the Extractive Industries Transparency Initiative (EITI) in 2003. The Nigerian EITI is aimed at due process and achieving transparency in payments by extractive industry

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6 Advance fee fraud (commonly called ‘419’, referring to Article 419 in chapter 38 of the Nigerian criminal code that deals with fraud) is a financial scam that persuades people to advance large sums of money in the hope of making a significantly larger gain. It essentially deals with fraud committed with the aid of fake claims, identities, positions and, in most cases, for attractive but nonexistent proposals.
companies in their dealings with the government and government-linked entities. The first comprehensive and independent financial, physical and process audits of the Nigerian oil and gas sectors, covering the period 1999–2004, were finalised in April 2006. The audits found that there is scope for making greater use of information technology (IT) systems to improve controls and eliminate inconsistencies arising from duplicated information, and that transparency could be improved by a wider sharing of data.

3.39 Nigeria is confronted by the negative environmental consequences of oil production. Nigeria also experienced a population explosion which, along with a lack of environmental regulation, has caused substantial damage to Nigeria’s environment, especially in the Niger Delta region. The population explosion, especially in Lagos, has put tremendous pressure on city government resources. Nigeria faces environmental challenges arising from desertification and severe air pollution in overcrowded cities such as Lagos. Despite the regulatory environmental framework that exists, there are persistent concerns that not enough is being done to sensitise companies and communities on environmental issues.

3.40 The labour laws of the country are considered sufficiently strong, although there are substantial challenges regarding implementation. Poverty and unemployment are very acute. They effectively make implementing the minimum wage law an unattainable goal. Safety in the workplace is also questionable. Corporate employers commonly fail to extend to women their rights under labour laws. Child labour is outlawed, but the laws are breached more often than they are effectively implemented. Other relevant labour issues needing attention include the casualisation of staff, poor access to information by employees, sexual harassment, gender discrimination, and inadequate workplace policies on the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS).

3.41 Nigeria’s film industry – Nollywood – is part of the emerging knowledge economy in Africa. In order to protect its artists, Nigeria became an enthusiastic subscriber to the international convention protecting intellectual property. However, as with most governance issues in Nigeria, subscription and effective implementation tend to diverge. The CRM was informed of various instances of piracy and copyright infringement, including books. It is important for Nigeria to enhance and strengthen its intellectual property rights regime in order to help expand its new creative industries, such as Nollywood.

3.42 Of the 20 million Nigerians who own shares in public and private companies, many are minority shareholders who are ignorant of their rights. Shareholder associations and institutional investors should step up efforts to ensure that the interests of all shareholders are protected. The apparent excessive fragmentation of the shareholders’ voice does not augur well for a sustainable institutional framework.

3.43 The auditing regime in Nigeria is not robust. International auditing standards do not exist in the country. Auditors are advised to follow the International Standards on Auditing, although this is not mandatory. There
is inadequate adherence to auditing standards and professional ethics. Furthermore, ethical codes for auditors in Nigeria are not consistent with international standards. Nigerian accounting firms are not precluded from providing auditing and consultancy services to the same client, thereby creating potential conflicts of interest. The mechanisms for enforcement and compliance at the Corporate Affairs Commission (CAC) are very weak, and penalties are often out of date. Most companies do not comply with the requirement to file a copy of their audited statements and directors’ reports. The CAC, however, rarely applies any sanctions.

3.44 The level of governance which exists today in Nigeria provides an inadequate check on boards of directors. Many Nigerian companies have failed in the areas of disclosure and transparency. Corporate governance abuses have seen insiders strip companies of their assets by various means. Directors have also sometimes failed to perform their fiduciary duties to protect the company’s assets and interests. There are instances of inaccurate, sometimes deliberately misleading, reports by companies. These understate profits in order to evade tax liabilities, and overstate the financial viability and liquidity of corporations in order to sustain investor confidence unjustifiably, even when the corporations are failing. There was general agreement among participants that the incidence of quacks – unqualified people who claim knowledge and other skills in their field – in some professions (in particular insurance brokering) may not be the exception. Quacks and violators tend to be protected by ‘godfathers’ and the prevailing culture of impunity.

3.45 Merit as a standard for appointing directors in the public sector is low compared to the private sector. Corporations in the public sector are influenced largely by current political trends, combined with geographical zoning. The managers of many listed companies do not establish organisation and support functions for monitoring and organising, or for briefing staff on, and notifying them of, corporate policies and procedures. Weaknesses in strategic management typify the situation in the Nigerian corporate sector. More women should also be promoted to leadership and strategic positions in corporations.

3.4 Socioeconomic development

3.46 Nigeria is a country of extreme paradoxes, with widespread and endemic poverty in the midst of plenty. The country is richly endowed with human and natural resources, particularly oil and gas. There are also many mineral deposits like coal, gold and sulphur. With a real GDP of US$58.4 billion and a population of about 140 million, Nigeria is one of the four largest economies in Africa and by far the continent’s most populous country. Despite this rich human and resource endowment, Nigeria’s per capita GDP is only about US$752. Poverty is widespread, with about 54 per cent of the population living on less than US$1 per day.

3.47 Despite a plethora of development policies and programmes, Nigeria’s level of economic development over the past four decades has been disappointing. The country’s economy is still dominated by the primary production sector. Agriculture, which is predominantly the domain of
peasants with low and declining productivity, accounted for 42 per cent of GDP, followed by crude oil (22 per cent). The secondary sector, especially manufacturing, has stagnated at between 3.7 per cent and 3.8 per cent of GDP. This makes Nigeria one of the least industrialised countries in Africa. Chapter 4 shows that the dominance of crude oil has brought in its wake increased vulnerability to volatile commodity prices. This, in turn, has had far-reaching consequences for stability and socioeconomic development.

3.48 Not surprisingly, Nigeria ranks low on human development indices. In its Human Development Report for 2007/2008, the United Nations Development Programme (UNDP) ranked Nigeria at 157th out of 177 countries – down from 148th out of a total of 173 in 2003. The country’s human development index of 0.453 in 2005 is lower than the average index for sub-Saharan Africa (0.515), although it is slightly above the average for ECOWAS countries (0.434). With 78 per cent of the population living in rural areas, the rural poor are the largest segment of the poor. They suffer greatly from inadequate public service delivery.

3.49 In an attempt to address the numerous challenges facing the country, especially the high poverty levels, the federal government has come up with NEEDS, one of the most comprehensive strategies to combat poverty and stimulate growth in Africa.

3.50 The preparation of NEEDS was followed by the state version, called the State Economic Empowerment and Development Strategy (SEEDS). From 2006 onwards, in consonance with the national and state equivalents, local governments developed the Local Economic Empowerment and Development Strategy (LEEDS) with the support of donors (including the UNDP).

3.51 Within the framework of NEEDS, Nigeria has devised a number of programmes to fight poverty. The most notable of these is the National Poverty Eradication Programme (NAPEP). The programme is expected to achieve the goals of NEEDS in line with the MDG of halving the number of people living in extreme poverty by 2015. The programme hopes to do so by increasing the demand of the poor for education and basic health, and by encouraging them to engage in income-generating activities.

3.52 Despite the reported decline in poverty to 54 per cent, Nigeria’s economy is struggling to use the country’s vast wealth in fossil fuels as a way of reducing the endemic poverty that affects many people. A large number of Nigerians are trapped in long-term poverty that is passed from generation to generation. Economists refer to the coexistence of vast natural wealth and extreme personal poverty in developing countries like Nigeria as the ‘resource curse’. The country also appears to lack guidelines for measuring poverty.

3.53 Agriculture, the main source of livelihood, is neglected despite Nigeria’s vast amount of arable land. Although the CRM acknowledges the recent efforts that the federal government has made to promote agricultural development, such as providing training in farming skills at 21 centres, a lot more needs to be done to modernise agriculture.

3.54 Although Nigeria, as part of the international community, has committed itself to achieving the MDGs, including the commitment to halve poverty
by 2015, the results are erratic. According to the 2004 progress report on MDGs, Nigeria has progressed towards achieving several goals but has fallen short on others. Specifically, Nigeria has made modest progress in providing universal primary education, protecting the environment and developing a partnership for global development. However, the country lags behind in eliminating extreme poverty and hunger, reducing child and maternal mortality, and combating diseases like HIV, AIDS and malaria.

3.55 Nigeria adopted free universal primary education as a national policy in the 1970s. This led to a massive increase in primary-school enrolments. In line with the NEEDS policy objectives, the government has recently undertaken structural and institutional reforms to enhance service delivery. The government introduced universal basic education (UBE), under the Compulsory, Free, Universal Basic Education Act of 2004, to revise universal primary education. Although UBE is tuition-free, the high cost of school-related expenses and the costs to parents (particularly their labour) of sending children to school are keeping many school-age children out of school.

3.56 Nigeria’s health care system also faces many challenges and constraints in providing quality health care to all Nigerians, especially the unemployed and the poor. The National Health Insurance Scheme (NHIS) cover appears to be largely exclusive. This contradicts its stated objectives. The cover provides mostly for the health care needs of the formally employed. Consequently, it excludes the majority of Nigerians who are either unemployed or work in the informal sector. The health sector is characterised by a low life expectancy of 46.5 years, along with a high incidence of tuberculosis (TB) and malaria.

3.57 The APR Panel contends that the endemic poverty and poor service delivery in Nigeria can be explained by a number of factors. These include: lack of strong political will; lack of monitoring and evaluation mechanisms; weak political, civic and administrative leadership; endemic corruption at all levels of government and within the society at large; and the lack of an entrenched participatory approach to development. All of these are significant in explaining Nigeria’s paradox of poverty in the midst of plenty.

3.58 The lack of effective policy and programme implementation is further compounded by a lack of necessary skills among government officials. This has been aggravated by the fact that the government appears to be remote from the civilian population.

3.59 Nigeria has ratified and implemented some international standards and codes. This is highly commendable. However, it has been difficult to find evidence of the standards and codes that have been signed by Nigeria, and when and whether they have been ratified and implemented. The main reason is that the federal Ministry of Justice, which is responsible for documenting these conventions, has incomplete records. This suggests that there are serious organisational problems associated with official record-keeping in Nigeria.

3.60 Public awareness of the standards and codes also appears to be very low. The CSAR reports that knowledge of Nigeria’s adoption and implementation
of these standards and codes appears to be limited to the elite and to decision makers.

3.61 Nigeria’s National Gender Policy aims to integrate women fully into all areas of life through the principle of equality. However, minimal progress has been made towards promoting the gender equality that might have been expected from Nigeria’s ratification of CEDAW in 1985. There has been some affirmative action to increase the proportion of women holding office in the federal government and to increase the proportion of girls in schools. However, gender gaps still remain unacceptably high in both cases. One major reason for this is that the National Gender Policy has failed to achieve its main and preliminary goal of incorporating CEDAW into federal and state laws. Other obstacles to the policy are deeply embedded cultural and religious beliefs and practices. On a positive note, there are a number of small CSOs that are implementing programmes in areas like FGM, vesicovaginal fistula (VVF) and early marriages. They are also providing support for widows and schooling for girls.

3.62 Participatory measures have been reintroduced into Nigeria since the return to a democratic dispensation in 1999. However, much of the participation in budgeting and development planning has tended to be at the level of the elite. This has created a strong public perception that government’s allocation of public funds lacks transparency. It appears to be unduly influenced by factors like ‘godfatherhood’, corruption and political influence. Also, the broad-based participation envisaged in NEEDS has not been sufficiently realised at the state and local levels of SEEDS and LEEDS. Overall, inadequate stakeholder participation in the development process is a serious and fundamental limitation to democratic governance in Nigeria.

4. **GOOD AND BEST PRACTICES**

**Democracy and good political governance**

- *Nigeria’s role in conflict resolution and peacebuilding, particularly in the West African subregion.* Nigeria has shown strong and committed leadership in the ECOWAS Monitoring Group (ECOMOG), and has been active in resolving conflicts in countries such as Liberia and Sierra Leone, to name but a few. Nigeria’s strong and committed leadership in this regard has been strengthened by supplying the necessary military personnel and other logistical assistance.

- *The Council of the State* is an innovative structure. It offers a forum to provide nonpartisan advice to the chief executive of the federation on sensitive and divisive issues like conflicts, the distribution of national wealth, and state aspirations against federal hegemony. A key feature of the Council of the State is its broad-based composition. It incorporates the elite leadership of Nigeria and includes, *inter alia*, all former presidents, chief justices, Senate presidents, speakers of the House of Representatives, governors and attorney generals. This makes its decisions generally credible and acceptable to the people.
• The Federal Character Principle is a constitutional principle aimed at promoting national unity and ethnic equality. It commands national loyalty, thereby safeguarding the multiethnic and federal character of the nation. It ensures that no states, ethnic or other sectional groups will predominate in the government or any of its agencies.

• President Yar’Adua’s declaration and publication of assets as a signal of commitment to good governance. President Yar’Adua adhered to constitutional requirements and declared his assets and liabilities to the Code of Conduct Bureau (CCB). He went beyond the call of duty and made his declaration public in order to fulfil a campaign pledge to the people of Nigeria.

• The National Agency for the Prohibition of Trafficking in Persons (NAPTIP) collaborates with security agencies in order to play a key role in the arrest and prosecution of human traffickers.

Economic governance and management

• Technical Aid Corps (TAC) programme. Established in 1987, the Nigerian TAC is a foreign policy instrument designed to provide manpower assistance in all fields of human development to underdeveloped and developing countries in the southern hemisphere. It is one of Nigeria’s contributions to effective cooperation in socioeconomic development among African, Caribbean and Pacific (ACP) countries. It is currently the only volunteer service operated by an African country, which challenges the widely held view that African countries only get aid and do not provide it. The TAC has therefore enhanced the existing relations between Nigeria and beneficiary countries. On a wider scale, it has created an atmosphere of partnership where it would otherwise not have existed.

• Bank consolidation and financial-sector reforms. In order to redress the weaknesses in the subsector, the CBN embarked on a comprehensive bank consolidation programme. This has resulted in the Nigerian banking sector becoming more sound and competitive. Indeed, 20 out of the 25 Nigerian banks were in the top 100 banks in Africa in 2006, and 17 Nigerian banks were in the top 1,000 banks in the world. There were none in 2005.

• Efforts to improve public finance management by introducing due process in procurement. Since the return to democratic rule in 1999, the government of Nigeria has introduced several reforms aimed at strengthening public expenditure management. They include introducing higher levels of transparency and accountability by establishing the Budget Monitoring and Price Intelligence Unit (BMPIU).

• Establishment of the EFCC and ICPC to enhance efforts to tackle corruption. By 2007, the EFCC had investigated and successfully brought to court several cases of corruption and cases of money laundering. It recovered significant amounts of public money.
Corporate governance

- **EITI.** Nigeria is the first African country to adopt the EITI. This calls for independent audits of oil and gas sectors in order to promote a culture of transparency and accountability for oil and gas companies on the one side, and for government on the other. In addition, Nigeria has passed legislation to enhance the operation of this initiative in the country.

Socioeconomic development

- **Gender empowerment.** Efforts to promote affirmative action in Kebbi State include: appointing more women to positions of leadership; building more schools and providing free education at primary and secondary-school levels; establishing community-based centres for school dropouts caused by early marriages; building special hospitals for women and children; raising awareness on HIV and AIDS; making efforts to pass legislation relating to violence against women; and undertaking various initiatives for economic empowerment, including the granting of loans and skills training.

5. OVERARCHING AND SPECIAL ISSUES

5.1 The CRM for Nigeria has identified certain issues that require further attention. These issues are grouped into two categories.

**Overarching issues** are those matters that have been identified in more than one area of governance. They require a holistic approach in view of the wider impact that they have on the quality of governance in the country.

Ten overarching issues were identified for Nigeria:

**Managing diversity and promoting nation building within the framework of the federation**

With a population of over 140 million, Nigeria is the most populous and longest-lasting federal system in Africa. It has one of the most diverse societies in terms of ethnicity, culture, religion, geography and economic disparities. Nigeria is also one of the most linguistically diverse countries, with over 250 ethnic groups and some 510 living languages. Nigeria has attempted to manage the diversities within the federation by structuring its institutions and administration in a manner that allows it to mediate its sectional politics and ethnoterritorial demands and to balance competition over resources. Among the strategies to confront these challenges has been an ‘ethnic balancing arrangement’, called the Federal Character Principle. This prescribes that the country’s diverse segments are equitably represented in public institutions. The Nigerian federation has also developed a mechanism for distributing federally controlled resources to state and local levels, called the revenue-sharing formula. However, national integration remains elusive because of intersectional competition for numerical superiority. This is fanned by attempts to secure political advantage and preferences in the distribution of resources.
Dependence on oil and gas and lack of economic diversification

A major factor behind the low growth rates and high poverty levels in Nigeria is the lack of economic diversification. Oil currently provides about 95 per cent of foreign exchange earnings and 80 per cent of budgetary revenues. In recent years, the astronomical growth in Nigeria’s oil revenues has come at the expense of traditional revenue sources. This has undermined the nation’s broad revenue base and heightened its vulnerability to volatile commodity prices and external trade shocks. Despite its huge reserves, Nigeria imports virtually all its petrol because it has not invested sufficiently in oil refineries. Nigeria’s dependence on crude oil exports implies that it benefits little from the potential indirect economic benefits (such as jobs associated with producing petroleum by-products) associated with crude oil refining.

The scourge of corruption

Corruption remains the greatest and most troubling challenge to realising Nigeria’s huge developmental potential. This makes it unlikely that the country will achieve the vision of the Financial System Strategy of 2020, which aspires to move the country’s GDP to the top 20 in the world. The APR Panel noted significant efforts in the fight against corruption. These include the activities of the CCB, the ICPC and the EFCC. Despite these laudable achievements, Nigeria still faces the herculean task of tackling corruption internally. Political and social will must be strengthened in order to tackle the scourge.

Ineffective policy and programme implementation, and poor service delivery

NEEDS I admits that “Nigeria’s experience has been one of formulating good plans, policies and programmes and then failing to achieve objectives because of ineffective implementation - or no implementation”.7 The lack of effective policy and programme implementation in Nigeria can be explained principally by the lack of strong political will, coupled with weak accountability mechanisms. In a sense, this is also attributable to attitudinal and behavioural issues that are the legacy of military rule. Nigeria should consider: introducing strict penalties for line agencies that do not deliver on their targets; stringently enforcing the said penalties; establishing a client-feedback mechanism; and introducing periodic public reporting, to the general public, on the implementation of NEEDS and other programmes.

The informal sector

As in other African countries, most of the growth in the informal sector in Nigeria is the result of an increase in the number of new enterprises

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rather than an increase in the vertical growth and income-generating ability of the sector. The lack of vertical growth in the informal sector can be attributed to: a lack of capital (especially among females); a lack of managerial and technical skills; a lack of market information; and poor access to lucrative markets. Other problems include the high cost of production inputs, and the lack of suitable business premises and equipment. Government policies also remain focused on the problems of the formal sector despite the crucial role that the informal sector plays in creating jobs and producing basic goods and services. Participatory and equitable state intervention is needed to support the informal sector in Nigeria. This will eliminate needless restrictions and provide a more appropriate and flexible regulatory framework that is compatible with local conditions – but one that is still reasonably efficient and environmentally sustainable.

**Slow progress towards gender equality and limited advancement of women**

Gender issues in Nigeria impact on all areas of socioeconomic and political life and cut across all development matters. Not only are women discriminated against in various customary and religious practices, but some of these discriminatory practices are entrenched in state and federal law. Large gender gaps are seen in the small proportion of women holding positions in government and in representative assemblies, at both federal and state level. There are also gender gaps in school and university enrolments, in paid employment, in personal wealth, and in social status within the family. Women have less access to land and credit, and are more affected by shortages of water and electricity because of their traditional burdens of domestic work. Clearly, the lack of equal rights for women in Nigeria is a serious drawback to full democracy. All citizens should be equal under the law and have equal access to all public resources and services.

**Land policy reform**

In Nigeria, as in other African states, there are conflicts between state efforts to control land on the one hand, and the complex and existing local land tenure systems on the other. Traditionally, Nigeria did not have a uniform system of land tenure. The diversity of its population was reflected in the many forms of land administration that existed. The advantages of the customary land tenure system are many. However, the specific position of widows and divorcees in the customary system can be precarious. In response to a potential crisis in land distribution, the military government promulgated the Land Use Act of March 1978. This established a uniform tenure system for all of Nigeria. The 1978 Land Use Act vests all land in the hands of the state government except for land falling within the federal territory area. At the microlevel, even though the law vests land in the hands of the state governments, the CRM heard that the authorities at state and local government levels are often beholden to traditional leaders who exercise informal but effective traditional custodial rights over land. Furthermore, acquiring land is a lengthy process. Land is, therefore, a major constraint to doing business in most parts of Nigeria.
The role of traditional rulers in governance

The 1999 constitution does not allocate a role to traditional rulers. Traditional rulers, because of their status as opinion leaders, became increasingly drawn into partisan politics for monetary gain. This made them vulnerable to the political shenanigans of the day. They consequently lost popularity among rival political groups, some of which formed their traditional constituency, and this eroded their power base. Arguments are therefore made that traditional rulers should be insulated from partisan politics to enable them to serve the greater good.

However, CRM interactions with both state and nonstate stakeholders revealed conflicting views regarding the institution of traditional rulers. There are those who hold the traditional political institutions, of which traditional rule is an important integral component, in high esteem. They see traditional rulers as the leaders closest to the grass roots, especially the majority living in rural communities. Therefore, traditional rulers are well placed to help improve communication between citizens and the rulers. On the other hand, there were those who see traditional institutions and traditional authority as archaic, authoritarian and irrelevant in a modern society.

The diaspora and remittances

Some estimates put the number of Nigerians living in the diaspora at more than 20 million. The large number of Nigerians living outside the homeland has had a tremendous impact on the country, for both good and ill. On the positive side, there are the many highly distinguished and revered Nigerian professionals in the diaspora who render invaluable service to mankind everywhere around the globe. They are renowned academics, actors, musicians, artists and international leaders. In April 2007, the governor of the CBN estimated inward payments at US$7.7 billion – a sum larger than the GDP of 29 of the 53 African countries. In its December 2007 report on remittance flows, the International Fund for Agricultural Development (IFAD) estimated that the 2006 remittances to Africa amounted to US$38.611 billion, of which US$10.399 billion went to West Africa. Nigerian receipts were put at US$5.397, or 4.7 per cent of its GDP.

On the other hand, anecdotal evidence shows that some Nigerian people living abroad engage in financial and other criminal activity such as drug trafficking, prostitution, money laundering and ‘419’ scams. These reports are so frequent and numerous that they are harming the image of the federation. There is, therefore, a need for Nigeria to investigate fully the challenges and constraints that its large migrant population faces in order to facilitate their contribution to the development of the country.

Social indiscipline, disorder and value reorientation

A significant impediment to improving governance in Nigeria is pervasive social indiscipline, sometimes bordering on disorder. Social indiscipline is manifested in the seemingly total disregard for adherence to set rules
and regulations. It appears to be a plausible explanation for poor service delivery by both public and private-sector institutions. A return to a value system that recognises the merit of enterprise, dignity, integrity and morality is being promoted in the media, academia, government, faith-based organisations, traditional leadership institutions and in several other sectors of society. These efforts could be supported by critical discourse on national consciousness, by a civic education campaign at all levels and, where appropriate, by sanctions.

**Special issues** are those that are unique to Nigeria. They include the Lagos megalopolis and the economics of the Nigerian film industry (Nollywood).

### 6. THE PROGRAMME OF ACTION

6.1 The government of the Federal Republic of Nigeria has indicated that it is committed to taking full advantage of the opportunities for deepening sustainable good governance by implementing the NPoA diligently. The estimated budget for implementing the NPoA is approximately US$20 billion. The implementation of the NPoA will be undertaken by the three tiers of government on the basis of a formula to be adopted after due consultations. However, the overall governance and oversight of the NPoA will rest with the NWG, which will collaborate with the Joint Monitoring and Evaluation Committee.

### 7. CONCLUSION

**Key strengths and challenges**

**Strengths**

**Population, manpower and human resources**

7.1 With the largest population in Africa, Nigeria has a large pool of trained manpower capable of governing well and managing the economy efficiently.

**Natural resource base**

7.2 Nigeria is the largest oil producer in Africa and the seventh-largest in the world. This stock of natural resources, along with its fertile soil and pleasant climate, gives the country the potential to build a prosperous economy, reduce poverty significantly, and provide the basic social and economic services that its population needs.

**Nigeria, a regional and global powerhouse**

7.3 Nigeria is one of Africa’s giants and a force to contend with globally. It features regularly as a leading performer in the West African region and on the African continent, particularly in the cultural, economic, social and financial arena.
Challenges

The paradox of poverty in the midst of plenty

7.4 The greatest challenge facing Nigeria is how to channel wealth from the oil and gas industry so as to achieve socioeconomic development. Nigeria hosts the third-largest concentration of poor people in the world, and is among the top 20 countries in the world with the widest gap between the rich and the poor.

Corruption and money laundering

7.5 Corruption – both political and economic – is the main reason for poverty in Nigeria. Corruption has retarded economic growth and development, and has frustrated incentives to align budgetary allocations with development priorities.

Dependency on oil and conflicts over resources

7.6 Overreliance on oil and, by extension, dependency on the central government – accompanied by struggles for resources such as those in the Niger Delta – pose challenges to the federation.

Ineffective implementation of policies and laws

7.7 Ineffective implementation of policies and laws, and policy reversals, poses serious challenges to governance.

Value reorientation, attitudinal issues and impunity

7.8 Nigeria faces the challenge of reversing the values and attitudes that are a legacy of its military history.

Future prospects for Nigeria

7.9 By virtue of its population size, ethnic diversity, resource endowment, the ‘can-do’ spirit of its people, its relatively substantial intellectual capital and the proven positive role that it has played, and still plays, in critical Pan-African initiatives such as conflict resolution and peacebuilding, Nigeria has the potential to occupy a leading position on the continent and even in the world. However, to achieve this and its own declared objective to become one of the 20 emerging economies by 2020, Nigeria needs visionary and transformative leadership at all levels of society. It needs leaders who are committed and willing to sacrifice personal aggrandisement for the collective good.
CHAPTER ONE

1. INTRODUCTION: THE APRM PROCESS AND ITS IMPLEMENTATION IN NIGERIA

Objectives of the African Peer Review Mechanism (APRM): “The [APRM] process will entail periodic reviews of the policies and practices of participating states to ascertain progress being made towards achieving the mutually agreed goals and compliance with adopted political, economic and corporate governance values, and socioeconomic development codes and standards, as outlined in the Declaration on Democracy and Political, Economic and Corporate Governance.”

APRM Base Document, Paragraph 15

1.1 Origin and purpose of the APRM

1. The New Partnership for Africa’s Development (NEPAD) was adopted by the African Union (AU) Heads of State and Government Summit held in Lusaka, Zambia, in July 2001. NEPAD is a strategic policy framework for Africa’s renewal and rebirth. It aims “to eradicate poverty and to place countries, individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy and body politic”.

2. The five core principles of NEPAD are: good governance; peace, stability and security; sound economic policy making and management; effective partnerships; and domestic ownership and leadership.

3. A centrepiece of the good-governance initiative is the APRM, which is a self-monitoring tool voluntarily acceded to by member states of the AU with the objective of fostering the adoption of policies, standards and practices that will lead to political stability, high economic growth, sustainable development and accelerated regional and economic integration.

4. A key guiding principle of the APRM is African ownership. Much goodwill and buy-in result from the understanding that the APRM provides an African voice for African problems. Implemented effectively, therefore, the APRM has the potential to unleash Africa’s economic and other energies. For this reason, the APRM is recognised as a most innovative process and is widely heralded as the jewel in the NEPAD crown.

5. The belief that governance must be addressed comprehensively across all sectors in order for progress to be made underpins the APRM. Consequently, the mechanism covers the following focus areas:

- Democracy and good political governance.
- Economic governance and management.
• Corporate governance.
• Socioeconomic development.

6. The assessment of governance and development performance in terms of the APRM is based on the codes, standards and objectives that are referenced in the Declaration on Democracy and Political, Economic and Corporate Governance that was adopted at the Sixth Summit of the NEPAD Heads of State and Government Implementation Committee (HSGIC) meeting held in Abuja, Nigeria, on 9 March 2003. The adopted codes, standards and objectives take into account successive decisions of the Organisation of African Unity (OAU) and AU summits aimed, \textit{inter alia}, at ensuring stability, peace and security and promoting closer economic integration.

7. A key feature of the APRM is that it recognises that, given their different historical and political contexts, not all countries are at the same level of development. Countries will therefore start from different baselines and will not be expected to reach their highest performance at the same time. The APRM encourages participating countries to support one another by engaging in constructive peer dialogue and persuasion where necessary so as to ensure that all states achieve full compliance by a mutually agreed date. Furthermore, the APRM fosters peer learning, experience sharing, and the adoption and reinforcement of best practices from within the continent.

**APRM principles**

8. A number of essential factors and principles underpin the effectiveness of the APRM. These include: national ownership and leadership by the participating country; inclusiveness and broad-based participation; accountability; technical competence; credibility; and freedom from manipulation.

9. To ensure that these principles are operationalised, rules and procedures have been developed to guide all stakeholders in the conduct of the review process. These include: the APRM Base Document; the \textit{Guidelines for countries to prepare for and to participate in the APRM} (Country guidelines); and the standard questionnaire for APRM assessment that is sent to all countries.

**Membership of the APRM**

10. The APRM is open to all member states of the AU. Thus far, 28 African countries have voluntarily acceded (see figure 1.1). Accession entails undertaking to submit to periodic peer reviews and facilitating such reviews. It also includes committing to the implementation of the National Programme of Action (NPoA) arising from the review, and to the operationalisation of the agreed parameters for good governance across the four thematic areas.
11. Of the 28 member countries, six countries (Ghana, Rwanda, Kenya, South Africa, Algeria and Benin) have completed peer reviews and presented their latest NPoA implementation progress reports at the Tenth Summit of the APR Forum held in Addis Ababa, Ethiopia, in January 2009. Burkina Faso, Nigeria and Uganda were peer reviewed in 2008 and expect to present their annual progress reports in 2009. Six countries (Lesotho, Mali, Mauritius, Mozambique, Tanzania and Zambia) are in line to receive review missions. The remaining 13 countries have yet to formally launch the APRM process.

1.2 The country reviews and the NPoA

12. APRM reviews are conducted under the leadership of the APR Panel and consist of five interrelated stages that are defined in the APRM Base Document and are discussed in detail in the Guidelines for countries to prepare for and to participate in the APRM:
13. **Stage one** is the preparatory stage. It comprises: the establishment of national structures; the sending out of the questionnaire by the APR Secretariat; the development of the country’s self-assessment and draft NPoA; and, finally, the submission of these to the APR Secretariat.

14. The country’s self-assessment entails a broad-based consultation and survey process conducted against the standard APRM questionnaire. The self-assessment is structured according to the objectives, standards and criteria document adopted by heads of state to guide APRM assessments.

15. In addition to the Country Self-Assessment Report (CSAR), countries have to make clear, time-bound commitments in the form of an NPoA. According to the APRM Base Document, “[t]he primary purpose of the NPoA is to guide and mobilise the country’s effort in implementing the necessary changes to improve its state of governance and socioeconomic development. The NPoA is the key input delivered by the country into the peer review. It serves to present and clarify the country’s priorities; the activities undertaken to prepare and participate in the APRM; the nature of the national consultations; as well as to explicitly explain the responsibility of various stakeholders in government, civil society and private sector in implementing the programme”.

16. While the country prepares its CSAR and draft NPoA, the APR Secretariat prepares a comprehensive background document on the country. This latter document draws on up-to-date information from national, subregional, regional and international sources.

17. On the basis of the CSAR, draft NPoA and the background document, the APR Secretariat develops an *Issues Paper* outlining the key issues on which the review process will focus. This paper is informed by five main considerations:

- Critical issues that are addressed in the CSAR, but which need reinforcement.
- Issues that have been understated or have been inadequately addressed.
- Issues identified in the past, but which continue to present serious problems as far as implementation is concerned.
- Issues not dealt with at all by the CSAR.
- Areas of discrepancy or divergence (as are evident from cross-checking against the background paper).

18. In **stage two**, the CRM visits the country to interact with stakeholders. The CRM must engage in the broadest possible consultations with all stakeholders: the government, the judiciary, political parties, national assemblies, civil society organisations (CSOs), the media, women, the youth, people with disabilities, trade unions, religious bodies, professional bodies, corporate entities and organisations (i.e. private, public and informal), academia and research institutions.
19. The main objectives of the CRM are: to learn about the different stakeholders’ perspectives on governance in the country; to clarify the issues identified in the *Issues Paper*; and to build consensus on how any outstanding problems should be tackled.

20. **Stage three** involves the drafting of the report by the CRM. The Country Review Report (CRR) is informed principally by the CSAR and the draft NPoA submitted by the country. In addition, the CRR reflects information made available to the CRM through the background paper and *Issues Paper*, as well as the views ascertained during the wide-ranging consultations with stakeholders in the course of the visit by the CRM.

21. The CRR considers the applicable political, economic, corporate governance and socioeconomic development commitments made in the draft NPoA, identifies any remaining weaknesses, and recommends further actions that are to be included in the final NPoA. The CRR has to be clear on the specific actions required in instances where unresolved issues are identified.

22. **Stage four** entails the submission of the CRM’s report to the APR Secretariat and the APR Panel. The APR Panel considers the report and then makes any additional recommendations it considers necessary with regard to the report.

23. The APR Panel first discusses the report with the government concerned to verify the accuracy of the information contained in the report. The government is then given an opportunity to respond to the report’s findings and to put forward its own views on how the shortcomings indicated could be rectified. These responses are appended to the CRR. At this stage, the country finalises its NPoA, taking into account the conclusions and recommendations of the CRR.

24. Stage four also involves the submission, by the APR Panel, of the CRR to the APR Forum for peer review and subsequent implementation according to the APR Forum’s mandate. If the country indicates its willingness to rectify identified shortcomings, it becomes incumbent upon participating governments to provide assistance as far as they can, and to urge development partners and agencies to come to the assistance of that country.

25. It is also worth mentioning that the APRM provides for four types of review:

- A base review, which is the first country review, carried out within 18 months of a country’s becoming a member of the APRM and which has been elaborated on above.
- A periodic review that takes place every two to four years.
- A review that is not part of the periodically mandated reviews, but which can be requested by a member country for its own reasons.
- A review in response to early signs of impending political and economic crisis in a member country.

26. **Stage five** is the final stage of the APRM process. It entails the formal publication and tabling of the CRR after it has been considered by the APR
Forum. Key regional and subregional structures should have the report tabled before them, such as the regional economic community to which the country belongs, the Pan-African Parliament, the African Commission on Human and Peoples’ Rights, the Peace and Security Council, and the Economic, Social and Cultural Council (ECOSOCC) of the AU.

27. The timeline for the process is expected to vary considerably among countries, depending on each country’s specificities. The anticipated duration of each peer review from the onset of stage one to the end of stage four is nine to 12 months. Countries have, however, typically taken longer than this, but it is hoped that, as the process continues to unfold, this timeline will be shortened.

1.3 Key objectives of the APRM focus areas

28. The key objectives for each of the four thematic areas are listed below.

**Democracy and good political governance**

- Preventing and reducing intracountry and intercountry conflicts.
- Fostering constitutional democracy, that is, periodic political competition and opportunity for choice, the rule of law, and ensuring that a bill of rights and the principle of supremacy of the constitution are firmly established in the constitution.
- Promoting and protecting economic, social, cultural, civil and political rights as enshrined in all African and international human rights instruments.
- Upholding the doctrine of separation of powers, including protecting the independence of the judiciary and that of an effective parliament.
- Ensuring that there are accountable and efficient public office bearers and civil servants.
- Fighting corruption in the political sphere.
- Promoting and protecting the rights of women.
- Promoting and protecting the rights of children and young persons.
- Promoting and protecting the rights of vulnerable groups, including displaced persons and refugees.

**Economic governance and management**

- Promoting macroeconomic policies that support sustainable development.
- Implementing transparent, predictable and credible state economic policies.
- Promoting sound public finance management.
- Fighting corruption and money laundering.
• Accelerating regional integration by participating in the harmonisation of monetary, trade and investment policies among participating states.

**Corporate governance**

• Providing an enabling environment and an effective regulatory framework for economic activities.

• Ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability.

• Promoting the adoption of codes of good business ethics in achieving the objectives of the organisation.

• Ensuring that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner.

• Making provision for the accountability of corporations and directors.

**Socioeconomic development**

• Promoting self-reliance in development, and building capacity for self-sustaining development.

• Accelerating socioeconomic development to achieve sustainable development and the eradication of poverty.

• Strengthening policies, delivery mechanisms and outputs in key social development areas [including education for all, and combating the Human Immunodeficiency Virus (HIV), Acquired Immune Deficiency Syndrome (AIDS) and other communicable diseases].

• Ensuring affordable access to water, energy, finance (including micro-finance), markets, and information and communication technology (ICT) for all citizens, especially the rural poor.

• Ensuring progress towards gender equality, particularly equal access to education for girls at all levels.

• Encouraging broad-based participation in development by all stakeholders at all levels.

### 1.4 Implementation of the APRM process in Nigeria

29. Nigeria was among the first countries to accede to the APRM at the Sixth Summit of the NEPAD HSGIC meeting held in Abuja on 9 March 2003. Indeed, the then Nigerian president, Olusegun Obasanjo, was one of the architects of the NEPAD/APRM initiatives and served as chairperson of the NEPAD HSGIC as well as the APR Forum from the inception of NEPAD in July 2001 until his departure from office in May 2007.

30. Following Nigeria’s accession to the APRM, the country developed a strategic vision for the operationalisation of the APRM, the highlights of which are the following:
• The designation of the Secretary to the Government of the Federation (SGF), Chief and Commander of the Order of the Federal Republic of Nigeria (CFR) Ufot G Ekaette, mni, as the National Focal Point (NFP).

• The establishment of a 22-member National Steering Committee (NSC) to oversee the implementation of the APR national process.

• The establishment of a National Working Group (NWG) as the equivalent of the National Commission/Council. The NWG at the time comprised 31 members representing the following sectors: government, civil society, the media, the legislature, academia, the trade unions, women’s groups and the private sector.

• The appointment of 10 technical research institutes (TRIs) spanning the six geopolitical zones in the country to spearhead the self-assessment exercise.

1.5 The CSM

31. Once the national structures had been established, the APR Panel’s Country Support Mission (CSM) was fielded to Nigeria from 21 to 24 March 2005. The purpose of the CSM was to assess the processes and mechanisms put in place by Nigeria to undertake its self-assessment and subsequently draft its NPoA. The CSM also had to conclude negotiations and sign the Memorandum of Understanding (MoU) on the technical assessment missions and the CRM.

32. Deliberations during the CSM focused mainly on the national structures and on the sensitisation and mobilisation of the public. Following discussions, both sides agreed that the NWG be expanded to include more civil society groups and that a nonstate functionary be appointed as chairperson of this group.

33. The Nigerian APRM process ran into problems, however, particularly as regards the management and financing of the diverse and complex research institutions selected. A stalemate necessitated the fielding of a follow-up mission in October 2006.

34. In the final analysis, five lead research organisations (LROs) were commissioned during the third and fourth quarters of 2006 to assess the perceptions of Nigerians on the quality of governance in the country. The National Bureau of Statistics (NBS) produced a comprehensive mass-household survey (MHS) report. From this report and other desktop research, as well as supplementary interviews, the other four LROs produced reports on the following APRM thematic areas:

• Democracy and good political governance [Centre for Democracy and Development (CDD)].

• Economic governance and management (Africa Institute of Applied Economics).

• Corporate governance [Research International Market Trends (RIMT)].

• Socioeconomic development [Research International Market Trends (RIMT) and Research & Marketing Services (RMS)].
1.6 **Methodology used to prepare the CSAR**

35. The APRM master questionnaire was domesticated. The LROs then used the following survey methodologies in implementing the self-assessment questionnaire:

- Desk research for reviewing relevant documentation on the thematic areas from 1960 (the date of independence) to 2007.

- An MHS to ascertain the opinions of the majority of Nigerians on the quality of governance in the country in the four thematic areas. [The MHS was designed and conducted by the NBS. The survey captured the views of a national sample size of 22,200 households in 1,110 enumeration areas across 111 local government areas in all 109 senatorial districts of the 36 states of the federation and the Federal Capital Territory (FCT).]

- An elite/decision-maker interview (EDMI) questionnaire to tap the opinions of the elites on the quality of governance in the four thematic areas. [Respondents were selected so as to reflect Nigeria’s geographical, political and social diversities from among the three arms and tiers of government, professional and occupational groups, CSOs, nongovernmental organisations (NGOs), labour and trade unions, gender groups, ethnocultural/religious orientations, faith-based organisations, etc.]

- Focus-group discussions (FGDs) to assess the opinions of the non-elite and local opinion leaders, such as artisans, through discussions on issues relating to the quality of governance in the country.

36. The challenges encountered included the following:

- The country’s vast size and diverse ethnofederal structure made it difficult to define and operationalise stakeholder participation. (Nigeria has 36 states, an FCT, and 774 local government areas/area councils, in addition to the central government.)

- The technicality of the recommended methodology and instruments for the CSAR, underscored by the cumbersome nature of the master questionnaire, whose domestication (to make it respondent-friendly as well as capture Nigeria’s governance particularities) and administration proved to be expensive and time-consuming.

- A further problem was the fragility of the country’s governance system and institutions, arising from prolonged years of authoritarian military rule and its inherited paralysis brought about by oversight institutions in the legislature and judiciary arms of government.

- Complex problems were encountered regarding economic development, and there were concerns about the sustainability of the APR process itself beyond the then administration.

37. In the final stages of the self-assessment process, three consultants – Professor Alex Gboyega, Professor FON Roberts and Mr Benson Ekujumi – were engaged at the end of 2006 to harmonise the final review report.
1.7 Elections and the aftermath thereof

38. Nigeria held its elections in April 2007, and the outcome was the transition from President Olusegun Obasanjo to His Excellency Umaru Musa Yar’Adua. The new administration ushered in the following changes in the management and administrative structure of the APRM in the country:

- Ambassador Baba Gana Kingibe was designated SGF and APRM NFP, taking over from Chief Ufot G Ekaette.
- Ambassador Tunji Olagunju was also appointed as the special adviser to the president of the streamlined NEPAD and APRM structures of the country.
- Dr Gabriel Gundu remained as the APRM director and head of the National Secretariat.

39. One of the first steps taken by the new establishment was to expand the NWG to 240 members comprising: NGOs/CSOs (28 per cent), private-sector organisations (18 per cent), the media (10 per cent), professionals and organised labour (10 per cent), youth organisations (6 per cent), National Assembly political parties (8 per cent) and government (20 per cent).

40. The work of the NWG focused on the following: providing information and data, as these related to its special interests, for the work of the APRM; contributing inputs for the design of broad, strategic action plans for the APRM process; interfacing with missions from the APR Continental Secretariat; and assisting with the national sensitisation process.

41. The country also embarked on a nationwide validation of the CSAR, which included the following:

- Hosting stakeholder workshops and serialising the executive summary of the CSAR in six Nigerian national dailies and weeklies, with e-mail and postal addresses supplied for receiving feedback opinions.
- Printing and distributing 40 million copies of the simplified version of the executive summary of the CSAR in Nigeria’s main languages, namely Hausa, Igbo, Yoruba and English (10 million copies each), for mass circulation, encouraging state governments to print and distribute copies in local languages and dialects, etc.
- The reviewing of the report in each thematic area by a relevant, independent expert organisation in order to provide objective assessment and fill any possible gaps in the report. These organisations were: Wilson & Weizmann Associates (which dealt with democracy and good political governance); the Institute for Development Research (which dealt with economic governance and management); the Nigeria Economic Summit Group (which dealt with corporate governance); and the Centre for Advanced Social Science (which dealt with socioeconomic development).
- Dispatching the expanded working group in four teams to 14 clustered centres, where all 36 states and the FCT participated actively.
- Holding validation sessions with nonstakeholders in the FCT and Abuja, with the ministries, departments and agencies, and, finally, with the president, which sessions were attended by ministers, heads of parastatals and agencies, governors, chairpersons of local governments, and traditional rulers.
BOX 1.1: INNOVATIONS IN THE IMPLEMENTATION OF THE APRM IN NIGERIA

(i) The emplacement of broad-based national coordinating organs (NCOs) comprising an NFP; a 50-member group (later expanded to 240 broad-based representatives in the NWG); a 14-member NSC; and a functional NFP Secretariat. Some states also put in place state working groups equivalent to the NWG.

(ii) The commissioning of five LROs to conduct the country self-assessment exercise in the APRM’s four thematic areas using the assessment instruments of desk research, EDMIs, FGDs and MHSs and outsourcing three experts to collate the report.

(iii) The rolling out of an information, education and communication (IEC) strategy to deepen stakeholder understanding of the APR process. The IEC strategy has three strands, namely mass outreach, promotional and partnership subset strategies, and uses the following mixture of multimedia activities:

- The production and airing of ‘jingles’ in the electronic media.
- The production and placement of advertisements and feature articles in the print media, and the production and installation of billboards.
- The production and dissemination of an APRM flyer.
- The production and distribution of APRM-branded T-shirts and caps.
- Participation in electronic media interactive programmes, and visits to media houses.
- Hosting stakeholder workshops, etc.

(iv) Undertaking a validation exercise that entailed the following:

- Serialising the executive summary of the CSAR in six of Nigeria’s national dailies and weeklies, with e-mail and postal addresses supplied for receiving feedback opinions.
- Printing and distributing 40 million copies of the simplified version of the executive summary of the CSAR in Nigeria’s main languages (Hausa, Igbo, Yoruba and English) (10 million copies each) for mass circulation, and encouraging state governments to print and distribute copies in local languages and dialects, etc.
- The peer review of the report by an independent expert organisation in order to provide objective assessment that would allow the necessary gaps to be filled.
- Dispatching the expanded working group in four teams to 14 clustered centres where all 36 states and the FCT participated actively.

(v) The provision of sufficient funds by government to undertake the review process.

Source: Adapted from the Nigeria CSAR, January 2008.
1.8 Preparation of the NPoA

42. The preparation of the NPoA began with the two-phase nationwide validation of the CSAR and draft NPoA from 19 to 30 November 2007 in 14 centres covering the 36 states of the federation, and from 3 to 11 December 2007 in Abuja. These workshops culminated in a national dialogue on the CSAR and NPoA, which took place on 11 December 2007 under the chairpersonship of President Yar’Adua. The outcome of the aforementioned events was taken into account in the preparation of a four-year NPoA (2009–2012).

43. The contents of the draft NPoA were evaluated and costed in December 2007 by a joint committee of experts, with such experts being drawn from the nonstate stakeholder and state stakeholder groups. The committee was chaired by the national APRM director and comprised representatives of the following:

- Nigeria Economic Summit Group (NES-G).
- National Planning Commission.
- National Assembly (Senate).
- National Assembly (House of Representatives).
- Ministry of Finance.
- National Council of Women’s Societies.
- Ministry of Foreign Affairs.
- Ministry of Justice.
- NBS.
- Nigerian Labour Congress.
- Centre for Budget Assessment and Accountability.
- NEPAD Nigeria.

44. The committee discharged its assignment in two phases. **Phase 1** focused on reviewing and updating the contents of the draft NPoA, whereas **phase 2** was devoted to the evaluation and realistic costing of the NPoA activities.

45. The costed NPoA and the updated CSAR were endorsed by the NWG and the Federal Executive Council (FEC) (the highest decision-making organ of the executive arm of the federal government) on 28 December 2007 and 9 January 2008 respectively.

1.9 The CRM

46. Nigeria submitted its final CSAR and draft NPoA to the APR Panel in January 2008. This paved the way for the fielding of the CRM from 3 February to 2 March 2008.
47. The mission was led by Ambassador Bethuel Kiplagat, a member of the APRM’s Panel of Eminent Persons.

48. His Excellency Alhaj Ahmad Tejan Kabbah, former president of Sierra Leone, participated as a high-level observer and African statesperson.

49. In line with the requirements of the APRM Base Document, the mission was composed of African experts as outlined below. In all, the 24-member team reflected 10 African nationalities: the Democratic Republic of the Congo (DRC), Ethiopia, Ghana, Kenya, Liberia, Sierra Leone, South Africa, Sudan, Uganda and Zambia.

**Independent technical consultants**

**Democracy and political governance**

- Professor Shadrack Gutto – professor and chair of African Renaissance Studies at the University of South Africa, South Africa.

- Ambassador Tesfaye Habisso – former Ethiopian ambassador to South Africa and Uganda, and former speaker of the Ethiopian National Assembly.

- Ms Laura Nyirinkindi – lawyer and independent consultant, and formerly a lecturer in International Law and International and Regional Human Rights Law at Kampala International University, Uganda.

- Professor Olewe Nyunya – associate professor of Political Science and International Relations at the University of Nairobi, Kenya.

- Dr Shekou Sessay – former senior adviser to the United Nations Development Programme (UNDP) and United Nations (UN) Habitat, former member of Parliament (MP) and minister of economic development and planning and presidential affairs, and APRM and Extractive Industries Transparency Initiative (EITI) Focal Point in Sierra Leone.

**Economic governance and management**

- Dr John Karimu – former commissioner-general of the National Revenue Authority (NRA) and former minister of finance, development and economic planning in Sierra Leone.

- Professor Wafula Masai – associate professor of Economics, School of Economics, University of Nairobi, Kenya.

**Corporate governance**

- Dr Byron Tarr – former minister of planning and economic affairs and former minister of finance, Liberia, and principal consultant, Development Consultants.

- Dr David Abdulai – chief executive officer (CEO)/executive director, Graduate School of Business Leadership, University of South Africa, South Africa.
**Socioeconomic development**

- Ms Khadijah Alia Bah – social anthropologist and social policy adviser, and former NEPAD adviser on Millennium Development Goals (MDGs).
- Dr Bernard Dasah – CEO, Bendas Development Consultants.
- Professor Mbaya Kankwenda – former UNDP resident representative for Nigeria.
- Ms Sara Longwe – consultant on gender and development, and partner in Longwe Clarke and Associates, Development Consultants, Zambia.

**Partner institutions**

- Mr Karugor Gatamah – consultant on corporate governance for the African Development Bank (AfDB).
- Ms Tonaina Ngororano – socioeconomist, Governance Division of the AfDB.
- Dr Kojo Busia – chief, APRM Unit, and senior development management officer, United Nations Economic Commission for Africa (UNECA).
- Professor Bartholomew Armah – senior regional adviser, UNECA.
- Dr Adam B Elhiraika – macroeconomist, UNECA.

**APR Secretariat**

- Ms Evelynne Change – coordinator: Corporate Governance.
- Ms Nana Boateng – research analyst: Socioeconomic Development.
- Mr Ferdinand Katendeko – research analyst: Democracy and Good Political Governance.

1.10 Activities undertaken during the CRM

50. The CRM to Nigeria entailed a month-long validation of the CSAR by the CRM team on the state of governance and socioeconomic development in Nigeria. The review team was hosted by the federal government Office of the Secretary to the Government of the Federation (OSGF) while in the FCT and by the state governors during the state visits. The national APR Secretariat provided the review team with administrative and logistical support.

51. Following an internal working session of the CRM and preliminary meetings with the NFP and national APR Secretariat, the CRM formally began on February 3rd - March 2nd 2008 with a public launch attended by His Excellency President Yar’Adua.

52. The CRM subsequently met with stakeholder groups in Abuja, including representatives of state and nonstate groups such as the executive, the
legislature and the judiciary, and NGOs, CSOs, the private sector, the media, academia, labour organisations, professional bodies and traditional rulers.

53. From 11 to 28 February 2008, the team split into two groups, each of which travelled from the north to the south of the country and covered a total of eight state centres (selected state capitals) in the east and west respectively.

54. The CRM visited a total of 16 centres, including Abuja (FCT), meeting representatives from all 36 states of the federation as stakeholders from adjoining states congregated in the centres to participate in the review (see figure 1.2).

55. Team 1 covered the eastern part of Nigeria and visited the following state capitals: Jos (Plateau State centre for Nasarawa and Plateau States); Maiduguri (Borno State centre for Borno, Jigawa and Yobe States); Yola (Adamawa State centre for Adamawa, Bauchi and Gombe States); Makurdi (Benue State centre for Benue and Taraba States); Uyo (Akwa Ibom State centre for Akwa Ibom and Cross River States); Yenagoa (Bayelsa State centre for Bayelsa and Rivers States); and Owerri (Imo State centre for Abia, Ebonyi and Imo States). This team also covered the FCT, Abuja.

56. Team 2 travelled in the western part of the country and covered the following state capitals: Katsina (Katsina State centre for Jigawa, Kaduna, Kano and Katsina States); Sokoto (Sokoto State centre for Kebbi, Sokoto and Zamfara States); Ilorin (Kwara State centre for Kogi, Kwara and Niger States); Ado-Ekiti (Ekiti State centre for Ekiti, Ondo and Osun States); Abeokuta (Ogun State centre for Ogun and Oyo States); Lagos (Lagos State); Benin (Edo State centre for Delta and Edo States); and Awka (Anambra State centre for Anambra, Delta and Enugu States).

57. During the state visits, courtesy calls were paid to the state governors. The team then interacted with nonstate and state actors in separate plenary and break-out sessions. In some states, courtesy calls were paid to eminent personalities such as religious and traditional rulers. Participation in stakeholder meetings was remarkable, given the large number of people who attended the sessions. In addition, the CRM was impressed with the levels of participation by women, the youth and the physically challenged.
Figure 1.2: Map of Nigeria – teams 1 and 2

Movement - team 1:
Abuja – Jos – Maiduguri
- Yola – Makurdi – Uyo
- Yenagoa – Owerri
- Abuja.

Movement - team 2:
Abuja – Katsina – Sokoto
- Ilorin – Ado-Ekiti
- Abeokuta – Lagos
- Benin – Awka – Abuja.
2. **HISTORICAL BACKGROUND AND CURRENT CHALLENGES**

“In summary, Nigerian society has all the potentialities of greatness, namely, enormous natural and human resources, a virile and enterprising population, and a reservoir of skilled and trained manpower. However, pitted against these are the country’s ethnic and religious diversity, and the marginalisation of the vast majority of the people. There remains the challenge of converting Nigeria’s assets and liabilities into positive development, which calls for ingenious social engineering and committed and purposeful governance.”

*Nigeria African Peer Review Mechanism (APRM)*
*Country Self-Assessment Report (CSAR), chapter 2*

**2.1 Introduction**

58. Nigeria attained independence in 1960, but, given its erratic political evolution and development since casting off the yoke of colonialism, it is still considered a young democracy. Years of despotic and debilitating military rule rendered the country vulnerable to arbitrary and often poor governance, a lack of transparency and accountability, lawlessness, underdevelopment, economic instability, and severe human rights violations. The negative consequences of arbitrary military rule, accompanied by the ousting of the operation and jurisdiction of nascent institutions of administration and governance in the executive, legislature and judiciary, cannot be overstated.

59. Nonetheless, in the same period, major breakthroughs were experienced in the economic and financial sector, largely as a result of the oil boom of the 1970s. Nigerians resident both in Nigeria and in the diaspora also shone as intellectuals in all fields, and as leaders and astute entrepreneurs, holding the national torch high in what were otherwise dark times for the country. Nigeria also managed, despite the enormous challenges to its internal coherence posed by ethnoregional and religious divisions and years of misrule, to stay intact as a single political entity and to develop one of the most enduring federal systems of government in Africa when most African federations that existed were being dismantled.

60. The indomitable spirit of Nigerians would not allow them to be subdued or dominated forever under undemocratic leaders. During the various military regimes, the civil society of Nigeria developed into a force to be reckoned with, forming strong pressure groups within Nigeria and the diaspora. Calls for constitutional reform began as far back as the earliest years of the republic and are still being heard. Down the years, Nigerians have held on to the ideals of democratic participation, inclusion and equity. In the past 11 years, continuous civilian rule – although not without its fragilities and setbacks as a consequence of tenuous institution building and the crystallisation of democratic norms – has offered a vital core...
around which the norms and imperatives of good governance are being established. Nonetheless, and inevitably, the task of nation building and reconstruction, as well as mobilising the national psyche towards unity and development, still poses a formidable challenge for Nigeria.

61. Years of being profiled in enclaves on the basis of ethnicity or religion by the political leadership at federal and state level in the political and economic sector have taken their toll on the Nigerian nation-building and unification project. As political practice became increasingly exclusionary and repressive, separatist and identitarian tussles and agitations arose among Nigeria’s constituent ethnic groups, with lasting repercussions on the political, cultural and socioeconomic scene. The tendency to exploit these socially mobilising factors at the expense of the development of a national agenda has affected the ability of the sanctioning mechanisms and corrective institutions that have been established to ensure effective government. Several efforts have been made by the various governments of the day to combat the manifestations of impunity and indiscipline, with varying degrees of success. Nonetheless, and increasingly, Nigerian governments have employed several measures and interventions to repair the past harms done and to infuse a sense of optimism and invincibility, especially in the last decade.

62. This chapter offers a synopsis of the current issues that are pertinent to the development and progress of Nigeria, from pre-colonial times to present-day Nigeria. It outlines the salient features that single Nigeria out as a unique African state.

Social background

63. Located in the Gulf of Guinea on the west coast of Africa, Nigeria covers an area of 923,768 square kilometres. It is flanked to the west by the Republic of Benin, to the north by the republics of Niger and Chad, and to the east by the Republic of Cameroon.

64. A national census undertaken in 2006 estimates the country’s population at 140,003,542, making it Africa’s most populous nation. Constituting about half of West Africa’s population, Nigeria is one of the most ethnically and linguistically diverse societies in the world. Nigeria has about 250 ethnic groups and approximately 400 languages and dialects. Hausa-Fulani, Igbo and Yoruba are more dominant and widely spoken, while the official language is English.

65. Nigeria is also religiously diverse. Nigerians subscribe to one or more of the main religious groups, namely Christianity, Islam and African Traditional Religion (ATR). The major ‘imported’ religions – Christianity and Islam – are dominant mainly in the southern and northern parts of Nigeria respectively. Islam has become a major social force for many of its adherents.

66. Administratively, Nigeria has 36 states grouped into six geopolitical zones and 774 local government areas. In addition, there is the Federal Capital
Territory (FCT) of Abuja, which has six area councils. Lagos was formerly the administrative and commercial capital of Nigeria until December 1991, when the seat of government moved to Abuja.

67. Nigeria has facilitated the enhancement of regional economic cooperation and development, and has contributed enormously to the Economic Community of West African States (ECOWAS) and the African Union (AU). Nigeria’s interactions with African states have focused on regional and international assistance and development cooperation.

2.2 Historical background

Pre-colonial Nigeria

68. Before Nigeria was constituted in its present form, there were a myriad of ethnic groups in West Africa. Through the manipulations of the British colonialists, they were brought together in an artificially induced semblance of nationhood in the throes of colonisation. Of these groups, the most dominant were the Igbo, the Hausa and the Yoruba. In the southwest lay the Yoruba Kingdom of Oyo; in the south-central part of present-day Nigeria, the Kingdom of Benin; and in the northern part, the Hausa-Fulani.

69. In 1861, Britain acquired Lagos and accorded it crown-colony status in 1862. In 1885, the Niger Delta region was acquired and named the Oil River Protectorate. It was subsequently expanded inland and renamed the Niger Coast Protectorate in 1893. In December 1899, the Royal Niger Company, a British trading conglomerate, was granted a Royal Charter to administer the territories in which it operated (these later became the Northern Nigeria Region).

70. On 1 January 1900, Britain assumed direct authority over Nigeria, which, on that date, was structured into three separate units, each under a high commissioner for administrative purposes. These units were the protectorate of Northern Nigeria, the protectorate of Southern Nigeria, and the colony and protectorate of Lagos. By 1906, Britain had consolidated its Nigerian acquisitions into two administrative units, namely the protectorate of Northern Nigeria, and the colony and protectorate of Southern Nigeria. In 1914, the two units known as the ‘Niger Area’ were amalgamated into the colony and protectorate of Nigeria under a governor general. This marked the transformation of Nigeria into a corporate political entity under British imperial domination.

71. By 1940, Nigeria had been divided into four separate units for administrative purposes: the colony of Lagos, and the Northern, Western and Eastern provinces, each with augmented powers and autonomy. This marked the beginning of regionalism, which was further enhanced by the McPherson Constitution of 1951, which increased the autonomy of the three regions almost to the level of confederations. By 1954, Nigeria had been reorganised into a federation of the Northern, Eastern and Western regions, each reflecting the cultural differences among the three dominant ethnic groups, namely the Hausa-Fulani, Igbo and Yoruba. The
amalgamation of these historically diverse ethnic communities to form the single federal state of Nigeria without their consent resulted in an artificial fusion of disparate cultures, religions, languages and geographical sizes of the federating ethnic identities. In the ensuing contest for dominance, the issues affecting the minority groups were neglected and therefore remained a fertile breeding ground for discontent and marginalisation.

72. In the build-up to independence, the relations between these three dominant ethnic groups were characterised by rivalries among them in a triangular contest for power on an ethnoregional basis of political association that is evident to this day. The National Council of Nigeria and the Cameroons (NCNC) controlled the Eastern Region, the Northern People’s Congress (NPC) held sway in the Northern Region, and the Action Group (AG) was influential in the Western Region. Other minority parties included the Northern Elements Progressive Union, the United Middle Belt Congress, the Bornu Youth Movement, the United National Independent Party, the Niger Delta Congress, the Benin-Delta People’s Party and the Mid-West State Movement. Some of these parties aligned themselves with one of the other dominant parties in exchange for political leverage, including demands for the creation of separate states.

**Independence and the First Republic (1960–1966)**

73. As colonial rule evolved in Nigeria, there were prolonged demands for participation in government at all levels, culminating in political independence on 1 October 1960. In October 1963, Nigeria proclaimed itself a federal republic and promulgated a new constitution.

74. The independent government inherited a weak sociopolitical structure, a defective and unbalanced federation underpinned by intense ethnic consciousness and rivalries, a subverted indigenous ethos of government and culture and, above all, an inexperienced leadership. Most of the apparatus of state – the civil service, the judiciary and the police – could not meet or support the aspirations of the emergent state. Nationalist politicians quickly mutated into champions of ethnic dominance for whom politics became a ferociously contested terrain with state power as the ultimate prize.

75. All the major political parties – important instruments for social and political mobilisation – were ethnically based. North-South conflicts, which had been husbanded by the British as part of their divide-and-rule tactics, were so pronounced that they impacted negatively on all political decisions. Within each region, minority groups genuinely and legitimately complained about their domination by majority groups and sought relief in the creation of more states, but they were ignored or ruthlessly suppressed. From all indications, despite the euphoria of independence, Nigeria was headed for a turbulent and crisis-ridden future.

76. The evolution of regions and states in Nigeria from the structure inherited at independence points to the complexities of managing interregional, religious and ethnic relations. In an attempt to meet the demands and concerns of the minority tribes, more political and administrative units were created. In 1967, the military government in place moved away from the four regions to create 12 states.
Seven new states were created in 1976, bringing the total to 19. The process of creating additional states continued – by 1987, 21 states had been created and, by 1991, the number was 30. Finally, in 1996, the current number of 36 states was reached.

**The militarisation of politics**

In the period after independence, Nigeria was plunged into a series of military coups, attempted coups and countercoups, as well as a bloody civil war motivated by secessionism, namely the Nigerian Civil War. In all, the country suffered several coups and was under military rule for a total of 29 years, interrupted only by a hiatus of 4 years of civilian rule. As the commandist tradition of the military is incompatible with such democratic tenets as negotiation, debate, consultation and accountability, the first effect of military rule was the general truncation of democratic values in Nigerian society. Civil liberties and other rights were curtailed. The society itself became one huge military garrison as democratic tradition came under military assault.

The First Republic lasted just over five years and was overthrown on 15 January 1966 by a small group of army officers led by Major Chukwuma Kaduna Nzeogwu. The federal prime minister and the premiers of the Northern and Western regions were assassinated.

Within six months, a coup led by a group of Northern military officers overthrew Major Gen. Ironsi’s government on the allegations that it had failed to quieten ethnic tensions or produce a constitution acceptable to all sections of the country. In a move that gave greater autonomy to minority ethnic groups, the ensuing military government divided the four regions into 12 states.

The creation of new states did not assuage the strong Igbo secessionist sentiment that continued to fester in the southeast. Ultimately, in May 1967, the military governor of the Eastern Region, Lieutenant Colonel Emeka Ojukwu, announced the secession of the region and proclaimed the independence of the Republic of Biafra. This resulted in civil war, which lasted for two-and-a-half years and led to the death of about 1 million people.

The third military coup was staged on 29 July 1975 by General Murtala Muhammed against General Yakubu Gowon’s military government on the grounds that the incumbent had delayed the promised return to civilian rule and that his administration was corrupt and ineffective.

General Muhammed was assassinated on 13 February 1976 in an abortive coup. His chief of staff, Lieutenant General Olusegun Obasanjo, became head of state and worked towards returning Nigeria to civilian rule.

In 1977, a constituent assembly was constituted with the task of drafting a new constitution. The constitution, published on 21 September 1978, paved the way for the holding of national elections in 1979, which led to the ascendancy of the civilian government of President Shehu Shagari.
This constituted the Second Republic. The civilian government was deemed incapable of tackling the country’s economic problems and was overthrown by a military coup on 31 December 1983. The military government then suspended the constitution of 1979, and this state of affairs persisted until 1999.

85. Major General Muhammadu Buhari emerged as the leader of the Supreme Military Council (SMC), the country’s new ruling body. The Buhari government also failed to deal adequately with the economic problems and was peacefully overthrown in August 1985. The SMC’s third-ranking member, Army Chief of Staff Major General Ibrahim Babangida, took the helm with a pledge to return the country to civilian rule.

86. In early 1989, a constituent assembly completed its work on a constitution for the Third Republic. In April 1990, there was a failed attempt to overthrow the Babangida government. The 69 persons accused of plotting the coup were executed and transition resumed, with the holding of local-government-level elections in December 1990, and gubernatorial and state legislative elections in December 1991. After hiccups in August and September of 1992, presidential elections were finally held on 12 June 1993.

87. The inauguration of the new president was scheduled to take place on 27 August 1993, the eighth anniversary of President Babangida’s coming to power. This was, however, not to be, as the military president, citing irregularities, annulled the results of the 12 June elections which were widely believed to have been won by wealthy Yoruba businessman, MKO Abiola. This plunged Nigeria into a deep crisis, resulting in the deaths of more than 100 persons in riots.

88. To forestall further catastrophe, Babangida was forced to hand over power to an interim government under Ernest Shonekan, who was also from the southwest. Although he had led Babangida’s Transitional Council since early 1993, Shonekan was unable to reverse Nigeria’s ever-growing economic problems or to defuse lingering political tension. With the country sliding into chaos, Defence Minister Sani Abacha swiftly took over power, forcing Shonekan’s resignation on 17 November 1993. Abacha installed a military government, dismantling all political structures. His repressive rule rapidly fostered nationwide disillusionment from all sectors, causing dissension and agitation among all segments of civil society, including the labour unions, political parties, journalists and activists. President Abacha, in turn, clamped down on all opposition forces.

89. On 11 June 1994, Abiola, the presumed winner of the June 1993 presidential elections, declared himself president. Abiola was arrested and imprisoned on 23 June 1994. In 1995, 40 military officers and civilians were alleged to be engaged in a coup plot, including former head of state, Obasanjo, and his deputy, retired General Shehu Musa Yar’Adua. After being tried by a secret tribunal, most of the accused were convicted and several death sentences handed down.

90. The foregoing developments – the nullification of the elections; the imprisonment of Abiola, the alleged coup plotters and other activists for
change (such as the Ogoni Nine); and the general oppressiveness of the Abacha regime - increased disenchantment among Nigerians and stirred civil society to action. Internationally, Nigeria was relegated to the status of a pariah state and was suspended from the Commonwealth.

91. The National Democratic Coalition (NADECO) was formed by activists who clamoured for the end of military rule. Faced with the mounting pressure, on 1 October 1995, Abacha outlined a three-year programme for transition to civilian rule. Local elections were held in December 1997, and state assembly and gubernatorial elections in April 1998. Abacha was poised to run for office and transform himself into a civilian president in the elections planned for October 1998, but died on 8 June 1998.

92. Abacha was replaced by General Abdulsalami Abubakar who, in July 1998, commuted the sentences and released those accused in the alleged 1997 coup. Under Abubakar’s administration, the 1999 constitution was adopted and civilian rule restored when General Olusegun Obasanjo won the elections in 1999. General Abubakar thus successfully midwifed the transition programme that led to the formal end of military rule in Nigeria.

93. Former military head of state Olusegun Obasanjo, freed from prison by President Abubakar, ran as a civilian candidate and won the presidential election. A new constitution based largely on the suspended 1979 constitution was launched on 29 May 1999, a date which coincided with the inauguration of the new civilian president.

94. President Olusegun Obasanjo, in ushering in a new democratic dispensation, took over a country that faced many problems, including a breakdown in the rule of law and a highly militarised political system. Economically, the legacy of the military manifested itself through: erratic and distorted policies; public-sector dominance in production and consumption; unbridled corruption and pervasive rent-seeking, facilitated by the fact that government was the hub of the country’s economic activities; high volatility of macroeconomic aggregates; weak institutional capacity for economic policy management and coordination; unsustainability of public finance at all levels of government; large external and domestic debt overhang; and the boom-and-bust mode of economic management.

95. President Olusegun Obasanjo’s administration articulated solutions and adapted policy options aimed at reversing the previous negative trends and repositioning Nigeria for stability, broad-based growth, development and prosperity for all. These were enunciated in the National Economic Empowerment and Development Strategy (NEEDS), which was the mainstay of the administration’s response to the overall development challenges of the country. NEEDS was launched in May 2004 as Nigeria’s home-grown growth and poverty reduction strategy for the period 2003–2007. It was articulated to refocus government policies and programmes towards enhancing the provision of basic social services and support for private initiatives in the productive sectors of the economy.

96. NEEDS redefined the role of government as an enabler, facilitator and regulator, thereby shrinking the domain of the state without making it...
any less potent in the development process. NEEDS has received global acclaim as a reform-based strategy that avoids the mistake of conventional plans that focus only on macroeconomic targets. Its thrust is multifaceted, including empowerment, wealth creation, employment generation and poverty reduction, as well as value reorientation. Within the framework of NEEDS, Nigeria witnessed unprecedented economic and social reforms geared to setting the country on the path of development. Most civil society leaders and most Nigerians saw a marked improvement in human rights and democratic practice under Obasanjo, especially during his first term of office.

97. President Obasanjo is also lauded for having spearheaded Nigeria’s war against corruption and money laundering. In the Obasanjo era, several laws targeting economic and financial crimes were enacted. These included the Corrupt Practices and Other Related Offences Act of 2000 [which saw the establishment of the Independent Corrupt Practices and Other Related Offences Commission (ICPC)] and the Money Laundering (Prohibition) Act of 2004. The authorities also established the Economic and Financial Crimes Commission (EFCC) through the EFCC (Establishment) Act of 2004. Other initiatives included the creation of the Due Process Office (DPO) and the Bureau of Public Enterprises (BPE) to stem accountability haemorrhages in the procurement process. Nigeria also took the decisive step in 2005 of consolidating and constricting the number of banks in the country in response to massive failures of undercapitalised, ill-supervised and poorly managed banks and numerous companies in the financial sector. The above initiatives led to Nigeria being removed from the Financial Action Task Force list of noncooperating countries in the war against terrorism and money laundering.

98. In addition to the above, Obasanjo is remembered for the campaign to recover funds estimated at US$6 billion said to have been looted by General Sani Abacha. The funds were traced to Swiss, American, British and other bank accounts. Although large amounts of these funds were eventually remitted back to Nigeria, questions linger about the loot-recovery process and the actual use to which the recovered funds were put.

99. In May 2006, the National Assembly soundly defeated an attempt to amend the constitution by supporters of a third presidential term for President Obasanjo. The rejection by the National Assembly of the third-term bid was a breakthrough victory for Nigerian democracy. It was significant not only because the legislature, for the first time, had defeated a dominant executive and an influential president, but also because the vote was driven by a reform coalition of grass-roots activists, civil society, the media and elected representatives.

**First civilian-to-civilian transition - Obasanjo-Yar’Adua**

100. The 2007 national and state general elections, although regarded as flawed by national and international observers - and even by the elected president, His Excellency Umaru Musa Yar’Adua, himself - marked a record eight years of continuous, elected civilian rule in the country since 1960. It was also the first time in Nigeria for power to be transferred from one civilian to another.
To sustain and deepen the reforms, the incoming administration of President Yar’Adua launched a seven-point agenda – an articulation of policy priorities that will strengthen the reforms and build the economy in order that the gains of the reforms are felt widely by citizens across the country. The focus is on driving the type of growth which recognises the economic value of natural and human capital. The priority policies derived from the agenda address: sustainable growth in the real sector of the economy, physical infrastructure (power, energy, transportation, agriculture and human-capital development) education and health, security, law and order, combating corruption, and development of the Niger Delta.

President Yar’Adua is arguably the only president of Nigeria who has not only declared his assets, but has had the declaration published. The value of this act is that it sends a strong signal of the president’s desire to ensure transparency in governance. President Yar’Adua’s intention to forge ahead with good governance is also signified by his acknowledgment of the flaws in the 2007 elections and his declared intention to reform electoral laws.

2.3 Federalism reassessed

Although Nigeria was named a federal republic in 1963, the country’s federal origins date back to colonial times. For example, the 1947 constitution established Nigeria as a system of three highly autonomous federating regions, namely the Northern, Eastern and Western regions. The different constitutions of Nigeria from 1960 to 1999 have reflected the changes in the country’s administrative structure, and how state power is negotiated and shared among the central government, the state and the local government authorities which make up the federal system.

However, it is significant to note that, while Nigeria projects itself as a ‘federal republic’, its laws and the actual exercise of state power tend to retain a highly unitary character. Political power is so centralised as to make the two other tiers of government - the state and the local governments - almost entirely dependent on the central government for survival. The federating states and local governments have very little real economic and political autonomy, and there are laws which serve to further divest these political units of their key rights and responsibilities.

Further, the numerical and hegemonic strength of three ethnic groups (the Hausa, Yoruba and Igbo) within the Nigerian federation has meant that Nigeria has a predominantly tripod ethnic structure, with each of the three majority ethnic groups constituting a pole in the competition for political and economic resources. As a result, the ethnic minorities are forced to form a bewildering array of alliances around each of the three dominant ethnicities.

The Federal Character Principle, an ethnic balancing arrangement, was established under the 1979 republican constitution to redress regional and ethnic disparities, ensure equal access to educational and public-sector employment opportunities, and promote equal access to resources.
at the federal, state and local levels. Nevertheless, the implementation of the Federal Character Principle has been flawed and contentious.

107. The duality of citizenship based on indigenity at the local level and civic citizenship at the national level has been a major source of conflict in communities throughout Nigeria. In this situation, the rights of an indigene of a state are often recognised to the exclusion of those of others in a state, regardless of how long they have been resident there, and they are often referred to as ‘nonindigenes’ or ‘settlers’. The 1979 constitution directed state and local government agencies to recognise the diversity of people in their jurisdiction in order to foster a sense of belonging and loyalty, but, in contrast, the 1999 constitution is silent in this regard. The 1999 constitution has not managed to resolve this contradiction by defining who an indigene is and describing the rights that are attached to indigeneship. This dichotomy creates unequal access to employment and educational opportunities, especially at the state and local government levels.

108. Nigeria has had a federal framework since independence, yet the debate on a viable and sustainable federalism continues to rage on among many citizens and external experts. The many descriptions used to characterise Nigerian federalism have included ‘failed’, ‘hollow’ or ‘cracked’ federation. But what are the core causes of the failing federal experiment in Nigeria? There is now a widely held consensus that, at the core of problems with Nigeria’s federalism, is the centralised, dysfunctional, ethnodistributive political economy that is based on distortions inherent in the monolithic oil economy.

109. The nature of intergovernmental relations within the Nigerian federation has been dominated by an unproductive and a deliberate subversion of rational relations with the constituent states by the centre. Consequently, over time, a destructive dependency on resources from the centralised state has arisen. This gradual emasculation by the centre of subnational states is itself a consequence of several years of monopolisation of power by a military oligarchy using a monolithic oil-based economy that accounts for 78 per cent of federally collected revenues.

110. The intensity of this distributive strategy has created dependent, constituent states that compete and struggle relentlessly for central resources and distributive largesse. From the perspective of the centre, however, ethnodistribution is a political strategy designed to channel resources to competing communal or ethnoterritorial interests that constantly seek access to Nigeria’s abundant resources controlled by the centre. The pressures arising from a distributive strategy are heightened by the existence of large, centralised resources, thereby creating a struggle for a share in the ‘national cake’ and representations at the centre for more access to federal resources.

111. Distribution struggles in Nigeria are over fiscal allocation, infrastructure location, Cabinet appointments, civil service recruitment and various developmental projects. Over time, the federal government has evolved four main administrative and policy instruments to achieve its distributive strategy in relation to its constituent states: revenue-sharing principles, territorial reorganisation or state creation, the Federal Character Principle,
and the politics of population census. Each of these policy instruments has spawned its own processes, dynamics and political contestations, and effects on the governance of Nigeria. The abysmal symptoms of this distributive strategy – massive corruption due to a patronage system; electoral irregularities; insidious, built-in violence as a result of competition for resources; and incredible poverty in the midst of plenty – have led to the presumed failure of Nigerian federalism.

112. If the federal distributive strategy constitutes the structural barrier to realising a true federalism in Nigeria, then its superstructure is an institutionalised oligarchy rule, which is the main impediment to deepening democracy in Nigeria. Distributive federalism relies on two main structural factors: first, the total economic dependence on the redistribution of petroleum and gas revenues, and, secondly, the centralisation of resources in a dominant executive (presidency). Thus, the redistribution of centralised resources creates a patronage system whereby the states and regional interests rely solely on the centre for continuing resources because of the lack of diversified sources of revenue. The redistribution of patronage among regional and state interests constitutes a national oligarchy which needs to hold on to power and have continuous access to central resources through any means necessary, including rigging elections, organising violence, constantly reshuffling alliances and avoiding institutionalising political parties.

113. In practice, the informal exercise of power by the Nigerian political oligarchy exerts more control than do the formal institutions. The formal and informal powers converge in the office of the president, who uses the enormous resources at his disposal to reward and cement his patronial networks. It is this oligarchic control of the political power system that constitutes a major obstacle to the realisation of democracy in Nigeria with its attendant complexities and dynamics.

114. Unlike the political oligarchies found in other countries, the Nigerian oligarchy is fluid and adaptable, with membership from ethnic, religious and regional segments, where participation is accessible to an array of business interests, politicians, traditional rulers, professional groups, top public servants and even civic and religious leaders. The oligarchic character of Nigeria’s political economy accounts for the profound inequalities, the contested legitimacy of the state and the fragility of political alliances.

115. The nature of oligarchic rule in Nigeria implies that there is constant bargaining among political elites to maintain consensus and control. Thus, the political system is sustained by shifting, accommodating and renegotiating overcentrally distributed rents and access to spoils and patronage. In practical terms, this can mean ‘zoning’ to an ethnic candidate, changing revenue-allocation formulas to favour certain regions, selection of party candidates from the centre, or awarding contracts to particular individuals or groups.

116. Another feature of oligarchic rule in Nigeria is its exclusionary nature. The patronage system excludes most citizens from effective participation or a voice as a result of the lack of internal governance of political parties.
Further, the division and polarisation of elites lead to the exclusion of political rivals from the ruling coalition, even if they are the people best able to contribute to governance and nation building. The result is that critical problems relating to economic development, institutional reforms and needed public goods are not resolved.

2.4 Nigeria’s democratic milestones

Nigeria as a nation and the Federal Character Principle

117. The survival of Nigeria as one nation after almost half a century since independence, and despite the trauma of civil war, is worthy of celebration. Although the federation began as a loose politico-administrative arrangement that better served the interests of the colonial power than the local people, the Nigerian federation is an economic and political reality to which all Nigerians subscribe in consensus. The federation is further strengthened by the adoption of the Federal Character Principle as Nigeria’s distinctive instrument for equitable power and resource distribution, as well as guaranteed access and opportunities for all.

118. The principle combines the strengths (and weaknesses) of proportionality, the quota system, affirmative action/reverse discrimination, ethnic arithmetic and political balancing. On the whole, and notwithstanding its pitfalls and shortcomings – which include encouragement of a culture of entitlement, the loss of merit and its attendant consequences for public-sector efficiency, and the polarisation of national institutions like the armed forces, the police, the civil service and universities – the principle has effectively served the objective of national cohesion. Federalism as practised in Nigeria has been functional in assuaging minority sentiments and promoting ethnic, cultural and religious tolerance. This is something other African countries with similar social formations to that of Nigeria can learn from.

Consolidation of democracy and democratic rule

119. Nigeria is now enjoying the longest period of civilian rule since independence in 1960. The 2007 general elections marked the democratic milestone of the first ever civilian-to-civilian handover of power in the nation’s history. Another significant milestone for Nigerian democracy was achieved when, on 16 May 2006, the National Assembly rejected constitutional amendments that would have allowed the president, and perhaps state governors, to run for a third term in office. The durability of civilian rule since 1999 and the rejection of the third-term agenda together signify an early democratic consolidation phase in Nigeria and should be applauded as an unprecedented achievement. Nigerians appear to have come to a consensus that democracy is the only acceptable alternative for the nation. In fact, many Nigerians believe that, with this watershed event, the concept of a Nigerian nation also appears to have taken root.
Conduct of post-transition elections

120. The conduct of both the first post-transition elections of 2003 and the 2007 elections during the first civilian-to-civilian regime transfer of power without a major national crisis constitutes a success story for the post-1999 Nigerian return to civilian rule. These are definitely milestones in Nigeria’s struggle for the development of democracy and good political governance.

Expansion of democratic space for civil society and nonstate actors

121. Similarly, there has been an expansion of the political space. Moreover, the growing voice of civil society over a long period has now reached a crescendo in the new civilian dispensation. Ironically, the rise of civil society over the last 20 years began during the period of military regimes, as many of the civil society organisations (CSOs) were conceived in opposition to oppressive and arbitrary rule. Today, there is a plethora of human rights and women’s nongovernmental organisations (NGOs) that are capable champions of reform and are developing new strategies and tactics under civilian rule, such as enhancing access to the legislature, serving in watchdog roles, and seeking to engage more effective citizen participation in local affairs. Nigeria also has diverse, dynamic and vibrant media that have tackled the socioeconomic and political issues of the day, even under the most repressive of administrations.

Independence of the judiciary

122. Nigeria’s judiciary currently enjoys unprecedented respect from the population as a result of the decisions that have been taken in dealing with electoral challenges in the recent past. The judiciary has played a leading role in rectifying fraud in electoral management, and has been indispensable in the resolution of intractable conflicts surrounding elections, especially the 2007 polls. Following massive electoral fraud, especially at the state levels, several electoral tribunals were set up to investigate the many petitions regarding irregularities and malpractices in the 2007 elections. Significantly, the courts reversed many of the state electoral victories, or ordered that such elections be rerun. Some of the losers in the electoral court decisions have vowed to appeal their cases to the Appeal Court. In the context of increased political competition among the political elites, the judiciary in Nigeria is asserting its independence and gaining the confidence and respect of both the citizenry and the other branches of government.

Improvements in the human rights situation, and affirmation of the freedom of the press and other civil liberties

123. The political culture has moved away from the period when citizens were arbitrarily subjected to government intimidation and arrest without legal recourse. Political prisoners are rare, although the use of torture and other cruel, inhumane and degrading treatment by the security forces is
widespread, especially, but not exclusively, in the Niger Delta. Nigeria has also yet to enact the Freedom of Information Bill that has been pending before the legislature for some time.

Efforts to fight corruption

124. Concerted efforts to fight rampant corruption and graft through the establishment of anticorruption institutions – notably the ICPC, the EFCC and the Nigerian Financial Intelligence Unit (NFIU) – are also milestones in their own right. In this regard, successful prosecution of prominent political leaders and public figures by the anticorruption bodies has contributed positively to Nigeria’s political image and enhanced the country’s economic credibility with investors.

2.5 The economy and oil

125. Nigeria has the second-largest economy in sub-Saharan Africa, accounting for 41 per cent of the region’s gross domestic product (GDP – World Bank, 2008). It is endowed with considerable mineral and agricultural resources. These include oil and gas, coal, iron, tin and limestone, and crops such as cocoa, tobacco, palm products, peanuts, cotton, soya beans and rubber. The mining sector accounts for nearly half of the GDP.

126. The oil and gas industry is the single-largest source of revenue. It contributes about 95 per cent of export earnings, and some 78 per cent of federally collected revenue is derived from the export of crude oil. On average, Nigeria produces 2.2 million barrels of crude oil per day [International Monetary Fund (IMF), 2008]. The Delta (30 per cent), Akwa Ibom (22 per cent), Bayelsa (18.2 per cent) and Rivers (18.20 per cent) States contribute the bulk of oil revenue to the economy. Other oil-producing states in Nigeria are Abia, Cross River, Edo, Imo and Ondo States.

127. Nigeria’s economy is highly dependent on the capital-intensive oil and gas industry, which contributes 99 per cent of export revenue and 85 per cent of government revenue, but only about 20 per cent of the GDP (World Bank, 2008). Agriculture and the wholesale and retail trade contribute 41.77 per cent and 14.7 per cent respectively to GDP. Manufacturing, on the other hand, contributes relatively little (3.79 per cent) to GDP [National Bureau of Statistics (NBS), 2007]. Notwithstanding its significant contribution to exports and revenues, the capital-intensive oil and gas industry is not an important source of employment. The bulk of the population is engaged in agriculture, which drives economic growth. However, because it is largely of a subsistence nature and is characterised by low levels of productivity, the agricultural sector has failed to keep pace with rapid population growth.

128. Over the years, Nigeria has shown determination to expand and diversify its revenue base by encouraging the export of nonoil products. Indeed, in recent years, real GDP growth has been led by developments in the nonoil sector, where growth averaged 8.3 per cent over the period 2004–2006 compared with 0.23 per cent for the oil sector. In particular, the agricultural
sector has recorded rapid growth in recent times, rising from a low of 3.9 per cent in 2001 to a high of 7 per cent in 2006. Overall, real GDP growth averaged 6.15 per cent during the 2004–2006 period. However, real GDP growth has not translated into job growth. Unemployment remains high at 11.9 per cent in 2006.

129. On the other hand, the relatively slow growth in the oil sector is largely attributable to disruptions in oil production due to oil bunkering and acts of civil disobedience. These have been perpetrated in reaction to perceived injustices in the distribution of oil wealth and the provision of social services to the oil-producing regions. For a long time, Nigeria’s military rulers were resistant to initiating greater transparency and accountability in managing the multibillion-dollar oil industry, to the detriment of economic growth. This practice has fuelled unrest, notably in the Niger Delta, which accounts for the bulk of Nigeria’s oil revenues. Perceptions in the Niger Delta are that successive governments have exploited the natural resources in the region without benefiting the surrounding communities and at the expense of the environment, health and socioeconomic development, resulting in aggravated social injustices. This has accounted for a high level of resistance to government’s activities in the area by several civil society and pressure groups.

2.6 Nigeria’s role in Africa and beyond

130. The anticolonial struggle in Nigeria was always linked to wider Pan-Africanist struggles for independence and the fight against colonialism and racism. Nigeria played a proactive role in the fight against foreign domination by supporting several countries that had not yet attained self-determination, and contributing logistics to the liberation movements that led to the independence of some African countries such as Namibia, Mozambique and South Africa.

131. Since Nigeria’s independence in 1960, Africa has continued to be at the hub of Nigeria’s foreign policy and international relations. This is reflected in Nigeria’s membership of, and participation in, various regional and continental organisations, including the Monrovia Group of African States, ECOWAS, the AU, the United Nations (UN) Economic Commission for Africa (ECA), the African Development Bank (AfDB) and, more recently, the New Partnership for Africa’s Development (NEPAD) and the APRM. Indeed, historical landmarks in African unity, such as the Lagos Plan of Action, the Final Act of Lagos (1980) and the Abuja Treaty (1991) were consummated in Nigeria.

132. Nigeria established a Directorate of Technical Cooperation in Africa (DTCA) in 2001 under the Ministry of Cooperation and Integration in Africa (MCIA) in the presidency. Its emphasis is on promoting an exchange programme of high-level technical experts in several areas, including science and technology, the humanities and the arts, law, agriculture, mining, medicine, manufacturing, industries, nuclear science, energy, mineral resources development, transport, and information and communication technology (ICT). It also collaborates with several other African institutions and organisations (see chapter 4, objective 5 of the report).
133. Nigeria has made huge investments of financial, human, material and military resources to promote Africa’s development, as well as peace and security on the continent. Nigeria was at the forefront of the continental struggle against apartheid in South Africa. It continues to play important roles in the AU and the UN in different mediatory capacities.

134. Nigeria has excelled in promoting the peaceful settlement of disputes regionally and continentally. As early as 1960, when it attained independence, Nigeria sent peacekeeping forces to the Democratic Republic of the Congo (DRC). Nigeria was instrumental in containing conflicts through peaceful mediation and conciliation measures in Angola, Chad, the DRC, Côte d’Ivoire, Gambia, Guinea-Bissau, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania and Zimbabwe. In 1990, Nigeria led a military mission to Liberia under the leadership of ECOWAS. Moreover, Nigeria participated in the activities of the United Nations Interim Force in Lebanon (UNIFIL) in 1978. By 2007, Nigeria had sent about 2,000 troops to Darfur as part of the AU peacekeeping force. President Obasanjo was engaged in the mediation of the peace process in Darfur in his capacity as chairperson of the AU and as president of Nigeria. Nigeria hosted the peace talks between the leaders of the two warring rebel factions in Darfur.

135. With by far the largest army and military budget in Africa, Nigeria is a bellwether for governance and security in West Africa, and a diplomatic and peacekeeping presence throughout the continent. When civil wars broke out in Liberia and Sierra Leone, both in the West African subregion, Nigeria led and financed a regional force – the Economic Monitoring Group (ECOMOG) – to end the war and bring about peace in the subregion. As of 2007, 4,000 Nigerian soldiers were on peacekeeping operations outside the country. These peacekeeping activities have entailed enormous costs for the country’s Treasury. Nevertheless, it is a burden that Nigeria proudly shoulders on behalf of the rest of Africa. Thus, Nigeria has manifested strong concern for other African states, has demonstrated strong leadership and a willingness to make sacrifices, and has shown outstanding commitment to international peace and security.

136. Nigeria has negotiated and sold oil at concessionary prices to South Africa, Namibia, Ghana, Niger and other African countries. In West Africa, Nigeria spearheaded the integrating project of a regional gas pipeline whose benefit to the subregion’s economic development was likely to be monumental. Also worthy of mention is the country’s trust fund created with the AfDB as a soft lending window to Least Developing Countries (LDCs) in Africa.

137. Nigeria was one of the five founding member countries of NEPAD, with President Obasanjo serving as the first chairperson of the NEPAD Heads of State and Government Implementation Committee (HSGIC), the body that has steered the affairs of NEPAD from its earliest phase of establishment. Nigeria’s capital, Abuja, has played host to the inauguration of many NEPAD initiatives, including the signing of the Memorandum of Understanding (MoU) which put into motion the APRM.
138. Nigeria has joined the ranks of a handful of African countries that have led the process of implementing the novel mechanism of the APRM. It signed the APRM Accession MoU on 9 March 2003 and has systematically put in place structures that have led to the current review of the country. Upon completion of the current review, Nigeria will be the eight country to have successfully gone through the review process, which will then pave the way for the implementation of its National Programme of Action (NPoA). This leadership by example will go a long way in influencing other African countries to accede to the APRM. In addition, Nigeria has been fulfilling its financial obligations and has made significant contributions to the continental APRM Trust Fund.

139. Nigeria, by virtue of its abundant human resources and resource endowment, is a major player in the global economy. Since the resumption of civil rule in 1999, which also marked the end of its pariah status due to the brutal military dictatorship of Sani Abacha, Nigeria has played its rightful role as a mouthpiece of Africa on the global stage. Whether at Group of Eight (G8) Summit gatherings of the world’s richest and most powerful nations or meetings of the Group of 77 (G77) bloc of influential developing nations, Nigeria has represented Africa’s interests and promoted its new NEPAD development strategy.

140. Nigeria’s position in global energy markets continues to underline the interests generated by the international community in the Niger Delta crisis. As the world’s fifth-largest producer of hydrocarbon and a leading member of the Organization of the Petroleum Exporting Countries (OPEC), the security situation in the Niger Delta area, where over US$40 billion is earned from petroleum resources annually, has global repercussions, as has been witnessed recently in the record global energy prices. Not surprisingly, the United States of America (US) as well as multinational energy corporations have been among the keen actors seeking sustainable solutions to the Niger Delta crisis. Indeed, international corporate actors have warned that, unless a lasting solution to the Niger Delta crisis is engendered, the global volatility in energy prices will continue.
2.7 Key strengths and challenges

141. Nigeria is easily identifiable as one of Africa’s giants and a force to contend with on the global scene. It regularly features as a leading performer in West Africa and on the African continent, particularly in the cultural, economic, social and financial arenas. Nigeria and Nigerians showcase the best that Africa has to offer: pride in African values, originality and...
creativity, spirituality, enterprise, and a belief in the supremacy of kinship and brotherhood. Widely considered a pacesetter in these areas, Nigerian culture has been emulated and adopted in several African states.

**Population, manpower and human resources**

142. Nigeria has the largest population in Africa, as well as a large pool of trained manpower capable of governing well and managing the economy efficiently. Nigeria has arguably the highest policy formulation and analytic capacity on the African continent. The wage-earning capacity and potential of its personnel, both within and outside the country, place Nigeria firmly on the path to being a driving force on the continent.

**Natural resource base**

143. Nigeria is the largest oil producer in Africa and the seventh-largest in the world. Its proven oil reserves are estimated at 36.2 billion barrels and, with the continuing discovery of new oil wells, reserves are expected to increase to about 40 billion barrels. At current extraction rates, it is estimated that proven and probable oil and gas reserves will last for more than 50 years, and possible reserves well over 100 years. This stock of natural resources, as well as the fertile soils and pleasant climate, gives the country the potential to build a prosperous economy, reduce poverty significantly, and provide the basic social and economic (e.g. infrastructure) services its population needs.

**Nigeria – a regional and global powerhouse**

144. Nigeria is at the forefront of Pan-Africanism and the African Renaissance, and is the country most known for articulating African problems on the global stage. From fighting colonialism and apartheid through to numerous investments in the development of Africa, Nigeria’s role and position on the continent cannot be overstated. In the West African region, Nigeria has been at the forefront of regional integration in the context of ECOWAS. At the Pan-African level, the country is also prominent in the AU, NEPAD and the APRM. Also to be noted is Nigeria’s contribution to peacekeeping in Africa and the world. Nigeria’s strength in this regard is further augmented by its membership of bodies such as the AfDB, the IMF, the World Bank, the Africa Partnership Forum of the G8, the G77 and OPEC, to name just a few. Collectively, these factors contribute to the position of Nigeria as a regional and global powerhouse.

**Key challenges**

145. Despite democratic milestones and various strengths, many gaps remain, mainly due to the country’s political and administrative history and weaknesses in the constitution and other regulatory mechanisms.

**The paradox of poverty in the midst of plenty**

146. The greatest challenge facing Nigeria is how to channel wealth from the oil and gas industry so as to achieve socioeconomic development. Why does the greatest oil producer in sub-Saharan Africa have the world’s third-largest
concentration of poor people? Why does half of the country’s population live below the poverty line? Nigeria scores below the sub-Saharan average on several socioeconomic indicators, including gross national income (GNI) per capita (US$620 in 2006), infant mortality, access to an improved water supply and life expectancy. Nigeria is unlikely to meet the Millennium Development Goals (MDGs). Similarly, the country is having difficulty in delivering social services, such as potable water and energy, and has been unable to manage rapid and uncontrolled urbanisation, or provide effective intraurban and interurban transportation. Further, with a Gini Index of 50.6, Nigeria is among the top 20 countries in the world with the widest gap between the rich and poor.

**Corruption and money laundering**

147. There is virtual agreement among observers that corruption – both political and economic – primarily explains poverty in Nigeria. Corruption has held back economic growth and development, and has frustrated incentives to align budgetary allocations with development priorities. Former World Bank president, Paul Wolfowitz, noted that Nigeria has lost about US$300 billion to corruption in the last four decades. The secretariat of the influential Catholic Bishops’ Conference of Nigeria agrees, noting that corruption has become a way of life, especially in government and business cycles. It is responsible in large measure for the broken promises, the dashed hopes and the shallow dreams that have characterised the lives of most Nigerians in the past few decades. Transparency International’s 2006 Corruption Perception Index ranked Nigeria more corrupt than 37 out of the 45 African countries for which relevant data was available. Globally, Nigeria ranked 142nd out of 164 countries. Without the eradication of corruption, Nigerians will continue to be poor and the country will not meet its target of being one of the 20 top global economies by 2020.

**Dependency on oil and conflicts over resources**

148. While federalism is lauded for the survival of the Nigerian nation-state, the overreliance on oil and, by extension, dependency on the centre pose challenges for the federation. Pronounced regional and economic disparities and resource struggles have led to growing micronationalistic sentiments and politics of brinkmanship. The conflict in the Niger Delta is a case in point and will continue to define Nigeria’s resource struggles while testing the very core of federalism.

**Ineffective implementation of policies and laws**

149. Ineffective implementation of policies and laws, and policy reversals, poses serious challenges to governance. For example, Nigeria has not lived up to its obligations under the several international conventions that have been signed and ratified by the country. Connected to this is the low capacity of institutions to meet their statutory mandates. This is a question of skills and attitudes.
Value reorientation, attitudinal issues and impunity

150. Nigeria faces the challenge of reversing the values and attitudinal practices carried over from its military history. The country needs to adopt essential practices such as promoting transparency and accountability in governance systems, and tackling implementation problems and policy reversals. Key among these are stemming corruption and the attendant practices of graft, bribery and nepotism. Compounding these are high levels of apathy among members of the public regarding the ability of the leadership to deliver on promises.

2.8 Future prospects of Nigeria

151. The assessment above points to the formidable challenges of promoting democratic reform and good governance in Nigeria so as to achieve socioeconomic development. This is in part attributable to the many years of military rule and the dearth of democratic experience that entrenched vices such as poor public expenditure management, overdependence on oil and unmitigated rent-seeking behaviour. Sustained civilian rule from 1999 to the present day has demonstrated that progress is being made in reforming governance and economic institutions.

152. By virtue of its population size and diversity, resource endowment, the ‘can-do’ spirit of its people, the relatively sizeable intellectual capital, and the proven positive role that it has played, and is playing, in critical Pan-African initiatives such as conflict resolution and peacebuilding, Nigeria has the potential to occupy a leading position on the continent. The country could become a major regional power if its people, especially the leadership, were to be more conscious of this potential and the high expectations that the rest of Africa has of Nigeria. A common national consensus around a few critical goals would be required. Among these should be commitment to diversification of the economy away from an overreliance on oil. Industrialisation, agriculture, minerals, and the services and financial sectors ought to be given much more attention than they currently command. A reorientation of this nature is likely to impact positively by deconcentrating the often-abused budgetary power away from the federal executive and thus empowering more states and local government structures to focus on development planning and implementation. It would also weaken the politics of patronage and corruption.

153. Hence, the way forward in creating real federalism and building democracy in Nigeria is to unravel the underlying political economy of federalism and to alter the relationship between the ruling oligarchy and the citizens. By altering the distributive intergovernmental relations between the centre and the states, Nigeria could diversify its national economy, and its constituent states could explore their own economic potential and contribute to the greater national public good. Simultaneously, the deepening democratisation that has been slowly progressing since 1999 would gradually dismantle Nigeria’s oligarchic rule and put the state in touch with society again, allowing ordinary citizens to voice their demands and enjoy public goods - the hallmark of citizenship in a democracy. The APRM consultations throughout the Nigerian federation clearly indicate that this is what the majority of citizens at the grass-roots level expect from the state.
<table>
<thead>
<tr>
<th><strong>Arts and literature</strong></th>
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<tbody>
<tr>
<td>• Professor Akinwande Oluwole Soyinka – Nobel Prize for Literature, 1986.</td>
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<tr>
<td>• Professor Albert Chinualumogu Achebe – father of African literature; author of <em>Things fall apart</em> in 1958 (translated into 50 languages); recipient of the Man Booker International Award, 2007.</td>
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<tr>
<td>• Dr Ben Okri – Commonwealth Writers’ Prize (Africa Region, Best Book), 1987; Paris Review/Aga Khan Prize for Fiction, 1987; Booker Prize for Fiction, 1991; Chianti Ruffino-Antico Fattore International Literary Prize, 1993; Premio Grinzane Cavour (Italy), 1994; Crystal Award (World Economic Forum), 1985; Premio Palmi (Italy), 1995.</td>
<td></td>
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<tr>
<td>• Ms Chimamanda Ngozi Adichie – only 29 years old; her second novel, <em>Half of a yellow sun</em>, won the 2007 Orange Prize for Fiction.</td>
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<tr>
<td>• Mr Tunde Olojede – Pulitzer Prize (International Reporting Category) for his fresh look at Rwanda a decade after the genocide.</td>
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<tr>
<td>• Ms Sade Adu – winner of the 1994 Grammy Award for Best R&amp;B Performance by a Duo or Group for <em>No ordinary love</em>.</td>
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<tr>
<td>• Ms Sophia Okonedo – winner of the Black Reel Award, 2005, for Best Actress in a Drama: <em>Hotel Rwanda</em>.</td>
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<table>
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<tr>
<th><strong>Science and technology</strong></th>
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<tbody>
<tr>
<td>• Professor Bartholomew Nnaji – founder and director of the Automation and Robotics Laboratory at the University of Massachusetts, 1984; recipient of numerous awards and research grants for robotics studies; recipient of the US Secretary of State’s Distinguished Public Service Award.</td>
<td></td>
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<tr>
<td>• Mr Philip Emeagwali – awarded the Gordon Bell Prize by the Institute of Electronics and Electrical Engineers for his work on an application of a CM-2 massively parallel computer for oil-reservoir modelling. His use of 65,356 microprocessors to perform 3.1 billion calculations per second inspired Apple Computer to use his multiprocessing technology to manufacture its dual Power Mac G4, with a peak speed of 3.1 billion calculations per second, and IBM to manufacture its US$134.4 million supercomputer, which had a peak speed of 3.1 trillion calculations per second. He is also the recipient of several other awards, including the World Bank-IMF Africa Club Prize.</td>
<td></td>
</tr>
<tr>
<td>• Brigadier General (Dr) Oviemo Ovadje – medical scientist and inventor; Best African Scientist, 1995; first African to win the WHO Sasakawa Award in the year 2000.</td>
<td></td>
</tr>
<tr>
<td>• Mr David Olajide Ladipo – awarded the Scientific Achievements Award in 1990 by the International Union of Forestry Research Organizations (IUFRO) for “Clonal selection and development of a predictive model for early branching in Obeche Triplochiton Scleroxylon”, the only African recipient of the award since its inception in 1971.</td>
<td></td>
</tr>
<tr>
<td>• Nigerian Communication Satellite (NIGCOMSAT) – launched in May 2007, it is the third Nigerian satellite to be placed in orbit and the first African geosynchronous communications satellite.</td>
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</tbody>
</table>
Several Nigerians have headed key international organisations, including the following:


- Dr Ngozi Okonjo-Iweala – managing director, World Bank.

- Ms Obiageli Ezekwesili – vice president, World Bank (Africa Region) as of March 2007; founding member of Transparency International and its director for Africa.

- Professor Ibrahim Gambari – UN undersecretary-general and current special envoy to Myanmar.

- Professor Dora Akunyili – director-general, National Agency for Foods, Drugs Administration and Control; *Time Magazine* Award, 2006, for “One of the eighteen heroes of our time”; *Time* Magazine Inc. Integrity Award, 2003 – Transparency International.

**Sport**

- Ms Chioma Ajunwa – gold medal in the long jump at the 1996 Olympic Games in Atlanta, US.

- Super Eagles (under 23) – gold medal in soccer at the 1996 Olympic Games in Atlanta, US.

- Golden Eaglets (under 16) – World Cup, 1985, China.

- Golden Eaglets (under 17) – World Cup, 1993; World Cup, 2007, Korea.

- Mr Hogan Bassey (Member of the Order of the British Empire – MBE) – world featherweight boxing champion, 1957–1959.


- Mr Samuel Peter – World Boxing Council (WBC) world heavyweight boxing champion, March 2008.

- Mr Hakeem Abdul Olajuwon (basketball player) – listed in the National Basketball Association Hall of Fame; led the Houston Rockets to back-to-back championships in 1994 and 1995. In the 1993–94 season, he became the only player in the history of the National Basketball Association to win its Most Valuable Player, Defensive Player of the Year, and Finals Most Valuable Player awards in the same season. In 1996, Olajuwon assisted in the gold-medal-winning performance of the US national team, dubbed ‘The Dream Team’, and was selected as one of the 50 Greatest Players in the National Basketball Association’s History.

*Source:* Compiled for the CRM by the Nigeria National Secretariat, April 2008.
“The NEPAD [New Partnership for Africa’s Development] Framework Document and the Declaration identify, among others, democracy and good political governance as preconditions and foundations of sustainable development and the eradication of poverty. The overall objective is to consolidate a constitutional political order in which democracy, respect for human rights, the rule of law, separation of powers and effective, responsive public service are realised to ensure sustainable development and a peaceful and stable society.”

NEPAD/Heads of State and Government Implementation Committee (HSGIC)-03-2003/African Peer Review Mechanism (APRM)/Objectives, Standards, Criteria and Indicators for the APRM (OSCI), 9 March 2003

3.1 Overview

154. Democracy and political governance in Nigeria must be understood in the context of the country’s history, which is encapsulated in chapter 2 of this report. One key factor in this regard is the colonial legacy and the ethnoregional politics of the federation that emerged following colonial conquest and domination by the British. Between 1886 and 1960, the British colonialists had amalgamated historically autonomous kingdoms, empires and ethnic communities to form the single territorial entity of Nigeria without any meaningful participation by the people and their diverse social and political formations.

155. The second major factor to bear in mind is the long periods of military rule Nigeria has experienced since independence. In the 48 years since 1960, the country has experienced 29 years of cumulative military rule and less than a total of 18 years of civilian rule. The country is operating under the 1999 constitution, which maintained a strong presidential system reminiscent of the military regime that oversaw its drafting and adoption. It is not particularly designed to ensure a high degree of separation of powers with checks and balances among the three arms of government.

156. The close to nine years of continued, elected civilian rule since 1999 is the longest uninterrupted period Nigerians have known since the country was granted self-rule by the British imperialists in 1960. A significant milestone for Nigerian democracy was registered when, on 16 May 2006, the National Assembly rejected constitutional amendments that would have allowed the president, and perhaps state governors, to run for a third term in office. The durability of civilian rule since 1999 and the rejection of the third-term agenda together signify an early democratic consolidation phase in Nigeria and should be applauded as an unprecedented achievement. This signifies that Nigerians appear to have come to a consensus that democracy is the most feasible form of governance for the nation.

157. The 2007 general elections, although regarded as flawed by national and international observers, marked a democratic milestone of the first ever
civilian-to-civilian handover of power in the nation’s history. The 2007 national and state general elections are also significant in that they mark a record eight years of continuous, elected civilian rule in the country since 1960. In other words, Nigeria’s civilian democracy and political governance are relatively young and are undergoing transition. The culture of hierarchical military authority that does not have at its core transparency and accountability to independent structures exercising oversight is still evident in this transitional period, even though a lot of progress has been, and is being, made with the democratisation of Nigerian society and modes of governance.

158. It is in this context that the people and political leaders of the country should be commended for the peaceful manner in which they have resolved the disputes arising from the 2007 elections. There is evidence that the country is finally turning its back on militaristic and other violent means to resolve political disputes, preferring instead to resort to courts of law and other peaceable means. This augurs well for the evolution of the rule of law and constitutional democracy. In fact, promotion of the rule of law is on President Yar’Adua’s seven-point agenda.

159. There are a number of salient features that seem to define democracy and political governance in the country. Among these are the following:

• Since the 1990s, there have been repeated efforts to nationalise the political party process, which has led to a proliferation of political parties and other informal political formations, even though this has not resulted in a better-managed political process. What seems clear about the political process in Nigeria today is that the intense interethnic competition of the past through ethnic-based political mobilisation has largely disappeared. The three largest parties in Nigeria today – the People’s Democratic Party (PDP), the Action Congress (AC) and the All Nigerian People’s Party (ANPP) – are vast multiethnic coalitions, which augurs well for Nigerian integration as a nation.

• Similarly, the political space has been expanding and the growing voice of civil society has become more clearly heard over a long period. This has culminated in a new civilian dispensation. Ironically, the rise of civil society over the past 20 years began during the period of military regimes, since many of the civil society organisations (CSOs) were conceived in opposition to oppressive and arbitrary rule. Today, there is a plethora of human rights and women’s nongovernmental organisations (NGOs) which are capable champions of reform and are developing new strategies and tactics under civilian rule, such as enhancing access to the legislature, serving in watchdog roles, and encouraging more effective citizen participation in local affairs.

• Increasingly, the judiciary is growing in autonomy and serving as a check on executive impunity. In particular, the Supreme Court and federal Courts of Appeal are clearly emerging as islands of integrity in what is commonly viewed as a judicial system in which independence is compromised. The National Judicial Council and the newly created National Judicial Institute are both working to improve judicial
integrity and competence. However, at the lower levels, the judiciary still remains weak and is highly dependent on the state and local governments for its budget. This exposes judges to corruption.

- The increasingly important role of the National Assembly in Nigeria is a major step forward in attempts to correct some of the institutional disequilibrium in democratic governance in Nigeria. The rejection of the attempt to extend the limits of the presidential term from two to three terms was a watershed event for the independence of the federal legislature in that it rejected a major demand by the executive. Moreover, the presidency accepted the outcome. State assemblies have also had their occasional moments of independence, but overall these moments have been far less frequent than at the national level.

- Historically, Nigeria has enjoyed very visible and strong institutions of traditional leadership, and some religious leaders who sometimes exercise extraconstitutional power are overshadowing the formal elected structures and institutions of governance. However, the role of traditional leaders in electoral politics has been controversial, often inviting the rebuke of local citizens who would prefer the roles of such leaders to be confined strictly to the cultural and ceremonial domains.

- The need to promote national integration and to address representation and power sharing in federal institutions was given constitutional backing in 1979 in terms of the Federal Character Principle. Subsequently, the Federal Character Commission (FCC) was established under the 1999 constitution with a mandate to monitor progress in the implementation of the provisions of the Federal Character Law. While assessments of the application of the Federal Character Principle at the political executive level and in the federal bureaucracy, the military and the educational sector would vary, there is broad consensus that it has striven to achieve a minimal level of interethnic and interregional equity, or at least proportionality in the composition of the government. While nation building and national integration in a highly diverse country like Nigeria are very much a work in progress, the Federal Character Principle has had some successes in creating inclusive institutions and broadening ethnic representation in the federal civil service and public sector.

160. The country, including political leaders and the civilian population, is certainly awake to many of the challenges confronting democratic consolidation in Nigeria. These include the following:

- The Nigerian constitution reflects a skewed balance of power in favour of the executive at national and state levels as a result of overcentralisation during the military period, but also as a result of the nature of the political economy of the country, which centralises power, security and financial resources in the federal government. There is now a widely shared consensus that the country is in need of a number of constitutional reforms. A national dialogue has been going on regarding such reforms, and it is a positive sign that efforts are under way by both public and nonstate actors to refine the rules of governance in order to address some of the fundamental structural and institutional challenges blocking democratic development in Africa’s most populous country.
• Among the perennial constitutional challenges facing nation building in Nigeria is the tension between people holding national citizenship and those with indigeneship status. The dichotomy between ‘ethnic indigeneship’ and ‘civic citizenship’ has been the cause of many conflicts at the communal and state levels, as access to services and resources depends on which category one belongs to. At the heart of this challenge is the flawed application of the Federal Character Principle, which marries citizenship and representation to indigeneship or state of origin in respect of employment in government agencies at the local, state and federal levels. The implementation of the Federal Character Principle has seen indigenes of a state being favoured to the exclusion of nonindigenes or settlers. The 1999 constitution endorsed indigeneship as a legitimate basis on which to make political claims and created justifications for indigene communities to deny nonindigenes equal rights, while simultaneously guaranteeing all citizens freedom from discrimination and freedom of movement within the federation. To resolve this contradiction, a constitutional amendment that expands the concept of indigeneship to include both individuals born in a state and those individuals resident in a state for a minimum number of years would be needed.

• There is no greater challenge to Nigeria’s democracy than a fundamental reappraisal of the electoral system. There is a link between the fixing of the electoral system and process, and the need to reform the entire institutional edifice on which Nigerian democracy is built: the powers and conduct of the executive; the ability of the legislature to maintain its own integrity; the capacity of the judiciary to be assertive in demonstrating its independence and adherence to the rule of law; and the role of the security agencies in upholding citizens’ enfranchisement.

• Nigerians from all walks of life agree that corruption is an endemic problem in the political system and constitutes a major challenge to democratic governance. Corruption is seen as the cancer in Nigerian democracy and it is rooted in the centralised, clientelist and patronage nature of politics. The informal network of power-based relations, pragmatic alliances, financial deals, the monopolising of information, and a patrimonial distribution of patronage sustains corruption at the federal, state and local levels. To maintain power, the system of patronage – composed of self-serving politicians, businesspeople, political fixers and ‘godfathers’ – trades offices, co-opt rivals, distributes concessions and contracts to clientelism, political parties and political thugs. While recent efforts under the civilian administration to fight corruption are encouraging, no efforts can stem the spectacular political corruption in Nigeria without attacking its systemic roots.

• The low percentage of women in institutions of political governance, including political parties and elective government branches and institutions, constitutes a challenge to democratic inclusiveness in Nigeria. Factors militating against full political participation by women include the ideology of patriarchy, male chauvinism, the dominance of money in politics, and the rampant use of violence as an instrument in
the process of acquisition of power. Indeed, such is the degree of male dominance in politics that women who seriously seek public office to advance the public good are labelled ‘cultural deviants’ so as to undermine their moral standing. With only about 6 per cent of women holding elective offices in the federal legislature, Nigeria has one of the lowest rates of female representation in parliament on the continent. However, while the problem remains severe at all levels, it is true that there have been more women appointed to higher offices in recent times, including key ministerial posts in the federal government. It is clear that the fight against the marginalisation of women in politics must go beyond the legal and institutional empowerment of women. Instead, cultural barriers such as patriarchy, religion and male chauvinism must be overcome if progress is to be made on this front.

- Inadequate policies and a poor legal framework for protecting persons with disabilities (PWDs) constitute a major violation of the human rights of a significant part of the population of Nigeria. Although they constitute about 10 per cent of the country’s population, the rights of PWDs are inadequately protected and promoted at the federal and state levels. For them to be fully able to enjoy their fundamental human and constitutional rights, the national civil services must put in place enabling policies and laws, as well as monitoring institutions, to address this issue. To be effective and successful, nothing less than national legislation to protect the rights of PWDs would suffice.

161. Clearly, Nigeria is making strides in democratic reforms that are addressing many of the issues and challenges discussed above. Tackling all the democratic governance challenges head-on would, however, be a long process. Nevertheless, there are concrete reforms that the current civilian administration could fast-track to deepen reform and democratic transition in Nigeria. The following are a few examples of reforms needing urgent attention:

- Reform/review of the 1999 constitution, including revisiting aspects of the broadly worded immunity from prosecution for criminal acts that is enjoyed by those holding political office, and recognition and delineation of the role of traditional rulers.

- Reform of the electoral system, including the strengthening of the independence and capacity of electoral management bodies.

- Enactment of pending pieces of legislation such as the Freedom of Information Bill and amendments to the National Human Rights Commission Act to make the commission’s decisions enforceable.

- Efforts to revamp the capacities and independence of the institutions for combating corruption and financial crimes.

- Measures to combat corruption, including the weeding out of ‘ghost workers’ in state and government institutions and putting in place laws on the declaration of assets by public officials and political leaders.

- Combating impunity, with possible reconsideration of immunity laws.
There are other areas that would require similar attention. These include: the need to improve prison conditions and the justice system for children and the youth; improving conditions of service in the public service and for educators, especially for the intellectual capital at tertiary and research institutions; strengthening the independence of the judiciary and the legislature; encouraging democratisation within political parties and improving women’s political leadership; and finding lasting solutions to internal conflicts, especially those relating to the Niger Delta region and sporadic religious/ethnic conflicts.

3.2 Implementation of standards and codes

i. Summary of the CSAR

The Country Self-Assessment Report (CSAR) acknowledges that Nigeria has signed many international agreements (treaties, conventions, charters, codes, etc.) and has ratified or acceded to some of these (see table 3.1). The report indicates a lack of proper records, slow process in ratification, and difficulties in domestication and effective implementation or compliance. The report further points out that a committee was set up in 2001 to determine ways of speeding up ratification. The CSAR does not, however, indicate in detail Nigeria’s adherence to the African regional standards and norms contained in treaties. It also does not indicate to what extent Nigeria has adhered to the periodic reporting obligations as required in all major human rights treaties. Since the CSAR does not discriminate between treaties that require ratification and other agreements that do not, the Country Review Mission (CRM) has indicated in table 3.1 below the standards that do not require ratification or accession.

**Table 3.1: Implementation of democracy and good political governance standards and codes**

<table>
<thead>
<tr>
<th>S/NO</th>
<th>DATE OF SIGNATURE</th>
<th>DATE OF RATION/ RATIFICATION</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Charter of the United Nations (UN) (all objectives)</td>
<td>7 October 1960</td>
<td>Domesticated through the constitution</td>
</tr>
<tr>
<td>2</td>
<td>Universal Declaration on Human Rights (all objectives)</td>
<td>7 October 1960</td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>3</td>
<td>International Covenant on Civil and Political Rights (1966) (objective 3)</td>
<td>29 July 1993</td>
<td>Domesticated through the constitution</td>
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<tr>
<td>S/NO</td>
<td>International Covenant on Economic, Social and Cultural Rights (objective 3)</td>
<td>DATE OF SIGNATURE</td>
<td>DATE OF ACCESSION/RATIFICATION</td>
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<td>4</td>
<td></td>
<td></td>
<td>29 July 1993</td>
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<tr>
<td>5</td>
<td>Optional Protocol to the International Covenant on Civil and Political Rights (objective 2)</td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms: A/RES/53/144 (objective 3)</td>
<td>28 July 1988</td>
<td>20 April 2000 A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>7</td>
<td>Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (objective 2)</td>
<td>28 July 1988</td>
<td>28 June 2001</td>
</tr>
<tr>
<td>8</td>
<td>International Convention on the Elimination of All Forms of Racial Discrimination (objectives 2 and 3)</td>
<td></td>
<td>16 October 1967</td>
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<tr>
<td>9</td>
<td>Convention on the Political Rights of Women (objective 7)</td>
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<tr>
<td>S/NO</td>
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<td>DATE OF SIGNATURE</td>
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<tr>
<td>10</td>
<td>Convention on the Elimination of All Forms of Discrimination against Women (objective 7)</td>
<td>23 April 1984</td>
<td>13 June 1985</td>
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<tr>
<td>11</td>
<td>Optional Protocol to Convention on the Elimination of All Forms of Discrimination against Women</td>
<td>8 September 2000</td>
<td>22 November 2004</td>
</tr>
<tr>
<td>12</td>
<td>Declaration on the Elimination of Violence against Women (objective 7)</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>13</td>
<td>Declaration on the Elimination of All Forms of Intolerance and of Discrimination Based on Religion or Belief (objectives 2 and 3)</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>14</td>
<td>Declaration on Fundamental Principles concerning the Contribution of the Mass Media to Strengthening Peace and International Understanding, to the Promotion of Human Rights and to Countering Racialism, Apartheid and Incitement to War (objectives 2 and 3)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<td>S/NO</td>
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<td>15</td>
<td>UN General Assembly Resolution 1325 on Women in Conflict (objective 1)</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
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<tr>
<td>16</td>
<td>Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities (objectives 1 and 3)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<tr>
<td>17</td>
<td>International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (objectives 3 and 9)</td>
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<td>19</td>
<td>Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict (objectives 1 and 8)</td>
<td>8 September 2000</td>
<td></td>
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<tr>
<td>S/NO</td>
<td>Date of Signature</td>
<td>Date of Accession/Ratification</td>
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<tr>
<td>21</td>
<td>Declaration on Social and Legal Principles relating to the Protection and Welfare of Children, with Special Reference to Foster Placement and Adoption, Nationally and Internationally (objective 8)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<tr>
<td>22</td>
<td>Declaration on the Protection of All Persons from being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (objectives 2 and 3)</td>
<td>28 July 1988</td>
<td>A nontreaty that does not require ratification or accession</td>
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<td>23</td>
<td>Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (objective 2)</td>
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<td>25</td>
<td>Declaration of Basic Principles of Justice for Victims of Crime and Abuse of Power (objectives 2 and 3)</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
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<td>26</td>
<td>Convention relating to the Status of Refugees (objective 9)</td>
<td>23 October 1967</td>
<td>Domesticated through chapter 244 of the Laws of the Federation of Nigeria</td>
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<td>27</td>
<td>Protocol relating to the Status of Refugees (objective 9)</td>
<td>2 May 1968</td>
<td>Domesticated through chapter 244 of the Laws of the Federation of Nigeria</td>
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<td>28</td>
<td>Declaration on the Rights of Disabled Persons (objective 9)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<td>29</td>
<td>Geneva Convention relative to the Protection of Civilian Persons in Time of War (objective 2)</td>
<td>10 October 1988</td>
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<td>30</td>
<td>OECD [Organisation for Economic Co-operation and Development] Convention on Combating Bribery of Foreign Public Officials in International Business Transactions</td>
<td></td>
<td>Does not require ratification or accession because Nigeria is not a member of the OECD</td>
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<td>31</td>
<td>UN Convention against Corruption</td>
<td>9 December 2003</td>
<td>14 December 2004</td>
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<td>S/NO</td>
<td>Instrument</td>
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<td>3</td>
<td>Grand Bay (Mauritius) Declaration and Plan of Action for the Promotion and Protection of Human Rights (1999) (objectives 2 and 3)</td>
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<td>Durban Declaration on Principles Governing Democratic Elections in Africa (2002) (objective 2)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<td>5</td>
<td>AU Declaration on Democracy, Political, Economic and Corporate Governance (objectives 2 and 6)</td>
<td>26 September 2006</td>
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<td>6</td>
<td>AU Convention on the Prevention and Combating of Corruption (objectives 5 and 6)</td>
<td>16 December 2003</td>
<td>26 September 2006</td>
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<td>7</td>
<td>AU Peace and Security Protocol (objective 1)</td>
<td>5 July 2003</td>
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<td>9</td>
<td>African Platform on the Rights to Education</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<td>12</td>
<td>Cairo Declaration on the Establishment, within the OAU, of a Mechanism for Conflict Prevention, Management and Resolution (1993) (objective 1)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<td>13</td>
<td>Memorandum of Understanding (MoU) of the Conference on Security, Stability, Development and Cooperation in Africa (CSSDCA) Solemn Declaration (2000) (objective 2)</td>
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<td>A nontreaty that does not require ratification or accession</td>
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<td>14</td>
<td>Declaration on Framework for an OAU Response to Unconstitutional Changes of Governments (2000) (objective 2)</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
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<td>S/NO</td>
<td>DATE OF SIGNATURE</td>
<td>DATE OF ACCESSION/RATIFICATION</td>
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<td>15</td>
<td>Declaration and Plan of Action on Control of Illicit Drug Trafficking and Abuse in Africa (2002) (objective 1)</td>
<td>A nontreaty that does not require ratification or accession</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>NEPAD Framework Document (all objectives)</td>
<td>2001</td>
<td>A nontreaty that does not require ratification or accession</td>
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</tbody>
</table>

ii. **Findings of the CRM**

164. As indicated above (table 3.1), the CSAR does not distinguish between norms and standards in treaties that require ratification and those in other international and regional agreements that do not require ratification. This indiscriminate manner of dealing with standards tends to obscure the different forms of obligations and the required compliance. In this regard, for example, the CSAR does not indicate Nigeria’s record in terms of compliance via periodic country reports to the treaty-monitoring bodies that undertake scrutiny and oversight. This makes measurement of compliance very difficult.

165. The CRM established that section 12 of the constitution provides for the domestication of international agreements of a treaty nature through their enactment into law by the National Assembly, comprising the Senate and the House of Representatives. The provision relating to ratification of treaties fails to reflect the complexity of domestication in Nigeria, as it omits to mention that, after domestication of treaties by the National Assembly, the state houses of assembly of each of the 36 states must further pass laws to enable enforcement or compliance at the state level. There are therefore situations where a treaty/code/standard is ratified and domesticated at the federal level (e.g. the Convention on the Rights of the Child, where a Child Rights Act was passed at the federal level), but has only been domesticated in 18 states.

166. Some treaties have also faced undue delay in receiving the necessary domestication by the National Assembly. A case in point is the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). In such circumstances, the ‘ratification’ or ‘accession’ is rendered theoretical and of limited applicability.

167. There are situations where treaties are not formally domesticated by federal legislation but are listed in the CSAR as ‘domesticated’. A case in point is the Optional Covenant on International Civil and Political Rights.

168. Nonratification denies citizens full enjoyment of certain basic rights and freedoms, as it prevents domestication and effective implementation. There is no indication that Nigeria has ratified and domesticated the following:
• Three of the four Geneva conventions of 1949, namely those relating to Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field, Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea, and Treatment of Prisoners of War.

• Additional protocols I and II of the Geneva conventions.


• The Convention on the Rights of Persons with Disabilities.


169. The majority of citizens who interacted with the CRM did not know where to find information on treaties, codes and other standards, as there seemed to be no proper, centralised record-keeping. The CRM was informed that the International Law Department of the Ministry of Justice is the mandated depository and, at state level, the Cabinet office responsible for justice and the administration of law. While every ministry has a representative from the Ministry of Justice, these legal advisers are often not involved in the treaty-making processes undertaken by particular ministries, with the result that most ministries do not submit signed treaties to the depository. The CRM was assured by the relevant authorities (at ministerial level) that, within the next six months, a central repository for all international agreements to which Nigeria is a party will be established in the office of the attorney general and that such a repository will be regularly updated.

170. The CRM learnt that the majority of Nigerians are unaware of the content of many of the treaties signed by government. Several state and nonstate stakeholders expressed the view that government at federal and state level does not disseminate information to the people, the assemblies and even government ministries on treaties that have been assented to or are being drafted and negotiated at international level. Hence there is a hiatus between government and the people which makes implementation more difficult. The failure to disseminate information or undertake consultations on key treaties that have a bearing on certain cultural practices has also contributed to the rejection of certain treaties, including CEDAW.

iii. Recommendations

171. The African Peer Review (APR) Panel recommends that:

• Nigeria undertake the ratification of several key international and African regional instruments, especially those in the field of human and people’s rights, particularly the following:

  • The Geneva conventions of 1949 relating to Amelioration of the Condition of the Wounded and Sick in the Armed Forces in the Field,
• Additional protocols I and II to the Geneva conventions.


• The Convention on the Rights of Persons with Disabilities.


(Ministry of Foreign Affairs, Ministry of Justice, and federal and state governments and legislatures)

• The central repository for all international instruments that Nigeria signs be established as expeditiously as possible. (Ministry of Justice, and federal and state governments and legislatures)

• Efforts be made to streamline the treaty-ratification/treaty-accession processes at the federal and state levels and to ensure that public awareness and popularisation be initiated. (Attorney general, federal and state Ministries of Justice, Ministry of Information and Communications, and federal and state governments and legislatures)

• Nigeria report to treaty-monitoring mechanisms that it has subscribed to in a timely manner and disseminate such reports at national level. (Ministry of Foreign Affairs, relevant ministries, Ministry of Information and Communications, and civil society)

3.3 Assessment of performance on APRM objectives

<table>
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<tr>
<th>OBJECTIVE 1: REDUCE INTRASTATE AND INTERSTATE CONFLICTS</th>
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</table>

i. Summary of the CSAR

Conflict and its causes

172. Nigeria has witnessed a number of intrastate and interstate conflicts since independence. The most significant example of intrastate conflict is the Nigerian Civil War that broke out from 1967 to 1970. The war, which was the result of a secessionist bid by leaders of the southeastern part of the country, remains a landmark political event and a yardstick that reminds
all Nigerians of the fragility of the country’s polity and of the need to continue efforts at nation building.

173. Nigerian polity is one of the most complex ethnolinguistic formations on the African continent and is marked by ethnic and religious identities comprising about 370 ethnic communities. Perception survey data cited in the CSAR identifies communal conflicts as the most prevalent form of conflict in Nigeria, followed in descending order by political conflicts, resource-control conflicts, ethnic and religious conflicts, and land conflicts. However, these forms of conflict correspond to specific geopolitical zones in Nigeria. With regard to the causes of conflicts, economic inequality and wealth distribution rank the highest, followed by petroleum resource control and religious intolerance. These perceptions also differ from one geopolitical zone to another. Issues such as political representation and elite manipulation rank high across all geopolitical zones.

174. The CSAR further notes that the patterns of intrastate conflicts in the last two decades or so have created areas that have become flash points of conflict and violence. The north-central part of Nigeria, which accounts for about 35 per cent of ethnic groups in the country, has experienced the most protracted and recurrent ethno-religious conflicts, which appear to have peaked since the return to civil rule. The CSAR explains that the recurrent sectarian conflicts that pitch the Muslim majority against the Christian minority have partly resulted from the fear and anxiety that attended the adoption of the Islamic legal code – Sharia – by states in the northern parts of the country. The majority of conflicts in Nigeria, according to the CSAR, come from such communal, ethno-religious sources.

175. To a large extent, many instances of ethno-religious conflicts are reactions to a collective memory of domination by the various ethnic minorities, and to the legacy of colonialism in reversing previous patterns of autonomy of small communities. The postcolonial state inherited a federal system of government from the British that the ruling elites have repeatedly manipulated in order to promote sectional or regional interest rather than national interest.

176. The CSAR explains that Nigeria has a dichotomy between ‘ethnic’ as opposed to ‘civic’ citizenship in which a Pan-Nigerian notion of citizenship exists at the national level, while indigeneity operates at the local level. The dichotomy between ‘indigene’ and ‘settler’ has hardened into a theory of clan and ethnic exclusiveness and often provides the basis of inclusion or exclusion from access to state power and resources. Resistance to, rather than passive acceptance of, exclusion has been the basis of much of the intrastate and communal violence plaguing Nigeria.

**The Niger Delta**

177. The Niger Delta, Nigeria’s oil producing region, has experienced one of the most protracted and deadly conflicts since the 1990s. The conflict in the Niger Delta is largely a product of poverty in the midst of plenty, and of worsening environmental consequences of oil production that are destroying the livelihood opportunities of the communities.
178. The CSAR points out that the Niger Delta crisis has pitched the local communities against the oil companies, against the state or against one another. The intercommunal conflicts result in massive loss of life and property, while also disrupting economic activities, particularly oil prospecting and extraction. Hostage abductions for ransom from oil companies and gang warfare among rival youth cults have led to severe cutbacks in oil production, estimated at about 500,000 barrels per day (bpd) - about a quarter of Nigeria’s estimated daily production of 2 million barrels.

179. The Niger Delta situation demonstrates the downside of minority status in terms of access to state power and centralised resource control in the context of the federal arrangement and elite struggle for power and resources. Consequently, the Niger Delta communities have been drawn into direct confrontation with the Nigerian state and the oil multinationals, which must share the blame.

Interstate conflicts

180. The CSAR reports that Nigeria has not been involved in interstate conflicts since independence. The only conflict, involving Nigeria and Cameroon over the Bakassi Peninsula, was resolved by a decision of the International Court of Justice in favour of the transfer of the disputed territory to Cameroon.

Mechanisms for preventing, reducing and managing intrastate and interstate conflict

181. Regarding intrastate conflict in Nigeria, the CSAR reports on the different state and nonstate institutions created to assist in reducing conflict: governments in states have variously put in place a standing committee on peace, conflict resolution and emergency relief; and NGOs, including faith-based organisations, have provided relief during conflicts. In an effort to promote better attitudes to citizenship, the government has also used the mass media to promote tolerance and mutual respect among citizens through the National Orientation Agency (NOA).

182. The CSAR also notes that successive Nigerian governments have taken steps to manage conflict and reduce the level of tension, particularly in the Niger Delta region, using approaches such as political appeasement, increased resource allocation to the region based on the derivation principle at the federal level, and the setting up of development commissions to provide basic needs and services. Since 1999, however, the central government has adopted a carrot-and-stick approach to tackling the root causes of the conflicts in the region. On the one hand, it has attempted to address the socioeconomic grievances of the people and the pervasive poverty in the region and, on the other, has deployed security forces to restore law and order to the region.

183. The CSAR highlights Nigeria’s exemplary and commendable external role in peacebuilding and conflict resolution in Africa. Nigeria has participated or led several peacekeeping missions to resolve conflict in 29 areas stretching across the world. Nigeria played key roles in ending the wars in Liberia and Sierra Leone under the Economic Community of West African
States (ECOWAS) Economic Monitoring Group (ECOMOG), and in the restoration of democratic rule in Togo, São Tomé and Príncipe after the unconstitutional takeover of governments in these countries. Nigeria has also been involved in the ongoing negotiations in Sudan as part of the efforts to resolve the crisis in the Darfur region. Thus, Nigeria has shown deep concern for her African brothers and sisters and a readiness to lead and make sacrifices to resolve international conflicts.

ii. Findings of the CRM

Intrastate conflicts

184. Social and political life in Nigeria is often shaped by a complex mix of ethnic, religious and geographic considerations, and attempts by the state to manage the country’s diverse tapestry have not always been successful. The relations between Nigeria’s numerous ethnic groups can be categorised as largely exhibiting animosity fanned mainly by illicit and divisive politics. Since the agendas and sociopolitical aspirations of the various ethnic identities in Nigeria are not only different but also sharply antagonistic, there is little evidence of a collectivising ethos that freely binds the people of Nigeria together.

185. Throughout public consultations at the national and state levels, the majority of stakeholders confirmed the structural and immediate causes of intrastate conflicts, as eloquently elaborated upon in the CSAR. As political practice became increasingly exclusionary and repressive, separatist and identitarian tussles and agitations arose among Nigeria’s constituent ethnic groups. One of the important consequences of Nigeria’s ethnic and exclusionary politics is the spectre of political instability. Invariably, stakeholders confirmed the CSAR observations that ethnoreligious and regional diversities have been manipulated politically by elites to serve their own selfish interests. The causes of conflict in Nigeria, according stakeholders, could be summarised in three key words: injustice, inequity and unfairness.

186. According to stakeholders, the fundamental causes of conflicts in Nigeria are related to the pervasive social inequalities and to elite political manipulation for control of power and oil resources. Several communal conflicts have been exacerbated as oil increased incentives for patronage and conflict. Societal cleavages have, in turn, made it difficult to create institutions empowered to mitigate or manage these conflicts and have created a system that maintains and feeds on extreme poverty and elite manipulation. This dynamic seems to suggest that nothing short of an institutional and structural transformation can reduce and manage conflict in Nigeria in a sustainable manner.

187. In state after state, stakeholders lamented that the federal structure is unable to reduce inequalities among diverse populations by fostering an equitable distribution of public resources and goods to all citizens. The duality of citizenship based on ethnicity or indigeneship at the state and local levels versus civic citizenship at the national level is a major source
of conflict in the country. In addition, some families that are deemed ‘settlers’ in reality have ancestral ties to the land, having settled in the area generations ago, but are nevertheless regarded as having inferior entitlement. The constitution has not managed to resolve this contradiction and the dichotomy therefore creates unequal access to social services at the local government level. The example that was cited in many states such as Plateau, Nassarawa, Adamawa and Benue was unequal access to education, whereby indigenes have free access while settlers are charged for accessing education. This situation naturally creates animosities in the communities, since the national constitution provides for access to free primary, secondary, university and adult education.

188. Some states are beginning to address the indigene-settler dichotomy by reinterpretating the contradictions in the national constitution. Indeed, Niger State has sought to reverse the application of the Federal Character Principle, which has historically emphasised indigeneity at the expense of residency by granting indigeneship to those who have resided in the state for eight years. Consequently, those who meet the residency requirements can access all the benefits of the state, including contesting for state and federal appointments. However, this is the exception rather than the rule. In states such as Plateau, Borno, Adamawa, Benue, Akwa Ibom and Bayelsa, a number of stakeholders expressed frustration at the lack of citizenship rights as a result of the application of this principle.

189. Although structural in nature, some conflicts have also manifested themselves in the form of religious intolerance between Muslims and Christians, especially in the northeastern, north-central and northwestern parts of Nigeria. In Borno State, for example, the CRM was informed that a religious upheaval in 2006 resulted from the publication in Denmark of a cartoon depicting the Prophet Mohammed. The Muslim community in Borno subsequently burnt down a Christian church in revenge for this incident. The conflict receded only at the intervention of the Borno State governor. This is not an isolated case: throughout the northern and central states there have been numerous episodes of communal conflicts arising from religious intolerance between Christians and Muslims.

190. The Nigerian constitution guarantees freedom of religion while recognising Nigeria as a secular state. But religion, like ethnicity, is regularly politicised by the political elite as a tool to achieve the narrow political goals of both individuals and groups in Nigeria. There was a bitter national debate when the northern state of Zamfara became the first state to implement the Islamic Sharia law in its entirety in January 2000. By the end of 2001, such other northern states as Kebbi, Sokoto, Niger, Kaduna, Bauchi and Borno had fully established Islamic law. The imposition of strict Islamic law in multifaith communities has attracted much debate and criticism in a country already considered a hotbed of religious conflicts.

191. Closely linked to the issue of social inequalities and poverty is the issue of youth unemployment, delinquency and alienation that ultimately creates opportunities for abuse by political elites and business interests. During elections, disgruntled and abandoned youths are recruited by unscrupulous politicians who practise ‘sit-tight’ politics in order to cause violence and
political thuggery, destruction and vandalism of public property, and assault on the lives of citizens. The response to the spread of violent crime and the breakdown of law and order has been the tendency of some state governments to create their own vigilante groups for self-protection, which tend to exacerbate rather than reduce youth violence. As examples of such groups, stakeholders mentioned the ‘Bakassi Boys’ in the Abia and Anambra States who act as substitutes for the state security system. Some transnational corporations are also known to have engaged the services of such groups to protect their property. This trend has further undermined the formal security services such as the police, and has led to the privatisation of public security.

Elections and conflicts

192. Of all the factors that are important in reducing conflict, Nigerians view the legitimacy crisis in their leadership as the most formidable to overcome. Stakeholders lamented that, while elections are designed to produce leadership that represents the will of the people and commands their respect, the last two consecutive elections in 2003 and 2007 respectively have been merely an endorsement of preselected candidates at both the state and the federal levels. This clearly reflects the absence of democracy within political parties.

193. During the CRM, many stakeholders confirmed that the 2007 elections in particular were the most poorly organised and massively rigged in the country’s limited experience with electoral politics. This election has diminished citizens’ confidence in electoral processes and institutions and may contribute to undermining Nigeria’s capacity to manage its internal conflicts; it may, for example, fuel the violent tensions in the Niger Delta and other separatist tendencies in the country, particularly in the southeast and south-south geopolitical zones. On the other hand, the courts seem to have made some positive contributions by nullifying some gubernatorial, senatorial and representative elections and ordering reruns.

The Niger Delta

194. By far the most prominent intrastate conflict in Nigeria is the violence in the Niger Delta. The Niger Delta conflict remains the most formidable and intractable challenge to the Nigerian state since the return to civilian rule. Oil was first discovered in this region by the oil conglomerate Royal Dutch Shell in the 1950s in what became a turning point in the political economy of Nigeria. Much of the oil and gas reserves are located in the lands, farms and waterways of local communities scattered across the Niger Delta region.

195. However, although they are rich in mineral resources worth billions of dollars, these ethnic communities suffer extreme neglect since they lack even the most basic amenities such as clean drinking water, good schools, health care and good roads. But, more importantly, for nearly half a century the lands and waterways of these oil-rich communities have been extensively devastated by the exploration activities of Shell and other
transnational oil companies. Since oil slicks and blowouts occur regularly, plants, aquatic life forms and other life forms have been affected, thus destroying the source of sustenance and livelihood of the local people, who are mainly subsistence farmers and fishermen.

196. In order to deny the communities their claim to the ownership of the land, expropriative and draconian laws were passed nationalising all land and mineral resources located in the oil-rich communities. But, as the communities protest these laws and the incessant environmental pollution, the reaction of government has often been to deploy armed troops to quell communal resistance.

197. With the emergence in the early 1990s of the celebrated writer Ken Saro-Wiwa and the Movement for the Survival of the Ogoni People (MOSOP), the struggle against state terrorism and ecological despoliation was taken to new and unprecedented heights. Led by Saro-Wiwa, the Ogoni community of the southeastern tip of the Delta conducted the most sustained and effective campaign against the environmental malpractices of Shell and against the political victimisation of oil-bearing minority communities in the history of the Niger Delta. Through carefully organised and relentless mass action marked by frequent episodes of violence and deaths, the Ogoni were able to force Shell out of all oil locations in Ogoniland in 1993.

198. The execution of Ken Saro-Wiwa and his eight Ogoni compatriots by the Nigerian military junta in November 1995 led to the expulsion of Nigeria from the Commonwealth of Nations and has served to generate global interest in the plight of oppressed minority communities in Nigeria. Indeed, the Ogoni struggle is today regarded in antiglobalisation and environmental activist circles worldwide as an archetype of resistance to global capitalist greed and oppression.

199. Stakeholders generally agreed that the core grievances of the Niger Delta – local control of oil and gas resources, greater representation at the federal level, infrastructure development, economic empowerment and environmental degradation – are legitimate demands that have not yet been successfully addressed.

200. Nevertheless, stakeholders equally deplore the increasing criminalisation of the conflict that has spread beyond the core Niger Delta region. Hostage-taking by militant groups to draw attention to the Niger Delta crisis has now turned into a lucrative, criminally driven enterprise. In a desperate bid to force oil companies and the state to meet their social and corporate obligations to oil-producing communities, militants increasingly seize workers in Nigeria’s oil industry (particularly the expatriate staff) as hostages whose release may depend on the payment of huge ransoms. As a result of this agitation, the intertwining creeks and waterways of the Niger Delta have become veritable war zones where state-sponsored counterinsurgency groups join forces with official state troops to fight activists and militants for the control of oil facilities and platforms. There are also splits within the Niger Delta’s major militant groups, thereby reducing prospects for forging a united front in negotiations with government.
201. The activities of dissident groups not only call into question the legitimacy and sovereignty of the state, but they have also succeeded in imposing an almost permanent climate of restiveness on the Niger Delta region in particular, and on Nigeria at large. Rather than a mere localised debacle, the Niger Delta question has since proved to have a global scope and resonance, as its impact on the global oil economy consistently shows. For example, the seizures of oil platforms by militant elements in the Niger Delta in April 2005 cut global oil output and forced the price of oil in the global market up to US$57 per barrel – an unprecedented price in the history of the global oil industry at the time. Similarly, in December 2005, Shell’s oil pipelines near the coastal city of Port Harcourt, Rivers State, were sabotaged with high explosives by a group of insurgents known as the Martyrs Brigade, substantially cutting the company’s total production quota. The resulting inferno claimed many lives and destroyed even more properties.

202. All these trends have complicated the Niger Delta crisis, with a resultant tendency for the legitimate claims of the Niger Delta to be reduced to a situation requiring the use of security forces to restore law and order to the area. For example, the federal government of Nigeria has on a number of occasions responded with military operations such as Operation Flush Out 3 (involving the army, air force and navy) that are intended to curb the activities of insurgents and the militia. The government’s use of force has not been entirely successful. The reliance on the police and army has unfortunately aggravated rather than alleviated the situation. The state of affairs is worsened by the fact that key state institutions such as the army, police and judiciary are usually permeated by ethnic interests to such an extent that the state’s actions appear to be barely rational.

203. While military operation is a short-term measure to quell the unrest in the region, there is an urgent need for the federal government to provide political and legal solutions for the political, economic and environmental grievances that have been the root cause of conflict for decades. Stakeholders also raised the issue of outstanding funds due to the Niger Delta Development Commission (NDDC) since 2001, which impedes its ability to fast-track elements of the NDDC Master Plan for development of the region.

204. Peace in the Niger Delta region is critical to the survival and economic revival of the Nigerian state. Unless grievances relating to economic inequality, environmental degradation and social injustice are resolved, the region will continue to be plagued by unrest. The federal government and state governments in the region, the NDDC, the multinational companies as well as local citizens all have a responsibility to bring peace to the region.

The Council of the State

205. The CRM learnt of an innovative structure in Nigeria known as the Council of the State which may be useful in the context of the management of diversity and the resolution of issues of national importance. The Council of the State consists of the following persons: the president, who is the chairperson; the vice president, who is the deputy chairperson; all former
presidents of the federation and all former heads of the government of the federation; all former chief justices of Nigeria; the president of the Senate; the speaker of the House of Representatives; all the governors of the states of the federation; and the attorney general of the federation.

### BEST PRACTICE 3.1: THE COUNCIL OF THE STATE

An excellent quality of the Council of the State is its broad-based composition incorporating the elite leadership of Nigeria in a nonpartisan and advisory capacity to the chief executive of the federation. The bringing together of these stakeholders has the potential of becoming the ultimate internal guarantor of peace and stability in Nigeria. It could also provide an immediate national forum to guide the president in dealing with sensitive and divisive issues such as conflicts, distribution of national wealth, state aspirations against federal hegemony and so forth. Decisions based on the advice of the Council of the State could be viewed generally as credible and nonpartisan, and therefore acceptable to the people, if packaged properly. There is a general dearth of such national institutions in Africa, which normally leads to involving outside intervention to settle conflictual, divisive and sometimes explosive issues.


206. The functions of the Council of the State include advising the executive on policy making on matters such as the national population census and the compilation, publication and keeping of records and other information concerning the same; the prerogative of mercy; the awarding of national honours; the Independent National Electoral Commission (INEC) (including the appointment of members of that commission); the National Judicial Council (including the appointment of the members, other than ex officio members, of that council); the National Population Commission (including the appointment of members of that commission); and advising the president whenever requested to do so on the maintenance of public order within the federation or any part thereof and on such other matters as the president may direct.

### Interstate conflicts

207. A potential cause of transboundary conflict noted by stakeholders in Adamawa State is the lack of equal access to water resources across the border with Cameroon. According to the views expressed by stakeholders, Cameroon has apparently been reluctant to share the dam that produces energy just across the border. Stakeholders expressed the need for joint use of the River Benue resources and called upon Nigerian authorities to exercise leadership by coming up with a framework for sharing the dam resources between Cameroon and Nigeria.

208. In 2006, in accordance with the ruling of the International Court of Justice and under the Green Tree Agreement of May 2007 between Nigeria and Cameroon, Nigeria began the process of withdrawing its troops from the Bakassi Peninsula. This has created resentment in several circles, including the Bakassi communities, some of which threatened secession over the
transfer, while others have instituted lawsuits regarding the matter. Although most stakeholders believe that Nigeria has played an exemplary role in reducing interstate conflicts in the West African subregion, others expressed some disquiet about the manner in which the Bakassi Island crisis was resolved. They alleged that local people were not consulted in the settlement reached by the International Court of Justice. They also complained that there are still many internally displaced people who have not been resettled after the crisis. Many stakeholders implied that, without proper resettlement and compensation of affected communities, justice will not have been done.

209. It was expected under the Green Tree Agreement that, by August 2008, completion of the handover of the disputed Bakassi region to Cameroon would be complete. However, in November 2007, the Senate, citing constitutional irregularities in the handover of Bakassi, rejected the transfer, calling it illegal. There have been calls for the status quo of the Bakassi territory to be maintained pending a referendum by the UN on the fate of the Nigerian residents and indigenes of Bakassi.

210. Nigeria can take credit for outstanding performance in maintaining good neighbourly relations with all African states. Nigeria has favoured a Pan-African policy of promoting peace and conflict resolution on the continent through its peacekeeping and mediation interventions, as already outlined in chapter 2.

BEST PRACTICE 3.2: NIGERIA’S ROLE IN REGIONAL PEACEKEEPING IN THE CONTEXT OF ECOWAS

- As the predominant regional power, Nigeria demonstrated strong and committed leadership in the ECOWAS ECOMOG established in early 1990 to save the member states of Liberia and Sierra Leone, whose legitimacy and territory were under sustained attack and occupation by rebel forces under the command of Charles Taylor. Nigeria’s strong and committed leadership in ECOMOG operations was buttressed by the supply of the necessary military personnel and materiel to ensure the sustainability of the campaigns against the rebels.

- In the 2003 coup d’état in São Tomé and Príncipe, President Olusegun Obasanjo was instrumental in expeditiously brokering peace and in persuading the forces behind the coup to return power to the elected government of the day.

- When President Obasanjo was chairperson of the AU, the president of Togo, Gnassingbe Eyadema, died and his son, Faure Eyadema, was installed in his place. President Obasanjo refused to acknowledge the legality of the handover, stating that it was an unconstitutional change of government that contravened the principles of democratic rule.

- In the military takeover that occurred in Guinea-Bissau, President Obasanjo was one of the presidents who engaged in diplomatic engagements geared towards ensuring that the country maintained peace and returned to democratic civilian rule.

- In 2006, Nigeria agreed to abide by a ruling of the International Court of Justice over a long-standing border dispute with Cameroon regarding the potentially oil-rich Bakassi Peninsula, although this is currently under debate in Nigeria.

Source: CRM field notes, February 2008.
iii. Recommendations

211. The APR Panel recommends that:

- The Niger Delta conflict be resolved. A multifaceted strategy encompassing political, cultural, economic and environmental aspects is necessary. *(Federal and state governments, and all stakeholders)*

- Early warning mechanisms be developed to detect potential conflict situations at all levels of government. *[Federal and state governments, National Emergency Management Agency (NEMA) and traditional leaders]*

- Government convene a participatory constitutional conference to address the major flaws and weaknesses in the present constitution, including the issue of indigeneship. *(Federal and state governments)*

- The FCC be given more authority and responsibility to investigate charges of misapplication of the Federal Character Principle and mediate or bring discrimination suits in federal courts. The commission should also be empowered to receive complaints regarding the misapplication of the principle. *(FCC)*

- The pending Bill on the Federal Character Tribunal be enacted without further delay. *(Senate)*

- The government mount an aggressive civic and political education campaign targeting all sectors of society in all geopolitical zones to promote self-discipline and national discipline. Current enlightenment efforts, principally through the NOA, should be augmented by vigorous public education on citizenship, patriotism and peace, respect for the rule of law, and the abandonment of the culture of impunity (by the security forces as well) in local communities for development. *(NOA, federal and local government educational system, civil society and cultural institutions)*

- The government redouble its effort to strengthen and reinforce its programme of national value reorientation and the need to inculcate sociocultural and religious tolerance among different communities in Nigeria. *(Federal and state governments, and the National Christian Association)*

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### OBJECTIVE 2: PROMOTE CONSTITUTIONAL DEMOCRACY AND THE RULE OF LAW

i. Summary of the CSAR

**Presidential democracy**

212. Nigeria reverted to constitutional democracy only in 1999. The close to nine years of continued, elected civilian rule since 1999 is the longest
uninterrupted period Nigerians have known since the country was granted self-rule by the British imperialists in 1960. In the 48 years since 1960, the country has experienced 31 years of cumulative military rule and less than a total of 18 years of civilian rule. The country is operating under the 1999 constitution that maintained a strong presidential system, reminiscent of the military regime that oversaw its drafting and adoption. It is not particularly designed to ensure a high degree of separation of powers with checks and balances among the three branches of government.

213. In practice, the principle of separation of powers with its inherent checks and balances has been problematic, largely because of the excessive powers of the executive vis-à-vis the legislature and judiciary – a legacy of the long period of military rule. At all tiers of government, the executive has been able to remove uncooperative leadership of the legislature or deny the legislature operating funds. The constitution provides for a bill of rights. However, such rights are routinely violated by state and government officials and functionaries without meaningful recourse to the judiciary for redress.

The electoral system and competitive elections

214. The 1999 constitution provides citizens with the right to change their government peacefully through periodic, free and fair elections held on the basis of universal suffrage. However, that right has been curtailed since competitive elections are generally marred by violence, fraud and the use of money to attain power. This has called into question not only the impartiality and independence of INEC, but also the credibility of the electoral system. To his credit, President Yar’Adua has personally acknowledged that the 2007 general and presidential elections were flawed, even though the Court of Appeal subsequently upheld the results of the presidential elections. The decision is being taken on appeal to the Supreme Court, the highest court in the republic. The president has promised electoral reforms following contestation by the opposition.

Traditional rulers

215. As has already been indicated in the report, the role of traditional leaders is not provided for in the constitution. Nevertheless, traditional leaders and rulers are firmly entrenched in the history of the country and they continue to play important political roles, especially at state and local government levels. For many rural Nigerians, traditional leaders serve as an important link to institutions of the Nigerian state. Traditional governance undoubtedly has the potential to provide for meaningful political participation. The national and state governments recognise the importance of traditional leaders and often seek their counsel.

Reform of the security sector

216. Since the return to civilian rule in 1999, the two successive civilian governments have accorded high priority to civil control of the security sector. The government has embarked on major changes in the police force
in order to bring it in line with policing in a democracy. The size of the police force has more than trebled since 1999, with massive investment in equipment and training.

217. Greater focus on enhancing police effectiveness has yielded positive improvements in the operational efficiency of the force, but the level of crime remains high. The security forces are now more subject to the rule of law and are formally subordinate to civil authority. Gaps nevertheless remain, particularly as regards the misuse of state security services by some politicians for private, personal purposes. The military hierarchy has been rather evasive on issues of funding and equipping military formations. There is also the lingering weakness of parliamentary and civil society oversight mechanisms.

218. Compared with the military period, since 1999 there have been huge improvements in the protection of individual rights, in more equitable distribution of resources and in competition for power. Democratic institutions that were established in 1999 are gradually maturing as regards performance of their functions and an understanding of the limits of their powers. Major gaps still remain in the allocation of functions and revenue, in the observance of checks and balances, in developing a culture of effective opposition, in effective control of the security forces and, above all, in developing a generally acceptable and robust constitutional and legal framework for elections and politics in general. Agitations for constitutional review have persisted owing to major concerns regarding the 1999 constitution, especially regarding its content, character and legitimacy.

ii. Findings of the CRM

The clamour for constitutional reform

219. There was a general consensus among stakeholders that the uninterrupted continuation of civilian rule since 1999 has created a supportive environment for the promotion of constitutional democracy in the country. The constitution itself has serious shortcomings in several areas, especially as it concentrates too much power in the central government and the executive arm of government, thus inhibiting greater devolution of power to the states and local governments. In the consultative sessions, many participants viewed the present constitution as hindering ‘true federalism’. However, the CRM was assured that a constitutional review that would limit executive powers and remove most of the immunity clauses, among others, would soon be proposed.

Decentralisation and local government

220. Decentralisation of governance to lower levels where the majority of Nigerians are to be found remains a challenge to the constitutional order. Local government councils are the third tier of government in Nigeria. In order to facilitate their functions, they receive funds from the Federation Account and largely depend on these transfers to execute their functions.
States maintain a State Joint Local Government Account into which funds from the Federation Account that are destined for local government councils are deposited. In addition, states are obliged to pay to it a certain proportion of their total revenue as prescribed by the state legislatures. Section 8 of the constitution enjoins the states to make laws providing for the establishment, structure, composition, finance and functions of councils. Allegations abound that, in several regions, the practice by state executives has been to use their powers to subordinate the local government councils to the federal and state functionaries, some of whom have abused their powers and rendered several local government councils dysfunctional. For example, the plans, budgets, projects and programmes of the local governments can be modified or rejected by the states.

221. State executives have, in many instances, unlawfully or without proper authority diverted significant amounts of funds meant for local government use in order to provide necessary basic services. The EFCC has been investigating several current governors and former governors regarding charges of siphoning off local government funds and, out of 31 cases, 15 cases of corruption were established in 2006. State assemblies and local council chairpersons have also been implicated in the diversion of local government funds. Local government projects are consequently poorly funded and, given the erratic flow of funds where they have been siphoned off, it has been difficult for councils affected by corruption to carry out long-term programmes. Absentee leadership of councils, poorly paid and undermotivated staff, lack of capacity and expertise at the local government level, limited accountability, and low consultation and participation of the people have led to local governments failing to meet the expectations of the people to whom they are closest.

Electoral system in need of reform

222. Electoral processes in Nigeria were widely viewed as flawed by stakeholders, and many of the outcomes were received with scepticism. Several elections conducted for members of the executive and the legislatures at state and federal level were contested in court and, over time, the election petition tribunals have unseated several office bearers. The impact of this has been to call the legitimacy of the leadership into question, thereby rendering one of the pillars of constitutional democracy devoid of substantive content. The lack of strong sanctions and enforcement mechanisms to ensure compliance with the rule of law has exacerbated the incidence of electoral fraud and malpractices. The winner-takes-all paradigm of holding office has narrowed the spaces for opposing parties to participate in governance, which makes the struggle and competition for power all the more intense and possibly vicious.

223. Increasingly undemocratic internal governance of the political parties stifles genuine intraparty competition. Many stakeholders believe that the crisis that characterises the electoral process and the continuing fraud in electoral management are directly linked to the lack of internal democracy and cohesion in the party political system in Nigeria. Stakeholders complained that all political parties are guilty of wilful disenfranchisement
of party members, imposition of candidates by party bosses, and organised violence and acrimony among factional candidates. They pointed to the inability of political parties to organise their own internal affairs according to rules of transparency and to allow ordinary members to freely compete for the right to stand for elections on a party ticket. Political parties were also seen by stakeholders to have zero tolerance of opposition, whether among internal constituent members or with other parties. Intraparty conflicts over positions means that a lot of energy and resources are diverted into solving such tensions as opposed to building and consolidating democratic and nationalistic ideologies, programmes and agendas.

224. It would appear that ‘moneycracy’ has replaced democracy, according to some stakeholders. Many stakeholders asserted that corruption, especially the use of money in politics, is a great hindrance to the development of constitutional democracy in Nigeria. Stakeholders constantly referred to party ‘big men’ or ‘godfathers’ with their “money bags and thugs” as the most flagrant example of how elections are manipulated in Nigeria. This was palpable at the time of the CRM, when there were stunning revelations from various election petition tribunals set up to investigate the many allegations of irregularities and malpractices during the 2007 general elections. Significantly, some of the judgments by the election petition tribunals that were rendered during the CRM included those concerning Kogi, Anambra, Adamawa and Rivers States, in which the courts reversed electoral victories or ordered a rerun of the elections. These were illustrative of the recklessness in the administration of the 2007 election process. However, some election results, such as those for the presidency, were upheld. As the CRM was leaving the country, the losers in the electoral court’s decision on the presidential election were contemplating appealing to the Supreme Court.

Political parties

225. Political parties have had a chequered history in Nigeria since independence. At independence, there were only regional parties, and consequently there was no dominant party. In any case, no political party had a long history since, following every military coup, all political parties were either banned or suspended. As soon as the military dictators lifted the ban on politics, new parties were formed. The consequence is that there have been frequent discontinuities and disorder in the political party experience in Nigeria. As a result, there are no traditions and experience to draw on every time political parties are reconstituted before another coup.

226. The law does not limit the number of political parties, as to do so would impinge on the right to freedom of association. In the current democratic dispensation that dates from 1999, many political parties emerged to participate in the elections in 1999, 2003 and 2007. By then, Nigeria had about 51 political parties (Source: www.inecnigeria.org). The proliferation of political parties has led to a kind of political infidelity whereby politicians easily change parties for the sake of expediency. However, the rules regulating the formation of political parties and the election of the
president have ensured that parties reflect the federal character of Nigeria by securing the support of two-thirds of the states in the federation. This has led to the formation of very large, but often structurally and ideologically incoherent, parties.

227. Another informal, yet effective, rule used by political parties in their choice of candidates for elected officials is political zoning. This is defined as a mechanism of sequentially rotating offices across Nigeria’s six geographical areas. Zoning enjoys widespread support among political elites and members of the middle class concerned with stability, term limits and equitable access to the presidency. The implicit assumption of zoning is that the presidency should rotate between geopolitical zones.

228. In 1999, political parties were required to be national in both their operation and organisation, and to have won elections in a stated number of local government areas before participation in subsequent elections. Since many would-be political parties did not meet these criteria, only three political parties (the PDP, the ANPP and the Alliance for Democracy) competed for the presidency and the National Assembly that year. However, between then and the 2003 elections, the requirement was dropped and many more political parties were registered. Currently, there are 51 political parties, most of which have few or no members in the country. From year to year, most of these parties are inactive and only come to life on the eve of national elections. Therefore, the ruling party, which has been the PDP since 1999, has become the dominant political party, because several of the other parties are unable to coalesce into a single party that is capable of challenging it. This situation is not conducive to the development of competitive politics in the country.

Institutions involved in administering the electoral process

229. The electoral body, the INEC, was widely perceived by stakeholders as lacking independence because of the executive role in the appointment and removal of its members. It also lacks financial independence and professional capacity to manage free and fair elections, or elections that substantially reflect the will of the electorate.

230. Election petition tribunals have performed relatively well in both national and state petitions regarding the election of candidates to the legislative bodies and those who occupy the upper positions in the executive, such as the president and state governors. Compared with many African countries, the time for resolution of such petitions appears to be relatively short, that is, within a year or two. A relatively large number of state governors have had their election challenged and some have been nullified. On 26 February 2008, the presidential elections tribunal upheld President Yar’Adua’s election.

Traditional rulers

231. As indicated above, there is no formal recognition of traditional rulers provided for in the constitution. They are, however, widely recognised
in their spheres of influence as being legitimate, natural rulers. Many of them are widely revered and their pronouncements are given due weight. The number of traditional kingdoms has been estimated at approximately 68. With the possible exception of local governments (the third tier of Nigeria’s federalism), traditional governments provide for meaningful political participation. While their political significance in federal and state governments is only indirect and nominal today, traditional leadership serves as an important link for many Nigerians. Most Nigerians in the rural areas especially do not have access to the institutions of the Nigerian state. They find the traditional leaders more responsive, which increases their closeness to the traditional leaders. This closeness has instrumental relevance for governance in Nigeria, since the national and state governments exploit it by using the traditional leaders as conduits for public mobilisation. However, for reasons of history and tradition, the importance of traditional leaders varies from one ethnoregional group to another in Nigeria.

232. However, some stakeholders emphasised that certain traditional rulers are autocratic, unaccountable and politicised, stating that their roles should be limited to nonpartisan cultural roles. Although the position of many traditional rulers is hereditary, a large number of traditional rulers are backed by political leaders; hence some owe allegiance to the appointing leader or authority rather than to the followers.

233. CRM interactions with both state and nonstate stakeholders revealed conflicting views regarding the institution of traditional leaders. There are those who hold the traditional political institutions – of which traditional rulership is an important, integral component – in high esteem. They see traditional rulers as the only leaders close to the grass roots, especially the rural community. Therefore, traditional rulers are well placed to help improve communication between citizens and rulers. On the other hand, there were those who portrayed traditional institutions and traditional authority as archaic, authoritarian, gerontocratic and irrelevant in a modern society.

iii. Recommendations

234. The APR Panel recommends that:

- The review of the electoral system and process be prioritised on the government agenda. In particular, the granting of financial autonomy from the executive to the INEC, as well as streamlining the appointments of persons to the INEC, should be guaranteed. *(INEC, National Assembly and federal government)*

- A national conference be convened to address all contentious constitutional issues, including the powers, functions and roles of the local government tier to make it more functional vis-à-vis the federal and state governments. *(Federal government, Ministry of Justice and National Assembly)*

- In order to promote constitutional democracy, there should be strict adherence to the rule of law and implementation of policies in line
with the constitution and the law. *(Federal government and state governments)*

- Good governance is nurtured by civic education, which inculcates good morality and ethics, and creates enlightened patriotic citizens who know their rights and responsibilities. The state should partner with civil society structures to undertake such nation-building civic education. *(Government and CSOs)*

- The traditional institutions and traditional leaders be insulated from politics and political manipulations, and be encouraged to continue dealing with disputes within their areas of jurisdiction. Since they are funded from public funds, they should be made accountable. *(Traditional leaders, and federal and state governments)*

### OBJECTIVE 3: PROMOTE AND PROTECT ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND CIVIL AND POLITICAL RIGHTS

#### i. Summary of the CSAR

235. The CSAR encapsulates salient features of Nigeria’s commitment to the promotion and protection of human rights and fundamental freedoms. It further contextualises the reality by pointing out that Nigeria’s democracy project is still nascent and in transition. It underscores the fact that, as a policy, the country is committed to the rule of law, democracy, and the promotion and protection of human rights. In the past, successive military regimes paid scant attention to the rights and freedoms of individuals and groups.

236. Civil society structures have been, and remain, vibrant in promoting rights and freedoms and ensuring that they are protected. The CSAR further points to the fact that widespread poverty and illiteracy contribute significantly to diminishing the ability of many Nigerians to enjoy especially economic, social and cultural rights. The nonjusticiability of aspects of economic, social and cultural rights is also noted as a hindrance to the protection of these rights and freedoms in courts of law.

237. Nigeria has ratified some of the key instruments that set standards for the realisation of social, economic and cultural rights, such as the International Covenant on Economic, Social and Cultural Rights. Nonbinding declarations such as the Universal Declaration on Human Rights are also recognised and considered to be applicable.

238. The CSAR acknowledges the existence of intercommunal conflicts and some incidences of kidnapping and detention by militants in some parts of the country, especially the Niger Delta region. Prison conditions are reported to fall below international standards, mainly due to overcrowding caused by the large proportion of awaiting-trial prisoners and juveniles.
239. The CSAR generally provides an account of the recognition and protection of civil and political rights in the country, as provided for in chapter 4 of the constitution on fundamental rights. These include the rights and freedoms to life, dignity, liberty, access to courts, fair trial, privacy, expression, assembly and association, and protection of property. The CSAR highlights the existence and enjoyment of freedoms such as those of association, movement and expression, noting that the country has a vibrant media and press and a thriving film industry. Cultural traditions and practices are protected and promoted. The CSAR further points to limitations that are placed on the civil and political rights and freedoms by law.

240. The CSAR points to national policy enshrined in the constitution for the provision of free and compulsory education and free university and adult education. It correctly points out that, in practice, the high level of social inequality and poverty mitigates against the enjoyment of the right to education.

241. The CSAR does not expressly speak to the right to housing, perhaps because of the absence of a clear national policy or legal dispensation. However, safety and health, as well as the national obligation to provide adequate medical and health facilities, form part of “Fundamental objectives and directive principles of state policy” in the constitution. It is pointed out that the provision of clean water and sanitation is dealt with through policy and federal and state legislation, but not within the rights paradigm.

ii. Findings of the CRM

242. Some social, economic and cultural rights and freedoms may be read into chapter 2 of the constitution, which deals with “Fundamental objectives and directive principles of state policy”. The primary aspects include human security and welfare, participation in government and the economy, suitable shelter, food, the welfare of the disabled, adequate means of livelihood, and opportunities for employment, health and free primary, university and adult education.

243. It should be noted, however, that individual and group claims of rights and freedoms are not adequately promoted or protected by policy alone. Legally enforceable rights and freedoms are best claimed and asserted by citizens when they inhere in policy, legally enforceable legislation, resource allocation and other enforcement mechanisms. It is a combination of all of these that provides the best means of securing rights and freedoms in the realm of not only civil and political rights, but also social, economic and cultural rights.

244. In terms of international standards, the social, economic and cultural rights are realisable ‘progressively’ commensurate with ‘available means or resources’. There is therefore no reason why the justiciability of social, economic and cultural rights has not been enhanced to the level enjoyed by the civil and political rights in the ‘fundamental rights’ in chapter 4 of the constitution.
Right to education

245. The CRM established through interactive sessions with nonstate and state sectors in centres such as Jos, Maiduguri, Makurdi, Uyo, Owerri and others that Nigeria has made education accessible to its citizens, mainly by means of the national constitutional commitment to provide free education at all levels – including university level. However, there are numerous hidden costs that render the right to ‘free’ education practically ‘unfree’ for the majority of the poor. Many children of school-going age are involved in selling petty consumer commodities along busy commercial centres along the travel routes. There is also a proliferation of private tertiary institutions.

246. To guarantee quality control in the private sector, the regulatory institutions should be strengthened. Presently, the regulatory and quality control agencies appear to be overwhelmed. A meeting between the CRM and a group of Nigerian academics revealed keen interest among Nigerian academics and other intellectuals in focusing the country’s attention on the importance of competitive remuneration and conditions of service, the drive towards a ‘knowledge-driven economy and society’, and the creation and promotion of African Renaissance studies centres that are linked to similar centres on the African continent.

Access to housing, health, clean water and sanitation

247. The interactive sessions established that, despite the obvious need (especially among the urban poor), the right of access to adequate housing is not recognised as a general right for all Nigerian citizens or at any state tier of government for citizens or indigenes of the state. The only allusion to the possibility of a national commitment to providing housing or shelter for the needy is the provision in the constitution of “public assistance in deserving cases or conditions of need”. Testimony in nonstate-sector sessions, especially by the ordinary citizens who spoke in the local languages, was that many live in self-built shelters with inadequate or no clean water, electricity and sanitation. Sanitation and waste management pose major challenges in many urban centres. A few cities like Abuja (but not the satellite townships) appear to have good sanitation and management of waste. Some states, like Imo, have embarked on major clean-environment campaigns.

Right of access to employment and social welfare

248. The possibility of national, policy-based entitlement to ‘suitable employment’ and ‘livelihood’ is enshrined in the constitution. The CSAR notes this and points out that unemployment is widespread in Nigeria, even though there seems to be no reliable data about the rate of unemployment in the country as a whole or in each of the 36 states and the Federal Capital Territory. The country also does not have meaningful unemployment benefits.

249. There are high levels of unemployment throughout the country, particularly in the Niger Delta region, where conflict over resources has exacerbated the situation.
Civil and political rights

250. Equality and nondiscrimination are principles that underpin the protection and promotion of rights. Further, the government is constrained not to interfere in the enjoyment of individual rights or to interfere with the private spaces of the individual without lawful cause, but must instead ensure and protect the civil liberties of Nigerians. In Nigeria, rights such as freedom of speech, opinion, religious beliefs and conscience are guaranteed and freely enjoyed to a great extent. The existence of a large number of political parties, religious organisations, business and professional associations and organisations, NGOs and community-based organisations (CBOs) does attest to wide enjoyment of freedom of association.

251. Freedom of association and expression is widely enjoyed in the country. Nonetheless, there have been incidences where peaceful demonstrations by citizens exercising their right to expression, opinion and assembly were violently dispersed by the police, sometimes resulting in injury and death. The nullification of the Public Order Act by the Court of Appeal has ensured that restriction and policing of the right to freely assemble are lifted, hence protecting important civil liberties.

252. The Nigerian press is renowned for being independent and freely critiquing government policies and programmes in all fields in the print and electronic media. However, and more so under the military regimes, journalists who criticise the government of the day have been the target of attacks by the agents of the government, including the police and members of the state security service. Such incidents decreased after the return to civilian government, although some occurrences have still persisted, especially against opposition media houses or those deemed to be inimical to the government’s interests, whether at national or state level.

253. The dynamic spirit of the Nigerian press has been an invaluable asset to the strengthening of democratic culture in Nigeria, particularly with regard to the coverage of the rough-and-tumble of electoral politics over the last decade. There is a vibrant and diversified media, with both private and public ownership that is famous across Africa. There are at least 128 radio stations, 20 dailies, 12 Sunday papers and four weekly business reports. State-run radio and television reach virtually all parts of the country.

254. The civil and political rights where challenges are experienced include dignity, liberty, access to courts and protection of property. Even though the constitution guarantees citizens the right to reside anywhere in the republic, the conflicts between indigenes of states and other Nigerians who are regarded as ‘settlers’ is posing a major challenge and has led to many internally displaced persons (IDPs), especially in states such as Plateau, Benue and Taraba. Whenever new states are created and divided, communities become citizens of different states, and some are then regarded as ‘outsiders’ and ‘minorities’ in the new states.

255. Access to justice where violations of rights occur is paramount in the protection of human rights. Several courts have been established at state and federal level to dispense justice. Although state stakeholders from the
judiciary maintained before the CRM that the court fees payable are not prohibitive and do not pose a deterrent to access to justice, more still has to be done to ensure access to justice, particularly for the indigent, women and the rural populations. This may include the waiver of court fees and enhanced provision of legal aid. The expeditious disposal of criminal cases in order to avoid lengthy incarceration of suspects and accused persons is also an issue, given that few courts have appropriate technologies, capacities and personnel to facilitate the expeditious administration of justice.

**Crime as an inhibitor of the enjoyment of rights**

256. Every individual in Nigeria has the right to life, liberty and security, and bodily integrity. However, the notoriety of the activities of certain segments of society in promoting crime has severely curtailed the enjoyment of such rights by both state and nonstate actors. Key among these are political assassinations, such as the 2006 killing of Ayodeji Daramola, the candidate for the office of governor of Ekiti, and Funsho Williams, the candidate for the office of governor of Lagos. Unresolved political murder cases in the country point to the huge gulf between, for instance, the constitutional right to life in the bill of rights and actual practice. They also call into question the investigative capacities of the police and their ability to bring heinous criminals to book. The fact that nobody has been arraigned for these high-profile crimes promotes impunity.

257. Other violent crimes that have occurred which violate the right to life include: kidnappings for ransom, as have occurred in parts of the Niger Delta; carjackings, and robberies occurring at roadblocks; student cults across the nation that participate in violent acts of killing, rape, maiming, arson, extortion and fighting; the violence unleashed by militia groups on certain host communities; the thuggish acts of violence perpetrated by youth gangs during election times; and armed robbers who pillage banks and other establishments, often killing police and civilians indiscriminately.

258. Reported cases of excessive use of force by law enforcement officials have been a source of concern for human rights monitors. As noted in the CSAR, torture, unlawful arrest, and detention and extrajudicial killings by law enforcement agencies form the largest portion of violations being handled by the National Human Rights Commission. Only rarely have citizens won cases against police brutality.

259. The activities of nonstate actors in ‘conflict’ areas also require attention where they result in the curtailment or violation of rights. Such nonstate violators seem to hide behind political claims or unsanctioned religious and cultural practices.

260. Testimony was given that congestion in prisons, especially in respect of awaiting-trial prisoners, undermines the dignity of those incarcerated. The juvenile justice system is compromised by a lack of specially designed courts, and instances where children are remanded in custody with adults were pointed out. Very few states have reformatories for children who have problems with the law. Legal assistance to the indigent at public expense is very limited indeed.
iii. **Recommendations**

261. The APR Panel recommends that:

- Extra judicial killings by the police and other law enforcement agencies stop immediately. *(Police, attorney general and Ministry of Justice)*

- Investigations be enhanced with regard to unresolved crimes to ensure that the perpetrators are brought to book. *(Police, attorney general and Ministry of Justice)*

- The enhancement of judicial enforcement of social, economic and cultural rights, as well as the right to development and the right to an environment conducive to health and development, be part of the envisaged new constitution. *(Ministry of Justice, National Assembly, and the federal government and states)*

- A level of legislative reforms, including speedy enactment of the Freedom of Information Bill and the proposed bill to amend the National Human Rights Commission Act of 1995 and other matters connected therewith, be effected. *(National Assembly, and the federal government and states)*

- Nigeria ratify the Optional Protocol to the International Covenant on Civil and Political Rights. *(Ministry of Justice, and the federal government and states)*

- A coherent national housing policy that is rights-driven, with clearly articulated implementation responsibilities given to states and local government levels, be developed. *(Federal government, states and local governments)*

- The government and the private sector diversify the economy to ensure that citizens enjoy the whole range of economic and social rights. *(Federal government and the private sector)*

- Nigeria pay special attention to rehabilitating the children/juvenile justice system and to improving prison conditions, with a clear delineation of responsibilities between the federal and state governments. *(Ministry of Justice, the prisons departments and the federal government)*

- Legal aid for the needy in civil and criminal cases be put in place. *(Federal government, states and CSOs)*

- Law enforcement agencies be trained with regard to human rights standards and codes relating to the administration of justice. *(Ministry of Justice, National Human Rights Commission and security agencies)*

i. Summary of the CSAR

The executive

262. The most significant challenge to the entrenchment of separation of powers is the executive’s dominance over the judiciary and legislature. The culture of executive dominance has been carried over from military to civil rule, and it appears to have been consolidated during the emergence of a strong and influential presidency (1999–2007). There is some degree of executive influence in the selection of legislative leadership. The executive appoints officials of the top echelons of the judiciary.

The judiciary

263. The president appoints the chief justice, the president of the Court of Appeal, the chief judge of the Federal High Court and the chief judge of the High Court of the Federal Capital Territory (FCT), subject to confirmation by the Senate. The president also appoints the Grand Kadhi of the Sharia Court of Appeal of the FCT and the president of the Customary Court of Appeal. The National Judicial Council advises the president on appointments to the federal courts. Governors appoint the chief judges, other judges of the state high courts, the Kadhi of the Sharia courts of appeal of the state courts, and the president of the customary courts of appeal of the states, upon the advice of the houses of assembly of the states.

264. The CSAR notes that the constitution guarantees judicial independence and gives the courts the power of judicial review. While the constitution calls and provides for judicial independence, in practice this provision has been frustrated by the executive control of funds at federal level. In particular, the constitutional requirement that judges be paid directly from the Federation Account has been frustrated by the executive, which at times is alleged to be reluctant to relinquish its control of these funds. At the state court levels, the governors control the subsistence and housing allowances of judges, who can only be promoted at the pleasure of the governors. Under such conditions, the constitutional requirement of judicial independence has remained mainly theoretical.

265. Lack of resources frequently means that judicial processes move very slowly, especially at the magistrate and lower court levels. Judges’ integrity will continue to be threatened by both corruption and political manipulation as long as the judiciary is poorly funded and the executive branch controls their operating budget. Exacerbated by corruption and inefficiency, the slow administration of justice often leads to a denial of due process and prolonged periods of pretrial detention.

266. Since the return to democratic rule in Nigeria in 1999, the judiciary has been able to demonstrate its independence and competence in landmark
judgments concerning the powers of the National Assembly to extend the tenure of local government chairpersons, the registration of political parties, state control over natural resources, and the management of the Federal Account, among others. In the ongoing determination of election disputes, the courts have also demonstrated independence through their ability to rule against candidates of the ruling party as well as candidates from the opposition parties. A number of gubernatorial elections have also been nullified and fresh elections ordered.

The legislature

267. Although the provisions of the 1999 constitution give the legislature sufficient powers to enable it to check executive excesses, its independence is compromised by historical and administrative factors. While the executive branch had always survived under the military governments, the constitutional provisions applicable to the legislature were always suspended. More or less for the same reason, the legislature has never truly enjoyed financial autonomy. The legislature is dependent on the executive for budgetary allocations; hence it is always compromised by the executive.

268. The National Assembly has been able to resist the executive on a number of significant issues and has overridden four out of 10 presidential vetoes on bills it has passed. In the bid to effect a change in the law to allow a third term for the erstwhile president, the National Assembly also rejected the executive pressure. Hence a significant number of Nigerians perceive the legislature as being fairly effective in exercising oversight over the executive and thus it is gaining in public confidence.

ii. Findings of the CRM

Relations between the executive and the legislature

269. The CRM learnt that separation of powers is not adequately achieved in Nigeria since the judiciary and legislature at national and state levels are heavily dependent on, or subordinated to, the executive. In a system of separation of powers, the central power that legislatures need in order to exercise their oversight roles is the control of the budget. However, according to stakeholders, Nigerian legislatures do not have this power. In addition, legislative control over key accountability institutions, like the auditor general and the Independent Corrupt Practices and Other Related Offences Commission (ICPC), is very weak in Nigeria. The presidency has yet to respect a budget passed by the National Assembly since the inception of civilian administration, while the state assemblies typically do not know the significant line items in the budgets they pass, and local government councils are absolutely dependent on the local government chairpersons.

270. The CRM was informed by stakeholders that the National Assembly has made important strides towards exercising some leverage over the executive. In the absence of financial leverage to bargain with the executive,
the National Assembly has regularly used the threat of impeachment. For example, the president’s refusal to release budgeted funds in 2002 sufficiently angered the National Assembly so that it almost succeeded in impeaching him, and a similar budget row in 2005 saw a minor effort towards impeachment that came to nothing. Both efforts at flexing legislative power resulted in the presidency conceding important points. There was a consensus among state and nonstate stakeholders that the defeat of the president’s third-term gambit in 2006 was a watershed event for the independence of the federal legislature and, indeed, the entire democratic effort in Nigeria. The victory in the controversial ‘third-term’ dispute was the result of strong pressure from both the constituents of the legislators and organised civil society. The event was a great institutional victory that has helped to restore some balance between the presidency and the National Assembly.

271. State-level legislatures have also shown a certain degree of independence, although they have been far less assertive overall than the National Assembly. The CRM was informed that, owing to corruption and poor funding, state legislators mostly operate under the influence of the governors and have not exercised the powers that they have. However, the CRM learned that three state assemblies had impeached their governors on corruption charges, although these events were orchestrated by local ‘godfathers’ in alliance with the presidency. In other instances, the federal government has used executive dominance to interfere unconstitutionally in a number of states. The examples given included the unnecessary declaration of a state of emergency in the Plateau and Ekiti States, and civilian ‘coup’ against state governors in the Anambra and Oyo States.

272. The legislature has only functioned continuously since 1999 when civilian rule was restored. However, the legislature has adequately exercised its constitutional control of the purse strings and law-making function, although things have not always gone smoothly. For example, when the Senate proposed a substantial upward adjustment to the budget that was presented by the executive for the 2008 financial year, the president declined to sign the bill and referred the budget back to the Senate for readjustment to an acceptable level. Such negotiation demonstrates checks and balances in practice and is good for democracy.

273. Contrary to the perception that was stated in the CSAR, the Senate reported that most bills are presented by the executive rather than by private members. Furthermore, the national legislature places emphasis on legislation that affects the poor in Nigeria. Examples of legislation for uplifting the less privileged in the Oyo and Anambra States were given.

274. The role of the judiciary is central to democratic governance, and an independent and impartial judiciary is the lynchpin to democracy and good governance. By and large, the stakeholders voiced the view that the federal judiciary is fairly independent in executing its constitutional mandate. In the recent past, the judiciary has passed judgments in election petitions against incumbent executive and legislative authorities, including the president and state governors and the president of the Senate. As noted in the CSAR, the judiciary has also passed landmark judgments that interpret the constitution and which have delineated the powers of the National Assembly and the executive. While there have been some incidences of
corruption, the National Judicial Council was quick to deal with such cases and made a big effort to weed out corruption in the judiciary.

275. The CRM found out that, while the constitution guarantees judicial independence and gives the courts the power of judicial review, in practice this provision has been frustrated by the executive control of funds at state and federal levels. In particular, the constitutional requirement in section 121 that judges be paid directly from the Federal Account has been frustrated by the executive, which is alleged to be reluctant at times to relinquish control of these funds. At the state court levels, governors control the subsistence and housing allowances of judges, whose promotion depends on the pleasure of the governors. Some governors even refuse to appoint the judges or chief justices nominated to serve in their states.

276. However, at the federal level, the judiciary has some independence in the appointment process owing to the involvement of the National Judicial Service Commission in the selection process. The president makes high-level appointments in the judiciary with the approval of the legislature. However, in performing the judicial function even in politically sensitive cases, judges have exercised their autonomy.

277. Stakeholders reiterated that constitutional provision for the separation of powers requires compliance with section 121 of the constitution, which secures the requirement that funds standing to the credit of the judiciary in the Consolidated Revenue Fund be paid directly to the heads of court. This imperative contributes to enhancing the independence of the judiciary.

iii. Recommendations

278. The APR Panel recommends that:

- The judiciary and legislature manage their own budget to enhance their financial autonomy. The funding should derive directly from the Federal Account to the judiciary without interference by the executive, in line with the constitutional stipulations. *(Judiciary, National Assembly, Ministry of Finance and the executive)*
- The National Judicial Service Commission should exercise greater responsibility in the appointment of judicial officers, even though, in line with international practice, the head of state should appoint the senior judges upon the recommendation of either the National Judicial Service Commission or the legislature. *(Judiciary, Ministry of Justice and the executive)*
- Judicial independence should also be enhanced by increasing and rationalising remuneration and terms of service, especially for lower-level judicial officers. Technological assistance should be provided for the judiciary so as to facilitate the speedy administration of justice. *(Judiciary, Ministry of Justice and the National Assembly)*
- The legislatures at national and state levels need to have a greater say in the budgetary process for the legislative bodies and to enjoy some degree of oversight control regarding expenditure through an independent body that is not under the control of the executive. They should draw their funds directly from the consolidated accounts. *(Federal government, states and local government)*
OBJECTIVE 5: ENSURE THE ACCOUNTABILITY, EFFICIENCY AND EFFECTIVENESS OF CIVIL SERVANTS AND OTHER PUBLIC OFFICE HOLDERS

i. Summary of the CSAR

Measures to improve public service institutions

279. The CSAR notes that the 1999 reforms in the civil service departments have not yet yielded satisfactory results in ensuring the quality of the civil/public service and in ensuring the accountability of civil servants. This is due to the time factor and the inability of the Federal Civil Service Commission (FCSC) to effectively play its critical role in the demilitarisation and transformation of the civil/public service that had been eroded and mismanaged under the long period of authoritarian military rule.

280. All in all, civil service reforms such as staff retrenchment or ‘rightsizing’, due process, pension schemes, auditing, etc. have not improved the capacity for service delivery. The civil/public service is generally perceived as corrupt and inefficient, with top officials accused of practising ethnoreligious favouritism in the promotion and appointment of civil servants.

281. According to the CSAR, the 1999 reforms were designed principally to ‘downsize’ or ‘rightsize’ the public sector and change its role to make the private sector the engine of growth and development. Other key aspects of the reforms include the Public Procurement Act (2007), the Fiscal Responsibility Act (2007), the Service Compact with all Nigerians (SERVICOM), monetisation of certain benefits of civil servants, civil service pension reforms, etc. The CSAR also notes that the reforms have been slow to produce the desired operational and attitudinal changes in the service for many reasons. Salaries in the public sector still fall far short of those in comparable positions in the private sector, thus serving as a continuous source of frustration and disincentive to public-sector workers.

282. The effectiveness of the reforms has been undermined by the slowness of the bureaucracy at the federal, state and local government levels to embrace the reforms.

ii. Findings of the CRM

Challenges faced by public service institutions

283. Although the CSAR refers to Nigeria’s vision “to create an effective, efficient and accountable public service that is able to deliver quality service to Nigerians”, the 1999 constitution does not attribute due importance to the invaluable role of the civil service in the performance of government and in the implementation of its policies and programmes.

284. The civil service is expected to be one of the ultimate institutions of good governance, and is the most critical mechanism of governance as far as
implementation is concerned. However, the quality of recruitment to the civil service is compromised by dependence on extraneous factors such as nepotism and political influence. The civil service is poorly remunerated, equipped and motivated. Government at all levels is unable to provide adequate public goods and services. Government agencies lack the necessary institutional infrastructure that should enable them to supply goods and services efficiently. To date, corruption and mismanagement of public resources have increased tremendously and have become a hallmark of service delivery and the transaction of official business. Law enforcement agencies such as the police are often accused of extorting money from private and commercial vehicle operators, even though they received a substantial salary increment from the government quite recently.

285. The transition from decades of military rule to a constitutionally elected, civil democratic dispensation, and the consolidation of this dispensation, has not proved easy. One of the main challenges is the need to find sufficient civil servants who believe in civic responsibility and in the transformation and development agenda, as required by the new political dispensation in Nigeria. Interaction with state and nonstate stakeholders at different centres of the country indicated that the current democratic government inherited a civil service that is: highly regimented and militarised; slow to respond to technological change and modern organisational methods; corrupt in virtually all its affairs; grossly undisciplined, frustrated and poorly paid; and declining in efficiency, effectiveness and productivity.

286. These problems are not unique to the civil service. They also exist in other public service areas such as: electricity and power; telecommunications; law enforcement and security; the enforcement of regulations and control; tax and revenue collection; infrastructural maintenance, rehabilitation and development; and social and welfare services like education, health, potable water and sanitation. The provision of such social and welfare services is inadequate at present. Further, the public service is poorly equipped. Working environments in the public service are not motivating enough, while training to inculcate new skills has been far from adequate.

287. According to the stakeholders met, the civil/public service suffers from the legacy of long military rule and abuses. Under military rulers who held sway in Nigeria for long periods, the tenets of civil service employment were ignored. The result was that ministers recruited civil servants from their villages, creating a ‘bottom-heavy’ service with about 70 per cent of its workers in the lower cadres.

288. The public service has also been plagued by the problem of ‘ghost workers’ whose names are placed on the payroll by corrupt officials to illegally enrich themselves. Thus, there has been, and still is, very low public respect and confidence, as well as widespread cynicism about the performance of government and civil servants.

**Accountability and effectiveness in the civil/public service**

289. The constitution of Nigeria provides for a constitutional principle known as the Federal Character Principle, which obliges the FCC to: work out
an equitable formula (subject to the approval of the president) for the
distribution of all cadres of posts in the civil and public services of the
federation of states, the armed forces, the Nigerian police force and other
security agencies, bodies owned by the federal or state governments,
and extramnisterial departments and parastatals of the federation and
states; promote, monitor and enforce compliance with the principle of the
proportional sharing of all bureaucratic, economic, media and political
posts at all levels of government; and ensure the provision of socioeconomic
services, amenities and infrastructural facilities, etc.

### BEST PRACTICE 3.3: THE FEDERAL CHARACTER PRINCIPLE

This constitutional principle is aimed at promoting national unity and ethnic
equality, and at commanding national loyalty, thereby safeguarding the
multiethnic and federal character of the nation and ensuring that there is no
predominance of states or ethnic or other sectional groups in the government
or any of its agencies. The federal House of Representatives is in the process of
establishing a special tribunal that will provide oversight for the implementation
of this constitutional provision. This will undoubtedly play a critical role in
ensuring the stability of Nigeria’s federal democratic culture.


290. Ensuring that there are accountable, efficient and effective public
office holders and civil servants is indeed a priority commitment of the
government, as is demonstrated by the plethora of public service reforms,
legislative acts and regulatory frameworks that have been put in place since
1999. Nevertheless, applying the numerous reform packages and creating
a professionalised, efficient and effective civil service in the context of time
and the federal structure of Nigeria – a country that comprises the federal
government, 36 state governments and 774 local governments – cannot be
easy. This delineation of spheres of administration inhibits the dynamic use
of scarce, specialised skills, as each level of government tends to protect
its own terrain. The crunch in capacity and the service delivery challenges
are partly due to such constitutional/institutional arrangements.

291. Another issue directly linked to inadequate human resources and skills
levels in the civil service is the lack of harmonisation and professional
mobility among the three levels of government. While the civil service at
the national level falls under the FCSC, the civil service at state and local
government levels falls under the authority of state and local government
civil service commissions. As such, most of the development planning
frameworks aimed at upgrading the skills levels of civil servants in all
spheres appear to lack proper cohesion and coordination. This accounts
for disparities in the quality of service delivery in Nigeria.

292. The CRM also learnt that innovative participatory mechanisms that
would have contributed to making public officials – from the president
to ministers to governors on and downwards – accountable to the people
at grass-roots levels do not exist in Nigeria. There are no institutional
mechanisms that could provide public forums for discussing government
policies, programmes, proposals, achievements and failures of the federal, state and local governments. Allowance for public participation in the decision-making processes at federal, state and local levels would be a source of satisfaction and reassurance to the people, who would then feel that their concerns were being heard.

293. Consultations with state and nonstate stakeholders throughout the states revealed that many CSOs, especially at the rural grass-roots level, feel marginalised and are not participating in the policy-making process because of lack of capacity and funding constraints. There appears to be a distinction between elite, urban-based CSOs (which have the resources and means to articulate their interests and advocate changes at national level) on the one hand and, on the other, rural-based CBOs that often lack the capacity to participate effectively in decision-making processes at local levels because of capacity constraints.

294. The CRM also noted that one of the major problems for the ongoing civil service reform and restructuring processes is the very poor remuneration package received by civil servants. Civil servants are among the most disadvantaged and depressed wage earners in Nigeria. The salaries and allowances of civil servants are very poor in relation to the rising cost of living and the amount required for reasonable subsistence. According to one survey, in mid-2000, senior-level officials were earning less than US$200. Also, the gap in salaries between the public and private sector is 300 per cent to 500 per cent. Even within the public sector, the salaries of civil servants are very low. For example, the least-paid staff members of the Central Bank of Nigeria (CBN) earn more than a Grade Level 13 officer in the civil service. Also, the pay package of a director in the civil service is only about 20 per cent that of his or her equivalent in the Nigerian National Petroleum Corporation (NNPC).

Regulating the civil/public service

295. Regarding the exercise of disciplinary control over civil/public servants, although there are disciplinary regulations, rules and procedures for the FCSC to enforce discipline within the federal civil service, the federal government has often shown itself to be quite ready to summarily and unilaterally dismiss public civil servants as it pleases, in contravention of the 1999 constitution. For instance, it is alleged that when the auditor general submitted a damning report in February 2003 alleging government financial abuses, the president of the day summarily sacked him without consultation and/or approval of either the FCSC or the Senate, as required by the 1999 constitution.

296. The constitutional powers of the FCSC and the Senate appear to have been usurped and even nullified by such unilateral measures on the part of the presidency. Moreover, the interference of the federal government in matters of the federal civil service has often in the past become the norm rather than the exception. Numerous state governors are alleged to have been removed by impeachment during the previous administration. In certain cases, this has resulted in ethnoreligious tensions and conflicts.
Members of Parliament (MPs) and councillors are accused of having bought or bribed their way into office, often funded by wealthy businesspeople (known as ‘godfathers’) who expect reciprocal rewards and benefits from these ‘elected’ representatives. These MPs and councillors therefore lack accountability to the electorate, in addition to illegally channelling public funds to their financiers (the ‘godfathers’). Thus, misuse and embezzlement of public funds, and limited interaction between MPs and their electorates in addressing security and development projects, are also cited by stakeholders, some of whom mentioned that the only time they see their legislative representative is during the election season.

iii. **Recommendations**

The APR Panel recommends that:

- The federal civil service should utilise competitiveness, federal character and merit during recruitment exercises, and that personnel requirements should be developed to match position classification in the public service. *(FCSC and the State Civil Service Commission (SCSC))*

- Professional examination bodies and professional organisations be involved in the recruitment exercises in order to bring about standardisation, uniformity and transparency. *(FCSC and the SCSC)*

- The number of federal character commissioners and federal civil service commissioners be increased with the establishment of zonal and state offices. *(FCSC and the FCC)*

- The Bill on the Federal Character Tribunal initiated by the House of Representatives be passed both by the National Assembly and the state houses of assembly as soon as possible. *(Senate, House of Representatives and state legislatures)*

- A comprehensive strategy for recurrent skills development, ethical reorientation and retention in the public sector (including regulatory frameworks, remuneration reforms, education and training, and e-government) be established. *(FCSC and the SCSC)*

- The Freedom of Information Bill be urgently passed and duly enforced. *(National Assembly)*

- Coordination mechanisms between anticorruption units in all government ministries, departments and agencies (MDAs) and within anticorruption agencies be reinforced. *(National Assembly, ICPC, EFCC, FCSC and the SCSC)*

- The capacity of the offices of the auditor general and attorney general be strengthened. Corruption and misconduct on the part of such public office holders must be appropriately punished. *(Federal government and the National Assembly)*
Further research be conducted into the reliability and validity of employee selection instruments in the civil/public service. *(FCSC and the SCSC)*

A public forum be established for citizens to engage with policy makers and government officials on proposals, policies and programmes for improving the public service. *(Federal, state and local governments, and civil society)*

### OBJECTIVE 6: FIGHT CORRUPTION IN THE POLITICAL SPHERE

#### i. Summary of the CSAR

**Fighting corruption in the political sphere**

299. Nigeria’s CSAR clearly identifies corruption as a major challenge in the nation’s political life. It is widely perceived to be pervasive. It is at the core of the crisis of governance, and hinders the development of viable democracy, the rule of law and poverty eradication. It damages Nigeria’s international image and stifles the inflow of foreign direct investment (FDI). Political corruption undermines democratic and economic wellbeing, and reduces accountability and representation in policy making. It leads to corruption in other spheres of life, either by design or by example, or through the failure of elected leaders to implement anticorruption laws and promote transparent practices. Although Nigeria is a resource-rich country, corruption over the years has prevented it from achieving its full potential and has resulted in a large proportion of its 140 million people remaining poor and underdeveloped.

300. The history of corruption goes back as far as the early independence period; some anecdotal accounts even link it to the colonial era. Political corruption has manifold dimensions, such as outright seizure of public funds by elected public officials and the excessive use of money to compromise the sanctity of the electoral process. The CSAR echoes former president Obasanjo when it states that elective offices become mere commodities to be purchased by the highest bidder, and those who literally invest in such offices merely see them as a means to recoup and make profits. Politics has become a business, and the business of politics has become the diversion of public funds from the crying needs of the people for real development. Unregulated political financing presents serious problems for Nigeria’s nascent democracy in that it fails to provide a level playing field in which candidates and political parties can compete on equal terms.

301. Political corruption has always been a prominent feature of military regimes, despite their vaunted claims of toppling civilian governments so as to eliminate corruption. The CSAR implies that it has perhaps only been the Buhari regime that has expended serious efforts on curbing the scourge of corruption in Nigeria. The infamous Abacha regime is reputed to have taken corruption to its highest despicable level, with the stashing...
away of huge amounts of public resources in foreign banks, mainly in the developed world.

302. Against this backdrop of widespread corruption, the civilian regime which came to power in 1999 declared all-out war against corruption. Section 15 (5) of chapter 2 of the constitution, which stipulates that “the state shall abolish all corrupt practices and abuse of power”, emboldened the administration to create public agencies to fight corruption at all levels.

303. The ICPC and EFCC were established by President Obasanjo early in his tenure of office. Although these anticorruption agencies were designed to extirpate corruption in Nigeria, at the operational level several constraints are being encountered, due mainly to insufficient coordination of anticorruption work within the public sector, inadequate funding, and the raising of serious questions about their effectiveness, efficiency and impartiality. The ICPC is handicapped in its efforts to investigate several governors accused of corruption due to lack of funding to secure the services of investigators. The ICPC is unable to open offices in the 36 states because of lack of resources. These developments have caused ordinary Nigerians to accuse the government of being soft on corruption.

304. The INEC was established by law to manage all aspects of the national election process and to monitor the organisation and operation of all political parties. This included auditing their finances and placing the audit reports in the public domain. The head of the INEC is appointed by the chief executive, who also provides the commission’s funding. It is generally agreed that the INEC’s management of elections is flawed and deemed to be noncredible, and lacking in transparency and impartiality. It can easily be reduced to a weak pawn in the hands of a dominant political party and overambitious incumbents. As electoral corruption is the mother lode of all corruption, it is therefore absolutely critical to tackle this phenomenon as a sustained national priority if significant progress is to be made against the menace of political corruption in Nigeria. A stringent national strategy must be developed and implemented by all Nigerians for the 2011 elections so as to ensure a credible outcome and a mandate truly reflective of Nigeria’s popular will.

305. The ICPC and EFCC, the National Economic Empowerment and Development Strategy (NEEDS) and other reform measures in the public sector, such as open and competitive bidding for government contracts, have brought about some progress and improvement in the anticorruption crusade. For the first time in the history of postcolonial Nigeria, the fight against Hydra-headed corruption is yielding significant results. High-profile public officials like ministers, governors, presidents of the Senate and so forth have been investigated, prosecuted and punished. However, the CSAR states that the immunity laws of the constitution, which protect incumbent elected executives at the federal and state levels from being brought to book for corruption, are clearly hampering the work of these two institutions.
ii. Findings of the CRM

Corruption in the electoral process

306. The CRM, during its interactive sessions at the federal, state and local government levels, noted wide-ranging perceptions of corruption among both nonstate and state stakeholders. A small minority of views, mainly those of state stakeholders, indicated a positive appreciation of national efforts to combat and eradicate corruption. The vast majority of stakeholders, mainly from the nonstate sector, were of the firm view that corruption in the political sphere continues to pervade all aspects of Nigeria’s polity. A small but vocal minority, representing mainly youth groups and some women, asserted that the situation was getting worse and cited the 2007 electoral process as evidence.

307. Money seems to play a major role in Nigerian politics at federal, state and local levels. Political corruption is seen in the selection of preferred candidates rather than actual competition among contestants for power. Poverty and youth unemployment make voters ‘sell’ their votes for money and render the youth vulnerable to exploitation by politicians. Claims of the use of security agencies in rigging elections, and the buying of positions (including chieftainships), were also identified as posing serious challenges to electoral democracy.

308. Many stakeholders emphasised the imperative of reforming the electoral system as the only way of redressing electoral injustice and restoring legitimacy to the democratic process in Nigeria. Recalling that pervasive political corruption linked to fraudulent electoral processes has been the bane of Nigerian politics since the return to civilian rule in 1999, many Nigerians believe that the viability of Nigeria as a democracy hinges on reforming the electoral system so as to strengthen the electoral process and thus provide no room for the rigging epidemic that prevailed in the 2007 elections.

Spheres of corruption

309. Newspaper reports, including commentaries, radio and television news/reportage and one-to-one interactions, invariably showed great awareness of corruption in the MDAs and the private sector. These sources also indicated a direct correlation between corruption and increasing poverty among the people, especially in the rural areas and among women.

310. In terms of the perceived corruption in the political domain, a number of stakeholders tended to view the executive at federal level as less corrupt than those attached to the states and local governments. This may be due to stakeholders’ positive view of the current presidency’s potential and commitment to fight corruption.
**BEST PRACTICE 3.4: DECLARATION AND PUBLICATION OF ASSETS - A SIGNAL OF PRESIDENT YAR’ADUA’S COMMITMENT TO TRANSPARENCY**

President Yar’Adua adhered to constitutional requirements and declared his assets and liabilities to the Code of Conduct Bureau (CCB). He went beyond the call of duty and made his declaration public, in fulfilment of a campaign pledge to the people of Nigeria. He has also called for the constitutional provision of immunity for executives and their deputies at state and federal levels to be lifted so as to enable the prosecution of corrupt leaders. President Yar’Adua also sent strong signals that he would respect the rule of law and the independence of the judiciary when he promised to abide by the ruling of the presidential elections tribunal in the matter of the presidential elections case against him, regardless of the outcome. He has also highlighted the need to focus on electoral reforms, and he appointed the Electoral Reform Panel to review the electoral system soon after his election in August 2007.

*Source: CRM findings, February 2008.*

| 311. | The constitution requires the declaration of assets by a number of principal office holders in the executive, the legislature and the judiciary, including the vice president, members of the Cabinet, members of the Senate and the National Assembly (including the speaker and the deputy speaker of the House of Representatives), members of state houses of assembly and the speakers and deputy speakers, governors and commissioners – sections 185 and 194 – and all judicial officers. The CRM could not establish whether all those required to declare assets and liabilities complied with the constitutional mandate. There was also no indication whether such declarations are verified by some independent body and whether there is any kind of follow-up at the point of exit from office. |
| 312. | Of the three arms of government, the CSAR indicates that the judiciary is perceived as less prone to corruption than the executive and legislature. |
| 313. | Although the INEC is legally and structurally independent, during the interactive sessions a number of stakeholders castigated its role in the electoral process as being characterised by corruption, ineffectiveness and inefficiency, and as being perhaps the principal cause of the deterioration in ethical conduct and behaviour among the political actors in Nigeria. The INEC is widely blamed for the perceived flawed elections of 2007. |
| 314. | The structure and operation of political parties were persistently highlighted as corrupt, and parties were seen as institutions that hampered the growth of a culture of transparent and representative democracy in Nigeria. The unbridled use of money to secure electoral success, and the phenomenon of ‘godfatherism’ and ‘sit-tightism’, deprives the people of the unfettered opportunity to elect representatives that will truly carry out their mandate. |
| 315. | Stakeholders were overwhelmingly concerned about law enforcement, and viewed the police as a source of daily harassment. Complaints about police extortion of money from motorists and disregard for human rights |
are legion. This is not well covered in the CSAR, yet it is very important to the ordinary citizen whose life is impacted daily by the police.

316. Many stakeholders were not fully aware of the functions of the ICPC and the EFCC, especially at the state level. Some awareness does exist that there are corruption-fighting agencies, but the role of the citizen in helping these agencies to tackle corruption is not very clear. When asked about willingness to become ‘whistle-blowers’ against corrupt individuals, reactions were mixed. On a one-to-one basis, a few people expressed fear, others saw only futility in the exercise, while a few saw it as a betrayal of kith and kin. There is a general perception that whistle-blowers will not be fully protected ‘when push comes to shove’.

317. Generally, the EFCC is perceived in a more positive light than the ICPC. This is also revealed in some publications, including newspaper reportage. The high esteem in which the EFCC is held is said to be due to its committed leadership and fearless efforts in bringing to book high-profile personalities accused of corruption.

318. The CCB deals with asset declarations of public officials, with the ICPC and EFCC complementing its work. The penalty for making no declaration, or a false declaration, is draconian, as those found guilty can lose their legislative seats or be banned from holding one for 10 years, in addition to the forfeiture to the state of any property acquired through the abuse of office. However, the CCB lacks adequate means to ascertain the veracity of declared assets, and this often makes it impotent in dealing with legislators (in particular) who fail to declare their assets.

319. Very few stakeholders raised the issue of asset declaration and the immunity clause. The general impression gained was that asset declaration can be manipulated to the advantage of those who make the declaration. Expunging the immunity clause for political executives was viewed as futile, since their control of political power will counter the full effects of such a constitutional move. A small minority expressed the opinion that the immunity clause may be useful to protect the presidency and governors from unnecessary litigation while in office, thus allowing the incumbent to devote full attention to running the executive branch of government.

320. The civil service, including senior military and security officers, was mentioned as an example of a source of corruption in the CSAR. Stakeholders stated that civil service attitudes to public property and service delivery lacked moral principles and were devoid of the traditional values of respect for community assets. Strangely, people were most reluctant to discuss the military and, apart from newspaper reports, very little corruption was laid at the door of the military. This is contrary to the CSAR’s explicit assertion of corruption, especially in the ranks of the officer corps.

321. Other areas of corruption identified included the following:

- Payroll fraud, especially in the civil service.
- Impunity due to the operation of patron-client systems at the political level.
• The Official Secrets Act that allows public officials to withhold information from the public, which may aid and abet the concealment of corruption in the bureaucracy.

• The operation of a large public service which often includes nepotism in recruitment and promotion practices.

• Lack of disclosure of funding sources of political parties, which makes it difficult to minimise the power of money in party politics and avoid infiltration of political parties by criminal elements and drug barons.

iii. Recommendations

322. The APR Panel recommends that:

• The ICPC and EFCC be made more autonomous in reporting and financing. They should be accountable to the National Assembly and be funded directly from the Federation Account. Government should create ICPC and EFCC suborgans at state level. *(Federal and state governments, national and state assemblies, ICPC and EFCC)*

• The offices of the auditors general of the federation and the states be expanded and strengthened, and government ensure that their reports enter the public domain extensively and speedily so as to facilitate information on public expenditures. *(Auditor general, and federal and state governments)*

• The operations of the ICPC and EFCC be extended beyond Nigeria to cover the West African subregion in particular, where criminal elements are seeking safe havens to enjoy monies looted from Nigeria and/or continue nefarious activities that tarnish Nigeria’s international image. Such a subregional anticorruption network can be institutionalised within the ECOWAS framework. *(Government, ICPC, EFCC, CSOs and ECOWAS)*

• Government consider the establishment of a political parties registration commission to regulate the activities of political parties. *(National Assembly and government)*

• The CCB be equipped to conduct verification of assets and liabilities. *(Legislatures, INEC and similar anticorruption and ethics bodies)*

• Specialised ‘corruption courts’ be set up to speedily try all corruption cases. The attorney general’s fiat should not be involved in such prosecutions, and decisions of these special courts should be subject to appeal only to the Supreme Court. *(Judiciary, Ministry of Justice and government)*

• The government introduce anticorruption studies in the school curriculum to instil in children an awareness of the great evils of corruption and the need to combat corruption in all its forms and at all levels. *(Ministry of Education)*

• A review of the laws creating the ICPC and the EFCC be undertaken to create an advisory committee to these institutions and, in particular,
to act as a watchdog to ensure that the ICPC and the EFCC do not act ultra vires the constitution, as has been alleged by some observers. *(Government, ICPC and EFCC)*

- The immunity clause which provides for immunity for the president, vice president, and governors and their deputy governors be amended or expunged. *(National Assembly and government)*

- Nigeria domesticate and implement the conventions of the UN and AU regarding anticorruption and the prevention and combating of corruption. The two conventions provide a solid framework in the areas of prevention, criminalisation, international cooperation, assets recovery, etc. *(Government, National Assembly, ICPC and EFCC)*

- All public officials and office holders be encouraged to follow the example of the president in declaring and publishing his assets and abiding by the rule of law. *(Public officials and office holders)*

- Programmes in civic education be undertaken which emphasise the values of integrity, honesty, discipline, punctuality, diligence, time-keeping, etc. *(Public officials and office holders)*

### OBJECTIVE 7: PROMOTE AND PROTECT THE RIGHTS OF WOMEN

#### i. Summary of the CSAR

323. Nigeria is a signatory to key international instruments that protect women’s rights, such as CEDAW and the African Charter on Human and People’s Rights. The 1999 constitution contains nondiscrimination provisions, and Nigeria has a National Gender Policy that seeks to promote gender equity. The NEEDS document also stresses the commitment to gender equity and expresses government’s commitment to 30 per cent representation for women “where possible”.

324. Women make up 49.6 per cent of the nation’s total population, but their level of participation in governance and decision making is below 5 per cent. They are responsible for the reproduction of the labour force and for producing over 70 per cent of the nation’s food supply. The demographic strength of women exceeds their proportion of the entire population. In 1992, they accounted for 27 million out of the 47 million registered, eligible voters.

325. The factors which have militated against increased political participation of women include the ideology of patriarchy, male chauvinism, the dominance of money in politics, and the masculine orientation of politics where violence is a principal instrument in the process of acquisition of power. In addition, women aspirants are labelled ‘cultural deviants’ in order to undermine their moral standing.

326. The limited success in promoting women’s political participation – measured by the number of women elected or appointed to executive positions since 1999 – shows the serious gaps in representation of women in decision-making positions in Nigeria.
327. Nigeria’s return to constitutional democracy has symbolically broadened the scope of women’s participation in politics and decision making. Democratic rule has expanded the space for women’s groups and organisations to engage the executive, the legislature and political parties, especially in the struggle to enshrine some form of affirmative action in the constitution.

328. Nonetheless, numerous challenges face Nigerian women, including the high poverty rate, economic disempowerment, and issues relating to their reproductive health and rights. Widespread poverty and economic hardship take a heavier toll on women, with dire consequences for economic disempowerment. There are indications that obstacles posed by culture, religion and patriarchy are limitations that could be overcome over time with more advocacy by civil society groups and a sustained programme of civil and political education regarding democracy.

ii. Findings of the CRM

Equality of men and women

329. Analyses by state actors, institutions, civil society, and men and women in the sessions with stakeholders indicate that pervasive sociocultural factors are responsible for the rife, systemic discrimination against women in Nigeria. Many customary norms, religious and secular practices, and laws have served to entrench the subordination and exclusion of women from mainstream governance and development processes and institutions, and from benefiting therefrom. The result is that women’s civil, political, economic, social and cultural rights are inadequately protected or promoted. Nonetheless, in the past 10 years, institutional and policy frameworks at the federal and state levels have been developed as a response to the problem of women’s rights and the marginalisation of women.

330. The constitution of Nigeria recognises that men and women have equal rights, and that women are entitled to the full range of human rights available to all Nigerians. In practice, most women neither enjoy rights on an equal basis to men, nor are they guaranteed the same opportunities as men.

331. Nigeria is in the process of domesticating CEDAW by enacting law at the national level and cascading this to the level of the states. It is also considering ratifying and domesticating the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa. CEDAW obligates Nigeria as a signatory to not only adopt laws but also undertake other measures to modify or abolish all laws, regulations, customs and practices that constitute discrimination against women. CEDAW also makes it incumbent on state parties to modify the social and cultural patterns of men and women in order to eliminate prejudices and customary and other practices based on the inferiority or superiority of either sex or stereotyped roles.
332. Standard-setting and the uniform application of rights to all women in Nigeria are best guaranteed through enactment of a national law. However, the CSAR notes that some aspects of the law that are deemed controversial to religious practices and customary norms are holding up its passing. In addition, the dichotomy of legislative domestication processes at federal and state levels in effect tends to limit the enjoyment of rights for women at state level in those states that do not further enact laws on women’s rights, which may render the signing and ratification of CEDAW illusory.

333. The National Centre for Women’s Development has identified several laws and judicial procedures as having prejudicial provisions and aspects that are discriminatory and inimical to the rights of women. Discriminatory legal provisions include the constitution, which grants unequal citizenship rights to men and women with non-Nigerian spouses; the Marriage Act; the Matrimonial Causes Act; the Criminal Code Act; the Penal Code Act; and the Penal Code (Northern States) Federal Provisions Act of 1960. In some police stations, women who are remanded in police custody are not granted bail or allowed to stand as surety as a matter of practice, which is a violation of their rights.

**Participation in the public arena**

334. As reflected in the CSAR, the visibility and participation of women in elective and appointive offices is poor. At the federal government level, and in several states visited, the ratio of female to male members of the executive and legislature was very low.

**Table 3.2: Percentage of political positions occupied by women**

<table>
<thead>
<tr>
<th>POLITICAL POSITION</th>
<th>NUMBER OF AVAILABLE POSITIONS</th>
<th>1999 PER CENT FEMALE</th>
<th>2003 PER CENT FEMALE</th>
<th>2007 PER CENT FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senate</td>
<td>109</td>
<td>2.8</td>
<td>3.9</td>
<td>7.3</td>
</tr>
<tr>
<td>House of Representatives</td>
<td>360</td>
<td>3.6</td>
<td>5.8</td>
<td>6.4</td>
</tr>
<tr>
<td>Speakers</td>
<td>36</td>
<td>2.5</td>
<td>0</td>
<td>*</td>
</tr>
<tr>
<td>Governorship</td>
<td>36</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Deputy governorship</td>
<td>36</td>
<td>2.7</td>
<td>5.5</td>
<td>16.6</td>
</tr>
<tr>
<td>State assembly representatives</td>
<td>990</td>
<td>1.2</td>
<td>3.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Local government chairpersons</td>
<td>774</td>
<td>1.2</td>
<td>0</td>
<td>*</td>
</tr>
<tr>
<td>Councillors</td>
<td>8810</td>
<td>1.6</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Minister/special adviser</td>
<td>*</td>
<td>20.5</td>
<td>27.3</td>
<td>*</td>
</tr>
<tr>
<td>Ambassadors (foreign service)</td>
<td>*</td>
<td>*</td>
<td>11.9 (2002)</td>
<td>*</td>
</tr>
</tbody>
</table>

*Figures not available.

Nonetheless, there were indications that, over the past 10 years, the number of women in public office has increased in all branches of government at the federal and state levels. In several states visited, the CRM interacted with female chief judges, deputy governors (six in total in the country) and speakers, which the CRM learnt is indicative of the growing acceptance of women in leadership. In states like Ogun, female stakeholders categorically stated that the administration is ‘women-friendly’ and that, in the south, women are politically aware and keen to be involved in governance from the local government to state and federal level.

Regarding the appointment of women to at least 30 per cent of the positions of public leadership, as proposed in the NEEDS document, in many instances at federal and government level this has not been faithfully adhered to, even where there were compelling reasons. The office of the commissioner for women’s affairs exists at state level, although the CRM learned that, in some states, these offices had not existed until recently, or had been occupied by a male commissioner. This was perceived as constraining the development of female leadership capabilities and capacities. Women are also underrepresented in appointments to parastatal bodies at state and federal level, and in ambassadorial appointments.

The issue of indigeneship comes into play with regard to women’s rights. Indigeneship rights are not adequately addressed in the constitution. The Federal Character Law is a proactive and laudable attempt at inclusive practices to ensure equitable distribution of public service appointments and avoid the marginalisation of any Nigerian social grouping. However, this law is applied in terms of ethnicity as opposed to a more expansive categorisation of marginalisation, which would cater for women, PWDs and other social groupings. As a matter of practice, states and local governments are generally reluctant to appoint women who are not indigenes of the state to public office.

Rights of residency for married women who live away from their state of origin are also an issue. The CRM was informed that elective posts are rarely given to settlers, unless one has a ‘godfather’, regardless of whether the woman has had her domicile in her husband’s state for years. Regarding elective posts, married women vying for public office outside their premarital state or local government area are often viewed as ‘outsiders’ rather than Nigerian citizens with a right to stand for public office anywhere.

Women who become leaders through elective processes are few and far between in the various states and, in some of the states visited, the CRM learned that there was not a single female councillor at local government level, or member of the house of representatives. In what seemed to be a recurrent theme in the states visited, the stakeholders, including male participants, overwhelmingly referred to the exploitation and marginalisation of women and the youth in politics. While women play a significant role in mobilising support for candidates and canvassing for votes, within most party structures they are relegated to playing supporting roles that are an extension of their domestic roles, for example serving tea, singing and praying. The view was constantly expressed that women are used for elections and thereafter discarded.
Strong women’s lobby groups are evident at the federal level, and these have pushed for constitutional reforms regarding women’s rights. They have helped to raise awareness of women’s rights and to integrate women’s issues into national discourses and into the legislative and constitutional reform agenda. However, at the state level, the CRM observed that several women were not as clear on issues that are being discussed at national level, such as affirmative action for women. Given the several strong calls made by women for them to work together at state level, it is clear that, although women face common challenges at all levels, consensus building has yet to emerge as a strategy for women’s empowerment at state level.

Stakeholders emphatically emphasised to the CRM that there is complacency among women, who continue to adhere to socially conditioned roles engineered and perpetuated by culture. While women are naturally endowed on an equal basis with men to lead and make decisions in the public sphere, they are wary of public opinion and some are afraid to compete with men for various sociocultural reasons. The result is that women contribute to their exclusion from the public sphere.

Over time, women are slowly becoming more accepted and more visibly involved in the public and political life of the state or federal government. Nonetheless, stakeholders noted that politics is widely viewed as a male preserve with a male organisational culture. In many places, elections are often associated with violence and acts of thuggery, all of which have tainted the way politics is perceived. The involvement of women outside certain parameters is viewed as deviant behaviour and is often frowned upon by men and women alike.

Some female politicians informed the CRM that they are often branded as wayward and consequently stigmatised, which serves as a deterrent to women who might otherwise wish to join politics. Further, the holding of strategic caucus meetings or campaigns at odd hours of the night or in bars has made it difficult for women wishing to avoid smears on their reputation to participate.

The CRM learnt that, within most political party structures, women are excluded from decision-making positions, although not because there is a lack of competent women. In an effort to increase the number of women vying for political positions, an initiative by the PDP to abolish nomination fees for female candidates was undertaken and adopted by several other political parties. However, this has not had the desired effect of increasing women’s participation. This is mainly attributed to the view that politics in Nigeria is inordinately influenced by the ability to mobilise campaign funds and strong lobby networks, both of which women often lack. The financial cost of participating in politics is considered prohibitive for women.

Stereotypes concerning the superiority of one gender over the other have manifested themselves in politics, which deters women from exercising their political rights. Two eyewitness accounts given in the public sessions of the CRM testified to the fact that, in at least two states, women vying for primary elections within party structures have been asked to step down in favour of a male candidate, because male candidature is considered more ‘votable’.
In this regard, however, it was also emphasised by stakeholders that the problem of candidature within the internal politics of political parties must be viewed in the context of the current political climate in Nigeria. The view was often expressed that the electoral candidature system is not merit-based. In many instances, it was reported that candidates are ‘selected’ and not ‘elected’, and that this phenomenon is not restricted to women candidates, but applies to males as well. Unfortunately, given the relatively low number of female candidates to begin with, this has had the effect of reducing the number of women participating in elections. In addition, it reinforces negative stereotypes that men are superior to women in the political sphere.

**Right to education**

In the education sector, the federal government is promoting the rights of girls to education through the Universal Basic Education Programme. More girls now have access to education on the same footing as boys, and this has significantly reduced the illiteracy levels of girls at primary schools. Nonetheless, in some communities there is still greater emphasis on educating boys than girls. Adult education in some states is picking up and enabling women to enrol for studies in order to improve their qualifications and standards. Stakeholders were of the view that, in order for women to compete favourably in the public and governance sector, there must be a stronger push for the education of girls.

**Violence against women**

Gender-based violence is prohibited under the UN Declaration on the Elimination of Violence against Women, which attributes manifestations of such acts to unequal power relations between men and women. The Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa is even stronger on the subject of violence against women and girls. It is near impossible for women to enjoy the full range of rights and to attain dignity where violence exists. Various forms of violence against women are prevalent in many communities in Nigeria, especially wife and child battery, female genital mutilation (FGM), and rape and sexual harassment in educational institutions as well as the workplace. Husbands are allowed under the penal code to ‘correct’ wives by physical chastisement as long as it falls short of grievous bodily harm. This, in effect, legalises domestic violence. The National Gender Policy notes that many states have enacted laws to abolish harmful traditional practices against women, for instance practices relating to widows, FGM, girl-child marriage, domestic violence and maltreatment of women. A law on sexual offences and sexual harassment is also in the offing.

There is a high rate of nonreportage of domestic violence because of the stigma attached to airing domestic issues in public, and, in such instances, the CRM learnt that some families exert pressure on victims or the police to refrain from action. Although most forms of violence are criminalised, the law enforcement agencies, as noted in the CSAR, have not handled reported cases with the seriousness they merit. This is because gender-
based violence is widely seen as a private family matter, except in the most severe cases. Victims rarely receive protection under the law and cases are rarely prosecuted, except if the victim is well educated or wealthy or has strong family backing.

350. Trafficking in women within and across national borders for sexual exploitation, forced marriage and domestic labour is a serious problem in Nigeria. Nigerian prostitutes are trafficked to countries such as Italy, the Netherlands, Belgium, Switzerland, Saudi Arabia, Morocco and Libya. This practice is perpetuated by extreme poverty, illiteracy, conflict, lack of parental responsibility, and preferential treatment of boys over girls – factors that force women to attempt to survive by any means.

351. Large family sizes tend to aggravate the magnitude of poverty among the poor and put pressure on parents and children, especially girls. Social family networks that existed in the extended family and community kinship ties have been weakened over the years, leading to easier victimisation of women, who are easier to lure away in these circumstances. Lack of employment opportunities for women within their communities also causes them to look for greener pastures, with the result that they end up engaging in prostitution and being trafficked. Some local government units are very large, making it harder to reach the most affected women.


353. NAPTIP investigates and prosecutes offences involving trafficking in persons, counsels victims, and runs public awareness and research programmes. It has instituted such novel approaches to the criminal justice system as the grass-roots establishment of zonal offices, joint investigative mechanisms with the police, immigration and customs services, victim care assistance and protection, and a national monitoring centre. Nigeria is rated as being one of the two countries with the best institutional practices for combating trafficking in persons globally.

354. However, from 2004 to the present, despite the magnitude of the problem, NAPTIP has successfully prosecuted only 13 cases, while 52 are pending in the courts. This is attributed to procedural requirements relating to the conduct of investigations across international borders, and to the secrecy surrounding the practice. In addition, inadequate funds and capacity gaps in research, investigation and rehabilitation services, as well as laws, have been noted.

Culture and the rights of women

355. Culture and the interpretation of culture were identified by several stakeholders as playing a large role in the subordination of women in
Nigeria. In the majority of cultural norms, the hallmarks of gender relations are male domination and superiority over women. In such a setting, given the unequal power relations, women are often more disadvantaged than men, and their rights more prone to abuse.

356. Access to justice for women is difficult, and more so in the rural areas. The CRM learnt that regarding marriage, child maintenance and divorce disputes, women find that customary law courts and Sharia courts dispense justice more swiftly, as they have fewer technical procedures and are more affordable. In some states visited in the north, female participants decried the view that Sharia is oppressive. They held that Sharia has a fair and just moral ethic and pointed out that it is cultural practices that have been used to oppress them.

357. Early marriages have affected the enrolment and retention of women in the education sector. While the Child Rights Act sets the marriage age at 18 years, the constitution is equivocal in this regard, stating, on the one hand, that full age means 18 years and, on the other, that any married woman is deemed to be of full age. In the north and other areas where the marriage of girls soon after attaining puberty is deemed lawful, girls are married before they attain the age of 18. In addition, these early-child marriages lead to health problems for very young mothers. Incidences of forced marriages were also reported as being common, which is a violation of the right of women to marry with their free and full consent.

358. In some regions, women inherit property (including land) on the same basis as men. However, it was reported by stakeholders that, in many areas, women do not inherit property where there are male children in the family. Widows in most cultural settings are not allowed to inherit the properties of their husbands, as male relatives of the deceased take over the estate of the deceased, often failing to look after the interests of the widow or children of the deceased.

359. Some traditional practices were identified by stakeholders as being harmful, as they involve acts that violate the physical integrity of women’s bodies. FGM is still commonly practised among some ethnic groups as a matter of religious duty or traditional rite of passage. There have been concerted efforts and campaigns by the Ministry of Health at the federal and state level and by NGOs to raise awareness concerning the problem of FGM, and this practice has been criminalised. Tribal marks and scarification that were commonly practised in the past are dying out.

360. Polygamy in Nigeria is practised in terms of religious and customary norms. It has been criticised for not upholding the rights of men and women to equality in marriage, for example with regard to inheritance. In addition, the inability of women to negotiate safe sexual practices in some polygamous unions tends to aggravate the spread of the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS).

361. In many regions, and especially at grass-roots level, there is an absence of adequate antenatal services that would help to check the HIV status
of expectant mothers to prevent mother-to-child transmission of HIV. The HIV Control Agency at the federal and state level has undertaken several awareness campaigns to curb the pandemic. However, the approach to HIV and AIDS is health-based, while the pandemic has sociocultural and economic dimensions that warrant more multifaceted interventions and remedies, including a strong human rights law and culture that recognises and protects women’s rights.

362. Traditional rulers are the custodians and vanguards of culture in their areas of influence. They have a significant role to play in alternative dispute mechanisms and in influencing and shaping the pace of cultural evolution. Stakeholders expressed the view that many of these institutions serve to entrench strong patriarchal norms of male dominance and have failed to adopt progressive norms that promote the rights of women. Nonetheless, they felt that these important institutions can influence the communities to adopt progressive practices regarding human rights and the protection and promotion of women’s rights.

363. Despite the existence of a Ministry of Women’s Affairs and Social Development at federal and various state levels, few women know about their legal and human rights. NGOs involved in promoting and protecting the rights of women have attempted to fill this gap, but this has proved to be an uphill battle given the geographical and numerical dimensions of the problem. The prominence attached to the value of cultural norms makes it harder for advocacy messages from ‘outsiders’ to receive acceptance, even among women.

Participation in development activities

364. Stakeholders expressed the fear to the CRM that, in many states, the development programmes include little or no data collection. Consequently, in the absence of evidence-based programmes, assumptions are made when planning for women. The result is the inadequate impact of programmes for the target groups, including women. They reported that poverty alleviation programmes at national and state level have not been well conceived and have failed to alleviate poverty, with the women most disproportionately affected, as noted in the CSAR.

365. The majority of the women involved in commerce are found in the nonformal sector. Businesswomen in Nigeria are quite enterprising and engage in retail trade such as food, clothing, handicraft and other forms of petty trade that support their subsistence living. This trade can be conducted with small amounts of capital, but does not bring in large earnings.

366. There is an enabling environment for business creation through the extension of small loans to women involved in commerce under several micro-finance credit schemes. These loans carry low interest rates of about 9 per cent, with few or no collateral requirements and nonattachment of collateral for loans advanced, as was reported in Kwara. In Ogun, the CRM was informed that women score highly in repaying these loans. Cooperative societies also stand as guarantors for women’s groups to enable them to gain access to loans. The Ministry of Women’s Affairs
and Social Development has made efforts to provide capital inputs like sewing machines and other items to support the advancement of women in commercial activities. The National Poverty Eradication Programme has quotas of funds earmarked for women’s development activities.

367. While the prevalence of micro-finance schemes for small to medium-scale enterprises available to women is a welcome development, the ability of women to use the loans in a profitable manner is affected by the small amounts granted under the schemes. The competing needs that women face in balancing domestic requirements against capital inputs into their businesses have forced some to apply monies borrowed to noncommercial activities.

368. In addition, although women are given loans, there are no accompanying support activities such as training in good business practices, for instance basic bookkeeping. In addition, as reported in Ogun, some of these services have yet to permeate to the grass roots, and women at this level are not well informed about these opportunities. Banks in Nigeria offer loans to businesspeople, including women. However, most banks require collateral in the form of land, which the majority of women do not own.

iii. Recommendations

369. The APR Panel recommends that:

- The revision process in respect of the constitution include removal of clauses that discriminate against women, such as the granting of unequal citizenship rights to men and women with non-Nigerian spouses. The constitution should also adopt affirmative action for women in the civil, political and socioeconomic spheres in the light of the international and regional conventions that Nigeria has acceded to. At least 30 per cent of all public appointive posts at federal government and state and local government level should be reserved unconditionally for women. (Legislatures at all levels and CSOs)

- All laws and judicial procedures that involve prejudicial and discriminatory procedures against women, such as the Marriage Act, the Matrimonial Causes Act, the criminal code, the penal code, and the Penal Code (Northern States) Federal Provisions Act of 1960, be repealed. (Legislatures at all levels and CSOs)

- A law protecting the rights of women in accordance with CEDAW be passed. (Law Reform Commission, Ministry of Justice, Ministry of Women’s Affairs and Social Development, and states and federal legislatures)

- Employment creation for women in their own communities be developed by state and government poverty alleviation programmes to prevent trafficking involving women. Modalities should be found to encourage the movement of women from the informal to the formal sector. (Government and the private sector)

- Training for law enforcement agencies incorporate gender concerns, and specific units for dealing with gender-based cases be created at federal and state level. Special units should be created in the police
and other law enforcement agencies to handle gender-based and domestic violence. *(Government, Ministry of Justice and Ministry of the Interior)*

- The Ministry of Women’s Affairs and Social Development undertake awareness-raising programmes at state level to promote knowledge of the rights of women. Every effort should be made to mainstream gender issues in all national and state governance and development programmes. *(Ministry of Women’s Affairs and Social Development)*

- A legislative reform process by the Law Reform Commission be undertaken to ensure that laws not in conformity with the constitution, with CEDAW, with the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa, and with recent progressive developments in jurisprudence regarding equality and nondiscrimination are amended to the extent of their inconsistency. *(Government, Law Reform Commission, Ministry of Justice, and Ministry of Women’s Affairs and Social Development)*

- Civic education and awareness programmes be implemented that target the abolition of cultural practices that are discriminatory and harmful to women. *(Ministry of Women’s Affairs and Social Development and CSOs)*

**OBJECTIVE 8: PROMOTE AND PROTECT THE RIGHTS OF CHILDREN AND YOUNG PERSONS**

**i. Summary of the CSAR**

370. Nigeria acceded to the Convention on the Rights of the Child (CRC) of 19 April 1999 and has domesticated the convention at the national level.

371. In spite of international commitment to the rights of the child, the violation of children’s rights is still common. The dominant tendency in Nigeria is still to regard child issues as an essentially private, family domain in which external ‘interference’ by government or international factors is not encouraged. The CSAR further notes that a central issue in the contestations over the rights of the child in Nigeria is the question of the definition of ‘child’. There are two dominant perspectives – the formal, legal definition and the less formal, so-called community/cultural definition. More often than not, the two diverge.

372. The Child Rights Act of 2003 defines a child as a person below the age of 18 years. The various acts relating to children and young persons enacted by the former Eastern, Western and Northern regions variously see the child as a “person under the age of 14 years”, while ‘young person’ means a person who has attained the age of 14 years and is under the age of 17 years. Because of this contestation in the definition of a child in Nigeria, some states have not even passed the Child Rights Act. It has therefore been passed in only 11 states out of the 36 states as at 2006.

373. The legal definitions of ‘child’ have neither supplanted nor transcended the intuitive definitions offered by the different cultural traditions of Nigeria in which “a child is self-evident”. In situations of internal political violence and material poverty, Nigerian children, like their counterparts
in other African countries, are no longer juveniles, but young adults. They are no longer underage persons requiring adult protection, but real and potential competitors for resources with adults. They are no longer mere consumers of resources, but must earn a living. They are no longer innocent bystanders in conflicts, but actual and potential combatants.

374. The conditions and rights of children require more serious attention. To continue to relegate these to the domain of tradition and family life exclusively is a major gap in policy. The Child Rights Act has yet to come fully into force and it has yet to be publicised. The plight of the children in conflicts and of those displaced by conflicts is not receiving adequate attention. The National Youth Development Policy which was put in place in 2001 has not yet been meaningfully implemented. The structures to ensure its effectiveness are still to be developed.

ii. Findings of the CRM

Domesticating the rights of children

375. Although Nigeria has signed and ratified the CRC, and even passed the Child Rights Act in 2003 at the national level, at the level of states only 18 out of the 36 have adopted legislation that would make the convention law on the ground. Nigeria has also ratified the African Charter on the Rights and Welfare of the Child, although it has not been domesticated. It is alleged in some states that the rights recognised in the convention contravene ‘traditional practices’. Notwithstanding the ratification, children’s rights are still being abused in Nigeria. Some traditional practices do not favour the promotion of children’s rights. For example, corporal punishment is still administered as a form of discipline.

376. The Child Rights Act includes fines and/or imprisonment for certain violations of children’s rights, including: marriage to children under 18; exposing children to the use, production and trafficking of narcotics; the abduction of children; and using children for exploitative labour. However, implementation of such provisions is very limited. Although the Child Rights Act was passed by the National Assembly in 2003, not enough sensitisation has been done, with the result that many parents and children are ignorant of the various rights articulated in the act.

377. Although the Child Rights Act was passed by the National Assembly in 2003, it has been adopted through legislative approval in only 11 states. Other states still use the cultural definition of a child, which defines a child as a person below the age of 14 years. This conflict of definitions has either infringed on or denied the rights of Nigerian children. The definition of a child in Nigeria should therefore be in line with the international definition, and states that have not passed the Child Rights Act should be urged to do so.

Young persons

378. The CRM heard that many youths are unemployed, even after acquiring the necessary qualifications. Graduates with ‘godfathers’ find it easier to
secure jobs after graduation, while those without ‘godfathers’ spend years unemployed. Youths in employment are underpaid. For instance, a graduate is paid a monthly salary of ₦14,000 (approximately US$120) in some states. In addition, the youth are often the first victims of government restructuring programmes, given their limited skills and knowledge about projects.

379. Crime syndicates, politicians and others have taken advantage of unemployed youths. Lawless youths terrorise the public and are a source of social injustice. In some states, this has largely contributed to the escalation of the conflict that exists in the Federal Republic of Nigeria.

**Crimes involving children and young persons**

380. Rape cases among the youth are rampant, especially in some of the northern states. Street children are also a common feature in Nigeria. Homeless children living on the streets were found in most cities. Numerous factors have caused children to turn to the streets, including instability in the home, poverty, hunger, abuse and violence by parents, and displacement caused by clashes in the community. HIV and AIDS also have a tremendous impact on the numbers of orphaned street children.

381. The CRM was also informed that Nigeria is a source, transit and destination country for women and children trafficked for the purposes of forced labour and commercial sexual exploitation. Within Nigeria, women and girls are primarily trafficked for domestic servitude and sexual exploitation, and boys by religious leaders for: forced begging; forced street hawking; labour exploitation in agriculture, mining and stone quarries; and domestic labour.

<table>
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<th>BEST PRACTICE 3.5: NAPTIP</th>
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<td>NAPTIP, in collaboration with security agencies, has apprehended and prosecuted perpetrators of human trafficking. NAPTIP has served as the point of contact for immigration and police officials when victims have been found, and has directly provided overnight shelter for victims in Lagos, Abuja, Benin City, Kano and Akwa Ibom. Agency officials connect victims to nongovernmental or international organisations for shelter, counselling and reintegration assistance. NAPTIP has established a hotline for victims and anyone seeking or wanting to provide information regarding trafficking. The hotline received an estimated 500 calls during the year 2006. NAPTIP has organised seminars to raise awareness of the dangers of trafficking, of legal protections and of available resources. In addition, NAPTIP has established an antichild trafficking network within and outside Nigeria to fight human trafficking. NAPTIP has adopted collaborative strategies among countries and international agencies such as the International Organization for Immigration, the United Nations Children’s Fund (UNICEF), the United Nations African Institute for the Prevention of Crime and Treatment of Offenders (UNAFRI) and the International Labour Organization (ILO) in the areas of training, information sharing, investigation and prosecution.</td>
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Source: www.naptip.gov.ng.
**Education for children and the youth**

382. Education, despite the legislative provisions and programmes in place to make it free and compulsory, is not free. While, in principle, ‘free education’ is offered in public schools, the quality of such education is substandard. Many schools are ill-equipped and lack qualified teachers. In addition, most public schools impose fees each term for uniforms, books and other materials. Some teachers charge fees for after-school tuition. Unfortunately, this type of education cannot be afforded by poor parents. The rich and affluent parents take their children to private schools and abroad for a better education. As a result, poor children trained in public schools are semieducated and usually get lower grades than those trained in private schools. Poverty and the inability of poor parents to pay these fees remain a big challenge to realising the universal right to primary education.

383. The opportunity cost of sending children to school is very high, especially among socioeconomically disadvantaged families. Furthermore, some families appear to have a poor understanding of the value of education. Related to this are also the significant gender inequalities that result in lower enrolment and higher dropout rates for females. Cultural and traditional practices impact negatively on female enrolments at educational institutions.

384. Child labour is another extensive practice in the rural areas, and there is little evidence that the legislation in place to protect children from illegal practices is being enforced. Female children often become domestic workers, and they have little protection in terms of their working conditions and from sexual abuse or harassment.

**Participation in political and socioeconomic affairs**

385. Nigeria has various institutions which assist in domesticating the CRC. They include: the Ministry of Women’s Affairs and Social Development; the Ministry of Information and National Orientation (with its Child Rights Information Bureau); the Ministry of Health; the Ministry of Education; and other related government agencies geared towards the development and survival of the child. The National Assembly passed the Compulsory, Free, Universal Basic Education Act, and the government of Nigeria is pursuing the World Programme of Action for Youths adopted by the UN General Assembly in 1995, in addition to having developed a National Youth Development Policy, which was published in 2001. These efforts are geared towards ensuring that Nigerian society cares adequately for its children and young persons by fully protecting their rights and by committing to their all-round development based on a well-developed child and youth policy.

386. Nigeria established a Children’s Parliament under the supervision of the federal Ministry of Women’s Affairs and Social Development. The Children’s Parliament provides sustainable and meaningful opportunities for children aged between 9 and 18 years to engage in local, national and international democratic processes. It also enables children from all backgrounds and of all levels of ability to work together to share experiences that will one
day make them active citizens. Using a variety of creative approaches, the children use the Children’s Parliament to inform and educate other children and adults – including their parents, teachers, representatives of the private sector, officers of local and state governments, and local and national politicians – about their issues and concerns. Although the Children’s Parliament cannot make law, it helps leaders to develop a consciousness of issues that affect children. The Children’s Parliament has helped to advance democracy and good governance in Nigeria. It has been inaugurated in 12 states, was instrumental in passing the Child Rights Act into law in 11 states, and is continuing to campaign in the remaining states to pass the Child Rights Act.

387. In some states where the Children’s Parliament has not been established, young people lack a forum in which to air their views. In those states where the Children’s Parliament does not exist, the CRM heard that the youths hardly get a chance to be heard or to really express themselves, although the constitution has made provision for freedom of expression. In addition, the few youths who do get the opportunity to be heard are only youths whose parents are in government. This tends to create tension among those youths who need to be heard but do not get the chance.

388. Child marriages are rampant. Traditional practices such as the sale of young girls into marriage are still reported in Nigeria. The CRM heard allegations that poor families sold their daughters into marriage as a means to supplement their incomes. In addition, these cultural and traditional practices impact negatively on female enrolments at educational institutions. This challenge should be addressed and a roadmap drawn for actual measures to curb this practice.

iii. Recommendations

389. The APR Panel recommends that:

- Nigeria make a deliberate effort to finalise the domestication of the CRC and the African Charter on the Rights and Welfare of the Child in all states, as well as ratify and domesticate other conventions relating to the rights of children and young persons. (Federal government and federal states)

- The Child Rights Act receive full support through the passage of parallel laws by those states that have not yet done so, including a programme to fully publicise the provisions of the act, especially to guide parents and authorities that implement juvenile justice. (Federal government and federal states)

- A deliberate effort to educate girls, especially in states that infringe on their rights, be made, in addition to the combating of harmful practices that discriminate against the girl child. (Ministry of Education, and Ministry of Women’s Affairs and Social Development)

- The Compulsory, Free, Universal Basic Education Act be fully implemented. (Ministry of Education)
The World Programme of Action for Youths adopted by the UN General Assembly in 1995 and the National Youth Development Policy be fully implemented. *(Government)*

Government and NGOs provide adequate out-of-school training and recreational facilities for children and young persons. *(Government and NGOs)*

Government make a greater effort to substantially increase funding to human rights agencies such as the National Human Rights Commission and NAPTIP that prevent trafficking in persons. *(Government)*

Specialised family law units be created within the judiciary to handle cases of juveniles and children who run into difficulties with the law, with accompanying appropriate forms of correction and punishment. *(Federal and state governments, and the judiciary)*

The states that have not introduced a Children’s Parliament do so. *(State legislatures)*

### OBJECTIVE 9: PROMOTE AND PROTECT THE RIGHTS OF VULNERABLE GROUPS, INCLUDING THE DISABLED, THE POOR, IDPS AND REFUGEES

#### i. Summary of the CSAR

390. The problem of vulnerable groups in Nigeria is no longer as negligible as it was many years ago. Previously, strong social networks, particularly the extended family and traditional welfare structures built on kinship, absorbed much of the problem of vulnerability in the country. However, with increasing neoliberal, capitalist policies, safety nets provided by these traditional structures have given way, while new ones have not replaced them. Consequently, the plight of vulnerable groups, including the disabled and the poor, has come into bolder relief.

391. The number of IDPs has risen dramatically since the return to civil democratic rule in 1999. As noted under objective 1 above, the phenomenon of IDPs is caused by internal violence/crises, natural factors and border infiltration. Displacement also results from environmental pollution, which the government has been addressing seriously since the democratic dispensation came to power in 1999.

392. Land disputes have created displacements. These vary from one place to another. Plateau State in the Middle-Belt of Nigeria has experienced many ethnoreligious conflicts. This has led to thousands of people being killed and displaced. Conflict between settlers and indigenes in Kano has led to the displacement of more than 300,000 nonindigenes, especially from southern Nigeria.

393. In Numan, Adamawa State, Muslims’ opposition to the location of a new church resulted in violence, which led to the destruction of the entire
village and to the dislocation of more than 120,000 people. In Taraba State, Jukun and Tivs have fought frequently over access to arable land. The encroachment of Fulani cattle rearers on farmlands caused violent conflicts in the state. There are now more than 250,000 displaced persons in the state.

394. Internal displacements have also been caused by communal conflicts. This is the situation in Mambilla Plateau in Taraba State. Communal conflict caused by encroachment into farmlands and the infringement of grazing land has turned the area into a theatre of conflict, leading to about 17,000 people having to take refuge in Cameroon, from which they are currently being repatriated to Nigeria by the UN High Commissioner for Refugees (UNHCR) and the federal government of Nigeria.

395. The Ife-Modakeke conflicts in Osun State arose over intergenerational indigene-settler rights. The mutual destruction of villages and local communities has led to the displacement of more than 200,000 people. In Delta State, Itsekiri-Urhobo-Ijaw conflicts are traditional.

396. The Umuleri-Aguleri communal conflict in Anambra State has generated over 80,000 IDPs. Kindred groups have taken arms against each other over land disputes. In Toto-Abaji in Nassarawa State, a whole community was dislocated by communal conflict over indigene-settler rights and communal land disputes. The majority indigenous population is fighting against the Egbira dominant minority. More than 50,000 people have been displaced as a result of the conflict.

397. Internal displacements arising from natural disasters abound in Nigeria. In Abia, Enugu and Anambra States, soil erosion has destroyed many communities and rendered about 200,000 homeless as IDPs. In the north, especially in Yobe, Jigawa and Gombe States, the IDPs have been displaced as a result of disasters that occur through: the improper and untimely discharge of dams, both from Cameroon and from the neighbouring dams; ill-informed construction of railway facilities; flooding of major rivers; excessive rainfall resulting in flooding; and desertification.

ii. Findings of the CRM

Protecting the rights of PWDs

398. The CSAR does not offer adequate information on the plight of PWDs, and even in the interactive sessions with stakeholders there was a dearth of information on this vulnerable group. Disability is a serious problem in Nigeria, as it affects approximately 10 per cent of the population according to the CSAR. Over the years, disabilities arising from inadequate immunisation services and injuries during conflict have been evidenced on an increasing level.

399. The rights of PWDs are inadequately protected and promoted at federal level and in several states, most of which lack the necessary policy and
institutional frameworks as well as adequate resources to ensure this. The Ministry of Women Affairs and Social Development is charged with handling disability issues, but is viewed as largely ineffective and unable to address the concerns and rights of PWDs. In some states, commissioners are appointed to handle disability issues, but this occurs on a discretionary basis rather than as a legal obligation to protect a vulnerable population group.

400. There is currently no law or policy that specifically addresses the rights of PWDs. Nigeria has signed, but has yet to ratify, the Convention on the Rights of Persons with Disabilities. In the past, the federal military government passed the Nigerians with Disability Decree of 1993, which comprehensively covered the rights of PWDs in order to ensure their full integration into the mainstream of society. PWDs were to be fully integrated into the national economy and have equal rights and opportunities before the law, with a multidisciplinary National Commission for People with Disability being set up to monitor the implementation of this law.

401. Currently, the absence of a law or policy on PWDs has had an impact on their enjoyment of rights. The inclusion and integration of PWDs into the mainstream of Nigerian life is underdeveloped. PWDs have not been involved in political processes or institutions, and their numbers remain low in the mainstream public institutions, such as the public service, the parastatals, the executive and the judiciary. Few legislatures include PWDs; hence their underrepresentation in important policy-making and resource allocation processes. Stakeholders attributed this largely to the lack of adequate education or employment opportunities faced by most PWDs by virtue of the structural disadvantages they face. Electoral processes such as civic education and voting often do not adapt to the needs of PWDs and hence are made inaccessible to PWDs, thus disenfranchising them.

**Socioeconomic and cultural rights**

402. PWDs are not included in the mainstream public institutions, and there is a lack of enabling policies and laws to address this. In the education sector, even with the advent of universal basic education (UBE), children with special needs education have not been appropriately integrated into the mainstream educational system because of the inadequate provision of teaching aids, materials and facilities, as well as teachers versed in special needs education methodologies and skills. Schools for PWDs are scattered throughout various states, with many of them being funded by charitable organisations.

403. However, in some states (like Ekiti), a bill for a charter on a welfare package for PWDs is in the offing, with proposals for full sponsorship of PWDs so that they can get free education at all levels. A number of universities have also adopted administrative decisions to reserve certain quotas for learners with special needs. Some universities have taken the initiative of building structures that are physically accessible by learners with disabilities.

404. Few PWDs are employed in the formal sector. Even those involved in the informal sector in urban areas are routinely removed from the streets as
they ply their petty goods. Some states have taken initiatives to assist PWDs; for example, in Katsina State some PWDs have benefited from micro-finance schemes. In Ekiti State, it is proposed to reserve a 2 per cent quota of employment in any government establishment for PWDs. If this beneficial practice is implemented and replicated in other states and introduced at federal level, it would constitute an opportunity for the inclusion of more PWDs in the employment sector. In addition, the Ekiti Charter on the Welfare Package for PWDs would include granting priority consideration to PWDs in the micro-finance credit scheme.

405. Some states, such as Lagos, are developing inclusive processes and frameworks to ensure that vulnerable groups are involved, and coalitions are forming around issues-based governance, in partnership with the National Planning Commission. Other states, like Ogun, Oyo and Jigawa, have created the position of special adviser to the governor on disability in order to address the plight of PWDs.

406. PWDs still face stigma and discrimination in general. Although the stigma associated with disability is said to be decreasing in urban areas, in many communities PWDs are isolated and stigmatised. Persons with lesser degrees of disability may in some instances freely socialise with other community members and even marry nondisabled persons, but this is more often the exception. Women and children with disabilities are doubly marginalised.

407. The absence of enforcement regulations and measures to ensure accessibility to physical infrastructure limits the mobility of most PWDs and affects their ability to enforce many of their rights in the political, social and economic arenas. The physical environment in which most PWDs live lacks basic ramps or elevators, transportation systems and various public facilities. During the consultative process, the CRM heard that people with disabilities are not able to work in high-rise buildings without functioning elevators. In addition, it is important for PWDs to access information, but in the absence of services like sign language, Braille and other forms of communication, PWDs lack information on many crucial aspects. In conflict-prone areas particularly, they are more vulnerable to injury and abuse because of their inability to flee from risk areas.

The plight of IDPs

408. Natural and human-made disasters in the form of conflict, floods and landslides have resulted in IDPs in Nigeria. Most IDPs fleeing from natural or human-made disasters are unable to return as a result of the destruction of their houses, properties and businesses. Public services and physical infrastructure are often destroyed, affecting the welfare and ability of returnees to live independently or normally.

409. The majority of IDPs in Nigeria have been displaced by ethnic clashes or acts of violence, by natural disasters, and some by forced evictions by state authorities. Given the incidence of ethnic/religious conflicts, it is estimated that, by 2006, over 3 million Nigerians will have been internally displaced.
The National Commission for Refugees has identified the major causes as relating to disputes over land and power struggles that take on ethnic or religious dimensions. Delta State has reportedly been the worst affected owing to the ongoing conflicts, with over 700,000 IDPs over time.

410. Nigeria lacks a national law or policy on IDPs. NEMA was set up in 1999 to manage and coordinate emergency relief programmes. Some states have emergency relief agencies as well. Although relief efforts are not always timely, IDPs have received food and other services like medical care, shelter and treatment in the short term through the auspices of NEMA.

411. NEMA has advocated a National Policy on Disaster Management in order to allow greater participation by states and local governments in disaster management. In the past, the roles of NEMA and the National Commission for Refugees in handling IDP camps at the federal level and the mandates of authorities at state and local government level were not clear, and duplication of results sometimes arose.

412. According to the CSAR, some people feel that NEMA and other relief agencies in the states are inefficient. Rather than assisting the victims properly, the agencies take advantage and corrupt the entire system. Sometimes the victims depend on charity and ad hoc provisions for survival.

413. While Nigeria is considered financially able to cater for IDPs, lack of coordinated management and technical capacity of relief agencies at state and national level has often affected the efficacy of humanitarian efforts. Data collection is weak and has affected the effective planning for IDPs, especially in the long term.

Caring for refugees

414. Nigeria is a signatory to the Convention relating to the Status of Refugees. To that end, a National Commission for Refugees was set up in 1989 to deal with the needs of refugees. The government of Nigeria, in conjunction with the UNHCR Nigeria, has magnanimously hosted refugees from various countries. In the recent clashes in Chad, refugees entered Nigeria though Gamboru-Ngala and the state governor undertook to provide food for refugees using state funds.

415. A refugee camp in Ogun State hosted Sierra Leonean and Liberian refugees and was partially closed in 2007, with most of the refugees being repatriated. Nigeria has also been host to refugees from the Democratic Republic of the Congo (DRC), Sudan, Rwanda, Cameroon, Niger and Côte d’Ivoire. More recently, Chadians fleeing conflict have been living at the Ngala Refugee Camp. The UNHCR Nigeria and other UN agencies are working with the federal government to set up economic empowerment initiatives that will provide employment, shelter and food in order to prevent the recurrence of ethnic conflicts.

416. Stakeholders have noted constraints in some camps, such as in Oru. Most camps are characterised by overcrowding and lack of adequate sleeping
facilities. Refugees lack access to many social amenities such as education, adequate food, health care and sanitation. The affected states also try to set up camps to look after IDPs.

**Other vulnerable groups**

417. Elderly persons in Nigeria are an invaluable human resource, as they bear invaluable institutional memory. Unfortunately, the majority of the elderly are challenged to maintain adequate standards of living, as there are no social welfare mechanisms in place to cater for their needs. Many elderly persons who have retired from the civil service reported to the CRM that they often fail to obtain the pensions due to them. Widows also often fail to access the pensions accruing to the estates of their late husbands, which affects their and their families’ wellbeing. Access to adequate health care is not guaranteed to the elderly in many instances.

418. The National Human Rights Commission has taken special note of the Osu, social outcasts who are discriminated against and who are a social minority in Nigeria. The Osu are a stigmatised line of people considered socially inferior and taboo to the mainstream Igbo society. This has affected their enjoyment of human rights as a social group. This socially disenfranchised group faces exclusion and marginalisation in the areas of social, political, cultural and economic rights. While a law, referred to as the Osu Caste Law, criminalises the treatment of individuals as outcasts, the practice of shunning the Osu and excluding them from mainstream activities is still pervasive and oppressive to the Osu.

### iii. Recommendations

419. The APR Panel recommends that:

- An equal opportunities commission be created to handle complaints of groups that are socially excluded, marginalised or vulnerable. Equal opportunities should be provided for PWDs through affirmative action measures and enabling laws and policies that ensure inclusiveness and participation in all mainstream programmes and governance frameworks. *(Government)*

- Nigeria ratify the Convention on the Rights of Persons with Disabilities. This law should be domesticated at federal and state level as expeditiously as possible. The law should establish an independent commission responsible for handling disability issues, headed by PWDs and their duly recognised representatives. *(Government and legislatures at all levels)*

- PWDs be included in all development programmes, and their concerns and interests be mainstreamed, as a matter of federal government and state policy. To this end, the rights of PWDs should be enshrined and affirmed in the constitution, in national development plans and through legislative reforms. *(Government and the Ministry of Women’s Affairs and Social Development)*
- PWDs be involved in the identification and development of universal and appropriate technologies and designs to ensure their inclusion in all sectors of society. Information in an accessible format should be guaranteed to all categories of PWDs. *(Government, private sector and CSOs)*

- Early warning systems be put in place to detect and prevent intrastate conflict. In this regard, the technical capacity of NEMA to detect and handle disasters should be reinforced. *(Government, CSOs, NEMA, National Commission for Refugees, states and state relief agencies)*

- Postconflict resolution measures be implemented in order for those returning to their homes to be able to have sustainable incomes and also to rehabilitate victims. *(Government, CSOs, NEMA, National Commission for Refugees, states and state relief agencies)*
4. ECONOMIC GOVERNANCE AND MANAGEMENT

“We believe the eight prioritised and approved codes and standards have the potential to promote market efficiency, to control wasteful spending, to consolidate democracy, and to encourage private financial flows – all of which are critical aspects of the quest to reduce poverty and enhance sustainable development…”

Declaration on Democracy and Political, Economic and Corporate Governance, paragraph 18

4.1 Overview

420. Nigeria has vast economic potential. With a population of about 140 million and a nominal gross domestic product (GDP) of US$175 billion in 2006, Nigeria is one of the four largest economies in Africa. It accounts for at least 41 per cent of West Africa’s GDP. It is by far Africa’s most populous country (one in every five persons in sub-Saharan Africa is a Nigerian) and has 47 per cent of West Africa’s population. Nigeria has 2 per cent of the world population and is expected to be among the five or six most populated countries in the world by 2025.

421. Nigeria is endowed with a rich stock of natural and human resources. Its current economic strength derives largely from its oil and gas wealth. This contributes about 95 per cent to export revenue, 78 per cent to government revenue (2007) and about 21.93 per cent to GDP (2006).

422. Nigeria is currently the largest oil producer in Africa and the seventh-largest in the world. Its oil reserves are estimated at 36.2 billion barrels. New oil wells are continually being discovered, and reserves are expected to increase to about 40 billion barrels. At current extraction rates, it is estimated that its known and probable oil and gas reserves will last for more than 50 years and its possible reserves for more than 100 years. The Delta (30 per cent), Akwa Ibom (22 per cent), Bayelsa (18.2 per cent) and Rivers (18.20 per cent) States contribute the bulk of oil revenue to Nigeria’s economy.

423. It is, however, a country of paradox. Overall, the country has the potential to build a prosperous economy, reduce poverty significantly and provide the basic social and economic services (that is, infrastructure) its population needs. However, several years of military rule, poor management of public expenditure, overdependence on oil, and uncontrolled rent-seeking behaviour (intended to amass wealth from the oil and gas industry) have undermined the country’s development.

424. The growing oil industry has brought many benefits. They are referred to throughout this report. They extend to the political, social and economic structures and should enable the country to advance more rapidly in all
four of the thematic areas of the African Peer Review Mechanism (APRM). Some of the major benefits for the economy that derive from increased oil revenues include:

- Substantial surpluses on the current account of the balance of payments. This has enabled the country to increase its foreign reserves and reduce its foreign debt.
- Increases in the tax revenue of government. This has provided much-needed scope for managing the budget.
- Increased liquidity in the financial sector. This has facilitated extensive reforms, consolidation and rationalisation.

425. Overreliance on oil has, however, also brought a number of disadvantages that are pointed out in the various sections of this report. These include:

- Neglect of other important sectors of the economy, such as agriculture and manufacturing.
- Increased vulnerability to external shocks in the oil market.
- Neglect in collecting and administering taxes.
- Adverse environmental consequences.

426. Nigeria exemplifies the ‘oil curse’, or failure to use its oil wealth prudently. Despite cumulative revenue estimated at about US$350 billion over a 35-year period, Nigeria continues to rank low on all development indicators. There has been an alarming increase in the incidence of poverty. Nigeria now has about 6 per cent of the poor in the world. The country scores below the sub-Saharan African average on several socioeconomic indicators, including a per capita gross national income (GNI) of US$620 in 2006, infant mortality, access to water and sanitation services, and life expectancy. Nigeria unfortunately provides some of the worst examples of rent-seeking and corruption. These undermine good governance and have become a global benchmark for irresponsible management of oil wealth.

427. The advantages of increased oil revenue seem to have contributed more to improving the internal and external financial position of the economy than to real economic activity, particularly in sectors not directly linked to the oil extracting and exporting industries. Communities generally feel that they do not share proportionately in the additional wealth created by the oil boom. Indeed, chapter 6 of this report, which covers socioeconomic development, focuses on the paradox of endemic poverty in the midst of plenty.

428. Ironically, the discovery and subsequent mismanagement of the nation’s oil reserves have undermined the nation’s development by allocating resources to oil production at the expense of other sectors. They have fuelled excessive spending, inflation and debt, and reduced domestic earning and spending power.
Before the discovery of oil in 1958, the economy depended on a number of agricultural products, particularly palm oil, cotton, cocoa, rubber and groundnuts. They were the main export commodities and leading sources of income and foreign exchange earnings. When oil and gas exports began in 1958, the contribution of agriculture and other nonoil exports to GDP declined. However, crude oil exports increased progressively from 4.8 per cent in 1966 to 61.2 per cent in 2006, and accounted for approximately 78 per cent of government revenue.

The annual real GDP growth rate between 1991 and 1999 was a mere 2.9 per cent. The growth rate was only 0.4 per cent in 1999. The year-on-year inflation rate for the same period (1991-1999) averaged 33.1 per cent. Foreign reserves could only finance six months of imports. There was a fiscally unsustainable domestic and external public debt of US$37.7 billion in 1999.

The dominance of crude oil increased vulnerability to volatile commodity prices. Nigeria’s fortunes oscillated like a pendulum as the crude oil prices fluctuated. This, in turn, had far-reaching consequences on macrostability and socioeconomic development. The dependence on oil reduced opportunities to increase employment as the nonoil sectors contracted. Resources were channelled increasingly to the more capital-intensive oil and gas industry – a virtual enclave with few direct linkages to the rest of the economy.

The dependence on oil also caused volatility in the key macroeconomic variables. Inflation soared, the trade deficit widened, and foreign reserves were drained because of the poor management of expenditure. Macroinstability, in turn, soured investment prospects and undermined private-sector investment. Unsustainable spending also contributed to the volatility and caused large government deficits.

Fiscal federalism was adopted by the 1999 constitution. It challenged fiscal policy further because it granted fiscal autonomy to all three tiers of government without an effective mechanism to coordinate spending across the tiers. This meant that the federal government had limited control over expenditure at state and local levels, especially when there was an oil boom. The result was an incoherent and uncoordinated fiscal policy characterised by high levels of inflation. A mechanism to coordinate fiscal spending across the three tiers of government, in a manner consistent with national macrostability, was lacking.

Furthermore, the macro and regulatory environment was not conducive to private-sector development. It was marked by frequent policy reversals and unpredictable government reactions to domestic and international events. The public service, on which government relied to implement policy, was bloated, incompetent, disorientated and weak. Corruption and economic crimes were rife, both inside and outside of government. Thus, just before the return to democratic rule in May 1999, Nigeria faced the risk of becoming both a failed state and a failed economy. This influenced a large number of Nigerians to leave the country.
Nigeria has nevertheless always had the potential and resources to reverse its socioeconomic misfortunes. Indeed, many of the distressing trends have been reversing since 1999 because comprehensive economic reforms have been implemented. These are aimed at increasing wealth, generating employment, reducing poverty, and reorientating values by empowering people, promoting private enterprise and changing the way government does business.

The economic strategy of the Olusegun Obasanjo administration (1999–2007) consisted of two phases. The first four years were characterised by unstructured reforms. The second term, from mid-2003 to May 2007, saw the adoption of comprehensive economic reforms, referred to as the National Economic Empowerment and Development Strategy (NEEDS). President Umaru Musa Yar’Adua subsequently introduced a seven-point agenda for Nigeria’s development. The agenda was set within the context of a broader vision to elevate the country to one of the 20 most developed economies internationally by 2020. This third period was built on the foundations of the preceding two periods and the associated ‘national consensus’. It emphasises: deepening democracy and the rule of law; building an economy driven primarily by the private sector; zero tolerance for corruption; and restructuring and staffing government to ensure efficiency and good governance.

NEEDS is designed to restructure and transform the Nigerian economy through macroeconomic, structural, public-sector and institutional reforms. Collectively these reforms are expected to ensure socioeconomic empowerment, promote private-sector enterprise and change the way in which government conducts business.

The macroeconomic reforms are intended to: address Nigeria’s overreliance on oil revenues; stabilise the key macroeconomic indicators, particularly prices, exchange rates and interest rates; strengthen budget planning and implementing; and reverse the low levels of savings and the large debt overhang. The government negotiated a debt relief package, through the Multilateral Debt Relief Initiative (MDRI), to improve debt management and reduce its external debt burden. It also floated bonds to manage its domestic debt. The government created the Excess Crude Account to reduce fiscal overruns and external price shocks. It improved budget implementation by introducing a Medium-Term Expenditure Framework (MTEF), a Cash Management Committee (CMC), Medium-Term Sector Strategies (MTSSs), a due process mechanism and budget implementation reports.

The CMC is designed to ensure that government agencies and departments respect spending limits. The due process mechanism reduces public-sector fraud by scrutinising the use of public funds closely, particularly in the areas of procurement and awarding contracts. Budget implementation reports ensure transparency in the budgetary process and track public expenditure more effectively. The MTEF promotes, in part, longer-term financial planning and aligns public-sector expenditure to national priorities and objectives.
The structural reforms concentrate on reversing the poor domestic investment climate, strengthening the weak and fragmented banking subsector, and reengineering the nation’s complex and often incoherent trade policies. These reforms will be achieved by: dismantling unnecessary regulatory barriers and red tape, thereby reducing the unwarranted costs of private-sector transactions; embarking on a comprehensive bank consolidation programme; reducing tariff barriers and rationalising tariffs by adopting the Economic Community of West African States (ECOWAS) Common External Tariff (CET); and streamlining the role of the state by strategically privatising and outsourcing noncore state functions and institutions.

The Yar’Adua administration built on the initiatives of the Obasanjo regime and designed NEEDS II (2008–2011). The programme revolves around the administration’s seven-point agenda for economic development, which President Yar’Adua unveiled at his inaugural speech on assuming office on 29 May 2007 in the hope that it will put the economy back on track. The agenda focuses, inter alia, on:

- Ensuring adequate power supplies for the modern economy.
- Ensuring food security by revolutionising the agricultural sector, thereby increasing yield and production by five to 10 times.
- Creating wealth by diversifying production in agriculture and the solid-minerals sector.
- Developing the transport sector by restoring and modernising railways and roads.
- Land reforms by releasing land for commercial farming and other large-scale business.
- Increasing security by improving physical policing, military security and honest dialogue between the people and the government.
- Improving education through a massive financial injection into the education sector so as to ensure minimum acceptable international standards of education and skills training in science and technology for future innovators and industrialists.

There are tangible signs that these initiatives are yielding positive results, particularly in their impact on growth and macroeconomic stability. Inflation is in single digits and is declining (5.9 per cent in 2007 compared to 8.5 per cent in 2006). Foreign reserves have increased substantially and are equivalent to the cover on 12 months’ imports. Economic growth is increasing, although it is still short of the 7 per cent required to achieve the Millennium Development Goals (MDGs). The incidence of poverty has also declined from 65.6 per cent in 1996 to 53.4 per cent in 2004.

Furthermore, external and domestic debt have both declined, thereby reducing debt service claims on the budget. Debt relief, coupled with using oil profits to repay external debt, has reduced external debt substantially. The US$750 million fiscal space created by debt relief has been allocated to
achieving the MDGs and reducing poverty. The budget has been amended to help monitor and track MDG expenditure.

444. The government has also made significant progress with restructuring state enterprises. It implemented a strategy of vigorously commercialising and privatising key enterprises. In cases where enterprises were not privatised, they were restructured to make them more commercially viable. The privatisation exercise has yielded substantial revenue which could be channelled into social development programmes.

445. There is evidence that the nonoil sectors have been resuscitated. In time, this could reduce oil’s dominance in the Nigerian economy. Despite oil’s substantial contribution to GDP, Nigeria’s recent growth is driven largely by the nonoil sector. It averaged almost 10 per cent (9.96 per cent) for the 2004 to 2008 period, compared to 0.54 per cent for the oil sector. Indeed, revised estimates of national accounts (for 1981 to 2006) reveal that the oil sector contributed less to GDP than was previously estimated. According to the International Monetary Fund (IMF), the oil sector accounted for 21.93 per cent of GDP in 2006 and not 48 per cent, as was previously estimated (IMF Article 4 Consultations, 2008).

446. The introduction and implementation of several structures and legislative frameworks – like the Medium-Term Fiscal Framework (MTFF), the Fiscal Responsibility Act, the Public Procurement Act and due process – has helped to improve the management of public finances. In particular, the decision to distribute oil revenue according to a ‘budget oil price’ (which is below the market price) has improved the management of public expenditure by helping to create an Excess Crude Account funded from excess oil revenue, and by separating fiscal spending at all tiers of government from fluctuating oil revenues. In effect, there is a conscious attempt to save a portion of oil windfall gains and to reduce the macrodestabilising effects associated with massive expenditures, at all tiers of government, during boom periods.

447. A number of agencies established to tackle corruption have yielded some positive results. The Economic and Financial Crimes Commission (EFCC) has successfully investigated and facilitated the prosecution of a number of high-profile cases. This, together with other measures introduced to improve transparency and the business environment, has helped to improve the country’s BB rating by economic performance rating agencies Fitch Ratings and Standard & Poor’s.

448. Several challenges remain, however. Despite improvements in the management of public expenditure, coordinating fiscal policy across the three tiers of government remains an issue. The newly introduced Fiscal Responsibility Act is only legally binding at the federal level. Fiscal responsibility at the subfederal level is yet to be enforced. In fact, there is currently pressure by state and local governments to spend a greater portion of oil revenues. Strong and credible leadership is therefore needed to resist this pressure. Furthermore, a collective understanding of the benefits of preserving a balance between transferring resources and meeting the immediate socioeconomic needs of the economy is imperative.
Such an accord is only possible if leaders are perceived to be credible, effective and acting in the interests of the Nigerian people.

449. Moreover, crude oil production remains below potential because of disruptions to drilling activities caused by civil unrest in the Niger Delta. The contentious issues of revenue-sharing and, particularly, of getting consensus on the relative weight of derivation in the revenue formula remain unresolved. They have a direct bearing on ensuring peaceful coexistence with minority ethnic groups (like the Ogoni and Ijaw) whose lands generate most of the oil. Related to derivation is the question of environmental degradation in oil-producing localities and, in turn, its implications for Nigeria’s overall sustainable development.

450. Unemployment continues to worsen. It is aggravated by underemployment, particularly in the informal sector. Apparently, growth has yet to convert into broad-based employment generation. This partly reflects regulatory and infrastructural constraints on investment. Notwithstanding oil windfall gains, Nigeria still suffers from a large infrastructure gap. The figures for the roads network (kilometres per 1,000 inhabitants), rail system and electricity generation (kilowatt hours per inhabitant) are well below those of peer countries such as Indonesia and South Africa. Nigeria must address these shortfalls if it is to assume its rightful status as a middle-income country.

451. Like most developing countries, Nigeria needs visionary leadership, commitment and a willingness to sacrifice personal aggrandisement for the collective good if it is to develop. There is obviously enough wealth to satisfy the needs of the people. Initiating change, however, requires bold, credible and selfless leaders.

452. The African Peer Review (APR) Panel has noted the creation of the Excess Crude Account managed by the Central Bank of Nigeria (CBN). It is clear that the main purpose of this account is to stabilise revenue from oil exports, and to ensure that funds in the account are used mainly inside the country so as to fund domestic infrastructure investments. The account shows the government’s awareness of the need for the prudent management of oil resources. However, there is little information in the findings of the Country Self-Assessment Report (CSAR) and Country Review Mission (CRM) on managing the revenue accruing from the oil industry.

453. The sections that follow review the nation’s efforts to improve economic governance and management (EGM). They are based on submissions reported in the CSAR and on focus-group interviews with state and nonstate stakeholders. The first section assesses Nigeria on the APRM standards and codes. It then discusses the progress and challenges in achieving five key general objectives of the APRM questionnaire. The discussion of each objective begins with a brief summary of Nigeria’s self-assessment. This is followed by a summary of the findings of the CRM, which are based on discussions with state and nonstate stakeholders. Each objective concludes with specific recommendations for improvement. Relevant institutions are identified to implement each recommendation.
4.2 Implementation of standards and codes

i. Summary of the CSAR

454. Compliance with EGM standards and codes assures transparency and predictability in government actions and policies. It also helps to create a stable macroeconomic environment. African heads of state and government have adopted about 16 standards and codes for EGM.

455. The CSAR assesses the extent to which Nigeria has adopted these international standards and codes. It also highlights other codes and standards that are applicable or being implemented in the context of Nigeria’s economic governance. They include those developed at the national level.

456. Nigeria has signed, ratified and implemented, directly and indirectly, the relevant standards and codes to promote EGM in the country. However, there was inadequate official information on the dates of signature, accession and ratification of the various standards and codes. Similarly, the extent of domestication is not clearly documented. Table 4.1 below gives an indication of the status, and dates of signature and ratification, of the EGM standards and codes.

457. The CSAR indicates further that, as part of the reforms of the Obasanjo administration under NEEDS I, Nigeria adopted most of the standards and codes relevant to its status as a member of the IMF and World Bank. This is also applicable to Nigeria’s efforts to promote economic cooperation and integration in the ECOWAS subregion and Africa. The Guidelines for Public Debt Management, the Code of Good Practices on Transparency in Monetary and Financial Policies, the Core Principles for Effective Banking Supervision, and the Code of Good Practices on Fiscal Transparency are among the standards and codes developed and monitored by the World Bank and the IMF. They have been signed by all member countries of the World Bank and the IMF. It is in this context that Nigeria’s adherence to the standards and codes is assessed.
<table>
<thead>
<tr>
<th>No.</th>
<th>STANDARD AND CODE</th>
<th>DATE OF SIGNATURE</th>
<th>DATE OF RATIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Partnership for Africa’s Development (NEPAD) Framework Document (2001)</td>
<td>2001</td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>3</td>
<td>Guidelines for Public Debt Management</td>
<td>March 2001</td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>4</td>
<td>International Standards on Auditing</td>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>5</td>
<td>International Accounting Standards</td>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>8</td>
<td>Best Practices for Budget Transparency</td>
<td>2001</td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>11</td>
<td>Treaty Establishing ECOWAS</td>
<td>28 May 1975</td>
<td>June 1975</td>
</tr>
<tr>
<td>12</td>
<td>Code of Good Practices on Transparency in Monetary and Financial Policies</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>13</td>
<td>Core Principles for Systemically Important Payments Systems</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>14</td>
<td>Code of Good Practices on Fiscal Transparency</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>15</td>
<td>Core Principles for Security and Insurance Supervision and Regulations</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
<tr>
<td>16</td>
<td>Dakar Framework for Action</td>
<td></td>
<td>A nontreaty that does not require ratification or accession</td>
</tr>
</tbody>
</table>
Other standards and codes covered by the numerous reform programmes include the ECOWAS Convergence Criteria, the UN Declaration against Corruption and Bribery in International Commercial Transactions, and the ECOWAS Protocol A/P3/12/01 on the Combating of Corruption, among others.

ii. Findings of the CRM

There was inadequate official information to enable the dates of signing, accession and ratification of most of the EGM standards and codes to be documented accurately. This implies that the record-keeping of the standards and codes in relevant government departments is inaccurate, and that the roles of the federal and state governments with regard to the standards and codes are not clearly defined and coordinated. The CRM was informed that efforts are being made to establish a central repository for the standards and codes signed by Nigeria.

For some codes and standards – like the International Accounting Standards, the International Standards on Auditing, the Guidelines for Public Debt Management, and the Organisation for Economic Co-operation and Development (OECD) Best Practices for Budget Transparency – signature and ratification are not required. However, efforts must be made to ensure compliance once the codes or standards have been adopted.

Generally, the CRM found that there is weak monitoring and reporting on implementing standards and codes by government agencies and other stakeholders. Stakeholders also have limited awareness about the existence of these standards and codes, which hampers their effective implementation. This partly explains why the relevant ministries, departments and agencies (MDAs) are often unable to ratify and implement them. A careful strategy for ratifying the standards and codes is essential in order to operationalise them effectively.

Following are brief CRM highlights regarding budgetary activities and processes, Nigeria’s debt management, and good practices for transparency in monetary and financial policies. Bank supervision and restructuring of the banking system, fighting corruption and money laundering, regional integration and general data standards are also covered.

Budgetary activities and processes

Most of the federal government’s budgetary policies, procedures and activities are consistent with the Code of Good Practices on Fiscal Transparency and the articles of the OECD Best Practices for Budget Transparency.

Nigeria’s debt management

Nigeria’s management of public debt (both internal and external) has improved considerably and is in line with the standards defined in the Guidelines for Public Debt Management. Nigeria is a member of the IMF and World Bank, and has signed and acceded to these guidelines. The management of public debt has become stable in Nigeria after many years of turbulence.
Good practices for transparency in monetary and financial policies

465. The principles contained in the Code of Good Practices on Transparency in Monetary and Financial Policies emphasise desirable transparency practices for the central bank and other financial institutions. They define legal, policy, institutional, economic and information-related frameworks to make information available to the public and assure accountability and integrity. The relevant elements of compliance are discussed under objectives 2 and 3.

Bank supervision and restructuring of the banking system

466. The CRM believes that Nigerian authorities, and particularly the CBN, have taken steps to address the gaps and shortcomings identified by the IMF/World Bank Financial Sector Assessment Programme (FSAP) mission. These related to consolidating the banking subsector, introducing risk-based supervision, introducing capacity building for supervisors, and revising prudential regulations. The consolidated banking subsector shows that stability, better access and efficiency are possible in the near future.

Fighting corruption and money laundering

467. Nigeria has adopted many UN declarations, conventions and codes to fight corruption, bribery, money laundering and transnational organised crime, among others.

468. In July 2004, at the third ordinary session of the AU, Nigeria adopted the Organisation of African Unity (OAU) Convention on the Prevention and Combating of Terrorism. This is relevant to economic governance as it has a bearing on terrorist financing.

469. The resolve of the Nigerian government to stamp out corruption and money laundering prompted the ratification of all standards and codes relating to these vices. The EFCC, the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and other agencies of government that deal with corruption and money laundering have spearheaded efforts to achieve compliance with relevant international standards and codes.

470. Nigeria has been cooperating with international agencies to fight corruption and money laundering, and has signed a number of multilateral instruments, conventions, protocols and codes. Following the progress in implementing anti-money laundering reforms, the Financial Action Task Force (FATF), which is the investigative arm of the OECD, removed Nigeria from its list of countries and territories that are not cooperating in the global effort to fight money laundering and the financing of terrorism on 23 June 2006.

471. Objective 4 covers Nigeria’s compliance with the relevant standards and codes for the reporting of suspicious transactions, dissuasive sanctions, and approaches to dealing with natural and legal persons with regard to corruption, money laundering and the financing of terrorism as defined by the FATF.
Regional integration

472. Nigeria has signed and ratified most of the standards and codes for regional integration. These include the Abuja Treaty Establishing the African Economic Community (1991), the Constitutive Act of the AU (2000), the NEPAD Framework Document (2001) and the other treaties, conventions and protocols for regional economic communities. Nigeria was one of the 14 West African nations that signed the Treaty Establishing ECOWAS in May 1975 in Lagos, and one of the seven that ratified the treaty in June 1975. Nigeria has signed and continues to honour treaties, conventions and all the protocols to eliminate trade barriers within the ECOWAS subregion and to promote regional economic communities in Africa.

General data standards

473. The adequacy and reliability of macroeconomic statistics continue to be suspect. There are mix-ups and discrepancies in released data. Nigeria subscribes to the General Data Dissemination System of the IMF, and to the UN’s Fundamental Principles of Official Statistics. However, the IMF, in its assessment of Nigeria’s national accounts statistics in the Reports on the Observance of Standards and Codes (ROSC), highlighted a serious deterioration in data quality. This made it necessary to revamp the Nigerian National Bureau of Statistics (NBS) to ensure that statistical data in the country is better managed. Issues of capacity building, funding and infrastructure development are currently being addressed through the revamping exercise.

iii. Recommendations

474. The APR Panel recommends that:

- A detailed principle-by-principle or article-by-article assessment of compliance with each EGM standard and code be undertaken for a better understanding of the extent of ratification, implementation and compliance. *(Ministry of Justice, Ministry of Finance and National Assembly)*

- All pertinent standards and codes that are not signed, ratified or domesticated be signed, ratified and domesticated urgently to allow the country to derive the benefits that accrue from doing so. *(Ministry of Justice, Ministry of Finance and National Assembly)*

- The ratification and domestication processes for the standards and codes be simplified. As part of this endeavour, the process should be fast-tracked by the National Assembly. *(Ministry of Justice and National Assembly)*

- The standards and codes be popularised through public discussions between stakeholders. *(Ministry of Justice, Ministry of Finance, National Assembly, state governments and civil society organisations (CSOs))*
The National Assembly, CSOs and the mass media oversee and monitor the accession to, implementation of, and compliance with the standards and codes, and the applicable reporting obligations. (*National Assembly, CSOs and umbrella bodies of the mass media*)

### 4.3 Assessment of performance on APRM objectives

#### OBJECTIVE 1: PROMOTE MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT

#### i. Summary of the CSAR

475. The CSAR notes the perspectives and perceptions of stakeholders on the following aspects of Nigeria’s macroeconomic framework and sustainable development programmes: the soundness of the macroeconomic policy framework and its effectiveness in supporting sustainable development; the credibility of macroeconomic projections; the effectiveness of sectoral microeconomic policies (agriculture and food, industry and the financial sector) for economic growth and sustainable development; the measures taken to achieve gender equality; the progress made towards sustainable development; the effectiveness of measures to mobilise domestic resources; and vulnerability to internal and external shocks.

**Soundness of the macroeconomic policy framework and its support of sustainable development**

476. Overall, the CSAR notes that Nigeria’s recent macroeconomic policies have been moderately effective in ensuring stability. It acknowledges government’s compliance with budgeting requirements and the good progress made in achieving fiscal sustainability and compliance with the due process requirements of procurement. However, the CSAR expresses concern about the recent surge in the rate of inflation and continued volatility in the exchange rate. Most importantly, it emphasises the fact that macrostability has not visibly improved the living conditions of the masses. This is shown by the double-digit unemployment rates coupled with the modest decline in the poverty rate.

477. The CSAR highlights some of the indicators of macroeconomic development in Nigeria for the 2001 to 2005 period:

- The average inflation rate was 13.92 per cent.
- The average real GDP *per capita* was ₦81,275, or US$642.16.
- The average ratio for servicing debt to revenue was 5.1 per cent.
- The average share of domestic debt to total debt was 25.13 per cent.
- The average total debt to exports was 58.12 per cent.
• The average total debt to GDP was 10.07 per cent.
• The average fiscal deficit to GDP was 1.75 per cent.
• The average share of fiscal deficit financed by the CBN was 13.2 per cent.
• The average share of the total federal budget allocated to social sectors and community services was 13.86 per cent.
• The average credit extended to the private sector was 27.8 per cent.
• The average credit extended to the public sector was 32.38 per cent.

Making macroeconomic projections

478. The CSAR is critical of the government’s capacity to make credible macroeconomic projections. It attributes poor macroforecasting to the practice of benchmarking macroeconomic variables on volatile oil and gas revenues, as well as on poor macroeconomic management by previous regimes.

479. Most of the government’s projections for the 2001 to 2005 period were off target (see table 4.2). It overestimated real GDP but underestimated unemployment rates and the performance of the nonoil sector. Consequently, the CSAR recommends that the government improve its oil revenue price forecasting.

Table 4.2: Selected macroeconomic projections vis-à-vis actual (percentages)

<table>
<thead>
<tr>
<th>Macroeconomic variables</th>
<th>PROJECTIONS</th>
<th>ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth rate</td>
<td>10</td>
<td>*</td>
</tr>
<tr>
<td>Growth in nonoil sector</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>


480. The CSAR recommends that the government forecast higher oil revenue prices.

Sectoral microeconomic policies for economic growth and sustainable development

481. Nigeria has adopted and implemented several sectoral policies and programmes to support sustainable development. Major sectoral policies include those for agriculture and food, industry and finance.
Agriculture and food

482. The CSAR notes with concern the declining role of the agricultural sector in Nigeria’s development. Given its importance for food security and for providing an income for most Nigerians, the CSAR urges government to implement measures aimed at revitalising the sector.

483. Agriculture provided over 80 per cent of the export earnings and employment, about 65 per cent of total output or GDP, and about 50 per cent of government revenue in the 1960s. However, agriculture was neglected and rural incomes declined severely as oil revenues became increasingly important to the national economy in the 1970s. This broadened and deepened poverty. Nigeria was importing food to the value of about US$2 billion annually by the turn of the century.

484. The CSAR commends recent initiatives to revitalise the agricultural sector. These include: the Presidential Initiative on Cassava Production, Processing and Export; the Vegetable Oil Development Programme; the National Special Programme for Food Security (NSPFS); the Presidential Initiatives on Rice Production, Processing and Export; and the improvements in agricultural growth rates. The CSAR nevertheless calls on government to address threats to the sector posed by climate change, limited access to credit and weak agriculture-related infrastructure.

Industry

485. The CSAR lauds newly introduced measures to improve access to finance for industrial development. Key initiatives include establishing the Bank of Industry (BOI), the Small and Medium Industries Equity Investment Scheme (SMIEIS) and the Small and Medium Enterprises Development Agency (SMEDAN).

486. BOI was introduced as a development institution to accelerate Nigeria’s industrial development by facilitating access to long-term loans, generating employment and promoting indigenous entrepreneurship. The bank also provides financial, technical and managerial support services to small and medium enterprises (SMEs).

487. SMIEIS is a fund directed at promoting SMEs. It is financed by contributions from commercial and merchant banks. Beneficiaries are subject to a number of conditions and benefits. These include tax relief during the first five years of operation, lower duties on imported raw materials, lower tariffs on industrial machinery and spare parts, and relatively higher duties on competing imported finished goods so as to discourage the dumping of goods in Nigeria.

488. SMIEIS is coordinated by a committee of banks. This ensures that 60 per cent of the SMIEIS fund is directed to the core sector, 30 per cent to services, and 10 per cent to microenterprises through nongovernmental organisations (NGOs).
489. The CSAR is nevertheless concerned that, because of corruption and institutional weaknesses, the funds are unlikely to reach their intended beneficiaries. Loans might then end up as bad and doubtful debts, thereby crippling the operations of the fund and undermining its laudable objectives. In addition, the CSAR expresses concern about continued regional disparities in access to the SMIEIS fund (Import Duty Report, 2007).

**Finance**

490. The CSAR discusses financial-sector reforms under four main headings: interest rate and monetary policy, banking and insurance-subsector restructuring and consolidation, capital market development, and the new pension scheme. Nigeria’s financial-sector reforms have attempted to: improve financial market stability, access and efficiency; eliminate nonprice rationing of credit to increase competition; adopt indirect monetary management instead of imposing credit ceilings on individual banks; and strengthen the money and capital markets through measures to resolve distress.

**Monetary policy**

491. Changes in monetary policy include removing credit ceilings for a few banks judged to be sound, and shifting liquidity management to the indirect approach of open market operations (OMO). Banks, discount houses and some selected stockbrokers were permitted to participate in the primary market for Treasury bills. In addition, the interest rate regime was liberalised. The CBN adopted a policy of setting a minimum discount rate to signal its policy direction. Furthermore, the CBN has promoted and popularised other financial market products, such as the National Savings Certificate, to encourage savings.

492. The CSAR nevertheless notes with concern that the gap between the banks’ deposit and lending rates remained quite high. It may reflect weak competition among banks for clients. Furthermore, large gaps associated with high lending and low deposit rates discourage saving as well as borrowing.

**Banking-subsector restructuring**

493. A mainstay of the financial-sector reforms is the programme of consolidating banking and insurance. The financial sector was characterised by concentrated assets and a small asset base before the reforms. More than half of bank assets were held by only 10 of the 89 banks. Meanwhile, the combined assets of the 89 banks totalled only US$18 billion. Furthermore, a substantial portion (20.8 per cent) of the total money supply remained outside the banking system because of high inflation, low levels of public confidence in the subsector and inefficient intermediation. The average savings deposit rate was only between 3 per cent and 5 per cent, while the lending rate averaged between 21 per cent and 32 per cent. A surveillance report in 2004 noted that 25 of the 89 banks were only marginally sound or were unsound. Two of the banks did not make statutory returns. The
industry was characterised by weak corporate governance, declining ethics, demarketing of some banks and insider abuse. Many banks were heavily dependent on public-sector deposits.

494. The CBN, in collaboration with other institutions – such as the Nigeria Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) – embarked on a comprehensive programme to consolidate banks in order to address the weaknesses in the subsector. The programme ended in December 2005. By then, only 25 banks had met the minimum capitalisation requirements. Fourteen banks could not raise their capital base or merge with others. They were subsequently liquidated.

495. The CSAR mentions the following key effects of the programme: 25 relatively well-capitalised banks emerged; enhanced liquidity caused a fall in interest rates; improved intermediation efficiency of the banks led to a drop in the currency ratio outside the banking system from 21.4 per cent to 14.2 per cent by the end of December 2005; banks increased their capacity to finance big transactions with a single obligor limit; and bank ownership was diluted to increase banks’ potential to improve corporate governance. Furthermore, with larger economies of scale, customers stood to benefit from reduced bank charges. The oversight function of the SEC and the NSE has spread throughout the industry since almost all the banks are quoted. The Nigerian banking system is now the fastest growing in Africa. Two banks have successfully issued Eurobonds and some of the banks are on the verge of being listed on the London Exchange – a first for sub-Saharan Africa.

496. Overall, the CSAR believes that restructuring the banking subsector has had a positive impact on the financial health of banks. Nevertheless, in addition to its concerns about the large gap between the deposit and lending rates, it emphasises the need to address constraints in access to credit posed by overly burdensome collateral requirements. These obstacles, it argues, undermine potential growth of the real sector, particularly agriculture.

Insurance-subsector consolidation

497. As with the banking reforms, the insurance-subsector reforms have concentrated on strengthening the capital base of registered insurance companies by raising capital requirements. Life insurance companies had the previous capital requirement of ₦150 million moved up to ₦2 billion, general insurance companies had it increased from ₦200 million to ₦3 billion, and reinsurance companies had the previous capital minimum of ₦350 million increased to ₦10 billion.

498. The reforms caused most firms to merge, while others were forced to liquidate because they could not meet the new capital requirements. Before recapitalisation, there were 107 insurance companies in Nigeria. This number declined substantially to 71 by the end of the programme. While the CSAR is optimistic that these measures will enhance the global competitiveness of Nigerian insurance companies, it nevertheless cautions that the insurance culture in Nigeria is still nascent and the industry remains relatively underdeveloped.
Capital market development

499. The CSAR notes the rapid growth of the capital market with satisfaction. The number of registered operators on the NSE grew from 290 in 1999 to 581 in 2006, and the number of listed securities increased from 268 in 1999 to 288 in 2006. The value of new issues (debt and equities) rose rapidly from ₦12.04 billion in 1999 to ₦702.15 billion in 2006.

500. Furthermore, the ratio of market capitalisation to GDP more than trebled from 9.4 per cent in 1999 to 28.3 per cent in 2006. The NSE all-share index, which is a true barometer of the health of the economy, also rose almost tenfold between 1999 (5,266) and 2007 (over 47,000).

501. The CSAR acknowledges these impressive gains but notes that the capital market is still narrow and shallow and leaves enormous potential for growth and creating wealth.

Pension scheme

502. A new pension scheme in Nigeria was introduced as the fourth pillar of financial system reforms. The CSAR observes that introducing the Pension Reform Act (2004) helped to address the previously disorganised and uncoordinated pension arrangements in the country. After a fully funded contributory system was introduced, pension fund custodians now take custody of the proceeds, while pension fund administrators invest the funds. At least ₦600 billion has already been contributed under the scheme.

503. However, the CSAR believes that the scheme remains undeveloped and requires sustained awareness and advocacy campaigns in order to gain the confidence of workers and employers alike. States also need to be encouraged to adopt the scheme so as to extend the benefits to state and local government personnel. It is also important that the Pension Commission (Pencom) enforces the rules in order to be credible.

Progress towards sustainable development in selected indicators

504. The CSAR gives a mixed picture of performance with regard to Nigeria’s socioeconomic development. On the one hand, Nigeria has made good progress with increasing access to health care (by reducing the ratios of physicians/nursing staff to the population), and with increasing the levels of secondary and primary school enrolment. However, progress in adult literacy, life expectancy and the primary pupil-teacher ratios has stagnated. Moreover, the secondary school pupil-teacher ratio and the ratio of people to hospital beds have deteriorated, and budgetary allocations to the education and health sectors have dropped.

505. Unemployment has reached unacceptable levels. It is compounded by the phenomenon of graduate unemployment and an informal sector that harbours a substantial portion of the underemployed. However, the Quick National Employment Generation Survey (QNEGS) of 2006 recorded rapid
job growth in recent years. This was driven largely by the communication sector (with a growth of 2,584.01 per cent). It was followed by education services (213.33 per cent), finance (117.35 per cent), building and construction (57.97 per cent), transport (56.02 per cent) and agriculture (55.6 per cent). According to the survey, manufacturing (-0.2 per cent), banking (-1.34 per cent), hotels, restaurants and tourism (-3.07 per cent), and mining and quarrying (-36.11 per cent) recorded negative growth rates (see table 4.3).

Table 4.3: QNEGS, 2006

<table>
<thead>
<tr>
<th>Economic activity</th>
<th>1999</th>
<th>2005</th>
<th>Amount change</th>
<th>Percentage change</th>
<th>Generation rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>79,540</td>
<td>123,761</td>
<td>44,221</td>
<td>55.6</td>
<td>6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,916,781</td>
<td>1,912,906</td>
<td>-3,875</td>
<td>-0.2</td>
<td>12</td>
</tr>
<tr>
<td>Building and construction</td>
<td>290,574</td>
<td>459,023</td>
<td>168,449</td>
<td>57.97</td>
<td>4</td>
</tr>
<tr>
<td>Hotels, restaurants and tourism</td>
<td>537,067</td>
<td>520,556</td>
<td>-16,511</td>
<td>-3.07</td>
<td>14</td>
</tr>
<tr>
<td>Transport</td>
<td>154,693</td>
<td>241,354</td>
<td>86,661</td>
<td>56.02</td>
<td>5</td>
</tr>
<tr>
<td>Communication</td>
<td>17,409</td>
<td>467,260</td>
<td>449,851</td>
<td>2,584.01</td>
<td>1</td>
</tr>
<tr>
<td>Education services</td>
<td>8,228</td>
<td>25,781</td>
<td>17,553</td>
<td>213.33</td>
<td>2</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>56,137</td>
<td>35,867</td>
<td>-20,270</td>
<td>-36.11</td>
<td>15</td>
</tr>
<tr>
<td>Utilities</td>
<td>14,896</td>
<td>14,896</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Banking</td>
<td>28,263</td>
<td>27,883</td>
<td>-380</td>
<td>-1.34</td>
<td>13</td>
</tr>
<tr>
<td>Distribution and trade</td>
<td>146,577</td>
<td>196,511</td>
<td>49,934</td>
<td>34.07</td>
<td>9</td>
</tr>
<tr>
<td>Professional services</td>
<td>7,047</td>
<td>10,206</td>
<td>3,159</td>
<td>44.83</td>
<td>7</td>
</tr>
<tr>
<td>Real estate and business services</td>
<td>75,004</td>
<td>103,348</td>
<td>28,344</td>
<td>37.79</td>
<td>8</td>
</tr>
<tr>
<td>Health</td>
<td>305,880</td>
<td>330,042</td>
<td>24,162</td>
<td>7.9</td>
<td>10</td>
</tr>
<tr>
<td>Finance</td>
<td>24,108</td>
<td>52,398</td>
<td>28,290</td>
<td>117.35</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: NBS (a survey of 500 firms with 355 responding, involving firms employing 10 persons & more).

506. Nonetheless, according to the CSAR, 70 per cent of public servants, the self-employed, the private sector and the unemployed perceive Nigeria’s performance in creating jobs, providing quality education, supplying electricity or energy, providing good roads and good transport services, and securing lives and property as worsening. A similarly large proportion (more than 50 per cent) of the same occupational groups perceives the provision of good recreational facilities and good nutrition as being static. None of the occupational groups believe that any of the key microeconomic issues have improved over the five-year period reviewed.
### Table 4.4: GDP at current prices (2001–2005)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>34.95</td>
<td>36.52</td>
<td>32.6</td>
<td>34.21</td>
<td>32.53</td>
</tr>
<tr>
<td>Industry</td>
<td>44.16</td>
<td>41.21</td>
<td>46.3</td>
<td>40.4</td>
<td>41.69</td>
</tr>
<tr>
<td><strong>Contribution of manufacturing to figures above</strong></td>
<td>7.77</td>
<td>6.51</td>
<td>4.7</td>
<td>3.06</td>
<td>2.79</td>
</tr>
<tr>
<td>Building and construction</td>
<td>1.14</td>
<td>1.21</td>
<td>1.2</td>
<td>1.46</td>
<td>1.47</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>11.06</td>
<td>11.76</td>
<td>11.04</td>
<td>13.01</td>
<td>13.21</td>
</tr>
<tr>
<td>Services</td>
<td>8.69</td>
<td>9.3</td>
<td>8.87</td>
<td>10.93</td>
<td>11.1</td>
</tr>
</tbody>
</table>

*Source: CBN annual report and statement of accounts, 2005.*

### Measures taken to promote gender equality

507. The CSAR acknowledges and applauds the efforts to promote gender equality. Nonetheless, it argues that more needs to be done to reduce the relatively higher female poverty rate, ensure gender equality in secondary schools, and facilitate greater representation of women in professional and managerial positions. Indeed, many institutional arrangements have been made over the years to increase the economic and political opportunities available to women and improve their living conditions. These include the Better Life Programme (BLP) for rural women, the Family Economic Advancement Programme (FEAP) and the Family Support Programme (FSP). To emphasise the importance that government attaches to gender equality, the National Commission for Women (NCW), established in 1990, was subsequently upgraded to the Ministry of Women’s Affairs in December 1996.

508. The government has taken further steps towards promoting gender equality since 1999. In 2000 it adopted a National Gender Policy which seeks to integrate women fully into the mainstream of the economic, social and political life of the nation by enforcing the constitutional and legal guarantees of gender equality.

509. The Ministry of Women’s Affairs has established six zonal empowerment centres to train women in public affairs and equip them with skills for participation in the democratic process. It has also established three pioneer cottage industries in Kwali, Damaturu and Okpoama to promote female entrepreneurship, and it created a Women’s Fund for Economic Empowerment (WOFE) to support women entrepreneurs.

510. Nevertheless, the battle for gender equality is far from won. It is estimated that 65 per cent of the population living below the poverty line are women. Currently, women constitute only 24 per cent of the federal civil service and occupy less than 14 per cent of all management positions. Similarly, women make up a small proportion of the number of professionals in various disciplines in both public and private employment. The percentage of males increases the higher the education level.
Mobilising domestic resources and diversifying the economy

511. According to the CSAR, the government of Nigeria has attempted to diversify the economy and mobilise domestic resources better through port concessions, reforming the customs service, increasing tariffs on utilities, expanding businesses by creating micro-credit facilities, consolidating the banking sector, and establishing a Revenue Mobilisation, Allocation and Fiscal Committee.

512. Several challenges remain, however. The economy is still heavily dependent on crude oil revenues, the manufacturing sector remains weak, and the agricultural sector is still not able to meet the food requirements of the economy. In order to diversify effectively for sustainable development, the CSAR suggests: developing agriculture and other sectors to create jobs and reduce poverty; creating public awareness of macroeconomic policies for sustainable development; capping agricultural-sector interest rates at 5 per cent to increase agricultural production; making food security a priority (particularly food storage, processing and packaging) in order to reduce wastage and encourage farmers to increase output; promoting rural information centres to improve access to information on markets and services; and granting soft loans to members of the youth corps on completion of their service so as to enable them to start businesses.

Vulnerability to internal and external shocks

513. The CSAR notes that recent policy measures have been fairly successful in mitigating Nigeria’s vulnerability to internal and external shocks. It observes, for example, that since 2003 Nigeria’s current account surplus balance has increased from -3.4 per cent of GDP in 2002 to 20 per cent in 2005. Net foreign assets have also increased in the past five years from 18.14 per cent of GDP in 2002 to 25.96 per cent and 29.43 per cent in 2004 and 2005 respectively.

514. Other major steps taken by Nigeria to reduce its vulnerability to internal and external shocks include: benchmarking the budget on an oil price that is lower than the actual market price in order that it may act as a cushion against future shocks; better prioritising capital budget expenditures; establishing a formal CMC to match expenditures to revenues, manage bulk releases of the capital budget and ensure that deficit ceilings are not breached; ensure collaboration between the executive and the legislature in estimating annual budgets; implementing value-for-money measures through the Due Process Office; estimating budgets for 2003 to 2005 using the very clear and transparent objectives of the newly introduced Fiscal Strategy Paper (this has undoubtedly improved the allocation process); establishing macroeconomic stability through monetary policy; and auctioning foreign exchange by issuing CBN and Treasury bills.

515. While acknowledging these positive developments, the CSAR expresses concerns about the overwhelming dependence of the economy on oil revenue. It is also concerned about persistent social unrest, particularly in the volatile oil-producing Niger Delta region where unrest is caused by
the perceived inequities in regional development and the distribution and control of oil wealth.

516. Nigeria is currently paying the constitutionally prescribed minimum of 13 per cent of derivation funds in respect of oil production to the states in the area. However, the region is demanding an increase to this prescribed minimum. The Niger Delta Development Commission (NDDC), which is responsible for developing infrastructure and generating employment in order to reduce tension in the region, has also launched a 15-year master plan to develop the region.

517. Nevertheless, about 300,000 barrels per day (bpd) of crude oil are lost to disruptions caused by shut-ins. These are the result of violent acts against oil companies and their staff or destroyed pipelines.

518. The CSAR also emphasises the need to address other sources of vulnerability faced by households. These include: drastic increases in the price of essential commodities; fluctuating commodity prices, especially of fuel; banning commodity exports to traditional markets; tribal clashes; and theft of household assets or robbery. Government’s assistance to victims of disaster or shocks is perceived to be weak. It tends to be undermined by rent-seeking behaviour, which reduces the amount of funds that reaches the intended beneficiaries.

ii. Findings of the CRM

Soundness of macroeconomic policies

519. Current fiscal, monetary, trade and exchange rate policies are driven by the NEEDS framework. They aim to stabilise the economy in the short run, achieve internal balance in the medium term, and move the economy towards achieving external balance in the medium and long term. Macroeconomic management aims to achieve high and sustained noninflationary growth. Important measures applied since 2003 are highlighted below.

Fiscal policy reforms

520. These were introduced to achieve macroeconomic stability, internal balance, fiscal transparency, viability, efficiency and an improved revenue base. The MTEF was adopted to strengthen the management of public expenditure by outlining strategic priorities for allocating funds and engendering fiscal discipline.

521. Introducing an oil-based fiscal rule was an important initiative in this regard. This seeks to separate government expenditure from volatile oil prices and ensure that excess crude revenues are saved.

522. Government has succeeded in keeping the budget deficit to within 3 per cent of GDP. This has reduced an undue burden on monetary policy and established an environment conducive to private investment.
The governance reforms were anchored on the tenets of transparency, accountability and anticorruption, including the due process mechanism, to complement the fiscal reforms. Other complementary measures include the Extractive Industries Transparency Initiative (EITI), transparent oversight of public expenditure, restructuring the public sector, and establishing the anticorruption agencies EFCC and ICPC.

**Monetary policy reforms**

Monetary policy has largely been anchored on maintaining price stability. Several measures have also been taken to strengthen the financial sector in order to improve financial intermediation and its linkages with the real sector. Monetary authorities currently implement active and transparent interest rate and exchange rate policies aimed at strengthening the resilience of the financial system to domestic and external shocks.

The focus is on regulating the value, supply and cost of money so that they are consistent with the expected level of economic activity. This will enable money supply to grow at an appropriate rate to support sustainable economic growth and maintain internal and external balances.

The CRM discussions revealed that the CBN has applied both direct and indirect instruments of monetary policy with varying degrees of success over time. Direct instruments include managing interest rates, regulating bank credit, statutory liquidity requirements, directed credits and rediscount windows. The emphasis in recent years has, however, been on indirect instruments, consistent with global trends.

**Structural reforms**

The range of policies includes liberalising, deregulating and privatising key sectors of the economy. The objective of these reforms has, since 2003, been to ensure that the private sector remains the driver of economic activity. Several laws have been passed. They are designed to deregulate and govern key sectors like telecommunications, electricity and private-public partnerships in developing infrastructure. Liberalising the telecommunications sector is an example. It boosted investment in the sector (with over US$1 billion per year invested since 2003) and improved telecommunications services. The number of Global System for Mobile Communications (GSM) lines increased from fewer than 500,000 to more than 30 million since 2001.

**Overall macroeconomic picture**

The CRM findings agree largely with the CSAR’s view that Nigeria’s recent fiscal reforms have contributed to macroeconomic stability, and that government’s fiscal operations are becoming more transparent than they were in the past. Some notable achievements in the past two years are as follows (illustrated in figure 4.1):
• The exchange rate has become relatively stable following liberalisation in 2006, thereby allowing greater flexibility in exchange rates.

• The inflation rate has been reduced from 23 per cent in 2003 to below 10 per cent in 2006 and 2007.

• Chronic fiscal deficits have given way to consolidated surpluses.

• The overall fiscal balance has been improved from the previous 3.5 per cent budget deficit to a fiscal surplus of 10 per cent of GDP in 2004 and 11 per cent in 2005.

• External reserves have increased markedly to US$40 billion in 2006.

• There has been strong economic growth of almost 7 per cent in 2005 and 2006.

• There has been strong nonoil-sector growth of about 8 per cent.

529. The Nigerian economy has benefited in recent years mainly from the high price of oil and the gains in efficiency brought about by economic reforms. The real GDP growth rate averaged 6 per cent for the period 2002 to 2006. However, this growth rate still falls short of the NEEDS target of 10 per cent needed to achieve many of the MDGs. Moreover, after peaking at about 10 per cent in 2003, real GDP growth slowed from 6.2 per cent in 2005 to 5.67 per cent in 2006 because of the disruptions to oil production in the Niger Delta. On the other hand, nonoil-sector growth has been encouraging. Real nonoil GDP grew by 8.9 per cent in 2006 and 8.6 per cent in 2005. On the other hand, oil output reduced by 4.7 per cent in 2006 and by 0.5 per cent in 2005.

530. The main drivers of growth in the nonoil sector were telecommunications, general commerce, manufacturing, agriculture and services. The communications sector in Nigeria has been experiencing a boom in the last five years. Its average growth of about 30 per cent per annum was driven largely by the expansion of GSM services. Large inflows of foreign direct investment (FDI) have also played a crucial role, jumping from US$50 million in 1999 to US$7.5 billion in 2005. The number of mobile phone lines has increased from below 250,000 in 1999 to nearly 20 million in 2005. Teledensity achieved 15.7 lines per 100 inhabitants. The tremendous progress made in telecommunications has contributed to an overall improvement in the business climate, and has benefited the manufacturing sector especially.

531. Nigeria’s management of its debt appears to comply with the standard requirements defined in the Guidelines for Public Debt Management. CRM discussions revealed that steps were being taken to improve the legislative framework, design a better organisational framework, clarify mandates and roles, consolidate debt management functions, increase bank supervision, and restructure the banking system.
Figure 4.1: Nigeria’s key economic indicators
532. Nigeria has recently freed itself of its debt obligations, including those of the Paris and London Clubs of creditors, multilateral and promissory note creditors, as well as bilateral and private-sector creditors. This has also had a beneficial impact on investment and growth. As part of the debt relief deal, saved oil revenues were used to eliminate payment arrears and to buy back foreign debt at a discount. This reduced foreign debt to below 5 per cent of GDP from 57 per cent in 2003. The resulting good sovereign credit rating (78 out of 100) was a vote of confidence in the economic reform efforts. It also enabled Nigerian businesses to have easier and more affordable access to international finance and capital markets.

533. The CRM shares the concern expressed by the CSAR about the limited success in converting macrostability and growth into a diversified economy, increasing job growth quickly and reducing poverty. Further, despite reducing fiscal deficits, fiscal policy continues to be limited by a narrow revenue base. A high level of tax evasion continues despite new measures to improve tax collection.

534. The challenges facing monetary policy include persistent high interest rates and high interest rate spreads despite measures to control inflation. Finally, several shortcomings in the business environment constitute significant obstacles to sustained economic growth. They include poor physical infrastructure, burdensome red-tape, an inhospitable institutional environment for business, and lack of access to long-term finance.

Exposure to shocks

535. The CRM findings indicated that Nigeria’s vulnerability to shocks stems from a number of interrelated factors. They include: high dependence on the oil sector and its resultant lack of diversification in economic activities; mismanagement and embezzlement of resources by those in leadership positions; oil bunkering or bandit activities that undermine the nation’s capacity to exploit its oil potential fully; recurring labour strikes because of government’s inability to meet the expectations of workers; and civil unrest, particularly in the Niger Delta. Exposure to external shocks is linked to the narrow export base, trade shocks, fluctuations in exchange rates and climate change. There are many and diverse internal shocks, including floods, pests, drought, inflation and human insecurity. While oil revenues appear to have cushioned the economy from external shocks, diversifying the economy is critical for sustaining resilience to shocks.

Real-sector concerns

Agriculture

536. The CSAR expresses concern about the declining role of agriculture in Nigeria’s economic development, and it urges government to implement policy measures aimed at revitalising the sector. CRM interactions with stakeholders confirmed these concerns and identified some of the key constraints to agricultural productivity.
Stakeholders confirmed agriculture’s pre-eminent role in ensuring food security, promoting employment, alleviating poverty and raising rural incomes. They acknowledged that recent government initiatives in the sector have improved yields in selected crops.

Stakeholders nevertheless confirmed that agricultural productivity remains low because of limited investment in agriculture-related infrastructure like feeder roads, storage systems and irrigation. The sector depends largely on the vagaries of the weather for good performance because of the limited irrigation systems.

Stakeholders also noted that food production is not keeping pace with population growth, and malnutrition levels were reported to be high. Further, partly because of low agricultural productivity, the supply of agricultural raw materials to the manufacturing sector for processing is inadequate. This accounts, in part, for low levels of growth and employment in the manufacturing sector.

In addition, low levels of productivity, combined with low wages in the sector, have contributed to low agricultural export earnings and high levels of poverty, particularly in the rural areas.

According to stakeholders, the strategic thrusts for revamping agriculture and making it part of the mainstream economy are to:

• Implement the existing, carefully considered policies and avoid frequent policy shifts.

• Make agricultural production the priority in allocating resources. This implies increasing the budget for agriculture from the current budget of approximately 3 per cent to about 10 per cent (including agricultural subsidies and credit).

• Place a high value on agriculture and sensitise society about the role of agriculture in the nation. Farmers need to be held in high esteem and be recognised.

• Support the establishment of farmers’ associations and cooperatives to champion the interests of the sector.

• Extend the area under sustainable land management and expand reliable water control systems.

• Improve rural infrastructure and access to markets.

• Increase food supply and reduce hunger and agricultural emergencies while guaranteeing prices for agricultural products.

• Improve procurement.

• Distribute effectively the assorted fertilizers, improved seedlings, agrochemicals and vaccines that farmers throughout the country need.
• Increase agricultural productivity and sustainability through training, research and development.

• Extend systems and irrigation works that eliminate dependence on rain-fed agriculture.

• Make farm credit to farmers accessible, affordable and timely.

• Reorganise rural settlement patterns to favour agricultural production.

• Explore the stock exchange to raise long-term capital for funding agriculture.

• Facilitate private-sector participation in agriculture, encourage foreign investment in agriculture, improve the flow of information between buyers and sellers (particularly information about prices), and create an environment for large numbers of buyers and sellers to participate in the market.

• Develop clear subsector policies for producing food crops, livestock, fish, cash and export crops, industrial crops, agricultural by-products, forest products and wildlife.

• Clarify the roles and responsibilities of the federal government, state governments, local governments, agricultural institutions, the private sector and individual farmers in agricultural development.

• Pursue an aggressive development programme for rural roads, rural electrification and rural water supply.

• Revive agricultural shows and festivals.

• Pay attention to the serious climate change predictions associated with unsustainable agricultural practices in the whole country, and to the need for ecological restitution, reforestation and planned farming.

• Develop an agricultural support programme in the civil service to encourage civil servants to become interested in farming and to adopt it as an occupation after they leave the service.

**Industry**

542. The CRM gathered, from its interactions with stakeholders, that the country had a strategic framework for industrial development for many years. The framework had been formulated around a set of priorities that included: agro-allied industries; petrochemical and chemical industries; diversified textile industries; an integrated iron and steel industry; and transport vehicle and allied industries assembly and manufacture for export. Lack of implementation was, however, seen to be the major weakness.

543. Currently, industrial policy concentrates on promoting access to funding, facilitating regional balance, providing tax relief, and lowering duties
and tariffs on imported and finished goods. As indicated in the CSAR, establishing the new BOI and the SMIEIS were among the key initiatives for developing this sector. The Export Expansion Grant is geared specifically towards supporting manufactured exports, while the National Credit Guarantee Scheme was conceived to help mitigate the risks associated with lending to SMEs.

544. Available statistics reveal that the new policy initiatives have yet to affect Nigeria’s manufacturing growth rate and competitiveness significantly. The World Economic Forum’s Global Competitiveness Index (2006) rated Nigeria’s competitiveness as poor in 2005. The score was particularly low for institutions, infrastructure and the supportive macroeconomic environment. The ranking was, however, better on innovation [particularly expenditure on research and development (R&D)], collaboration in research between universities and industry, technological readiness and absorption of firm-level technology.

545. The manufacturing sector contributed only 3.6 per cent to Nigeria’s GDP over the 2001 to 2004 period on average, compared to agriculture’s 41 per cent for the same period. Usage of manufacturing capacity averaged 53 per cent between 2001 and 2004.

546. Constraints to enterprise growth include cost-increasing factors like poor infrastructure, lack of finance, uncertainty about government policies, ineffective laws and regulations, and inefficient administration of the business environment. Frequent interruptions in the supply of basic utilities have proved to be particularly costly to the manufacturing sector. For example, small firms lost 24 per cent of their output because of power outages, medium-sized firms lost 14 per cent and large firms lost 17 per cent.

547. To make SMEs more competitive, stakeholders emphasised: simplifying the access and disbursement processes of SMIEIS; public-private collaboration to remove obstacles to competitiveness; developing value chains; and addressing the factors that contribute to the high costs of inputs, such as high interest rates, shortages of skilled labour, low demand and policy uncertainties.

548. The CRM identified a number of policy measures, spearheaded by the Ministry of Mines and Steel Development, to develop the solid minerals subsector. To date, 34 different minerals have been identified and are being promoted for commercial exploitation. A further 42 mineral resources have been discovered by the Nigerian Geological Survey Agency and are being captured on mineral commodity maps. Developing the solid mineral sector is the key to the current policy of diversifying the revenue base of the economy, attracting more FDI, providing inputs for local industries and exports, increasing opportunities for self-employment, and adding value.

549. The CRM findings in the oil and gas industry revealed that there have been efforts to improve oil and gas output and to ensure greater intersectoral links with the rest of the economy. Specifically, the government plans
to increase crude oil reserves to 40 billion barrels by 2010, to increase capacity to handle 4.5 million bpd by 2010, to increase the value that the sector adds to the national economy, and to move from an oil industry to an integrated oil and gas industry. In the case of gas, the upstream targets include generating as much revenue from gas as from oil within a decade, ending gas flaring by 2008, supplying the energy requirements of local industry from an efficient local gas market, and creating new gas industries from the old oil industry. Downstream short-term goals include improving the capacity to use the existing infrastructure (refineries, depots and pipeline systems). Privatising them is a long-term goal.

**Finance**

550. In the financial sector, the focus is on the stability of financial-sector institutions, efficiency in rendering financial services, and access to financial resources and services. The CSAR highlights major achievements with: liberalising interest rates and monetary policies (credit ceilings, liquidity management and open market operations, and their impact on savings and investment); consolidating the insurance subsector; consolidating the banking subsector while taking into account weak corporate governance, declining ethics, de-marketing, the pruning of marginal banks and insider abuses; a new pension scheme based on the Pension Reform Act of 2004; and developing the capital market.

551. In line with the CSAR, the CRM found that consolidating the banks has resulted in increased capitalisation through mergers and selling shares on the stock market. Following the recent banking-sector reform, the Nigerian banking sector has become competitive and sounder. Indeed, 20 of the 25 Nigerian banks were in the top 100 banks in Africa in 2006, and 17 Nigerian banks were in the top 1,000 banks in the world. There were none in 2005.

552. However, stakeholders echoed the concerns raised by the CSAR that consolidating the banking sector has not resulted in increased lending, especially to the agricultural and industrial sectors, partly because of the stringent collateral requirements and the high risk associated with these loans. They urged government to improve the environment in order to reduce risk and increase the returns on developing the private sector. Key aspects of the environment include agriculture-related infrastructure and prices.

553. The CRM was informed that there are several constraints. They include: the time taken to approve credit, which was often too long; the absence of long-term investment funds, although frameworks to finance manufacturing do exist on paper; and the focus on consumer loans rather than on producer loans. The trend has been that commercial banks post very high profits every year. They have a lot of money which could be channelled towards real-sector activities. Unfortunately this does not happen. Instead, they are always competing for customers.

554. With regard to micro-finance institution (MFI) initiatives, stakeholders emphasised the need to improve access to credit. The current stringent
requirements include raising and depositing ₦250,000 as collateral before getting loans. They make accessing funds very difficult. Further, the maximum loan amount offered to MFIs by lending institutions tends to be too low to start a business. For instance, community banks give less than ₦500,000 in loans. Stakeholders therefore called on government to increase the ceiling.

555. The government decided that all commercial banks should provide 10 per cent of their profits after tax to help finance SMEs. About ₦40 billion had been raised by 2006. However, the CSAR reports that only 40 per cent of the ₦40 billion has been used. This issue was raised by the CRM. The major reason given was lack of collateral to satisfy the banks. Fears were also expressed that the MFIs are not managed well. Cases of corruption are cited in accessing loans. There are also delays and high costs, including interest rates, when accessing funds.

556. Stakeholders also noted that there has not been an appreciable decline in the gap between the lending and savings (deposit) interest rates after banks were consolidated. This undermines financial intermediation. Indeed, the gap between the savings deposit rate and the maximum lending rate declined only marginally from 15.41 per cent to 15.1 per cent between December 2006 and December 2007.

557. Bank capitalisation has been achieved largely by selling shares on the stock market. Pension funds and insurance funds were leading subscribers to the stock market. Stakeholders expressed concern about the inordinate amount of time it takes to obtain share certificates after buying bank shares. Further, these shares tend to be oversubscribed so that buyers often have their funds returned after buying the shares.

558. With regard to the impact of the banking system on the rest of the economy, especially the nonoil sector, the CRM concurred with stakeholders and the CSAR that the role of the banking subsector in agriculture and rural development was weak. This implies suboptimal financing of agricultural development and of small and medium industries (SMIs), which are critical for economic growth and development. Given the pervasive role that revenue from oil exports plays in the economy, it is inevitable that the recycling of oil earnings will continue to play a dominant role in the activities of the banking system.

559. If the banking system is to play a bigger role in promoting the nonoil and real sectors of the economy, it must improve its efforts to support activities in agriculture and in the rural and SME sectors in order to promote structural change, diversify the economy and alleviate poverty. In short, banks need to develop suitable products that target short-term and long-term development in agriculture, industry, trade, energy and other services. They need to reduce interest rates and the gaps in interest rates. They need to make financial resources and services more accessible and affordable in terms of fees, charges, levies and commissions. They should ensure that credit is affordable, ensure that borrowers do not feel penalised, and encourage savings.
560. The capital market provides an avenue for those with money to invest in the stocks of listed companies, the debt instruments of firms and the government in return for dividends and/or shares in these entities. It is concerned with medium to long-term funding needs (usually for expansion, modernisation and capital development) in both the private and public sectors. Capital may be raised either through primary markets (for new issues of shares or bonds), or secondary markets (for trading in existing shares).

561. The Nigerian capital market has experienced considerable growth in recent years. There were 288 listed companies in 2006. A total of 36,700 million shares were traded for ₦468,600 million. The market capitalisation realised ₦5,120 billion – a 277 per cent increase over 2003.

562. Trading facilities were upgraded recently to meet international standards. Upgrades included introducing the Central Securities Clearing System. This handled the clearing, settlement and delivery of transactions on the exchange electronically. Other upgrades included introducing automatic trading to replace the manual system, thereby reducing transaction and settlement times. An electronic platform for real-time online trading was also introduced. These innovations allow investors to speculate more, to take advantage of capital appreciation, and to reduce the costs associated with producing and transferring stock certificates.

563. The Investment and Securities Act (1999) increased the regulatory functions of the SEC. They now include licensing and regulating new stock exchanges, licensing and regulating the establishment of new commodity exchanges, and registering all market operators. The Investment and Securities Tribunal (IST) was established in 2002 to adjudicate all matters involving stakeholders in the market. These include protecting the interests of investors, transparency, fairness, responsiveness and resolving disputes flexibly. These innovations engendered confidence in the capital market.

564. However, the CRM found that, despite the phenomenal growth in recent times, problems remain. These include inadequate instruments, lack of capacity, unethical and unprofessional conduct, and high transaction costs in the market. Stakeholders also cited lack of transparency as a major and recurring problem. Some registrars, for example, were blamed for delays in verifying signatures and dispatching dividend warrants to shareholders. Issuing houses were also blamed for issuing documents poorly. This led to delays in processing applications.

565. With regard to capacity, most stakeholders felt that, until recently, the training of stockbrokers was limited to being present on the trading floor and taking one written and a few oral tests. Agents received no training and tended to behave unethically. Apart from buying and selling shares on behalf of their clients, stockbrokers failed to offer good service and were accused of unethical and unprofessional conduct.

566. The capital market is thought to be uncompetitive, inefficient and unprofessionally run. It lacks diversity in trading instruments, is not
transparent, and is not stable enough to attract huge capital investments. Transaction costs associated with raising funds (listing requirements, commissions, fees, prices of shares and other regulatory requirements) in the capital market are high.

567. Only sustained improvements in efficiency, coupled with competitive fees, levies and charges, can make the capital market more attractive internally and internationally. Furthermore, improving infrastructure in the market and developing human capacity regularly are the sine qua non for upgrading it.

568. It is necessary to diversify products into a well-structured bond market where prices are market driven to reflect prevailing economic realities. Such a market can serve as an important avenue for raising funds to be used by state and local governments for development projects. The capital market should also allow competitive bidding for debt papers that are tendered for sales.

569. It is necessary to encourage the development and using of financial derivatives as ways of increasing the number of tradable instruments. Currently, only limited use is being made of simple financial derivatives associated with foreign currency markets, forward and option contracts, and options in the debt market relating to debt conversion transactions. Other basic instruments, like warrants (to make corporate bonds attractive) and futures (to broaden the range of available instruments), also need to be considered.

iii. **Recommendations**

570. The APR Panel recommends that:

- The authorities pay serious attention to government efficiency in service delivery and support the development of a robust civil society and a strong and efficient private sector. *(Federal government, the presidency, Ministry of Finance and CSOs)*

- Sectoral policies be designed so that they impact directly at the grassroots level. The statutory institutions responsible for economic support should assist the real target groups instead of further enriching the rich. *(National Planning Commission, the ministries responsible for agriculture, livestock and rural development, the Ministry of Finance, state governments, local governments and the CBN)*

- Predictability in the trade sector be increased by resolving the protectionist/liberalisation inconsistency in Nigeria’s trade regime. *(Ministry of Commerce and Industry, and Ministry of Finance)*

- A comprehensive strategy aimed at diversifying the domestic production base and exports away from oil be developed. *(Federal and state governments)*

- Steadfast work towards revamping the agricultural sector, which was once the mainstay of the economy, be undertaken. This entails
conducting a comprehensive survey of the implementation problems confronting the sector and dealing decisively with them. (Federal government, state government and the respective ministries of agriculture)

- The operations of credit markets be reviewed and measures adopted to make funds readily available and accessible to support the real sector and long-term development imperatives. [CBN, Ministry of Finance, the financial sector and (especially) the banking subsector]

- The efficiency of the capital market be improved to: clear and settle transactions; increase the level of awareness by the public about the role of the capital market; protect investments; and ensure the security and transparency of transactions. (Ministry of Finance and the CBN)

- A pact with state and local governments be negotiated to ensure that the reforms for sustainable development are implemented in coordinated and coherent ways. (Federal government, and state and local governments)

**OBJECTIVE 2: IMPLEMENT SOUND, TRANSPARENT AND PREDICTABLE ECONOMIC POLICIES**

### i. Summary of the CSAR

**Effective and transparent public administration**

571. The CSAR identifies several measures that have been introduced to make economic policies predictable. These include: adopting the MTEF; designing an MTSS for each MDA; preparing, since the 2004 budget, a Fiscal Strategy Paper; providing the public with full information on the past, current and projected fiscal activities of the government; and demystifying the budget and making it more accessible to the public by publishing a leaflet called *Understanding the ABCs of the budget* and a more detailed, but still basic, citizen’s guide to the budget. There are several others, including: publishing (since January 2004) the monthly revenue allocations to the three tiers of government (federal, state and local); publishing the monthly warrants showing allocations to the federal ministries and agencies for recurrent costs; publishing quarterly warrants showing allocations for capital costs and rudimentary quantitative and qualitative performance indicators by major spending ministries and agencies so as to link allocations in the budget to results on the ground; monitoring budget performance quarterly; the mid-year review; and making a presentation on performance or implementation to the legislature and the public. These measures have enabled CSOs and other stakeholders to get information previously regarded as ‘secret’ and ‘confidential’ by public servants reluctant to disclose public funds assigned to them to carry out their functions.

572. A long list of notable initiatives includes:

- Managing the Excess Crude Account at the CBN.
• Harmonising procedures for executing and monitoring approved expenditures through the CMC.

• A revenue framework to provide clearer details of revenues collected by all collection agencies in a reporting format that is clear and concise.

• A coalition group of civil society and private-sector representatives to monitor independently the implementation of the Economic Reform Programme.

• Enhancing the capacity of the office of the auditor general for the federation to ensure more effective synergy with the Public Accountability Committee of the Senate.

• A programme of ‘running operational reviews’ of major government spending to determine the operational and financial efficiency and effectiveness of major spending.

• The EITI, established to promote transparency in the country’s extractive industry.

• Making the public procurement system of the government more open and transparent by establishing the Budget Monitoring and Price Intelligence Unit (BMPIU) in the presidency.

• The Fiscal Responsibility Act is expected to promote fiscal accountability and responsibility by public officers.

• A bill establishing a National Assembly Budget Research Office and expected to be enacted to create a Budget Office for the central legislature. It is intended to improve the legislature’s capacity to discharge its fiscal oversight responsibility.

• A bill to enact a Budget Act for Nigeria, being considered by the National Assembly. This legislation will regulate budgetary procedures, processes and practices in the country.

Public service reform

Government started to reform the civil service as part of its general policy reform package. This is designed to ‘downsize’ or ‘rightsize’ the public sector and to redefine its role into one of making the private sector the engine of growth and development. Other aspects of the reforms include monetising certain benefits of civil servants, such as housing and transportation, and outsourcing noncore functions to private service providers. Public service pensions have been reformed and made contributory. A series of innovations have been introduced to the procurement process to make it more transparent and cost effective.

Consultation with stakeholders and oversight activities

A new culture of extensive consultation with stakeholders has taken root in Nigeria since 1999. It was motivated by government’s desire to include
an enlightened citizenry in developing policy, and by the participatory logic of NEEDS. CSOs are increasingly being recognised for the extensive knowledge and pragmatic orientation they bring to policy development, and for their capacity to mobilise support behind good policies. However, this culture is not yet firmly entrenched as there are many instances where stakeholders were not involved in policy development or had their views ignored.

575. Since 1999, the National Assembly has played a major role in ensuring that public policies are properly scrutinised, that they serve the public interest, and that they meet the criteria of prudence and acceptability. A case in point is the National Assembly insisting on a thorough approach to passing the budget. It needed the estimates to be prepared five to six months in advance to allow detailed scrutiny before approving it. These efforts succeeded in getting the 2007 budget finalised by the National Assembly in December 2006, a record since the return to democratic rule in 1999.

576. The National Assembly has the power to approve the budget. Most policies embedded in the budget are scrutinised in the process of doing so. In addition, the National Assembly usually conducts public hearings before making decisions on public policies. The hearings that are conducted by the relevant committees of the Senate and House of Representatives are usually well advertised beforehand, and their proceedings publicised in the electronic and print media.

577. The constitution (section 88) confers far-reaching powers on the National Assembly. These powers have been used extensively to shed light on many aspects of public policy, thereby ensuring that the public is informed about what is going on in government and is able to participate in shaping public policy.

578. According to the CSAR, most Nigerians believe that the dissemination of information is still not timely, comprehensive or frequent. This is despite attempts to ensure that it is. There are mixed views about the effectiveness of placing all the government’s procurement information on the internet for public scrutiny. However, it was considered effective to give the people, the media and other stakeholders access to documents on government’s projects and expenditure. The opinions expressed mean that a lot still has to be done to ensure that the dissemination of information on the core activities of the public service and the legislature is timely, comprehensive and frequent.

579. Recent measures that have been taken by the federal government to ensure fiscal coordination and implementation of predictable economic programmes by the federal, state and local governments were rated as efficient and effective.

580. Challenges reported in the CSAR included the tendency of the executive to corrupt the federal legislature. However, this has not extended to the state or local levels of governance.
Findings of the CRM

The CRM concentrated on three areas during its country consultations. These were effective and transparent public administration, public service reform and oversight activities.

Effective and transparent public administration

There are 811 political and administrative units in Nigeria. They comprise one federal government, 36 state governments and 774 local governments. Despite this, the CRM was informed that true federalism has yet to take root in the country, and that federal operations, functions and presence are minimal in some states. Some functions, including relevant secretariats, were entirely missing in some states.

The number of local governments per state varied. Some states had as few as eight and others close to 40. The number of schools and other social amenities was also not evenly distributed among the states. Some states felt disadvantaged if the allocation of resources and social amenities was dictated by the number of local governments.

There were perceptions of too much centralisation, skewed access to revenue and duplication of functions at the three levels of government, implying increased expense. An example was mentioned where the purchase of fertilizers was handled at all three levels. There were obvious overlaps and duplication of functions. This clearly increased the potential for conflict, mismanagement and corruption.

In addition, the CRM was informed of a mismatch between revenue generation and the expenditure needs of state governments and local governments, horizontal fiscal imbalances, poor allocation, and wastage of resources at state government and local government levels because of overlapping and uncoordinated expenditure responsibilities.

Currently, the government is the largest employer of labour and the major stakeholder in the country’s development. Low salaries make it difficult for the civil service to work effectively and are responsible for low morale. Parliamentarians, on the other hand, seem to be well catered for.

In Nigeria, anything the government provides is thought to be for free. The CRM believes that, in an economy that professes to be driven by the private sector, government should serve mostly as an enabler and facilitator of the private sector. As to whether the public sector is playing its rightful role alongside the private sector, the CRM was informed that it is necessary to privatise electricity generation and supply, the communication sector and the oil sector. On the other hand, water supply and roads construction and management were identified as key sectors that need to be managed better and commercialised rather than privatised. It was also argued that the government needs to establish and manage large farms which would also serve as model demonstration farms.
Although oil is a major contributor to government revenue and export earnings, it creates high dependence on imports. Stakeholders emphasised that many states generated enough revenue from groundnuts, rubber, cocoa, palm oil, cotton, coal and tin in the past. There are many unexploited mineral and agricultural resources. More than 34 commercially viable minerals in different parts of the country have been identified but are still unexploited. The country can derive as much revenue from these minerals as from crude oil. Every state has at least one major resource which can be exploited sustainably for self-reliance. Nothing is currently being done to achieve this.

There is a lack of transparency about the amount of crude oil extracted at any time by the oil companies. Consequently, it is difficult to ascertain how much revenue the federal government derives from oil. Further, it was never known how much was actually collected by the federal government to be made available as revenue for distribution according to the agreed formula that considers derivation, population, needs and the equality of states.

Interviews with officials of the EFCC and EITI showed that the accounting problem about crude oil volumes and related revenues to the government was considered enormous. Problems are caused by many factors, such as terrain, types of crude deposits, difficulties of access, equipment in use, company ownership structure and pipeline tampering.

Stakeholders told the CRM that they are reluctant and unwilling to pay taxes because they feel that the national and local governments have failed to provide basic amenities such as water and sewerage, roads, street lighting, schools and health services. They felt that government funds are often channelled towards paying stipends, organising workshops and paying for trips abroad, and that considerable amounts end up in individuals’ pockets instead of being used to develop and deliver services. Further, several stakeholders thought that there is a lack of accountability in collecting and disbursing tax revenues. They emphasised that it is necessary to streamline tax administration. The lack of confidence in the tax collection institutions has contributed to a tendency to wait for federal government allocations rather than to generate revenue from taxes at state and local levels.

Funds allocated to state governments are not always used effectively. In the same vein, money allocated to local governments is often embezzled. Some tax revenue agency employees were reported to pocket tax money. Worse still, some businesses were thought to have closed down because of poor tax administration.

At another level, the CRM was repeatedly informed that the revenue-sharing formula needs to be revisited to ensure that more revenue is allocated to those states that generate higher revenue. The 13 per cent derivation formula needs to be revised upwards, and the sharing of revenue between the tiers should be according to defined responsibilities. The CRM was informed that the formula for distributing revenue had an inherent bias against the south. Villages where oil was first discovered were said to have remained backward. In Bayelsa State, for example, it was explained...
that there are fewer local governments, primary schools and other social amenities. Money in Bayelsa State is mostly used to protect oil businesses rather than for development. Peace would automatically prevail if more money were channelled into development activities.

594. There were complaints by local governments that they often failed to receive their rightful shares of revenue from their respective state governments that are, in turn, expected to pass federal government allocations on to them and to supplement these with 10 per cent of state revenues. The constitutional provision makes state governments responsible for local governments. States are expected to pay 10 per cent of their state revenues into a State Joint Local Government Account, or Joint Account, for use by local governments. States are also not obliged to make direct disbursements to local governments. Changing this clause requires the same majority vote as changing the constitution itself.

595. Some stakeholders believed that, once resources are disbursed to state government and local government levels, systematic mismanagement based on political hierarchy sets in. The strategic plans and their associated budgets, which were the basis for accessing funds, remain largely theoretical as they are then set aside. There is a lack of transparency since contracts are made public only after they have already been awarded. For the most part, due process only prevails in theory, and public services are not delivered as required. Poor service delivery can also be attributed to low remuneration in the public service.

Public service reform

596. Of the major reforms in the public sector, a critical one is the ‘downsizing’ and ‘rightsizing’ of the public sector and changing its role into one of making the private sector the engine of growth and development.

597. Some stakeholders were critical of ‘downsizing’ and ‘rightsizing’ employment in the public sector (in the interest of efficiency and effectiveness) because of: the current unemployment and underemployment situation; perceived fraud among employees in the public sector; the existence of ghost workers; bloated departments; and poor utilisation of skills. They quoted the example of 17 drivers employed to service a fleet of two vehicles. This was seen as a typical case for downsizing. Rightsizing operations have often resulted in many people becoming frustrated and forced into retirement only to be replaced by young employees without the necessary experience. Rightsizing therefore calls for transparent and competitive recruitment of staff based on merit rather than political affiliation.

598. Shareholders noted, however, that the government has made concerted efforts to unearth ghost workers. The Integrated Personnel and Payment System, which was piloted in six ministries at the federal level, is reported to have helped the government save N500 million in salaries.

599. In all, stakeholders felt that the public sector was gradually being reformed. Many qualified people were being employed on merit to replace unqualified people. Promotions were increasingly being made on the basis
of rigorous examinations, interviews, and performance assessments based on service compacts. These emphasised punctuality and good performance during office hours, among others. In view of these changes, the problem of misplaced professionals and reliance on ‘godfathers’ should soon be a thing of the past. Steps taken to address the capacity constraints in the public sector include the establishment of the EFCC and ICPC, and due process. These, however, are not implemented at the state level.

600. Appropriate MTEF structures exist at the level of federal government but not at state and local government levels. The technical capacity to implement the budget was considered inadequate in the different tiers of government. Expenditure needs to be properly authorised, properly spent and correctly accounted for. This calls for transparency. The budgetary process must be monitored in terms of revenue and expenditure. Monitoring and evaluation need to be properly institutionalised. This is not the case now.

601. Stakeholders informed the CRM of cases where a large portion of the budget remains unused by MDAs at the end of the fiscal year while the people are deprived of basic services. In one instance, as much as 40 per cent of the budget was not used. The view was repeatedly expressed that Nigeria has excelled in developing very good policies, plans and programmes, but has failed to implement them.

Oversight activities

602. There were concerns about the oversight responsibility of the legislature. Doubts were expressed about whether the legislature has the power to refuse to approve budget proposals for those MDAs that are implicated in flawed resource practices before the flaws are remedied, or to initiate disciplinary action against the executive through Parliament instead of through the attorney general or the judicial system.

603. Stakeholders also noted that CSOs need to be independent. They also need to have the capacity to influence economic policies within the executive and the legislature if they are to perform the oversight function for transparent and predictable economic policies and services. It was also emphasised that CSOs do not have a free hand to monitor the activities of the public sector. There are no legal instruments that empower them to monitor and evaluate activities.

iii. Recommendations

604. The APR Panel recommends that:

- Adequate technical capacity be developed at all levels of government to implement the budget. *(Federal government, and state and local governments)*

- Delays in capital spending caused by lack of compliance with due processes be eliminated immediately. *(Federal government, state and local governments, the Ministry of Finance and the legislature)*

- The process of public service reform be speeded up and backed by appropriate legislation. *(Federal government, the presidency and the legislature)*
• The oversight function of budget monitoring by CSOs and the legislature be developed. (*Ministry of Finance, the legislature and CSOs*)

• The transparency, accountability and predictability of economic policies through capacity building be improved; the effectiveness of the due process mechanism be enhanced; the Freedom of Information Bill be enacted to entrench transparency in the management of public finances; CSOs become active in improving the monitoring and evaluation mechanism; and the National Assembly oversight responsibility be effectively enforced. (*Federal government, the presidency, state and local governments, the legislature and CSOs*)

**OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCIAL MANAGEMENT**

### i. Summary of the CSAR

605. Nigeria has implemented several legislative frameworks since 1999. It has also reformed the institutional framework to promote the sound management of public finances. Key developments in this regard include: implementing the MTEF, starting with the federal government budget for 2005–2007; monitoring expenditure; reforming procurement; and decentralising the fiscus. The MTEF aligns medium-term (three-year) revenue and expenditure projections with NEEDS, integrates recurrent and capital expenditure, and advises MDAs about their expenditure allocations.

606. The MTEF aims to improve the management of public expenditure by introducing greater stability and predictability into the budget process. It aims to do so by enhancing the quality of public investment, by boosting public confidence and the credibility of fiscal policy, and by ensuring coordination between fiscal and monetary policies in order to achieve the country’s macroeconomic objectives. These objectives are to be achieved by: updating the medium-term expenditure plan annually; using prudent assumptions for revenue and expenditure projections; limiting federal government loans used to finance deficits to a maximum of ₦50 billion per year; and saving oil revenues that result from higher than budgeted oil prices to ensure medium-term budget stability. The MTEF has undoubtedly improved budget efficiency at federal government and MDA levels. However, its implementation at state and local government level remains limited thus far.

607. Introducing the CMC has also helped to improve the budgetary process by monitoring and reconciling monthly expenditure and ensuring that loans match projected cash flows. The CSAR indicates that government established the BMPIU to enhance transparency and accountability in public finance and to improve public procurement. It introduced the Public Procurement Act to the legislature in 2004 and acceded to the EITI. The CSAR gives no indication, however, of what measures were used to convert these initiatives into effective tools for the sound management of public finances, especially at subnational government levels. In addition to
media and press freedom, civil society has also been active in monitoring public finances and in holding government accountable in terms of the Budget Transparency Network.

608. A series of innovations have been introduced to the procurement process to make it more transparent and cost-effective. Under the Public Procurement Act of 2007, a National Council on Public Procurement was established under the chairpersonship of the minister of finance. Further, the Fiscal Responsibility Act was passed in May 2007 to regulate the administration of the budget. The management of public expenditure and the budget process can be further strengthened by implementing the Fiscal Responsibility Act and establishing the National Assembly’s Budget Office.

609. The constitution empowers state and local authorities to generate and manage internal revenue and transfers from the federal government based on revenue derivation, land mass and the equality of states. According to the CSAR, the applicable revenue-sharing formula [excluding value-added tax (VAT)] is 52.68 per cent, 26.72 per cent and 20.6 per cent for federal, state and local governments respectively after deducting 13 per cent of oil revenues for oil-producing states. The respective shares from VAT are 15 per cent, 55 per cent and 30 per cent. The opinion of stakeholders is sharply divided about the revenue-sharing formula, especially the derivation principle as opposed to population size, and the joint state and local government accounting system.

610. A Service Delivery Office was set up to achieve the objectives of the Public Service Delivery Programme (also known as the Service Compact with all Nigerians, or SERVICOM) by making public administration, the legislative system and fiscal authorities work effectively and transparently. Inspired by public service delivery practices in the United Kingdom (UK), SERVICOM is a social contract between the federal government of Nigeria and its people. It gives Nigerians the right to demand good service. Details of these rights are contained in the SERVICOM charters, which are available in all government agencies that provide services to the public. The charters tell the public what to expect and what to do if services fail or fall short of expectations. Each MDA is expected to publish a service charter which binds it to the commitment it makes.

611. However, the CSAR observes that the charters seem to be nothing more than pious declarations, since demands have not caused the MDAs to improve services. On the contrary, service delivery continues to deteriorate. Further, most Nigerians said that the quality of local government service delivery in licensing businesses, maintaining local markets, collecting garbage, building and maintaining roads, planning towns or cities and local courts had deteriorated significantly. Many thought that service delivery in fire fighting, water supply, sewerage, building houses, supplying street lighting and security had also deteriorated.

612. Other public-sector reforms include: improving remuneration for services, including consolidating benefits; outsourcing noncore public-sector functions; reforming public service pensions, including introducing individual contributions to pensions; improving the involvement of civil
society in policy making; finalising budget estimates in time; reforming procurement; and publishing monthly allocations from the Federation Account to all tiers of government.

613. Public finance management appears to be limited by inadequate technology and skills, especially at subnational government level. They dictated the phased and slow implementation of the MTEF. There is also a need for a better data and information system as well as public-sector restructuring (rightsizing) to improve the management of public finances.

614. Transparency in managing and allocating revenue is perceived by stakeholders to be low, especially with regard to the Constituency Development Fund. Among other challenges, Nigeria needs to strike a balance between revenue sources and expenditure responsibilities at the three levels of government in order to ensure greater involvement of stakeholders in public finance management, to reduce dependence on oil revenue, and to improve the coordination of expenditure responsibilities across the tiers of government. Subnational governments have a low revenue base.

615. The various reforms in the management of public finances and economic sectors, implemented since 1999, have witnessed some landmark achievements and successes. Among them are: cancelling the US$18 billion in Paris Club debts; establishing the Excess Crude Account, into which excess revenue from the sale of crude oil is deposited to serve as a stabilisation fund in times of low crude prices; and strong growth in the country’s external reserves from as little as US$4 billion to approximately US$49 billion as at January 2008. Other major achievements arising from the fiscal policy reforms include: adopting the MTEF after 2005; preparing the federal government budget; and keeping the budget deficit at below 3 per cent of GDP. In addition, a series of innovations have been introduced to the procurement process to make it more transparent and cost-effective. Under the Public Procurement Act of 2007, a National Council on Public Procurement was established under the chairpersonship of the minister of finance. The National Assembly passed the Fiscal Responsibility Act in May 2007 to further strengthen accountability in public financial management. It seeks to regulate the administration of the budget and to make public officers accountable for their decisions.

ii. Findings of the CRM

616. Interventions by state and nonstate stakeholders have focused largely on issues related to the management of public finances, and the fiscal relations between the three levels of government (federal, state and local). The key issues discussed during the CRM’s visit to subnational governments were:

- The effectiveness of state and local governments in generating internal revenue and meeting their expenditure responsibilities.
- The revenue-sharing formula between federal, state and local governments.
• The implementation of public-sector reforms to promote transparency and accountability in the management of public expenditure and to strengthen due process.

• Fiscal decentralisation and stakeholder participation in designing and implementing state and local government budget and development plans.

617. Most state and nonstate stakeholders with whom the CRM interacted believe that the preparation of Nigeria’s budget has improved remarkably with the introduction of the MTEF. This aligns the budget more closely to national development objectives, and ensures that civil society is more involved in the budgetary process. Monitoring expenditure also improved after hard budget constraints were imposed on federal parastatals. They included introducing the CMC, strengthening the monitoring and oversight of government revenue and expenditure, other fiscal activities and procurement reforms. Fiscal decentralisation was seen to have contributed to improving the management of expenditure and delivery of services. The CRM found that Nigeria’s management of public expenditure and budget reforms has improved participation, discipline and efficiency in the management of public finances. However, the reform measures need to be sustained and deepened. Moreover, successful implementation of the reforms requires capacity development, effective civil society participation and empowerment, as well as sustained sensitisation and mobilisation of the public. Institutional and cultural realignment to reorientate the value system are also needed.

618. However, awareness of how the public finance management system works is limited among nonstate stakeholders. Some of them are not even aware of the fact that state and local governments regularly publish their fiscal reports in local and national newspapers.

619. The CSAR notes the excessive reliance of the government on oil and gas for revenue to finance the country’s development programme. The CRM sessions in the various states it visited confirmed this assertion and, in most cases, indicated that up to 90 per cent of state and local government revenue consists of transfers from the Federation Account. Accordingly, a major preoccupation of stakeholders is generating internal revenue and managing revenue prudently. The key issues discussed are summarised below.

**Mobilising internal revenue**

620. The participants noted the various fees, licences and taxes levied by the authorities. These included:

• Cattle tax.

• Tax on farm products.

• Tax on timber products.

• Head tax levied on male adults of the community.
• Property tax.
• Pay As You Earn (PAYE) tax deducted from the incomes of formal-sector employees.
• Licence fees for various services.
• Licences and fees levied on bicycles.
• Business premises tax.
• Company tax.

621. Widespread tax evasion was reported to be a key contributory factor in the relatively low level of internally generated revenue in participating states. The low level of internally generated revenue may be ascribed to:

• Taxpayers not being assessed.
• Lack of clarity about the identity of tax collectors or the unconcealed existence, at both state and local government levels, of fraudulent tax collectors, known locally as ‘419 tax collectors’.
• High tax burdens emanating from the multiplicity of taxes at state and local government levels.
• The complicated tax system. This makes compliance time-consuming and costly, especially for SMEs.
• The number of tax collecting agencies or institutions and inadequate coordination between the various agencies are perceived as factors that complicate the local tax system. They also compromise transparency and accountability about the taxes collected. Stakeholders pointed out that, in some instances, taxes or fees are collected by organisations like labour unions but are not properly accounted for to state or local authorities.
• Widespread collusion between taxpayers and tax collectors. This frequently means that taxpayers are underassessed or, in some instances, that the taxes collected are simply not recorded.
• The absence of a legal framework that makes registering informal businesses mandatory. These businesses therefore remain largely outside the tax net.
• Inadequate sensitisation of taxpayers about the rationale for paying taxes, the nature of obligations and how to comply with these obligations.
• The absence of concrete evidence of services and projects financed from local taxes. This is a key reason for noncompliance by taxpayers.
• Poor revenue collection. This is also attributed to the lack of effective supervision of collectors, especially at the level of local government.
• Collusion between tax collectors and taxpayers to defraud the state.
• The absence of revenue targets to guide tax collection at state level.

622. Overall, the effort to generate internal revenue was reported to vary extensively from state to state. An example of this is Anambra State, where measures like automating collection and payment through commercial banks, instead of paying to collectors, were expected to increase internal revenue from the current ₦20 million to ₦350 million in 2008.

623. There was consensus about the inefficiency of agencies that collect domestic revenue. Governments set low revenue collection targets because they lack statistics and skills. They therefore recruit contractors to pay certain amounts of revenue before they actually collect it. Stakeholders allege that contractors collect between five and 10 times what they pay to government and that revenue collectors are corrupt. They only deliver a small fraction of what they collect from taxpayers. This reduces the incentive for taxpayers to comply. Inefficiency in the domestic revenue collection system implies that state and local governments depend excessively on transfers from the federal government despite huge untapped domestic revenue sources.

624. Stakeholders recognised the need to improve the internal revenue effort as part of an overall strategy to systematically reduce the excessive dependence on oil and gas revenue for financing local development projects and programmes. The following suggestions were made to improve the generation of internal revenues:

• Develop political will to introduce and enforce tax and other revenue laws, including robust penalties for tax evasion.
• Strengthen the penal provisions in the tax laws and enforce them rigorously.
• Local authorities should introduce a system that provides for clear and easy identification of authentic and authorised revenue collectors. It should include mass sensitisation on radio and television.
• Develop a clear policy for the informal sector and SMEs. It should include incentives for registering SMEs in the formal economy.
• Introduce appropriate mechanisms to improve the monitoring of revenue collection by tax collectors. A combined team of government functionaries and representatives of CSOs could be used.
• Improve service delivery visibly in areas like education, health and infrastructural development since they offer the greatest potential for improving voluntary compliance by taxpayers. In Anambra and Ekiti States, for example, the authorities have worked with community members to devise local development plans that are being implemented and monitored jointly by government and CSOs.
• Use public officials like executive governors, who fulfil their tax obligations in a public and transparent manner, as examples to
encourage compliance. The governor of Anambra State, for example, organises an annual programme for filing tax returns and paying the taxes due.

- Improve compliance by requiring bidders to produce valid tax clearance certificates to qualify for contracts.

- Improve compliance by requiring citizens to produce valid tax clearance certificates in order to qualify for nomination for elective offices.

- Introduce a policy of making contributions to the cost of projects so as to encourage communities to take ownership of projects and make contributions. Some state governments have introduced this policy. Local contributions range from 30 per cent to 50 per cent of the total costs.

- Improve the generation of internal revenue by automating the assessment and collection of revenue. This, in turn, will stop the inappropriate use of discretion in assessment and collection. The CRM session in Anambra State, for example, discovered that the government had introduced a web-based system for paying taxes directly. It allows taxpayers to pay through commercial banks. Electronic receipts are generated automatically.

- Encourage state governments to explore the possibility of investing in e-governance, including the use of electronic media. This will depend on reliable power supplies.

- Encourage state governments to consider outsourcing tax collecting to competent private entities. These entities should be given specified collection targets, and should be penalised for underperformance because of negligence.

- Procure tax receipt vouchers from reputable sources to reduce fraud associated with issuing fake tax receipts.

- Strengthen the systems for monitoring revenue.

- Establish revenue targets to assess the effectiveness of generating revenue.

- Name and shame tax offenders.

625. Nonoil revenues have declined markedly in all tiers of government because of the high dependence on oil revenue. The nation has therefore had an erratic record in meeting its revenue projections. Projected monetary aggregates for the past five years varied from the actual aggregates. In an effort to better generate revenue, the government introduced a number of policy measures. They include port concessions, reforming the customs service, increasing tariffs on utilities, expanding business through microcredit facilities, and establishing the Revenue Mobilisation, Allocation and Fiscal Committee.
626. The CRM was concerned that subnational governments depend heavily on transfers from the federal government. These are financed mainly from oil revenue. Meanwhile, there seems to be a lack of capacity or incentive for them to generate more revenue from internal sources. Lack of diversification in revenue sources continues to pose a threat to the sustainability of service delivery in the long run.

627. The Federal Inland Revenue Service (FIRS) is mandated to collect revenue accruing to the federation, including receipts from oil, VAT, and personal and corporate income tax. Factors that limit the effectiveness of FIRS include inadequate infrastructure, the transparency and accountability of revenue collectors, and the need to modernise the overall business practices of FIRS. Revenue collection at state level is much less organised. This creates opportunities for massive tax evasion and corrupt behaviour by tax officials. The key challenge at state government level remains designing an efficient and effective tax administration machine. The CRM was informed that many states had generated enough revenue from nonoil sources such as groundnuts, rubber, cotton, palm oil, cocoa, coal and tin in the past. Moreover, there are over 30 commercially viable minerals in different areas of the country which have yet to be exploited. Stakeholders believe that every state in Nigeria has a resource which can be exploited sustainably. However, these resources remain untapped because of the excessive reliance on oil. The key challenges for collecting revenue at state and local government levels remain designing and implementing an effective revenue administration machine that would eliminate tax evasion and improve the transparency and accountability of authorised revenue collectors. In addition to designing an effective system for administering tax at the level of state and local government, several improvements would encourage taxpayers to meet their obligations. Eliminating dishonest practices in handling the revenue collected, and ensuring that revenue is appropriated and used to deliver services to the people, should be considered. Service areas would include providing water, sewerage and health services, educational infrastructure and roads.

The revenue-sharing formula

628. The revenue-sharing formula dictates the statutory distribution of revenue from the Federation Account to the different levels of government. It has been one of the most contentious and controversial issues in the nation’s political life since the country attained independence in 1960.

629. The constitution provides that all tiers of government – federal, state and local – share in oil revenues. All revenues [excluding the personal income tax of army and police personnel, the Ministry of Foreign Affairs and the residents of the Federal Capital Territory (FCT)] are pooled into the Federation Account and distributed to the three tiers of government in accordance with the revenue-sharing formula. The revenue-sharing formula, based on a recommendation from the Revenue Mobilisation, Allocation and Fiscal Committee, is set by an act of the National Assembly. For natural resource revenues, the constitution provides that oil-producing states receive 13 per cent upfront in derivation grants. Of the remaining 87 per cent, the federal government receives 52.7 per cent, states receive 26.7 per cent and local governments 20.6 per cent.
The CRM noted that the matter has been so contentious that none of the formulas evolved at various times by a commission or by decree under different regimes since 1964 have been generally acceptable. This issue, like a recurring decimal, has remained the first painful problem that nearly every incoming regime has had to grapple with since independence. In the process, as many as 13 different attempts have been made to devise an acceptable revenue-allocation formula. Each one is better remembered for the controversies it generated than for any issues it settled.

Not surprisingly, the opinions of stakeholders are sharply divided on the current revenue-sharing formula and the derivation principle whereby oil-producing states receive a constitutionally mandated minimum of 13 percent of oil revenue. Stakeholders from oil-producing states see this as too low, while those from other states consider it fair and equitable. While opinion on the fairness of the revenue-sharing formula remains divided, stakeholders generally agree that what matters most is the manner in which revenue is managed by government functionaries.

Participants had a lively discussion on the revenue-sharing formula. They concentrated on the principles guiding the allocation from the Federation Account, which includes factors like population, equality of states, generation of internal revenues, land mass, terrain and the 13 percent derivation provision stipulated by the constitution. Both state and nonstate stakeholders in the nonoil-producing states (not just the northern zone) agreed that the underlying principles and the legal framework developed by the government are acceptable for allocating national revenue. Notwithstanding this apparent consensus, participants raised profound concerns at the CRM interactions:

- It was alleged that some technocrats take advantage of inadequate access to information by the general public to distort data in order to favour some states unduly in allocating resources. It was pointed out that population data is particularly vulnerable to manipulation by technocrats, who may have received bribes. In some instances, participants said that the population of some states may have been underestimated, leading to a suboptimal allocation. In other instances, it was pointed out that the land mass of some states (like Lagos State) is considerably distorted by bodies of water.

- The management of the Joint Account generated considerable debate among stakeholders during the CRM sessions. Stakeholders reported that the Joint Account has been abused in several states. These abuses are attributed to the executive governors’ excessive influence in terms of who becomes the chairperson of a local council. Participants accused state governments of diverting funds intended for local councils from the Federation Account. This, in turn, limits the capacity of local councils to deliver services to their communities, and undermines a fundamental principle of fiscal federalism – that each of the units may allocate and use resources in line with the priorities identified by the state and consistent with its constitutional mandate. Stakeholders indicated that transfers to local governments need to be ring-fenced, with specific instructions forbidding the diversion of these funds to uses...
other than those prescribed by the federal government. It was further recommended that genuine civil society participation in preparing the Local Economic Empowerment and Development Strategy (LEEDS) would create opportunities for the advocacy that may protect the funds that are earmarked for development at the local level.

633. Despite the broad agreement that the present formula is acceptable, some participants argued for reducing the share of revenue retained by the federal government and increasing the shares of state and local governments by corresponding amounts so as to enable them to deliver services to communities. The federal government should accordingly entrust the provision of infrastructure and facilities in the education and health sectors to the levels of state and local governments.

**Promoting transparency and accountability in managing public expenditure in terms of the due process mechanism**

634. Stakeholders confirmed the findings of the CSAR that the federal government has introduced reforms aimed at strengthening the management of public expenditure and the overall budget process. To improve public expenditure management, the government implemented the MTEF in 2005 in order to lay the foundation for using a medium-term approach to budgeting and macroeconomic planning, beginning with the federal budget and eventually reaching the other tiers of government. During the CRM meetings, however, state stakeholders indicated that they were aware of the MTEF and its benefits, but pointed out that the methodology has yet to be introduced and applied at the state and local government levels. In cases where the CRM was provided with budget information, this related only to the current year (2008).

635. Stakeholders also indicated that they were aware that the government has focused on a number of other measures aimed at improving transparency and accountability in the management of public finances. Initiatives mentioned include: establishing the National Council on Public Procurement to exercise oversight control in government procurement; introducing the Public Procurement Act to the National Assembly; and establishing the BMPIU within the presidency to ensure due process in public procurement and contracting for supplying goods and services by government entities. The due process mechanism, which includes open and competitive tendering, is widely supported and seen as a credible move to promote transparency and accountability in public spending.

636. Due process units were reported at nearly all CRM sessions. Most stakeholders confirmed the observation made in the CSAR that significant savings have been realised through the work of the units established by state administrations. In most instances, multidisciplinary state monitoring teams, which include civilians, have been set up and made responsible for monitoring the implementation of government projects. These teams monitor the implementation of projects funded from the budget. They also ensure that contractors deliver value for money and that the quality of work is consistent with applicable industry standards.
The due process units conduct regular price surveys, which guide the financial evaluation of bids. Both state and nonstate stakeholders were satisfied that introducing the due process measure has eliminated the old practice of over invoicing government contracts. A bank guarantee is reported to be required for all advance payments for projects estimated to cost ₦100 million and above. Nonstate stakeholders observed that delays are sometimes experienced as a result of the bureaucracy involved in ensuring due process.

On the downside, some stakeholders (in Katsina State, for example) indicated that introducing due process measures had caused delays in awarding contracts and paying contractors. For instance, contractors complained that they were not duly compensated for delays in payments for services delivered by contractors who prefinanced procurement. They tended to be small-scale contractors. They suggested that interest should be paid for late payments. They were concerned, however, that this might jeopardise their chances of getting future contracts. In contrast, stakeholders in Kebbi State indicated that they had not experienced any significant delays in payment since due process had been introduced.

Stakeholders also intimated that implementing the Public Procurement Act effectively requires changes in attitude to ensure effective enforcement and to reduce collusion between officials and contractors to thwart the system. They observed that more needed to be done to effect the necessary changes in attitude.

Furthermore, the independence of the legislature and other oversight institutions is necessary to ensure that the Public Procurement Act is enforced. Stakeholders observed that the executive could influence the legislature by controlling resources. Financial independence of the legislature is therefore important to ensure that the executive does not exert undue influence on the legislature as it exercises its oversight role. Since the executive controls resource allocations to the legislature, it can influence its decisions.

Stakeholders also observed that the reports of the auditor general are often late, which compromises their usefulness in addressing corrupt practices. The due process mechanism will be greatly improved when the Fiscal Responsibility Act and the recently enacted Public Procurement Act are implemented. In general, stakeholders see the due process mechanism as an effective tool for promoting openness and accountability in the use of public funds.

Nonstate stakeholders thought that introducing due process (see good practice 4.1) reduced the excesses of vote controllers that used to prevail. However, they emphasised that this was largely caused by the personal commitment of executive governors to transparency and accountability when using public funds. They therefore think that the mechanism must be implemented and its enforcement monitored systematically in all states of the federation. Community members and representatives of CSOs should be included when projects or contracts, awarded by the state, are monitored at state level.
GOOD PRACTICE 4.1: THE DUE PROCESS MECHANISM IN PUBLIC PROCUREMENT AND CONTRACTING

Since the return to democratic rule in 1999, the government of Nigeria has introduced several reforms aimed at strengthening the management of public expenditure. They include introducing higher levels of transparency and accountability. As part of its strategy to strengthen budget transparency, the government has introduced the following measures, among others:

- Preparing a Fiscal Strategy Paper which lays out the broad directions and priorities of the budget. It is the basis of discussions with the executive and the legislature. It is then shared with broad-based stakeholder groups to encourage public debate on the key parameters of the budget.

- Begun publishing a layperson’s version of the budget document, known as Understanding the ABCs of the budget, to make the budget more accessible to members of the public. The budget document and Understanding the ABCs of the budget are published on the Ministry of Finance’s website (www.fmf.gov.ng).

- Publishing the data on monthly revenue allocations to all tiers of government (federal, state and local government levels) on the website of the Ministry of Finance since 2004, and every month in local newspapers after the regular Federation Account meetings.

- Begun tracking the performance of the 15 largest capital projects to improve the efficiency of project implementation and the use of public funds.

- Acceded to the EITI in order to combat corruption and improve transparency in the oil, gas and mineral sector, which accounts for the bulk of government revenue.

The transparency of the public procurement system has been significantly improved by establishing a new institution, the BMPIU (otherwise known as the Due Process Office), within the presidency. Its specific mandate is to ensure accountability and transparency in the financial transactions of government entities, and to enforce the use of open and competitive tender procedures in government contracting. Due process units have been established at the state government level. They are responsible for ensuring compliance with due process requirements, preventing over invoicing, and ensuring that contractors deliver real value for money.

During the CRM sessions, state stakeholders emphasised that the due process mechanism aims at ensuring that, first of all, an equitable, competitive, transparent and cost-effective system of procuring public goods and services is applied to all tiers of government. The system is also fast enough to avoid delays in implementing development projects designed to improve the achievement of the goals of eliminating poverty, creating jobs and creating wealth, as outlined in the NEEDS document. Secondly, the due process mechanism provides for the suspension of funding when a material breach of the standards of transparency and expenditure control is detected.

The CSAR reports that huge savings (amounting to more than ₦118 billion) arising from undertaking contract award reviews, physical inspections and certification have been realised by the government. This assertion was echoed several times during the CRM by stakeholders who stated that the ongoing work of due process units has generated considerable savings and state resources, and guaranteed value for money. The due process policy enjoys great public appeal and support across states in the federation.

Source: Adapted from Final report on economic governance and management, AIAE and CRM compilation, February 2008.

Overall, the CRM applauded the role of fiscal federalism in Nigeria with regard to revenue management and service delivery. Subnational governments are eager to improve revenue management and service delivery so as to maintain public confidence and political support. This has improved the management of public funds, and has improved transparency and efficiency in service delivery. Expenditure allocation and management could be improved further if subnational authorities had medium-term plans with clear priorities, a participatory budgetary process and enhanced absorptive capacity.
Establishing joint accounts for the three tiers of government was intended to ensure accountability and the management of public finances at state and local levels. However, stakeholders noted that this has resulted in the state attaching funds allocated to local governments for development.

However, some stakeholders thought that state governments distort their economic indicators (like population) to attract a greater share of resources from the Federation Account. Stakeholders also complained that they were not adequately consulted in designing and implementing local and state development plans (that is, NEEDS and the State Economic Empowerment and Development Strategy, or SEEDS). They intimated that those consulted tend to be hand-picked party loyalists.

### iii. Recommendations

The APR Panel recommends that Nigeria:

- Improve the collection and dissemination of information and data, especially at subnational government level, including reporting on fiscal performance in local languages. *(Federal government, Ministry of Finance and state governments)*

- Intensify its efforts to develop the necessary expertise in managing public finances and formulating development plans, particularly at state and local government levels. *(Ministry of Finance, state governments and CSOs)*

- Design and introduce an effective system for administering tax at the state and local government levels. This should include: automating business processes; introducing a taxpayer identification numbering system; and introducing incentives for rewarding efforts to collect internal revenue by state and local council authorities through, for example, a matching grant arrangement between the federal and state governments that rewards tax effort by authorities at the lower tiers of the federation. *(Ministry of Finance, FIRS and state governments)*

- Fast-track the introduction of MTEF-based budgeting across the key sectors of the economy. This should include introducing and institutionalising the methodology at the state level through, among others, selecting and training personnel at all levels of government. *(Ministry of Finance and state governments)*

- Introduce measures to improve access to the constitutionally guaranteed share of revenue from the Federation Account by local governments, and ensure that 10 per cent of state revenues are deposited into the Joint Account for use by local governments for delivering services. *(National Assembly, federal government, the presidency and state governments)*
i. **Summary of the CSAR**

647. The CSAR highlights the extent of the problem of corruption and money laundering in Nigeria, and examines the legislative and institutional reforms introduced to fight them. CSOs have also been actively involved in this struggle since the return to democratic rule in 1999. Accordingly, both the perception of corruption by national stakeholders and the ranking of the country in international corruption indices have improved considerably in recent years.

648. Measurement of the extent of the problem of corruption in Nigeria is based on the views of relevant stakeholders, assessment of the country’s institutions, and careful audits of specific projects. Surveys show that Nigerians perceive corruption in the public sector as the second major economic problem after unemployment. Key bureaucratic and governance organs are perceived to be the main perpetrators. Powerful politicians, for example, own front companies that get preferential treatment in government procurement. Observers, including human rights watchdogs, also allege that criminal gangs that are involved in stealing and selling about 10 per cent of the country’s annual oil output on the black market are connected to some powerful politicians.

649. Results of the country self-assessment questionnaire showed that most respondents believe that corruption in the public sector is prevalent and high but declining, except in the police force where it is believed to have increased remarkably recently. Most respondents believe that bribes are now demanded less frequently for services rendered by government. According to Transparency International’s Corruption Perception Index, Nigeria’s score improved from 1.2 (the most corrupt country) in 2000 to 2.2 (the 32nd most corrupt out of 179 countries) in 2007.

650. The incidence of money laundering was also perceived to be high. The 2006 elite/decision-maker interview (EDMI) survey found that more than 65 per cent of politicians and professionals, 50 per cent of students and artisans/technicians/craftsmen, and 40 per cent of trade/businesspeople rated the extent of money laundering in Nigeria as high.

651. The government (and the people of Nigeria, represented by CSOs) has proposed and implemented multifaceted institutional and regulatory reforms to stem corruption and money laundering. These reforms include:

- Reorientating cultural and value systems.
- Introducing religious and educational material.
- Adopting and implementing relevant codes and standards.
- Decentralising systemic powers.
- Increasing media freedom to investigate and expose corrupt practices.
- Increasing the independence and effectiveness of the judiciary.
• Increasing transparency and accountability in the management of public finances.
• Improving the effectiveness of oversight by the legislature.
• Increasing public participation.
• Improving accounting and reporting requirements.

652. Key measures introduced to fight corruption prior to 1999 included explicit laws, sector-specific practices and popular campaigns. However, these measures were met with little and short-lived success because they lacked strong institutional and public support and were not rigorously implemented or sustained.

653. With the return to democratic rule in 1999, fighting corruption and money laundering became a priority for the federal government. It introduced numerous legislative reforms and initiatives as part of NEEDS. The National Orientation Agency was strengthened so as to enable it to lead the anticorruption campaign with the support of CSOs, NGOs, private-sector organisations, religious organisations and sociocultural organisations. The government established the BMPIU, the ICPC, the National Council on Public Procurement, the EFCC and the EITI, and it ratified many international and regional anticorruption standards and codes.

654. Other initiatives to complement these efforts included adopting a formal code of ethics for all organisations and sectors; enacting the Freedom of Information Bill; emphasising efficiency, public service reform and service delivery; democratising political parties; and empowering CSOs. As a result of these efforts, over 51 per cent of the Nigerians interviewed in 2006 believed that their government was effective in fighting corruption, and that the corruption level would decrease or remain the same in the near future. However, 80 per cent of them thought that corrupt officials were not being duly prosecuted or penalised.

655. The CSAR concludes by noting that Nigeria should continue to show its commitment to fighting corruption by: enhancing the capacity of anticorruption agencies and coordinating their work; implementing laws such as the Fiscal Responsibility Act; strengthening partnerships with the private sector; and reorientating the value system to condemn corrupt practices. Some observers also argue that it is necessary to reconsider the blanket immunity given by the constitution to some leaders who cannot be legally prosecuted while in office. Anti-money laundering laws implemented in Nigeria do not seem to receive the recognition they deserve internationally, while many countries (in Africa and elsewhere) frustrate Nigeria’s efforts at home by providing a safe haven for funds looted from Nigeria.

ii. Findings of the CRM

656. Corruption and other economic crimes were openly discussed during the CRM visits. Stakeholders agreed with the CSAR’s assertion that corrupt behaviour in Nigeria, as in other countries, is founded partly on conditions that prevail in the country. These include: craving for wealth at all costs; societal ambivalence; overcentralised power and authority; the impunity of well-connected officials; the absence of progrowth leadership; corruption
as an expected and accepted element of every official transaction; and the desire to pay back the former colonisers who are perceived to have stripped the colonial territories of their assets. Stakeholders were unanimous in their view that corruption continues to be endemic in society. It is pervasive and has its roots in the people themselves and in their expectations of people who hold important public office. This observation corroborates the CSAR’s finding that 80 per cent of Nigerians consider corruption a serious matter, particularly in the public sector.

657. The sentiment that substantial resources are being stolen by prominent government functionaries was echoed at every CRM session. Stakeholders referred to high-profile cases, like those of the inspector general of police and governors, to substantiate their views. Despite the notable achievements in the fight against corruption by both the Obasanjo administration and the current administration, as noted in the CSAR and alluded to during the CRM, Nigeria continues to face a critical and debilitating corruption problem. Decades of military rule and associated endemic corruption have perverted cultural values and norms. Corrupt individuals and looters are admired as super ogas or tycoons rather than being made to have their day in court. The current administration has shown a demonstrable commitment and will to fight and eradicate corruption and corrupt practices, particularly among those who hold public office. This includes the president, who declared his assets publicly when he took office.

658. Most stakeholders believe that the country is serious about combating corruption and money laundering and that, while corruption may be on the decline, it continues to be a major challenge. One example of good practice in the fight against corruption and money laundering in Nigeria, mentioned frequently during the CRM, was the establishment of the EFCC. By 2007, the EFCC had investigated and successfully brought to court several cases of corruption and money laundering. Significant amounts of public money were recovered. Stakeholders believed that the ICPC and EFCC would be more effective if they had the power to prosecute on their own behalf. However, they also believed that these institutions were selective in applying justice.

659. During the CRM’s discussion with stakeholders at state level, participants confirmed the widely held perception that corruption is a societal disease in Nigeria. Some view it as a crime against humanity. Educated and informed stakeholders noted that, in the recent past, Transparency International has consistently rated Nigeria as the second or third most corrupt country in the world. Examples of corruption that were highlighted in the interactive sessions include:

- Offering bribes or inducements in public-sector transactions to procure favours for those paying the bribes or inducements.
- Favouritism.
- Embezzling and diverting public funds for private gain.
- Nepotism, especially awarding government-funded contracts for supplying goods and services.
- Smuggling.
• Collusion with foreign elements to overinvoice goods and services supplied to government.

• Drug trafficking.

• Malpractices connected with electoral processes within political parties as well as in federal and state elections.

### GOOD PRACTICE 4.2: THE EFCC

The act establishing the EFCC was passed in 2004. The EFCC is empowered to investigate economic and financial crimes. It is responsible for enforcing other laws and regulations relating to economic and financial crimes, including laws on combating terrorism.

The most common way in which the EFCC accepts cases is by responding to a petition written by an individual or organisation. The petition is evaluated and, if the case falls within the commission’s mandate, it is accepted for investigation. Petitions that do not fall within the commission’s jurisdiction are sent to the appropriate agency, such as the Nigerian police force, the SEC, the ICPC and the CBN.

The commission has received complaints about criminal activities, and has investigated cases where fraudsters impersonated the EFCC chairperson and other employees of the commission in order to defraud the public. The public should be aware that the EFCC does not charge for receiving petitions and does not charge fees from victims to investigate their cases.

The operations unit is the investigative arm of the EFCC. It is headed by the director of operations. There are four sections that fall under this unit. The first section is advance fee fraud (commonly called ‘419’). This deals with fraud committed with the aid of fake claims, identities, positions and, in most cases, attractive but nonexistent proposals. The second is the economic governance section. It is responsible for checking, probing and investigating cases about abuse of office, diverting public funds and property, and mismanaging and stealing public funds at the federal, state and local government levels. It also checks economic and financial crimes involving officers in ministries, parastatals and designated government agencies. The third is the bank fraud section. It is mandated to handle all fraud cases emanating from banks and financial institutions. These include counterfeiting, transferring illegal charges, issuing dud cheques, cashing negotiable instruments fraudulently, and foreign exchange and other financial malpractices in banks and other financial institutions. The fourth is the general investigation section. It could be described as the ‘Jack of all trades and master of all’ because, while it is capable of handling cases that the other units attend to, it is limited to dealing with cases that cannot easily be allocated to any of them. It is appropriate to say that it handles miscellaneous offences as described in the EFCC (Establishment) Act of 2004. Such cases may include cheating, land disputes and forgery.

Source: Adapted from www.efccnigeria.org.
Stakeholders attempted to explain the corruption that pervades Nigerian society by referring to the failure of society to attach a stigma to the corrupt acquisition of wealth, its excessive quest for material wealth, and its acceptance of corruption as a norm in nearly all transactions. They also referred to the total collapse of the moral values that recognise and reward hard work and honesty.

In nearly all the interactive sessions, stakeholders showed that they were aware of the existence of the EFCC and the ICPC and of their mandates to fight corruption. Stakeholders appeared to be far less knowledgeable about attempts to eradicate money laundering, except those intended to recover money from foreign sources.

In discussions about corruption, stakeholders frequently referred to the blanket immunity that the constitution provides for some holders of public office. The blanket immunity is generally seen as a built-in incentive for such officers to engage in corrupt practices, and it prevents the EFCC and ICPC from executing their mandates. They suggested that it is necessary to consider reviewing the relevant provision to improve the effectiveness of the existing institutions mandated to champion the fight against corruption.

There is overwhelming consensus on the urgent need to eliminate corruption in society as a whole. In furthering the fight against corruption, the following key challenges, among others, were identified for policymakers to consider:

- Previous governments paid only lip service to the fight against corruption. Sustained commitment to the anticorruption fight at the highest level in government is therefore needed.

- The limited human resource capacities of the main anticorruption bodies prevents follow-through on cases reported by members of the public.

- The work of the anticorruption bodies is threatened by possible politicisation. Cases selected for investigation and prosecution could be influenced.

- It is necessary to take the anticorruption war to the levels of state and local government by establishing equivalent anticorruption mechanisms at these levels.

- Improving the institutional and fiscal independence of the anticorruption agencies is a key challenge in the government’s efforts to improve the effectiveness of the institutional framework for fighting corruption and money laundering.

- Both the EFCC and the ICPC should be funded directly from the Consolidated Revenue Fund of the federation.

- The EFCC should be empowered to investigate and independently prosecute corruption cases.
• The federal anticorruption bodies should be adequately resourced so as to enable them to establish functional offices in all states.

664. Despite the notable achievements in the fight against corruption by the Obasanjo administration and the current administration, Nigeria continues to face the critical and debilitating problem of corruption.

665. There is widespread knowledge about the government’s efforts to fight corruption, and the public endorses these as effective strategies for eliminating it. However, knowledge of the existing institutional and legal frameworks to combat money laundering appears to vary from state to state. It is generally scanty. Both the federal government and the CBN have introduced a number of measures to combat money laundering. They include promulgating legislation like that which governs the National Drug Law Enforcement Agency (NDLEA), and enforcing the Money Laundering Act of 1995 – the main legal instrument for criminalising money laundering in Nigeria. Further legislative measures include: establishing a special fraud unit in the police department; forming an interagency committee tasked with developing guidelines on money laundering and publishing the names and other particulars of Nigerian nationals who are convicted overseas for drug trafficking and related offences in order to create public awareness and concern; and establishing the ICPC in 2000. In addition to these efforts, the CBN has established the money laundering surveillance unit, among others. This unit monitors the compliance of financial institutions with the provisions of the Money Laundering Act, with particular reference to preparing, storing and retrieving specified transaction documents for examination by the central bank. Despite public ignorance, a documentary review of the work of the various agencies established to combat money laundering revealed that the institutions fighting money laundering have achieved considerable success. A more vigorous and sustained public education campaign is therefore needed to enlist support for the strategy.

iii. Recommendations

666. With regard to corruption, the APR Panel recommends that Nigeria:

• Fast-track the enactment of the Freedom of Information Bill to facilitate access to information on government operations by CSOs and other stakeholders so that they can hold government functionaries accountable for their decisions. (Federal government and the National Assembly)

• Clarify the apparent contradiction between section 15(5) of the constitution, which abolishes corrupt practices and the abuse of power, and section 308, which provides blanket immunity for certain holders of public office. (National Assembly)

• Strengthen the independence of the anticorruption bodies by enacting separate legislation to guarantee operational autonomy and fiscal independence. (Federal government and the National Assembly)

• Empower the due process units at state level to report corruption cases directly to the federal anticorruption agencies without needing
to obtain permission from their immediate superiors. *(Federal Government, the presidency and state governors)*

- Establish anticorruption bodies at state and local government levels *(The federal government, state and local governments, and the National Assembly)*

With regard to *money laundering*, the APR Panel recommends that Nigeria:

- Promote cross-country collaboration to combat money laundering. *(Federal government and agencies fighting money laundering in various federal institutions)*
- Strengthen banking and financial-sector measures to investigate and prosecute fraudulent operators. *(CBN)*

### OBJECTIVE 5: ACCELERATE REGIONAL INTEGRATION BY HARMONISING MONETARY, TRADE AND INVESTMENT POLICY

#### i. Summary of the CSAR

667. The CSAR notes the critical role that regional integration plays in promoting trade, international competitiveness and development. It also recognises the support that Nigeria has given to regional integration efforts, especially through its participation in ECOWAS, established in 1975, and the West African Economic and Monetary Union (WAEMU).

668. Nigeria was one of the 14 West African nations that signed the Treaty Establishing ECOWAS on 28 May 1975 in Lagos, Nigeria. It was also one of the seven countries that ratified the treaty in June 1975. Nigeria has signed and continues to honour all the protocols for the elimination of trade barriers within the ECOWAS subregion. The CSAR also notes that, since independence, Nigeria has continually played a strategic role in promoting regional integration within the south-south region in general, and in Africa particularly. Nigeria’s role in forming and expanding ECOWAS is the most prominent example of providing leadership in a regional economic integration initiative. Over the years, Nigeria has remained a responsible and committed member of ECOWAS. The country has continued to play a leading role in facilitating the establishment of subregional institutions and infrastructure.

669. Furthermore, Nigeria has shown its commitment to ECOWAS by pursuing trade and monetary policy objectives that agree with the main thrusts of the ECOWAS charter. Nigeria’s trade policy objective under the current NEEDS initiative is also consistent with NEPAD’s objectives. Thus, it focuses on laying a solid foundation that will fully exploit Nigeria’s potential in global trade and help her become a gateway to the West and Central African subregional markets.

670. The CSAR also discusses specific trade policy objectives and the strategies that are contained in NEEDS (2004) in detail. The CSAR also attempts to assess the implications of implementing these strategies for the Nigerian economy. Although attempts have been made to liberalise trade, the CSAR
acknowledges that a special series of import restrictions have been used in particular circumstances to protect industries and critical sectors against unfair competition.

671. Nigeria aims to reduce external imbalances by curtailing imports of consumer goods and by protecting domestic production. The CSAR highlights the tension between Nigeria’s commitment to the free trade principles of ECOWAS and its desire to protect local industries, especially agriculture, and to promote nonoil exports and ensure food security. Tariff barriers are regularly enforced in Nigeria to reduce imports. For example, import tariffs are high. They averaged about 30 per cent in 2005 and some exceeded 100 per cent. Currently, Nigeria maintains a 150 per cent ceiling that is binding on all imported agricultural products. In fact, the import prohibition list currently includes such products as maize, sorghum, millet, wheat flour, vegetables and plastic articles. Nigeria also enforces a health ban on all types of imported meat. Ironically, these are some of the most important products of some of its West African neighbours. Trade between Nigeria and some of its ECOWAS neighbours in these products is therefore problematic.

672. In addition to import restrictions, the CSAR notes that exports are curtailed by an export prohibition list. It prohibits exporting certain agricultural products to protect domestic food security and local processing. The list of banned agricultural products includes raw hides and skins, timber (rough or sawn), unprocessed rubber latex and rubber lumps, rice, yams, maize and beans. An administrative levy of US$5 per tonne applies to exports of cocoa beans, and one of US$3 per tonne to exports of other agricultural raw materials. These tariff and nontariff barriers affect regional trade and efforts to integrate.

673. Consistent with its commitment to developing strong regional economic cooperation, Nigeria began implementing the ECOWAS CET in October 2005, despite the widely held view that this action would lead to significant revenue losses for the country.

674. In applying the CET, Nigeria will reduce its 19 previous tariff bands to the four under the ECOWAS regime. This implies that about 65 per cent of Nigeria’s total imports (capital goods, raw materials and essential goods like medicines) will be subject to duties of up to 10 per cent. Before the reform, 83 per cent of Nigeria’s tariff rates were higher than the WAEMU rates. Harmonising with the WAEMU rates means that Nigeria’s average tariff rate will decline by more than 50 per cent.

675. Despite such a large decline, the CSAR notes Nigeria’s steadfastness about implementing the CET fully. It is significant to note that, in December 2007, the federal government suspended the full implementation of the ECOWAS CET, scheduled to begin by 1 January 2008. According to Nigeria’s current finance minister, this was because the commencement date was no longer feasible because of delays in renegotiating and reaching agreement among member states on the Type B Exception and the 50 per cent band.

676. The benefits of adopting the new tariff structure include deepening the market for goods and services within the subregion, integrating trade, and increasing the opportunities for business in the subregion. Above all, it is expected to ultimately result in the creation of an economic union of West...
African states. The CSAR notes that most Nigerians believe that the most important benefit arising from the ECOWAS cooperation is an increase in the variety of goods available, followed by increased job opportunities and an anticipated increase in the overall volume of trade within the subregion. Based on these perceived challenges and benefits, there is strong support for the initiative among Nigerians. Pressure is being mounted by members of the public and CSOs for the government to fast-track achieving the objectives of regional cooperation.

677. Under the auspices of ECOWAS, Nigeria has adopted and honoured the protocols for eliminating trade barriers, made the factors of production mobile, promoted regional institutions and infrastructure, and harmonised trade and macroeconomic policies. In 2006, WAEMU fared better than all the other regional economic communities in Africa in terms of integration and growth in intraregional trade.

678. The CSAR also notes that Nigeria and six other ECOWAS member states (Benin, Burkina Faso, Ghana, Mali, Niger and Togo) are engaged in a Free Trade Area (FTA) agreement, launched in 2002, to further accelerate regional integration efforts. This agreement seeks to remove all physical and nonphysical trade barriers, eradicate rigid border formalities, enforce the application of the customs procedures prescribed by ECOWAS, and adopt a common ECOWAS passport. The FTA was also expected to develop into a customs union by the end of 2007.

679. The CSAR touches on Nigeria’s progress towards other regional integration targets such as monetary policy. It states that Nigeria is aligning its monetary policy closely with achieving regional monetary integration. Efforts are being made to meet the ‘precondition’, otherwise known as the ‘convergence criterion’, for establishing the West African Monetary Zone (WAMZ). This is a 5 per cent or lower inflation rate for at least six months. Other conditions include the ability of the central bank to finance public deficits that do not exceed 10 per cent of the previous year’s tax revenue, or that do not exceed 4 per cent of GDP (excluding foreign grants). Most Nigerians think that adopting a single currency by member states of ECOWAS will facilitate the subregion’s objectives for economic integration, and that Nigeria’s foreign economic policies are, to a great extent, consistent and supportive of the region’s objectives for economic integration.

680. The CSAR also notes measures, other than ECOWAS, which Nigeria has taken to promote and accelerate regional cooperation and development – and exceptional achievement in Africa. Nigeria has, at different times, given financial aid and technical assistance to several African countries, often through the African Development Bank (AfDB), of which it is a major benefactor. Nigeria has played a major role by making economic contributions to Pan-Africanism. It has also provided scholarships and fellowships, training facilities, grants, equipment, medical supplies and food aid to other African countries.

681. The Technical Aid Corps (TAC) programme was established in 1987. It seeks to share Nigeria’s expertise with benefiting countries by placing young Nigerian professionals according to the needs identified by participating countries. It is another viable effort at fostering regional and interregional integration. This programme is a catalyst for peace, progress and development for its beneficiaries. The TAC has recorded substantial progress since 1999.
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<td><strong>Total</strong></td>
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*Source: TAC Directorate, The Nigerian Technical Aid Corps scheme, Ministry of Foreign Affairs, federal government of Nigeria, Abuja, 2004 edition, pages 9-10. (Note: Data is as reported at source.)*
682. Assisting African countries to sell crude oil at concessionary rates during the oil crisis of the 1970s is another significant effort by Nigeria to promote Pan-Africanism and regional integration. At the time, Nigeria had a military government and was a member of the Organization of the Petroleum Exporting Countries (OPEC), a cartel that sought higher oil revenues. Consistent with its strong commitment to promoting regional integration, Nigeria decided to sell crude at concessionary rates to other African countries if they had their own refineries. These countries, however, had to undertake not to export the crude to third-party countries. This contributed significantly to the economies of the African countries that benefited from this gesture.

683. The CRM confirmed Nigeria’s strong support of, and commitment to, issues of regional integration and African development, as is shown by its membership of, and the leadership role it plays in, a number of regional groupings. Nigeria continues to play an important role in regional (ECOWAS), continental (AU) and international trade agreements. Nigeria is a founding member of ECOWAS, one of the oldest regional groupings in Africa. It also hosts the ECOWAS Secretariat in Abuja, Nigeria. Nigeria is also one of the five countries that initiated NEPAD and the APRM, along with South Africa, Algeria, Egypt and Senegal. Nigeria plays an active role in the UN and is an influential member of the Africa group at the World Trade Organization (WTO).

684. On the regional front, the ECOWAS customs union is viewed as a step towards an economic and monetary union with a single currency under WAMZ. The Francophone countries within ECOWAS have a long history of monetary cooperation. They have a central bank and a single currency, the CFA franc. Efforts are under way to establish a second single currency for the Anglophone countries within ECOWAS. There is a specified time frame for merging the two monetary institutions.

685. The CRM noted Nigeria’s significant efforts to meet some of the ECOWAS targets as positive developments towards regional integration, even if Nigeria has taken a protectionist stance on some products. They include its trade policies, harmonising tariffs within ECOWAS through the CET, and the FTA agreement with six other members.

686. Under the new ECOWAS tariff structure, Nigeria has adopted a four-band arrangement with duty rates of 0 per cent, 5 per cent, 10 per cent and 20 per cent for capital goods, raw materials, intermediate products and finished goods respectively. A temporary 50 per cent band exists, but it was expected to be phased out by the end of 2007. A few import prohibitions will be removed progressively. The use of the 50 per cent tariff band is permitted under current ECOWAS trade rules. It gives Nigeria some flexibility in its future industrial policies. The 50 per cent tariff, for example, is currently levied on goods in selected sectors in which the country has a comparative advantage. It also aims to support domestic production of, for example, vegetable oils and starch.

687. Overall, with the adoption of the ECOWAS CET, the simple (unweighted) average tariff rate declined from 29 per cent to 18 per cent, while the weighted average tariff rate fell from 25 per cent to 17 per cent. The CET has also simplified and improved the transparency of Nigeria’s tariff structure.
Work remains to be done, however, to rationalise and eventually phase out the remaining import prohibitions. Other areas that need improvements and proactive action include improving infrastructure, especially in power and water supply, air quality, road networks and telecommunications.

688. The ECOWAS Monetary Programme was set up in the spirit of the Lome Agreement. It is a step in the right direction to unite monetary policies. However, progress in meeting the targets of the pact has been slow. Average inflation has recently been over 5 per cent, while the average share of fiscal deficits financed by the CBN also breached the condition by 3.2 per cent between 2001 and 2005.

689. The CRM commended the TAC adopted by Nigeria as a unique initiative to promote interregional cooperation and development. The TAC scheme is the only viable volunteer technical service programme operated by an African country. It has played a crucial role in creating an atmosphere of partnership between Nigeria and the African, Caribbean and Pacific (ACP) countries.

**BEST PRACTICE 4.3: THE TAC SCHEME**

Established in 1987, the Nigerian TAC is a foreign policy instrument designed to provide manpower assistance in all fields of human development to underdeveloped and developing countries in the southern hemisphere. It represents one of Nigeria’s contributions to effective cooperation in socioeconomic development among ACP countries.

The objectives of the TAC are:

- To share Nigeria’s know-how and expertise with other ACP countries.
- To provide assistance on the basis of assessed and perceived needs of recipient countries.
- To promote cooperation and understanding between Nigeria and recipient countries.
- To facilitate meaningful contact between the youths of Nigeria and those of recipient countries.
- To assist ACP countries in other ways.
- To ensure a streamlined programme of assistance to other developing countries.
- To serve as a channel for enhancing south-south collaboration.
- To establish a presence in countries in which, for economic reasons, Nigeria has no resident diplomatic mission.

**Achievements**

Since the inception of the scheme in 1987, TAC has made substantial progress. There has been a significant increase in the number of volunteers and in the number of recipient countries from ACP regions. Between 1987 and 2004, 1,677 TAC volunteers were deployed to 33 countries. There has also been an overwhelming interest in the TAC scheme from both Nigerian volunteers and recipient countries. TAC has also attracted the attention of a number of international agencies. In 2003, the Commonwealth signed a Memorandum of Understanding (MoU) with the Nigerian government. The MoU calls for providing Nigerian expertise to needy member states under the Commonwealth Assistance Programme, which is managed by the TAC Directorate in Nigeria. The UN Volunteer Service and the Japanese Agency for International Cooperation (JAIC) have also expressed interest in the TAC programme.

TAC is currently the only volunteer service operated by an African country. This challenges the widely held view that African countries are only recipients, and not providers, of aid. TAC has therefore enhanced the existing relations between Nigeria and the beneficiaries. On a wider scale, it has created an atmosphere of partnership where it would not otherwise have existed.

*Source: Adapted from CSAR, Nigerian Country Review Mission findings, February 2008.*
In its interactions with stakeholders, the CRM observed that most participants are keenly aware of Nigeria’s membership of various arrangements for regional economic cooperation and some of the foreign, trade and investment policies developed to improve trade, international competitiveness and accelerate growth. They also know that commitments to these organisations must be turned into action. Participants urged the government to upgrade physical and human infrastructure as well as the institutional capacity to promote productivity and international competitiveness. During the CRM interactions with representatives of SMEs, participants proposed a set of measures. They included facilitating access to credit, establishing industrial zones, and introducing nonfiscal incentives like providing a reliable power supply to reduce the overall cost of doing business in the country and to improve competitiveness and regional integration.

Although most stakeholders agreed with the principles and objectives of regional integration, most favoured the measured protectionist stance that the Nigerian government takes from time to time in its trade policy. During interactive sessions, participants showed that they were aware of the tension between the protectionist trade policies practised by Nigeria, and reflected in measures such as import bans, on the one hand, and a commitment to openness and trade liberalisation on the other. However, they observed that the country’s trade competitiveness could only be improved by complementary investments in infrastructure and capacity building to secure an enabling environment for private-sector investments. Stakeholders also observed that the export prohibition list is determined at the federal level with little input from the states. They argued that the states should be consulted about the composition of the list to ensure that it contains items that are relevant to their developmental priorities and concerns.

Participants at CRM sessions commended the government’s efforts at regional integration and the promotion of trade. However, grave concerns were expressed that these initiatives continue to be driven mainly by the public sector with very little or no input from the private sector, which should serve as the engine of growth. A general expectation of stakeholders was that Nigeria, in collaboration with other ECOWAS member countries, should intensify its efforts to bring the private sector to the forefront of the arrangement to promote regional economic cooperation in order to ensure that the desired benefits of increased volumes of trade and employment are realised.

On the whole, Nigeria’s commitment to regional integration is highly commendable. The free movement of people and goods within the region has had a positive impact on trade volumes. Also noteworthy is Nigeria’s role in guiding the Economic Monitoring Group (ECOMOG) towards achieving peace and stability in Liberia and Sierra Leone, thereby enabling economic growth in the subregion. There is nevertheless a persistent perception among many states in ECOWAS that Nigeria is the ‘big power’ on the block playing a dominant role. The concerns of smaller member states about Nigeria’s overbearing influence must be managed. If not, the impact on the progress of regional integration in the West African subregion could be serious. A major challenge in this regard is the protectionist stance on imports for certain goods. A workable solution should be found.
iii. Recommendations

The APR Panel recommends that Nigeria:

- Conduct an in-depth evaluation of how its membership of regional economic communities influences trade, investment and growth in Nigeria. *(Federal government, the ministries responsible for commerce and regional integration, and private-sector research institutions)*

- Develop, together with the private sector, comprehensive strategies to promote the adoption of technology and innovation, and to expand productivity and capacity in order to improve international competitiveness. *(The federal government and relevant private-sector institutions)*

- Make concerted efforts with regional partners to develop mechanisms for regional payments and financial markets, and to harmonise national and foreign policies to increase the benefits of globalisation. *(Federal government and ECOWAS Secretariat)*

- Take aggressive measures to resolve the apparent conflict between liberalising the trade regime on the one hand, and protectionist policies, like the import and export prohibitions, on the other. *(Federal government)*

- Increase its efforts to strengthen the competitiveness of the private sector by establishing an enabling environment that will stimulate private-sector investment and development. *[Federal government and the Nigerian Investment Promotion Commission (NIPC)]*

- Establish the necessary legal codes, together with regional and subregional structures, to harmonise and enhance intraregional and interregional trade in goods and services as well as investments. *(ECOWAS Secretariat, federal government and the AU)*

- Establish mechanisms for arbitration and resolution, in collaboration with its regional neighbours, to handle regional trade disputes when they arise. A regional arbitration tribunal, with the required codes, would be a step in the right direction. *[ECOWAS Secretariat, federal government, Nigerian Export Promotion Council (NEPC) and the ministries of commerce and tourism]*

- Continuously explore and mitigate, together with its regional partners, the negative impact of developments in the international global environment, especially politics and economics, on regional integration. *(Federal government, ECOWAS Secretariat and the AU)*

- Increase efforts, together with its regional partners, to use regional integration for fostering peace and stability in the region and, ultimately, its economic growth and development. *(ECOWAS Secretariat, federal government and the AU)*
5. CORPORATE GOVERNANCE

“Good corporate governance provides a level of disclosure and transparency regarding the conduct of corporations and their boards of directors that enables the supervision of their accountability while ensuring that they comply with their legal obligations and remissions, are accountable to shareholders and responsible to stakeholders, including employees, suppliers, creditors, customers and communities, and act responsibly regarding the environment.”

_African Peer Review Mechanism (APRM) questionnaire, section 3_

5.1 Overview

695. Nigeria is Africa’s most populous nation and the leading oil producer in sub-Saharan Africa. It is one of the four largest economies on the continent, together with South Africa, Algeria and Egypt. These four countries are commonly referred to as ‘SANE’ (South Africa, Algeria, Nigeria and Egypt). Nigeria has been called a potential world superpower, alongside India and Brazil. The country is unique in Africa because of its rich mineral, oil, gas and human resource base. These factors, together with its vast size and significant wage-earning class, mean that Nigeria has enormous potential to develop its private sector.

696. However, as is the case with many African countries, systemic governance problems, capacity constraints and ineffectively implemented laws have limited economic growth. Consequently, abject poverty is inexplicably high in this oil-rich nation. It is estimated that about half of the population lives below the poverty line. Part 3 of the National Economic Empowerment and Development Strategy (NEEDS) sums up the main constraints to private-sector growth:

_The private sector has been dogged by weaknesses inherent in its skewed structure. It is dominated by a few large multinationals that are heavily dependent on imports and operate largely as enclaves and [then is also characterised by] a large segment of small and medium-size enterprises with very little, if any, linkage to the multinationals. A rent-seeking and unproductive culture of overdependence on government patronage and contracts, with very little value added, governs the sector. As a result of these factors, Nigeria has become a nation of traders, with a very weak and stagnant domestic private sector. Other frequently cited problems in efforts at growing the private sector include the poor state of physical infrastructure; the high cost and limited access to appropriate financing; insufficient domestic demand and the low level of patronage by public-sector institutions; the high cost of imported raw materials, equipment and spare parts; and the lack of skilled labour. Growing the private sector also hinges crucially on domestic policies, environmental factors and investment flows._
A number of factors have caused this state of affairs. First, endemic corruption linked to oil has bled the economy. The Catholic Bishops’ Conference of Nigeria, an influential group of the clergy, believes that corruption has become a way of life, especially in government and business. In its 2008 Corruption Perception Index, Transparency International ranked Nigeria as the 37th most corrupt of 45 African countries. Globally, Nigeria is ranked at 142 out of 164 countries.

Secondly, a flawed administrative and political system has resulted in a lack of political accountability. The long period of military rule entrenched corruption and impunity, and destroyed the rule of law. It also caused public institutions to deteriorate and led to a poor policy environment. The consequent debilitating and flawed political culture, coupled with issues of bribery, graft and nepotism, has negatively affected the implementation and enforcement of the rule of law. Despite a good human resource base, decision making is concentrated in the hands of a few who continue to benefit from a flawed policy framework.

Other challenges to good corporate governance in Nigeria include a complex regulatory framework, and ineffective judiciary and oversight bodies. Nigeria has several legal regimes which, together with the multiplicity of cultural, ethnic and religious differences, make equality between people and circumstances difficult to achieve before the law. The judiciary itself impedes investor confidence. Its performance in resolving commercial disputes is unsatisfactory. The roles of the regulatory agencies are not sufficiently delineated. Regulations tend to be general, making mandates confusing. Questions have also been raised about the autonomy of supervisory bodies and the criteria used to appoint heads of these institutions. The tax mandates of the different tiers of government appear to be ineffectively reconciled and demarcated. Overlapping taxation affects the private sector, particularly small and medium enterprises (SMEs).

Without sustained efforts to strengthen the private sector and improve corporate governance, it is difficult to create sustainable wealth and impossible to alleviate poverty. Notable efforts have been made to tackle systemic governance issues in various sectors of the state and society, and to improve corporate governance in the country. The first significant steps were to amend the Companies and Allied Matters Act (CAMA) on 1 December 1990, and to create the Corporate Affairs Commission (CAC). The Committee on Corporate Governance of Public Companies in Nigeria (CCGPCN) was established in November 2003. Its mandate is to “identify weaknesses in...corporate governance practice in Nigeria and fashion out necessary changes that will improve corporate governance practices”. In a nutshell, the CCGPCN sought to align corporate governance in Nigeria with international standards and practices.

Other initiatives include enacting laws that target economic and financial crimes. These include the Corrupt Practices and Other Related Offences Act of 2000, the Money Laundering Act (1995) and the Money Laundering (Prohibition) Act of 2004, which repeals the 2003 act. The authorities also established the Economic and Financial Crimes Commission (EFCC) through the EFCC (Establishment) Act of 2004. This repealed the EFCC
(Establishment) Act of 2002. These acts are important because they prohibit the laundering of the proceeds of crime comprehensively and prescribe appropriate penalties. Nigeria also took the decisive step of consolidating and restricting the number of banks in the country in response to massive failures of undercapitalised, ill-supervised and poorly managed banks and numerous companies in the financial sector.

702. Corporate governance issues have, nevertheless, not yet become of regular concern in Nigeria. The subject is still new and the relevant codes have been promulgated fairly recently. The necessary sensitisation programmes have yet to be undertaken. Consequently, corporations continue to be perceived in terms of the huge oil and gas companies, while the more prevalent SMEs are ignored. Corporate social responsibility (CSR) is also not well understood and is widely viewed as a philanthropic gesture of goodwill rather than as an attribute of corporate citizenship.

703. The sections that follow analyse the status of corporate governance in Nigeria against the backdrop of: the paradox of poverty in the midst of plenty; a weak private sector; and overarching systemic governance problems that include pervasive corruption and a nascent corporate governance landscape. Assessing the quality of corporate governance begins with the standards and codes and thereafter uses the five corporate governance objectives of the APRM. These are to:

- Provide an enabling environment and effective regulatory framework for economic activities.
- Ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability.
- Promote the adoption of codes of good business ethics in achieving the objectives of organisations.
- Ensure that corporations treat all stakeholders (shareholders, employees, communities, suppliers and customers) fairly and justly.
- Provide for the accountability of corporations, directors and officers.

5.2 Implementation of standards and codes

i. Summary of the CSAR

704. The Country Self-Assessment Report (CSAR) states that many national standards and codes have been adopted, and that international ones have been ratified and domesticated. The codes are being implemented in Nigeria’s corporate environment (see table 5.1).
Table 5.1: Implementation of corporate governance standards and codes

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ii. Findings of the CRM

Principles of Corporate Governance

705. The CAMA of 1990 was the main law for corporate governance before the Nigeria Code of Corporate Governance (for public liability companies) was promulgated in November 2003.

706. The Nigeria Code of Corporate Governance, which was developed through the joint efforts of the Securities and Exchange Commission (SEC) and the CAC, is aimed at inculcating the principles of corporate governance as enshrined in international standards. These are the OECD guidelines, and the Cadbury and King reports. The Nigeria Code of Corporate Governance seeks to ensure transparency, accountability and fairness in directing and managing companies in the country by providing guidelines on issues like: separating the roles of chief executive officers (CEOs) and chairpersons of boards; defining criteria for selecting directors; the composition and responsibilities of boards and their committees; and transparency in financial and nonfinancial reporting.

707. In addition to the Nigeria Code of Corporate Governance, the SEC has a code of conduct for capital market operators and employees (2003). New codes of conduct were also developed to enhance and compliment existing ones as a result of the consolidation of the banking sector. These include a code of corporate governance for banks, which came into effect on 3 April 2006, and guidelines for the appointment of independent directors for all banks, issued in October 2007.

708. The Country Review Mission (CRM) acknowledged the significant developments to improve corporate governance in Nigeria. However, it noted that the level of awareness of corporate governance and the supportive codes and standards in the country was generally low. Available statistics show that only 40 per cent of companies have adopted the corporate governance codes.

709. Not surprisingly, awareness among banks and listed companies is better than among smaller enterprises. This is mainly because of the joint efforts by the Central Bank of Nigeria (CBN) and the SEC to promote good corporate governance. Key among the efforts by the CBN to improve corporate governance in banks is the move made in 2005 to consolidate and constrict badly supervised banks. Postconsolidation challenges of integrating cultures and processes remain. The CBN continues to issue codes and guidelines to assist banks. The SEC also launched an initiative in December 2006 to rate companies on corporate governance and recognise deserving companies formally for their performance.

710. Despite the key roles played by the CBN and SEC, their regulatory functions of oversight and enforcing sanctions are limited. For example, although the CBN is a key driver of corporate governance in Nigeria, this is aside of its core functions, which include developing policy, supervising banks and being the ‘lender of last resort’, among others. Further, the SEC works
through sanctions and imposing civil penalties, but these measures have been inadequate to deter noncompliance.

711. Another stakeholder actively promoting corporate governance in Nigeria is the Institute of Directors of Nigeria (IoD) and its Centre for Corporate Governance. The IoD has accepted the challenge of influencing the acceptance and implementation of the Nigeria Code of Corporate Governance among its members. It does this through workshops and seminars as well as by administering questionnaires as a basis for diagnostic review. IoD training programmes for directors also feature corporate governance, business ethics and best practices.

712. There is another reason why corporate governance codes are not being fully adopted, particularly by smaller companies. Although CAMA mandates the CAC to oversee part A, B and C companies, the CAC’s oversight functions are mostly relevant to part A companies. Furthermore, the CAC’s supervisory capacity is weak. Stakeholders rarely use the CAC remedy to investigate a company’s affairs, since the process is unnecessarily protracted and is soft on penalties. It should also be remembered that CAMA was enacted in 1990 and needs to be amended significantly in order to bring it up to date on current corporate governance standards.

713. Another matter that needs to be mentioned is that the judicial remedies are inadequate for addressing corporate governance shortcomings. The judicial infrastructure in the country is weak. The archaic recording and filing systems of the courts have resulted in a backlog of cases. Corruption is also a factor deterring the effective enforcement of relevant laws.

**International Accounting Standards**

714. The CSAR asserts that the NASB Act of 2003 domesticates the International Public Sector Accounting Standards (IPSAS), which are based on the International Financial Reporting Standards (IFRS). In practice, however, the country has a lot of work to do before it will be able to comply with these standards. The 2004 World Bank Reports on the Observance of Standards and Codes (ROSC) on accounting and auditing for Nigeria noted that there are many laws and bodies to regulate the accounting, financial reporting and auditing requirements for companies. However, accounting and auditing practices in Nigeria suffer from institutional weaknesses in regulation, compliance and enforcement.

715. With the exception of the banking sector, the monitoring and enforcement mechanisms are very weak. The NASB lacks the capacity to monitor and enforce compliance with accounting standards. It still has to develop the infrastructure to do so. The Institute of Chartered Accountants of Nigeria (ICAN) has insufficient capacity to monitor and enforce compliance with auditing guidelines effectively. Its code of ethics is also weak. ICAN and other accounting bodies also do not have the resources to monitor the quality of practical training. These factors, together with poor accounting education and training, have contributed to weaknesses in financial reporting and auditing systems.
Further, the IFRS only applies to listed companies. The main legal framework for other companies is CAMA. It provides for the registrar of companies at the CAC to monitor the compliance with the reporting requirements of companies operating in Nigeria. As already stated, the mechanisms for enforcing compliance at the CAC are very weak and ineffective, and its penalties are often dated. Most companies do not comply with the requirement for companies to file a copy of their audited statements and directors’ reports, but the CAC rarely applies any sanctions. The significant weaknesses in its enforcement mechanism are accentuated by the extent of corruption and the CAC’s poor keeping of records.

Another matter to be considered is accounting standards for SMEs. Although CAMA spells out less stringent requirements with respect to reporting by smaller companies, participants in interactive sessions confirmed that this may be inadequate to promote bookkeeping and financial disclosure by smaller companies.

Specific efforts have been made in other jurisdictions to develop simplified accounting requirements for SMEs. For example, the Eastern, Central and Southern African Federation of Accountants (ECSAFA), has prepared an *Exposure draft of guidelines on financial reporting for SMEs*. The document endeavours to reduce financial reporting complexities for SMEs by providing simplified guidelines on issues like cash flow statements, accounting policies, changes in accounting estimates and errors.

This is a matter worth exploring by the NASB and ICAN, in collaboration with the Association of Accountancy Bodies in West Africa (ABWA). The development of simplified accounting guidelines for SMEs is undoubtedly important given the number and significance of SMEs in the Nigerian economy. Ultimately, this may also facilitate their access to funds for further development and possible expansion.

**International Standards on Auditing**

The auditing system in Nigeria is not robust. ICAN is mandated to issue Nigerian auditing standards but has never done so because of a lack of capacity. The work of ICAN in this regard has been limited to issuing guidelines. However, only two have been issued in the past three decades (*Guidelines on engagement letters* and *Guidelines for prospectus and reporting accounts*).

In the absence of national auditing standards, auditors are advised to follow the International Standards on Auditing, although this is not mandatory. Generally, there is inadequate adherence to auditing standards and professional ethics. Furthermore, ethical codes for auditors in Nigeria are not consistent with international requirements. Nigerian business organisations traditionally rely on internal auditors to audit them, but this is fraught with challenges. These include low levels of staff proficiency and competence, as well as corruption. There has been a gradual movement towards using external auditors.
722. Another matter of concern with regard to auditing is that of conflict of interests. Nigerian accounting firms, unlike their counterparts in the post-Enron United States of America (US), are not precluded from providing auditing and consultancy services to the same client. This could cause conflict of interest. Indeed, recent corporate failures remain synonymous with auditing failures.

723. A notable development was the establishment of a public practice section at ICAN in 1996. Its mandate, *inter alia*, is to upgrade the quality of auditing and reporting standards. The section has organised a number of seminars on auditing. It has developed a first draft of *Audit guidelines on audit planning and performance*. It is also considering developing *Audit working papers* and the *Issuance of practicing licences*. However, these efforts need to be galvanised.

**Lessons in disclosure and reporting from elsewhere**

724. Generally, corporations in Nigeria are failing in terms of disclosure and reporting. This is covered under objective 5 of this chapter. This is partly because of an inadequate regulatory framework for accounting and auditing. It may be worthwhile for Nigeria to explore what it can learn from good practices for financial reporting around the world. For example, the Sarbanes-Oxley Act of 2002 is worth emulating in Nigeria. This was passed by the US to improve the governance and reporting requirements of local public companies. The law was a response to the numerous scandals by companies like Enron, Arthur Andersen and WorldCom, to mention but a few. One of the important requirements of this act is to establish a public accounting oversight board as a public-sector entity. The board requires that all public accounting firms register with it and supply it with information. It is responsible for establishing standards for auditing, quality control, ethics as well as independence in preparing the audited reports of public companies. The Sarbanes-Oxley Act also addresses penalties and extended sanctions for corporate and criminal fraud, as well as provisions for increasing the independence of firms that audit the financial statements of public companies. The effectiveness of the act in addressing corporate governance in the post-Enron US could serve as an example to Nigeria for developing a similar law.

725. An example from the continent is that of South Africa. It has an Auditing Professions Act (APA) which strengthens corporate governance by providing for the regulation of auditors. The act also establishes the Independent Regulatory Board of Auditors (IRBA). Auditors are required to report to the IRBA any irregularities they come across when performing an audit. Auditors could face imprisonment of up to 10 years for making a false report. The APA also calls for auditors to be rotated and provides mechanisms for strengthening their independence. Again, Nigeria may want to enact an auditing professions act to strengthen corporate governance in the country.

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Core Principles for Effective Banking Supervision

726. Nigeria was first assessed for compliance with the Basel Committee’s Core Principles for Effective Banking Supervision by the International Monetary Fund (IMF)/World Bank in 1999. The country was found to have fulfilled nine of the principles fully, fulfilled 11 partially and left five unfulfilled. The remaining principles were considered irrelevant to the Nigerian situation as at the time of the assessment. A self-assessment carried out thereafter did not agree entirely with the assessment of the IMF/World Bank team, mainly because of subsequent developments that greatly improved the level of compliance.9

727. Generally, the consolidation of banks improved bank supervision. However, challenges like harmonising postmerger conflicts in technology, management, human capital capacity, inspection and supervision persist.

728. The megabanks in Nigeria – such as Intercontinental Bank, Union Bank of Nigeria, First Bank of Nigeria and Zenith International Bank – are expected to strengthen their expertise, internal capital models and historical data on asset default to qualify to use the internal rating systems aligned to the Basel II code.

Core principles of securities supervision and regulation

729. According to the CSAR, Nigeria is only the second country in Africa (after South Africa) to become a signatory to the International Organization of Securities Commissions’ (IOSCO) multilateral memorandum of understanding (MoU). The memorandum, which was signed in June 2006, seeks to improve compliance with international best practice in the global securities industry. However, this remains an aspiration rather than an achievement. In general, it seems that a better supervisory and legal framework for the capital market is needed. The mission was informed of instances of recent malpractices in the system by capital market operators, including forged certificates and falsified accounts by listed companies. Implementing the best practices of IOSCO will go a long way to improving the performance of capital markets in Nigeria.

Core principles of the International Association of Insurance Supervisors

730. The National Insurance Commission (NIC) lacks the capacity to monitor compliance with the financial reporting requirements of insurance companies. Its current efforts are geared toward ensuring that companies meet a prescribed capital base and the requirements for submitting annual returns. While the available sanctions for noncompliance seem satisfactory, these have not been enforced yet. The CRM also received reports about the proliferation of quacks in the industry. In an effort to improve the regulation and supervision of the sector, the CRM was informed of a move to consolidate insurance companies similar to that undertaken in the

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9 For more about Nigeria’s position on prudential bank supervision, see chapter 4 of this report on economic governance and management.
banking sector. Such a move will be a step in the right direction. Together with this, a thorough review of the insurance codes and regulations to bring them up to international standards is necessary.

For labour codes of the ILO and codes on industrial and environmental safety, see the discussion under objective 2.

### iii. Recommendations

731. The APR Panel recommends that:

- Efforts be made to create public awareness of the available corporate governance codes. These codes should be translated from English into some of the major languages of the country so as to increase awareness of the codes. All enterprises (public, private and state-owned) should be encouraged to introduce good corporate governance. [State-owned enterprises, SEC, Nigerian Stock Exchange (NSE), IoD, government and the private sector]

- Nigeria take the necessary steps to introduce national accounting standards that are consistent with the IFRS, and enforce compliance. Efforts should be made to build up capacity in the sector. [Nigerian Agricultural and Cooperative Bank (NACB), ICAN and the Association of National Accountants of Nigeria (ANAN)]

- ICAN continue the work already started to improve the regulation of the auditing sector and to develop auditing guidelines that comply with international standards. The Ministry of Finance and the auditor general’s office should also play a more proactive role to promote the adoption of international accounting and auditing standards. (NACB, ICAN, Ministry of Finance and the auditor general)

- Simplified accounting guidelines be developed for SMEs. [NACB, ICAN, the Small and Medium Enterprises Development Agency (SMEDAN) and others]

- The capacity of oversight institutions to monitor and enforce compliance be strengthened. [ICAN, SEC, CAC, NIC, National Agency for Food and Drug Administration and Control (NAFDAC) and others]

- The physical and information and communication technology (ICT) infrastructure of the judiciary be strengthened to enable judges to clear their backlog of court cases. Computerising the courts in the country is considered to be one of the ways of rectifying the information structure of the judiciary. The number of judges should be increased in order to staff the courts adequately, and the selection of competent judges should be prioritised. (Federal and state governments)

- The roles of the EFCC and the Independent Corrupt Practices and Other Related Offences Commission (ICPC) be streamlined and strengthened to enable them to become independent of the executive branch of government. (Federal, state and local governments, EFCC and ICPC)
The standards and codes in the country, and their reform, be reviewed so as to update them to deal effectively with the current challenges in corporate governance in the Nigerian economy. *(Federal and state legislatures)*

### 5.3 Assessment of performance on APRM objectives

#### OBJECTIVE 1: PROVIDE AN ENABLING ENVIRONMENT AND EFFECTIVE REGULATORY FRAMEWORK FOR ECONOMIC ACTIVITIES

#### i. Summary of the CSAR

**Regulatory framework**

732. The CSAR notes that, since 1999, there has been significant enthusiasm about providing an enabling environment and effective regulatory framework for economic activities. Economic development has been guided by a new philosophy of economic reforms. It was expressed as a medium-term economic development strategy known as NEEDS.

733. The CSAR further asserts that the legal framework for economic activities contains numerous regulations and provides for a number of agencies. CAMA is the act that controls corporate governance in Nigeria. Other notable pieces of legislation include the Banks and Other Financial Institutions Act (BOFIA) 25 of 1991, and the CBN (Amendment) Act 37 of 1998. The Investments and Securities Act (ISA) 45 of 1999 and the SEC rules and regulations, made in terms of ISA, are the two main pieces of legislation relevant to the capital market.

734. The CSAR also mentions the regulatory bodies that are the key to promoting good governance in the country. These are the SEC, CAC and CBN.

735. The SEC regulates the securities market. It reviews the published financial statements of public entities to: ensure that they comply with relevant accounting standards, generally accepted practice and regulatory disclosure; ensure that companies are reported as going concerns and that they are financially healthy; and create the needed investor confidence as the quality of financial reporting improves. In recent times, the SEC has stepped up its regulatory, administrative and development role. This includes reducing transaction costs and establishing the Investment and Securities Tribunal (IST) to handle capital market cases.

736. The CAC is responsible for regulating corporations. Section 7 of CAMA gives the CAC the power to regulate, supervise and administer the formation, registration, management and closure of companies. It is also responsible for any other activities that are necessary to give full effect to the provisions of CAMA.
737. The CBN oversees the general operations of banks in Nigeria in order to protect investors and integrity in the marketplace. Its powers include a mandate to conduct routine and special examinations, manage and control ailing banks, and revoke banking licences.

738. Other major regulatory and oversight bodies mentioned in the CSAR include the NIC, the Nigeria Deposit Insurance Corporation (NDIC), NAFDAC, the Standards Organisation of Nigeria (SON), the Department of Petroleum Resources (DPR), the Nigerian Communications Commission (NCC), and the Consumer Protection Council (CPC).

739. The CSAR also indicates that Nigeria has about 20 professional bodies and business organisations that contribute to the self-regulation of the business sector. These include ANAN, ICAN, the Nigerian Bar Association (NBA), and the Nigeria Economic Summit Group (NES-G).

740. The organised private sector in Nigeria includes the Nigeria Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), the Manufacturers’ Association of Nigeria (MAN), the Nigerian Association of Small Scale Industrialists (NASSI), and the Nigerian Employers’ Consultative Association (NECA). They allow the private sector to engage collectively with business issues of general concern.

741. Labour unions are also important to the regulatory framework for labour issues. Three of these are quite prominent. They are the Nigeria Labour Congress (NLC), the National Union of Road Transport Workers (NURTW), and the National Union of Petroleum and Natural Gas Workers (NUPENG).

The securities market

742. The NSE, established in 1960, began its operations in 1961 with 19 securities listed for trading. Today it has nine trading floors in Lagos, Ibadan, Abuja, Kaduna, Kano, Yola, Benin, Port Harcourt and Onitsha. The securities listed on the exchange include 11 government stocks, 49 industrial loan (debenture or preference) stocks, and 194 equity or ordinary shares of companies. There has been sustained market growth in Nigeria over the past seven years. The total value of securities has risen from N14 billion in 1999 to N470 billion in 2006. Market capitalisation and the all-share index have grown steadily since 1999.

Privatisation

743. Nigeria embarked on one of the largest privatisation programmes in Africa as part of its drive to reposition the economy and accelerate the process of rapid growth and development. Over 100 public enterprises were targeted to be transferred to the private sector in about 14 sectors of the economy. They included electricity, oil and gas, and the telecommunications and transport sectors.

744. The programme was implemented in three phases. The first phase started in 1989. Fifty-five companies were privatised between 1990 and 1993. Of
these, 35 were privatised through public offer, one through management buyout, eight through selling assets by public tender, seven by private placement, and four through deferred public offer. The programme generated gross revenues of about ₦3.7 billion by selling about 1.5 million shares. Over 800,000 new shareholders participated. Market capitalisation of the NSE increased from ₦8 billion to over ₦30 billion by September 1992.

745. The second phase of the privatisation programme was launched in 1999 in terms of the Public Enterprises (Privatisation and Commercialisation) Act 28 of 1999. The act provides for a reorganised institutional framework that includes establishing the National Council on Privatisation (NCP) and the Bureau of Public Enterprises (BPE). The second phase was initially designed in three segments. It envisages the full or partial divestment of government interest in 98 public enterprises in 14 key sectors.

746. The first segment targets the disposal of all the government’s shares in oil-marketing companies, banks and cement companies. This totals 14 companies, most of which are already listed on the NSE. The revenue target is ₦20 billion. The second segment targets the disposal of the government’s ownership in hotels, vehicle assembly plants, insurance companies and other enterprises that operate in competitive markets. The third phase envisages the privatisation of government holdings in major public enterprises that operate in noncompetitive sectors like electricity, telecommunications, oil, gas and others. It should be mentioned that the government has made considerable progress with privatising enterprises in the country.

Promoting investment

747. The CSAR lists the efforts made by Nigeria to promote investment through incentives such as tax exemptions, deductions and concessions, rebates, allowances, and investment guarantees/effective protection. Other incentives include guarantees against expropriation and providing access to land. The government also passed an aggressive free-zone law. This has created a business-friendly environment that benefits from incentives like: complete exemptions from taxes, rates and custom duties for all federal, state and local governments; and one-stop approval for all permits, operating licences and incorporating papers. The government has re-engineered the Nigeria Export Processing Zones Authority (NEPZA) and the Nigerian Export Promotion Council (NEPC) to promote its exports effectively.

748. Another measure aimed at encouraging enterprise is the One-Stop Investment Centre (OSIC). OSIC is a mechanism to facilitate investment. Relevant government agencies are located in one place, and their functions are coordinated and streamlined so as to provide efficient and transparent services to investors. It is designed to shorten and simplify administrative procedures for issuing business approvals, permits and licences, and for incorporating companies. It removes the bureaucratic bottlenecks that investors face and ultimately reduces the cost of doing business in Nigeria.
The centre also provides statistical data and information on the Nigerian economy, the investment climate, the legal and regulatory framework, as well as sector and industry-specific information to aid investment decisions. OSIC has 13 participating agencies and is in the initial phase of implementation. More agencies will be included in subsequent phases. However, government needs to improve Nigeria’s image abroad if it is to attract investors to the country. The country’s image has been tarnished by ‘419’ fraudsters and by the widely held perception that the country is corrupt. Transparency International’s 2007 Corruption Perception Index, for example, ranks Nigeria 147th out of 179 countries.

**Internal factors that affect business activities**

749. The CSAR also elaborates on a number of internal factors that affect business activities. These include the condition of the existing infrastructure, such as roads and ICT systems. The availability and reliability of the energy supply also affect business growth in the country.

**ICT**

750. Nigeria successfully reformed its communications sector, and this has resulted in remarkable changes. These include expanding Nigeria’s national optic fibre transmission network and the national roll-out projects of Nigerian Telecommunications Ltd (NITEL). Four Global System for Mobile Communications (GSM) operators were licensed. The NCC also successfully conducted auctions for fixed wireless access licences at both national and regional levels. This led to about 20 private fixed wireless operators emerging across the country. All telephone companies in Nigeria have been successfully interconnected. There are still some glitches in the networks of the different mobile operators, but these should be ironed out in time.

751. Nigeria has become the fastest-growing telecommunications market in Africa. Its local industry for telecommunications equipment, handsets and scratch cards is growing. Some 548 of the 774 local government headquarters now have access to telecommunications facilities under the Rural Telephone Project. Subscriber levels for fixed lines rose from 473,316 in 1999 to 1,027,707 by September 2005. The figure for mobile lines rose from 35,000 in 1999 to 16,078,817 by September 2005. The changes assisted foreign direct investment (FDI) in the communications sector, which stood at about $50 million in 1999 but rose astronomically to about $10 billion by 2006, second only to that in the oil and gas sector.

**Roads**

752. The length of driveable roads in Nigeria has increased from 3,200 kilometres in 1914 to 193,200 kilometres in 1995. Large sums of money are still being spent on various road programmes. Roads Vision 2000 was launched in July 1996 as an initiative to ensure that an effective and efficient framework would be provided for road-sector management and financing in Nigeria by 2000. The federal government also developed the
Master Plan for an Integrated Transport Infrastructure (MITI). This gives guidelines for developing transportation infrastructure between 2002 and 2020. Its overall objective is to have a well-articulated and safe transport system. Significantly, a sum of ₦16.22 billion was budgeted for the Federal Roads Maintenance Agency (FERMA) in 2005, and the agency was able to access a total of ₦17.16 billion, including part of a loan of ₦2.5 billion, to carry out its maintenance activities.

Despite all the investments, the increasingly poor condition of, and rapid rate of deterioration in, Nigerian roads has become a serious source of concern to all stakeholders. All classes of roads are in an extremely poor condition because of neglect. Over the past two decades, the huge budgetary allocations for roadworks have proved to be insufficient or have been used injudiciously.

Energy

The intermittent power supply remains a major constraint to private-sector development in Nigeria. To address this problem, the federal government has set targets for increasing the total power generation in the country from 4,200 megawatts in 2004 to 10,000 megawatts by the end of 2007. To achieve these targets, the capital budget allocations to the power and steel sectors have remained high and amounted to about ₦7.3 billion in 2005. In addition, government encouraged private-sector investment through Independent Power Projects (IPPs). A number of major infrastructure investments in the power sector (for both generation and transmission) are also currently being completed in different parts of the country.

Despite the ongoing investment projects in the sector – the new power plants, transmission lines and distribution systems – power supply is still far from satisfactory. Also, Nigeria’s power requirement exceeds by far the 10,000 megawatts that the country undertook to deliver by 2007. Power-sector reform appears to be rather slow and ineffective.

Some of the consequences of current escalating energy costs are: aggravated cost-push inflation; uncompetitive Nigerian industries; declining use of capacity; and increasing unemployment as a result of the retrenchment of workers in some industries that have not been able to cope with rising energy costs. The serious insufficiency of electrical power has caused many factories to close, especially in the textile industry.

Security of life and property

It is generally acknowledged that insecurity of life and property is fast overwhelming Nigeria. The CSAR lists the salient problems as: cross-border criminality; violent crimes such as armed robbery and car snatching; economic crimes; cyber crimes; cultism; ethnoreligious disturbances; political insecurity; and chieftaincy disputes. Festering political instability, kidnapping and taking of hostages in the oil-producing Niger Delta region, together with contract killings followed by unfruitful investigations by the police, are particularly worrying. The government should take the
necessary steps to address this issue as it affects the economy, investments and quality of life in the country.

**Commercial dispute resolution**

758. The CSAR confirms that the normal court system is too protracted and unsatisfactory to serve as the primary option for resolving commercial disputes. Archaic recording and filing systems result in a backlog of cases, particularly at state level.

759. The CSAR lists other options for resolving commercial disputes. The Arbitration and Conciliation Act of 1998 provides for the fair and efficient settlement of commercial disputes by arbitration and conciliation. The act also makes the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) applicable to any awards.

760. Capital market disputes are adjudicated by the IST, an independent body with the same status as the High Court. However, the capacity of the tribunal needs to be increased in its jurisdiction and mandate, as well as in human and technological terms.

**SMEs, access to finance and the informal sector**

761. The Nigerian government has continued to encourage the development of small and medium industries (SMIs) to boost the country’s industrial and manufacturing capacity. The government established the Small and Medium Enterprises Development Agency (SMEDAN) to incorporate SMIs as a key strategy for rural industrialisation and poverty alleviation. The government also established the Small and Medium Industries Equity Investment Scheme (SMIEIS), funded by 10 per cent of the pretax profit of commercial banks. The government also set up the Bank of Industry (BOI) with an authorised share capital of N50 billion to replace the Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Economic Reconstruction Fund (NERFUND) and the Nigerian Industrial Development Bank (NIDB) in order to aid the reconstruction of ailing industries and promote new ones.

762. The CSAR quotes an operational definition of the informal sector as “that which operates without binding official regulations (but it may or may not regulate itself internally) as well as one which operates under official regulations that do not compel rendition of official returns on its operations or production processes”. The relevant yardsticks in the definition of informal-sector enterprises in Nigeria include turnover, number of employees, ownership structure, total assets, market size, value added, inventories and major sources of finance.

763. The Nigerian informal sector is characterised by numerous competitive but poorly capitalised small-scale operators. They include several small, unregistered sole proprietors and, in some instances, joint partnership businesses in urban and rural settlements around the country. The role of the informal sector in Nigeria in generating employment and producing basic goods and services cannot be overemphasised. The sector is a source
of dynamic competition and innovation. It is known for providing training and apprenticeships. The informal sector, therefore, is a breeding ground for new entrepreneurs and industries.

764. Government policies have remained focused on the problems of the formal sector. However, the downturn in the Nigerian economy in the 1980s led to a growing belief that the much-vaunted resilience of the Nigerian economy was caused largely by the expansion and robustness of the informal sector. It absorbed job losses in the formal public and private sectors. The crucial role that the informal sector plays in a developing economy like that of Nigeria needs to be seriously re-examined. It is the source of dynamic competition. It is also known for providing training and creating jobs, and as the breeding ground for new industries. Yet, because of inadequate information about the sector, it has been difficult to integrate it into the formal policy-making process. The government of Nigeria should make serious efforts to formalise its huge informal sector so that it can play an important role in reducing poverty and in the economic development of the country.

ii. Findings of the CRM

Regulatory framework

765. There are many legislative gaps in the laws governing business operations in Nigeria, and most laws need to be brought up to date. It should be noted that the penal code does not recognise corruption as a crime. CAMA, which is the main law for regulating companies, needs to be amended, particularly with regard to the penalties for violation. Furthermore, certain laws that would facilitate good corporate governance, such as laws relating to whistle-blowing, freedom of information and consumer legislation, have not been enacted and the legislative process is protracted.

766. The mass of sometimes conflicting laws in the country is the other factor that has contributed to a challenging corporate governance environment in Nigeria and, consequently, to a flawed corporate governance system. These are the Nigerian constitution, legislation enacted by the National Assembly, inherited English common law, customary law, Sharia law and case law. The current situation does not offer a reliable basis for resolving disputes, protecting property rights and enforcing contracts. Furthermore, most laws governing the commercial sector are dated and need to be reformed. The government needs to base the many laws and their conflicting aspects on the Nigerian constitution or a federal law. Where there is conflict, the federal law or constitution should prevail.

767. Above all, the existing laws are also applied and implemented ineffectually for the most part. The CRM believes that the combination of complex and incompatible legal regimes and poor dispute resolution by the judiciary is a threat that could arrest or even erode the significant achievements in governance reform since 2003. It is therefore important to implement the existing laws effectively.
Many of the regulatory institutions suffer from critical capacity constraints, and their mandates and functions overlap. The regulations for retirement benefits, safety, the environment and the energy sector are not effective. The Due Process Office and BPE have done a lot to improve procurement, but apparently only at the federal level. Even at that level, the CRM found considerable evidence of lack of transparency in transactions. Examples are the concessions granted at the Abuja International Airport in 2006, and the sale of NITEL (reversed in 2008). The situation in the states has to be reviewed and specific measures delineated for them.

The securities market

The CRM discovered that awareness of, and participation in, the securities market in Nigeria is low, as is confidence in its efficacy. Participation in the securities market remains low, but is growing. Although market capitalisation stood at ₦470 million in 2006, two important steps have to be taken. First, it is necessary to educate Nigerians about the central importance of the securities market in mobilising resources effectively and increasing growth. That is possible, however, only if Nigerians can build confidence in the process and improve the regulation of the Nigerian capital market. The issues to be considered are registering shares, surveillance, inspection, investigation, making and enforcing rules, and preventing fraud. Secondly, efforts should be made to educate the general public about the dynamics of the securities market, the role and responsibilities of shareholders, as well as the establishment of shareholder organisations.

There is also the problem of overlapping regulatory powers or conflicting jurisdictions. Examples are the conflicts that occur between the SEC and NSE with regard to exercising power over erring companies. Also, although the ISA gives the SEC the power to prosecute criminal cases, the commission has been constrained by the powers of the EFCC to prosecute criminal cases on behalf of the attorney general. This should be looked at critically and the necessary measures introduced to address it.

Privatisation and promoting investment

Nigeria first experimented with privatisation under the Structural Adjustment Programmes (SAPs) within the framework of the Privatisation and Commercialisation Act of 1988. In this first round, government shed its shares in interests such as banks, cement companies and hotels, in which it had held stock on the NSE. The current privatisation programme, under the Public Enterprises (Privatisation and Commercialisation) Act of 1999, is broader in scope and extends to utilities, power, telecommunications, airways, oil refineries and others. According to the NEEDS document, the privatisation of public enterprises is aimed at reducing the influence of the state and enlarging the size of the private sector. It is also aimed at improving the efficiency and competitiveness of enterprises, thereby leading to their long-term sustainability and improving their contribution to reducing poverty.
A number of measures have been introduced to ensure that the privatisation process is transparent. These are spelt out in the enabling legislation and in the privatisation handbook published by government and generally available to the public. The BPE has also developed generic guidelines for reforming parastatals. They touch on the options for commercialisation and privatisation reform. Further, steps are being taken to ensure that the process itself is widely advertised when it is undertaken, and that the allocation of shares is guided by the policy which requires that ownership has a wide geographical spread.

Questions have nevertheless been raised about the transparency of the process. There have also been allegations of cronyism when some interests are divested. This has led to conflicting signals from government when it reverses and then reinstates some deals. For example, press reports during the CRM’s visit (February 2008) indicated that the privatisation of the fixed line and mobile telecommunications firm NITEL had been reversed. However, a recantation was later published. These examples illustrate the challenges of implementing a transparent privatisation process when it is perceived by stakeholders to be opaque. Another issue to be considered is ensuring that privatisation results in wealth being redistributed to key segments of society rather than creating oligarchies, which would further widen the gap between the rich and the poor. Further, privatisation may not be the only way of increasing the efficiency and competitiveness of enterprises. Related issues include addressing challenges in the regulatory framework related to business activity, improving the capital market, and increasing the flow of domestic and foreign investment.

The democratic changes after 1999 and the privatisation programme have led to an increase in FDI to the country. Establishing the Nigerian Investment Promotion Commission (NIPC), relaxing the tax system and other incentives alluded to in the CSAR have also played a role. Nigeria’s investment system is quite generous but it focuses almost exclusively on large investors, particularly overseas ones. The NIPC Act of 1995, the Nigerian Export Processing Zone Act of 1992, and the Public Enterprises (Privatisation and Commercialisation) Act of 1999 all seem to favour outside investors instead of local ones. There is an equal need for Nigeria to encourage domestic investors and entrepreneurs to contribute to the economy. Government should concentrate on providing specific incentives that target the local private sector. This includes removing the bottlenecks that impede its growth and development. There should also be an education and training component to help these domestic investors and entrepreneurs develop their products to meet international quality standards for export. The current incentives for SMEs - like SMIEIS and the BOI - are steps in the right direction.

External and internal factors that affect business

Infrastructure issues

The most important constraints to business development in Nigeria arise from inadequate infrastructure. The road networks are inadequate
and are seldom maintained. The Nigerian government has outlined plans to establish an infrastructure fund to build and maintain roads. Infrastructural development is part of President Yar’Adua’s seven-point agenda. The supply of gasoline and related petroleum products is highly constrained. The CRM witnessed many petroleum stations without fuel. Power is provided erratically, and sometimes not at all, in some rural communities. Thanks to GSM technology and the privatisation of the industry, telecommunications have improved considerably and are no longer a major problem for businesses.

**Commercial dispute resolution**

776. The legal and judicial systems are inadequate, and multiple legal regimes worsen the situation. The capacity of the Nigerian Law Reform Commission should be enhanced so as to enable it to harmonise national legislation and reform the procedural laws in the country.

**Business registration**

777. The procedures for establishing businesses are lengthy and complex. Whatever may have been intended, the OSIC concept is not yet working effectively and it is necessary to decentralise it. There is a greater need for government to provide an enabling environment and regulatory framework in which business can thrive and prosper. The institutional and policy constraints that frustrate businesspeople should be eliminated.

**Tax system**

778. The tax system is complex and poorly administered. The public sector has tended to rely less on general tax revenues since the discovery of oil and gas. Furthermore, tax evasion is prevalent due to the poor enforcement of administrative and punitive sanctions. The government of Nigeria should consider creating an autonomous arm or division within the EFCC to deal with tax evasion. It should be strengthened like the Internal Revenue Service in the US, which has the power to enforce compliance.

**SMEs, access to finance and the informal sector**

779. The SME sector is quite big in Nigeria and it provides jobs, products and services to the Nigerian economy. Hence efforts to develop this sector should be a core part of the government’s economic policy.

780. The problems in the financial sector that have impeded the growth of the sector, and of business in general, include high interest rates, the short-term nature of loans and heavy collateral requirements. These are exacerbated by land-titling problems. Megabanks find it uneconomical to service SMEs for many reasons, including a perceived high level of risk. The high costs and limited availability of credit are major factors that increase the cost of doing business in Nigeria. They also reduce the
competitiveness of the Nigerian private sector. Long-term finance is very rare and only the most creditworthy have access to it.

781. To encourage small and medium-sized businesses, the CBN now undertakes a number of development activities through the following programmes: the Agricultural Credit Guarantee Scheme; the Commodity Surveillance Programme; micro-financing; the Small and Medium Enterprises Equity Investment Scheme (SMEEIS); the Refinancing and Discounting Scheme; and the Agricultural Credit Support Scheme. The CRM learned, however, that many of these facilities are not available to SMEs in practice.

782. Another issue participants mentioned is the problem of multiple taxes for SMEs. At the moment, different levels or tiers of government have competing tax and expenditure functions. These mandates have not yet been effectively reconciled and demarcated. With the endemic corruption, this has led to transactions, activities and possibly income being taxed more than once. This issue is particularly problematic for SMEs.

783. The federal government, having accepted the view that the private sector is the engine of growth, has committed itself to improving corporate governance. However, Nigeria has failed to include improving the governance of SMEs among its governance priorities, despite the role the sector plays in poverty alleviation. SMEs, which include the informal sector, are scarcely touched by the regulatory systems. The informal sector comprises all businesses not registered by any agency of the federal, state or local governments. Except for agriculture, more Nigerians depend on this sector for their livelihood than on any other. It is vibrant and, in the past when the oil and gas sector suffered a setback, it helped to absorb unemployment in both the public and the organised private sectors. A key developmental challenge is how to deal with the large and expanding informal sector whose problems include access to finance and a dearth of skilled manpower. There are inadequate links between macroeconomic policy and the informal sector.

784. Efforts to improve access to funding for the sector should go beyond creating institutions. They ought to focus on improving the implementation of existing statutes and schemes to enable SMEs to really access funding for small enterprises and to promote an enabling environment in which they can operate. The administration of former president Olusegun Obasanjo contributed significantly to helping the SME sector in Nigeria by supporting micro-finance schemes and providing credit for their development. The government enhanced the role of SMEDAN to help SMEs in the country develop and grow further.

### iii. Recommendations

785. The APR Panel recommends that Nigeria:

- Review, update and rationalise business laws so as to provide a better framework for protecting property rights and enforcing contracts. The Law Reform Commission should have its authority increased so that
it can harmonise national legislation and reform some of the business laws in the country. *(Law Reform Commission and legislature, with the support of the private sector)*

- Improve the deterrent capacity of statutes and codes by including sanctions. It is equally necessary to educate people about statutes and codes, and about their rights under the law. *(Federal and state governments, and judiciary)*

- Develop more definitive criteria for taxing corporations at the federal, state and local government levels so as to reduce the tax burden on SMEs. *(Federal, state and local governments)*

- Reform the provisions of the federal constitution in order to increase fiscal decentralisation and help to reduce tax evasion. *(Federal, state and local governments)*

- Introduce alternative dispute resolution procedures for resolving commercial disputes involving SMEs. *(Federal, state and local governments)*

- Streamline regulation and supervision so as to reduce overlap or arbitrage opportunities that could be exploited. More coordination and interagency cooperation is called for. *(CBN, SEC, Financial Services Regulation Coordinating Committee and others)*

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**OBJECTIVE 2: ENSURE THAT CORPORATIONS ACT AS GOOD CORPORATE CITIZENS WITH REGARD TO HUMAN RIGHTS, SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY**

### i. Summary of the CSAR

786. The past decade in Nigeria has seen increasing demands being exerted on large business corporations by society to show greater social responsibility. Businesses have been under pressure to become more active in ameliorating social and economic disparities, and to tackle directly issues related to employee welfare, working conditions, pollution, product safety, marketing practices, employment, community development and human rights, among others. One of the main challenges faced by business operators is to achieve a common understanding of what social responsibility means, and to determine what realistic expectations should be. Another challenge is to decide how society can hold these business enterprises accountable in the long term. As a result of these evolving power dynamics, and in the context of a thriving private sector in Nigeria, it appears that demands for socially responsible business behaviour will continue to grow. Businesses will increasingly be called upon to realign their objectives with the needs and challenges of the communities in which they operate.
Labour issues

787. The main vehicles of Nigerian labour law are the constitution, Nigerian legislation and Nigerian case law or judicial precedent, which is an offshoot of common law. In Nigeria, government seems to be motivated mainly, although not exclusively, by issues relevant to its role as an employer. This often affects the content of the country’s labour laws. Possibly the most significant piece of labour law in Nigeria in recent years has been the Trade Unions Act, which came into force on 1 November 1973. This law has gone through a number of amendments, the most recent being in 2005. The 2005 amendment was principally designed to curtail the ‘overarching’ power of the central labour union, the NLC, especially in its militant opposition to government policies. It sees these policies as reactionary with regard to employee rights and other freedoms enshrined in the 1999 constitution. Some of the provisions of the Trade Unions (Amendment) Act of 2005 deal with salient labour issues, including the right to unionise, and procedures for handling and settling labour disputes.

788. Key labour issues cited in the CSAR include the casualisation of staff, particularly in the manufacturing sector, and gender discrimination in employment. The CSAR also notes that determining workers’ rights through the court system still leaves much to be desired and enjoys very little credibility with workers.

Corporations’ responsiveness to the communities in which they operate

789. CSR in Nigeria is widely accepted and acknowledged as being necessary in the business environment. However, it is understood and practiced as philanthropy and altruism. Most corporations in Nigeria embark on cheap, labour-intensive projects when they engage in CSR activities. Further, CSR by multinational corporations is not always driven by community needs. It focuses instead either on CSR mandates from home countries or on those that directly affect their lines of business. The top five priorities cited in terms of community development targeted through CSR activities are: education; health care; infrastructure development; sports, arts and culture; and poverty alleviation. Only one bank reported socially responsible investment funds.

790. Corporations are beginning to respond to pressure from communities. The CSAR mentions some corporate organisations that have recently been involved in social responsibility activities. They include Julius Berger, Nestlé, Ashaka Cement, some of the oil multinationals, and the GSM service providers.

791. The CSAR also provides an in-depth analysis of the status of CSR in the Niger Delta, the hub of the country’s oil and gas production. Communities expect the oil companies to be socially responsible by contributing to the region’s social and economic development. Community demands are often premised on the belief that these companies are morally obliged to plough a fair share of their substantial profits back into the social, human and economic development of the communities where the profit is generated.
Multinational oil companies, however, initially took the position that they had no legal or moral obligation to provide any socioeconomic assistance to their host communities beyond maximising their profits and paying the attendant taxes and royalties to the state. They also refrained from taking a principled stand against human rights abuses on the premise that this amounted to meddling in the internal affairs of their host state, which could result in lost business opportunities. Global condemnation and increasing militancy in the oil-producing areas prompted them to revise their approach.

The Royal Dutch/Shell group reappraised its position on human rights, environmental protection and sustainable development, as well as the substance of its Statement of General Business Principles (SGBP). It adopted a new SGBP in 1977. This acknowledged and established five ‘areas of responsibility’ to its shareholders, customers, employees, those with whom they do business, and society. The Shell Petroleum Development Company (SPDC) began a series of consultations with community representatives and other stakeholders after 1998. They were aimed at discussing environmental and developmental issues relevant to their operations in Nigeria. The consultations aimed at “building trust and understanding as a basis for addressing substantive issues of development and environmental management”.

Shell defined a new community development strategy in 1997. The company created a community development organisation to support broad socioeconomic development in the Niger Delta in 1998. This involved: introducing best practices from development professionals; transforming existing community programmes by partnering with expert agencies, nongovernmental organisations (NGOs) and governments; promoting rather than opposing advocacy for the Niger Delta communities; supporting the capacity building of government institutions so as to improve their management of regional development projects; and increasing their funding of community development programmes. Other oil companies operating in the region have since adopted Shell’s approach.

The new rule of engagement, as captured by a board member of Chevron/Texaco in 2004, was as follows: “We [multinationals] must forever eradicate the stereotype that business interests are antithetical to the interest of the poor, that private enterprise is incompatible with community, and that profits create poverty.” This new view is the essence of CSR.

The environment

There was no federal environmental protection agency until 1988, and environmental impact assessments (EIAs) were not mandated until 1992. Nigeria developed a National Policy on the Environment, and established the Federal Environmental Protection Agency (FEPA) by means of the FEPA Decree 58 of 1988. The Ministry of Environment, Housing and Urban Development, into which FEPA has been incorporated, is responsible for developing policies, guidelines, standards and an overall framework for protecting the Nigerian environment. In fulfilment of its mandate, FEPA
has introduced relevant national legal instruments for environmental protection. These include regulations to integrate environmental concerns with economic considerations for oil and nonoil industry operators. Furthermore, EIA Decree 86 of 1992 makes EIAs mandatory for both public and private sectors for all development projects.

797. However, despite the regulatory framework that exists, there are persistent concerns that not enough is being done to sensitise companies about these issues. The principles for better protecting the environment must be fully adhered to. The role of NGOs and the media in this respect cannot be sufficiently emphasised. NGOs must continue to put pressure on corporations and others who destroy the environment to meet their obligations. The media must also expose environmental degradation wherever it occurs in the country.

ii. Findings of the CRM

Labour issues

798. CAMA is the principal legislation for companies in Nigeria. It stipulates that shareholders are recognised solely as members of companies, and that the directors of companies are responsible only to their companies and shareholders and, therefore, have no legal responsibility to embark on any duties other than their duties to the companies. This emphasises a corporate culture where shareholders are superior to all other stakeholders, including consumers and employees. Access to information by employees is one area that is particularly problematic.

799. In recent years, companies have been required to adopt policies and measures that respect the rights of their workers. These include employee welfare, safe working conditions and fair wages. The Nigerian Labour Act provides for the protection of wages, contracts of employment, and terms and conditions of employment. The National Minimum Wage (Amendment) Act 1 of 2000 establishes Nigeria’s minimum wage. The government, through its labour policies, has encouraged a climate of ‘engagement’ in industrial relations. As a result, the labour laws of the country are thought to be sufficiently strong, although substantial challenges to implementation exist.
The trade union movement in Nigeria has a long and distinguished history. The first union, the Mechanics Mutual Aid Product and Mutual Improvement Association, was formed in July 1883. The first major strike action followed only 14 years later, between 9 and 11 August 1897, when workers of the public works department walked off the job in a general strike that earned swift condemnation from the colonial administration.1

Currently, the main unions in Nigeria include the NLC, the Congress for Free Trade Unions (CFTU), the Trade Union Congress (TUC), the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and NUPENG. The unions have recently tried to stand up for workers and ordinary Nigerians, especially during turbulent periods, such as when General Sani Abacha seized power in November 1993 after the election results were annulled by Abacha's military predecessor, General Ibrahim Babangida. The government had attempted to suppress the union movement by arresting labour leaders and replacing them with government appointees. Nevertheless, although initially unsuccessful, union opposition eventually helped with the transition to democracy and the free elections of 1998.2

The NLC and other trade unions recently attempted to defend workers’ rights and improve their pitiable working conditions. The list of issues included, according to the May Day 2008 editorial in the Financial Standard newspaper:3

- The absence of contracts and the resulting casualisation of labour. This, while infringing labour laws, is a widespread phenomenon.
- Exploitative contract employment and outsourcing jobs that could be filled by Nigerians.
- Refusing to allow employees the right to join trade unions.
- The payment of ‘starvation wages’ rather than living wages to many Nigerian workers. These wages are also often paid irregularly.
- The fact that the largest employer in the country, the federal government, does not pay the average civil servant working in Abuja a salary that covers living costs. This encourages corruption.

Sources:

800. Implementing a minimum wage law effectively does not appear to be achievable with poverty and unemployment being so acute. The CRM was informed that poor and low pay scales are a catalyst for corruption. Stakeholders condemned the wage disparities between federal and state workers. There are also wage disparities in the private and public sector, and between men and women. The employment of public servants, for example, is protected by law and can only be terminated on specific grounds. However, company employees do not enjoy the same protection. This tests the current perceptions of CSR when it comes to responsible employer-employee relationships, and makes adopting standardised global practices essential.

801. Safety in the workplace is also questionable. Newspapers are rife with reports of staff kidnappings, particularly of well-paid oil workers. Occupational safety and hygiene remain problematic.

802. The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which Nigeria ratified in 1985, gives women the same employment rights as men. It prohibits discrimination in recruitment and access to training, prohibits dismissal on the grounds of marital status or pregnancy, and provides for equal remuneration as well as maternity
leave. The CRM found, however, that corporate employers usually fail to give women the rights guaranteed by labour laws. Relevant issues include: gender equality in accessing employment; equal remuneration for women; equal treatment in recruitment, promotion and dismissal; protection from sexual harassment; child allowances; and the right to adequately paid maternity leave.

803. Child labour is outlawed. However, this prohibition is breached more often than it is effectively implemented. Other labour issues mentioned to the CRM include: the casualisation of staff, particularly in the mining and manufacturing sector; job security and the right to join unions; and the high number of workers exposed to physical and chemical hazards. Stakeholders observed that most companies do not have clearly defined policies for gender discrimination, sexual harassment, or the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) in the workplace. They also deplored the lack of opportunities for skills development.

804. The enforcement of workers’ rights through the court system is poor, and the protection of rights is limited. This situation is compounded because the judiciary lacks the capacity to resolve disputes. In addition, the courts are generally not adequately staffed or properly equipped to dispense justice speedily.

CSR

805. Stakeholders generally believe that corporations are not doing enough in terms of social investment. Awareness and implementation of CSR, within corporations on the one hand and would-be beneficiary communities on the other, are generally low. Corporations understand good corporate citizenship and CSR as philanthropy and altruism. Likewise, participants also have a blurred understanding of the distinction between CSR and the roles legally assigned to tiers of government. Stakeholders seem to have extremely high expectations of corporations. They seem to expect them to take over key government services like developing infrastructure and providing health care. This may not be realistic or achievable, although opportunities could be explored within the framework of Economic Partnership Agreements (EPAs) and public-private partnerships. On the whole, the CRM found that public-private partnerships as a vehicle for development are not fully utilised in Nigeria.

806. The government attempted to define the role of the private sector more precisely using the NEEDS strategy, possibly in an attempt to balance the two different viewpoints and to manage expectations. NEEDS stipulates that “the private sector will be expected to become more proactive in creating productive jobs, enhancing productivity and improving the quality of life. It is also expected to be socially responsible by investing in the corporate and social development of Nigeria”. NEEDS also tries to form public-private partnerships. It acknowledges that, in order for government to be effective in its entrepreneurial or developmental role, it needs to interact actively with the private sector on an ongoing basis so
as to ensure continuing feedback. Government at all levels will continue to interact with private-sector operators to ensure a true partnership in the development process.

807. The Extractive Industries Transparency Initiative (EITI) is another key initiative for promoting CSR. Nigeria was the first African country to sign up for this initiative in 2003. The Nigerian EITI, launched in 2004, was built on existing efforts by the government to ensure transparency. It is aimed at following due process and making sure that the payments made by extractive industries to the government, and entities linked to government, are transparent.

808. A National Stakeholders’ Working Group (NSWG) was established to implement EITI. It comprised 28 members drawn from civil society, the media, government, national and multinational companies, the private sector, the National Assembly, and houses of assembly in the states. The NSWG has five separate teams: technical, legislative, focal, civil society and media. Goldwyn International Strategies, an energy consultancy based in Washington D.C., was selected as the NSWG’s technical adviser.

**BEST PRACTICE 5.1: THE EITI**

Nigeria was the first African country to adopt the EITI. The initiative calls for independent audits of the oil and gas sectors so as to achieve a culture of transparency and accountability for the oil and gas companies and the government. Audit results are readily and easily accessible to the public, as they are posted on the Nigerian EITI website. It is planned to extend the EITI culture to the hard minerals sector.

CSR, coupled with EITI obligations, should force companies operating in these areas, especially the Niger Delta, to contribute significantly to the sustainable development of the region. This sustainability should go beyond the life span of the oil and gas resources to ensure lasting development in exploiting resources.

Given that Nigeria is a leader in implementing EITI in Africa, Nigeria could sponsor the development of a regional EITI organisation under the aegis of the APRM/NEPAD, since the EITI really falls within the ambit of good governance in the extractive industries. Such industries abound in Africa. They range from oil and gas to precious metals and solid minerals.

A regional approach to the EITI will help Africa to improve its bargaining power in the global extractive industries, and perhaps to remove the apprehension felt by some African countries that EITI is merely another device to control and exploit Africa’s strategic resources to benefit the developed world.

With the passage of the Nigerian EITI Act on 28 May 2007, Nigeria became the first country to implement EITI with a statute.

*Sources:* www.neiti.org; CRM findings February 2008.

809. The first comprehensive and independent financial, physical and process audits of the Nigerian oil and gas sectors covered the period 1999 to 2004. They were completed in April 2006 and are available on the Nigerian EITI website.

810. The most important finding of the audits was that there is scope for making greater use of information technology (IT) systems to improve controls and eliminate inconsistencies arising from duplicated information. In addition, transparency could be improved by sharing data more widely. A programme to correct the systemic weaknesses that were identified was launched in 2006. It is being implemented by the Nigerian EITI Secretariat on behalf of the NSWG.
811. The Nigerian EITI Act seeks to ensure independent annual audits. The first audits of the mining and gas sectors are expected in 2008/2009. Other envisaged developments include restructuring the DPR, the Nigerian National Petroleum Corporation (NNPC) and the National Petroleum Investment Management Services from 2007 to 2009. In the long run, it is hoped that EITI principles will be applied to the gas sector and even to the solid minerals sector. Transport by pipeline will also be regulated to increase transparency and to improve records for product imports, production and shipment. The rules for lifting crude and importing products will also be modernised to reduce the potential for corruption and create transparency. To facilitate all of this, Nigeria intends to increase capacity in the oil-sector agencies, through training, in order to improve audit and regulatory capacity. It must not be forgotten, however, that a primary setback to improved corporate governance in Nigeria is that plans are not always implemented.

812. The Nigerian EITI appears to enjoy great support from stakeholders in Nigeria. However, as is the case with most initiatives, sustainable funding will need to be secured in order to implement it effectively. Political factors – such as the lack of supportive legislation to govern the use of Excess Crude Account funds, and systemic governance and transparency issues – may also affect the roll out of the initiative.

813. In addition to the Nigerian EITI, other initiatives that illustrate the efforts being made to introduce and implement CSR in Nigeria include launching the Global Compact network in 2006. The Global Compact is a framework for businesses that are committed to aligning their operations and strategies to the 10 universally accepted principles in the areas of human resources, labour, the environment and corruption. Several Nigerian companies have already signed the Global Compact. They include the Nigerian Bottling Company, BHL Holdings Nigeria Ltd, MTN Nigeria Communication Ltd, Equity Line Insurance Company Ltd, SANTON Nigeria Ltd, and the SPDC of Nigeria Ltd.

814. Much of the CSR focus in Nigeria tends to be on multinationals and the big oil-producing companies. The CRM believes that SMEs and other home-grown companies could play a critical role, particularly given their understanding of the local context and the various cultural nuances. Issues like skills development, and public and civic education on relevant issues like HIV and AIDS, gender and child labour, could then be addressed.

815. Civil society organisations (CSOs) could play an active role in sensitising communities and acting as advocates for CSR. Although some organisations are already active in this regard, the perceptions are that national NGOs, community-based organisations (CBOs) and CSOs are weak, lack internal democracy, are themselves opaque and lack accountability. Other issues cited include low levels of sustainability, isolation or lack of interorganisation communication and/or coordination, and small-scale projects. Sometimes they also do not understand the broader social or economic contexts.

816. The media have also failed as effective watchdogs because they have concentrated too much on politics and have limited expertise and/or
interest in investigative and feature reporting. The passage of the Freedom of Information Bill (currently before Parliament) will facilitate the work of the media in this regard.

817. Another factor that should not be forgotten is the role that traditional leaders in Nigeria can play in enhancing governance in general and CSR in particular. However, the fact that traditional rulers are often compromised by the prevailing culture of dependency on the political establishment and possible bias should be considered.

**Environment**

818. Nigeria has consistently suffered the negative environmental consequences of oil drilling since oil was discovered in the 1950s. Nigeria also experienced a population explosion which, in the absence of effective environmental regulation, has caused substantial damage to the environment, especially in the Niger Delta region. The population explosion, especially in Lagos, has put tremendous pressure on the resources of city governments. Nigeria faces environmental challenges from desertification and severe air pollution in overcrowded cities such as Lagos. The Niger Delta’s main environmental challenges result from oil spills, gas flaring and deforestation.

819. The CRM was informed that the Nigerian government is keen to increase the consumption of natural gas so as to relieve some of the pressure on native forests, which continue to be burned for fuel in many rural areas. Even if gas flaring were ended, air pollution is likely to remain a problem in Nigeria. Other sources of pollution, like automobiles and diesel-fired electricity generators, contribute to the choking air in cities like Ibadan and Lagos which are plagued by daily smog.

820. The use of renewable energy sources in Nigeria remains limited. Nigeria’s use of hydropower, geothermal and solar energy is still low. One of Nigeria’s main challenges is to provide energy to cater for a rapidly growing population in a sustainable manner.

821. The FEPA Decree established FEPA and defines its powers. The FEPA (Amendment) Decree 59 of 1992 then established the FEPA governing council and its technical committee. The president of the federation is head of the agency. However, as with many oversight bodies in Nigeria, its capacity to monitor environmental issues is inadequate. The general feeling was that the agency has not done much to change the attitudes and behaviour of corporations about the environment. The link to the executive, through its head, also seems to compromise its autonomy.

822. Nigeria signed the United Nations Framework Convention on Climate Change (UNFCCC) on 13 June 1992 and ratified it on 29 August 1994. Consequently, Nigeria could be one of the main beneficiaries of the Kyoto Protocol. If the protocol is implemented, it could stimulate the high-tech and construction industries, help create jobs, reduce the health care costs arising from air pollution, and improve the ecosystem. However, a clear
commitment from government and other leaders, an appreciation of the long-term benefits, and the allocation of necessary resources to support sustainable development are needed.

iii. Recommendations

823. The APR Panel recommends that Nigeria:

- Observe labour laws fully. *(Government, trade unions and private sector)*
- Improve the mechanisms for guaranteeing workers’ rights through the courts and alternative tribunals for resolving disputes. *(Government and labour)*
- Encourage employers to develop and publicise policies on issues like sexual harassment, gender discrimination, and HIV and AIDS in the workplace. *(Private and public-sector employers, labour, women’s groups and others)*
- Involve tripartite structures - trade unions, private-sector employers and all levels of government, including government agencies - in negotiations about social and industrial policy, trade and minimum wages. *(Government, trade unions and the private sector)*
- Address issues of gender and youth employment, as well as informal-sector work conditions, in tripartite discussions. *(Government, trade unions and the private sector)*
- Take concrete steps to address issues like air pollution, sanitation, desertification and deforestation. Companies should be encouraged to sponsor monthly clean-up activities in communities, towns and cities where they do business. NGOs and the media should monitor industrial waste disposal practices and the policies of corporations regularly, and alert the authorities and the public about violations of environmental regulations in their localities. *(FERMA, the private sector, civil society and the media)*
- Explore ways of developing new and renewable sources of energy such as hydropower, geothermal and solar energy. *(Federal and state governments)*
- Develop schemes to reduce congestion and air pollution caused by carbon emissions from cars, generators and factories. *(Federal and state governments)*
- Develop an overall environmental plan for large cities and towns. It should include plans to reduce congestion or for using alternative biofuels. *(Federal and state governments)*
- Ensure that there are plans for disposing waste and sewage properly and for preventing the degradation of creeks, rivers and underground
water in heavily populated areas and in the areas where oil is produced. *(Federal and state governments)*

- Raise awareness about environmental issues by using local and national media outlets. NGOs and other human rights groups should also do so through their work. *(Federal and state governments)*

- Establish a social responsibility commission. This should be a regulatory body whose mandate includes raising awareness of CSR. *(Federal and state governments)*

- Continue to use public-private partnerships to improve CSR. Ultimately, all CSR efforts should be aimed at improving the welfare of the communities in which companies operate. Public-private partnerships will increase the benefits for the companies and the communities in which they operate if they are effectively coordinated. *(Federal and state governments, the private sector and CSOs)*

### OBJECTIVE 3: PROMOTE THE ADOPTION OF CODES OF GOOD BUSINESS ETHICS IN ACHIEVING THE OBJECTIVES OF CORPORATIONS

#### i. Summary of the CSAR

824. According to the CSAR, adopting codes of good business ethics in Nigeria is a challenge. Corruption remains the order of the day. Both the public and private sectors continue to violate laws with impunity, despite the progress made. Contracts have been awarded, for example, where due process was not followed and the processes lacked transparency. These contracts were consequently not awarded on merit. The wanton violations of codes of good business ethics in the country are caused by the sophisticated nature of corruption in the country and by the country’s peculiar political culture, dominated as it is by ‘godfathers’.

825. Despite a plethora of laws on the books, earlier anticorruption initiatives were not successful due to lack of commitment to enforcement. Corruption is rife and the legal system is not strong enough to fight the scourge.

826. The country’s transition to democratic rule after 1999 has contributed significantly to promoting and adopting codes of good business ethics in Nigeria. The government has declared war on corruption and has established several agencies to fight corruption in the public and private sectors. The government has also set up agencies to fight corruption and to promote the adoption of codes of good business ethics. Some of these agencies are:

- The ICPC, established in 2000.
- The Budget Monitoring and Price Intelligence Unit (BMPIIU), established in 2001.
- The EFCC, established in 2002.
827. The CSAR also lists legislative measures to fight white-collar crime:

- The Advance Fee Fraud and Other Fraud-Related Offences Act (1995).
- The Investment and Securities Act (1999).

828. The bodies listed in the CSAR that are responsible for promoting codes of good business ethics include the SEC, NSE, CBN, NIC and the Code of Conduct Bureau (CCB).

ii. Findings of the CRM

Measures to promote ethics

829. The CRM found that Nigeria’s problem in this sphere, as in most others, is not the absence of laws and institutions to promote and improve good business ethics in the country. Rather, it is the failure to implement existing laws, revise outdated laws and fight corruption.

830. The CRM also noted that several efforts were made by consecutive military and civilian regimes before the 1999 democratic dispensation to bring about good business ethics in the country. Between 1966 and 1975, the Public Officers Decree was promulgated to fight corruption in the public sector. Between 1975 and 1979, the Corrupt Practices Decree 38 of 1975 was introduced to fight corruption among public servants. A code of conduct bureau and tribunal were also set up in 1979. From 1979 to 1983, an ‘Ethical Revolution’ to fight corruption was launched. From 1983 to 1985, the ‘War Against Indiscipline’ and anticorruption programme was launched. Between 1985 and 1993, the National Committee on Corruption and other Economic Crimes in Nigeria was set up. An anticorruption decree, the Indiscipline, Corrupt Practices and Economic Crime Draft Decree, was drafted in 1994.

831. The federal government created the Law Reform Commission to modernise, reform and update its plethora of laws. Unfortunately, the work of the commission has been hampered since its formation by a lack of autonomy and overlapping functions. The Ministry of Justice claims some or most of the functions entrusted to the commission. It is generally agreed that most of the laws intended to guide and regulate business behaviour in Nigeria are outdated. The management practices of corporate entities, especially the affiliates of multinational corporations, tend to conform to the more up-to-date laws of their home countries. However, if they violate these laws there are no applicable provisions under Nigerian law to sanction them.
Corruption and poor business ethics therefore continue unabated in the country. They remain entrenched and pervasive. The CRM learnt that the initial efforts to fight corruption were not successful because of ineffective legal instruments and poor political will. There was little appreciation of the sophistication and magnitude of the problem. The CRM noted that efforts made since the 1999 democratic dispensation have contributed a great deal to improving business ethics in the country. Establishing agencies like the EFCC, the ICPC and the BMPIU were all steps in the right direction to combat corruption and promote good business ethics in Nigeria. However, Nigeria has yet to reduce corruption effectively and sustainably.

The CRM also confirmed that there is legislation for fighting money laundering, insider trading and other financial malpractices. Examples are the Money Laundering Act of 1995, the Advance Fee Fraud and other Fraud-Related Offences Act of 1995, and the Failed Banks and Financial Malpractices in Banks Act of 1994. However, when the US created a task force to fight the ‘war on terror’, it included Nigeria as a possible terrorist haven and funder of terrorism. It described Nigeria as a country that is susceptible to money laundering and drug trafficking. The federal government was prompted to act. When the Financial Action Task Force (FATF) listed Nigeria as a noncooperating country, the federal government responded by consolidating its banks and making rigorous efforts to fight money laundering, fraud and other financial malpractices. The FATF subsequently removed Nigeria from its list of noncompliant countries in the global fight against money laundering in mid-2006. The recently concluded Article 4 IMF Consultations on the country (2007) indicated that the authorities were working on implementing the recommendations of the recent evaluation conducted by the Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA).

The CRM applauded these efforts and the work of the Nigerian Financial Intelligence Unit (NFIU). However, it observed that much more needs to be done about enforcement if the country is to fight money laundering and financial malpractices effectively. The CRM also noted that, because of the greatly improved resource base of most of the merged banks, they faced technical and management issues as well as other capacity issues after consolidation. Special efforts need to be made to address this.

The CRM also found that many unethical relationships exist between corporate leaders and politicians. This has resulted in some politicians owning significant numbers of shares in some of the private companies which their ministries oversee. Most corporate leaders in the country comply to avoid the unnecessary bureaucratic bottlenecks that could impede their companies. The 2006 outcry over the lack of transparency in the allocation of the Abuja International Airport concession is a case in point, as is the current president’s decision to reverse the privatisation of NITEL.

The CRM observed that whistle-blower legislation is currently lacking in Nigeria. The CRM believes that whistle-blowing could contribute a great deal to exposing unethical and corrupt business practices in the country,
provided all necessarily safeguards, including whistle-blower protection measures, are in place. The role of the media in this respect cannot be sufficiently emphasised. In this regard, efforts should be made to fast-track the passage of the Freedom of Information Bill currently before the National Assembly. Unfortunately, the CRM team found the media to be wanting in this role. Many of the reports in the Nigerian media deal with politics, but there are few investigative reports aimed at unearthing public or private business malpractice.

iii. **Recommendations**

837. The APR Panel recommends that Nigeria:

- Enforce existing laws to fight corruption and ensure that good business ethics are adhered to. Criminal laws, such as the Corrupt Practices and Other Related Offences Act of 2000, must be used to protect investors, provide sufficient safeguards for securities markets against insider trading, prevent fraud, and bolster the regulatory and supervisory functions of the CBN. *(EFCC, ICPC, SEC and NSE)*

- Strengthen the EFCC and ICPC by ensuring their autonomy, and consider decentralising these agencies, or their equivalents, to the level of states. *(Legislature and judiciary)*

- Enhance the powers of the SEC so that it can prosecute persons who commit financial and economic crimes more efficiently. *(SEC)*

- Ensure that companies adhere to the provisions of CAMA that forbid donations to political parties. *(EFCC and ICPC)*

- Enact outstanding legislation to fight white-collar crime. Those investigating white-collar crimes should be given the right tools and training to combat crimes ranging from insurance fraud to money laundering. *(Legislature)*

- Build the capacity of financial and investigative journalists. *(Association of Journalism, media houses and government)*

- Improve the independence of auditors and pay their fees from a central fund that should be created by the regulatory authorities rather than by audit committees. *(Auditors’ consolidated fund)*

- Review and amend the CAMA of 1990 urgently. *(Legislature)*

- Implement EITI fully and ensure that Nigeria becomes a permanent participant in the initiative. *(Federal and state governments)*
OBJECTIVE 4: ENSURE THAT CORPORATIONS TREAT ALL STAKEHOLDERS (SHAREHOLDERS, EMPLOYEES, COMMUNITIES, SUPPLIERS AND CONSUMERS) FAIRLY AND JUSTLY

i. Summary of the CSAR

Rights of shareholders

838. The CSAR notes that two broad frameworks safeguard shareholders in Nigeria. These are the CAMA and the ISA. CAMA restates the basic rights of shareholders in general meetings and its responsibility for ensuring them. Section 262 of the act allows shareholders to control the tenure of directors. Section 290 makes it clear that directors may be held liable for loans received by companies. Section 379 restates the basic common law position regarding dividends. Shareholders do not have a right to dividends. However, once dividends have been declared, shareholders have a right to any earnings that accrue.

839. Over and above the safeguards provided by CAMA, the SEC is also aware of shareholders’ rights in public liability companies, including their rights to the disclosure of information and privileges of the company. The SEC statute seeks, as far as is possible, to ensure that shareholders are enabled and not disenfranchised as far as their direct financial relationships with companies are concerned. The SEC examines scenarios that motivate voluntary compliance by companies. Pressure groups, such as shareholders’ associations, are encouraged to be aware of their responsibilities and to influence their companies to comply with the provisions of the Nigeria Code of Corporate Governance.

840. Of the Nigerians who own shares in public and private companies, many are minority shareholders who are generally ignorant of their rights and responsibilities. When they do become aware, they often become passive, especially because there is a lack of established good corporate governance practices. Even when they do take action, they are usually not familiar with their rights, options and the appropriate channels for airing their grievances.

841. The number of shareholders’ associations in Nigeria recently increased to include the Nigerian Shareholders’ Solidarity Association (NSSA), the Independent Shareholders’ Association of Nigeria (ISAN), and the Association for the Advancement of the Rights of Nigerian Shareholders (AARNS). The proliferation of shareholders’ associations and the rise in shareholder activism indicate that the investing public does not trust the directors and auditors in the companies where they have invested, and that the public is dissatisfied with their performance.

842. The Nigerian Shareholders’ Trustee Association recently called on the EFCC to investigate the sale of African Petroleum Plc shares. The controversial sale of the NNPC shares in African Petroleum Plc did not
follow due process. Also, over 300 shareholders in Cadbury Schweppes’s Nigerian subsidiary launched a lawsuit against the board of Cadbury Nigeria and its auditor for breach of duty, claiming that they suffered “a huge loss” because the auditor overstated the company’s financial position and because the defenders failed to act in their interests. They also sued for access to a review carried out by PricewaterhouseCoopers (PwC).

843. A draft code of conduct for shareholders has been circulated to the leaders of shareholders’ associations for their comments and inputs. The new code of ethics for shareholders’ associations aims to ensure good corporate governance in the sector. A well-focused shareholders’ association should enable the SEC to oversee company managers. The shareholders interviewed were unanimous that it is necessary to restore sanity in running shareholders’ associations. There were, however, divergent views on whether it was necessary to regulate them like other market operators. While some opted for regulation, others thought that registering the associations with the CAC would suffice as long as they adhered to the ethics and norms of the capital market as provided for in the ISA (1999).

**Rights of stakeholders**

844. The CSAR identifies corporate stakeholders as “all the parties affected by the activities, and/or interested in the wellbeing, of the firm such as employees, customers, suppliers and creditors, financiers, communities of location, governments, the society generally and even competitors”.

845. The CSAR indicates that the Nigeria Code of Corporate Governance is narrow and does not explicitly recognise the rights of stakeholders who are not shareholders. This contradicts current trends in corporate governance elsewhere, especially in post-Enron industrialised countries. The CSAR asserts that the rights of other stakeholders (like suppliers, creditors, employees, consumers and communities) are not well observed generally.

**ii. Findings of the CRM**

**Rights of shareholders**

846. The law and the corporate governance framework – subject only to the corporate democracy principle of one share-one vote – provides all shareholders in Nigeria with the same basic rights. Equitable and fair treatment of shareholders is stipulated in the provisions of CAMA, the ISA and the 2003 Nigeria Code of Corporate Governance. The code stipulates that:

- Boards should ensure that all shareholders are treated equally, and that no shareholder should be given preferential treatment or better access to information or other materials.
- There should be at least one director on each board to represent minority shareholders.
• Companies or boards should not discourage shareholder activism, whether by individual shareholders or by organised shareholder groups. Shareholders with larger holdings should act and influence the standard of corporate governance positively and thereby optimise stakeholder value.

• Information made available to institutional shareholders should also be made available to other shareholders at the same time and in ways that ensure that no group enjoys preferential treatment.

847. The various discussions and consultations confirmed that, while the fair and equitable treatment of shareholders is provided for in law and in the corporate governance framework, many shareholders are ignorant of their rights and the provisions of the law. Many companies, including banks (before the banking sector was consolidated), submitted false returns and concealed information from shareholders and regulatory authorities. Many shareholders also receive hardly any earnings on their declared dividends.

848. The proliferation of shareholders’ associations and the rise in shareholder activism indicate that the investing public does not trust the directors and auditors in the companies where they have invested, and that the public is dissatisfied with their performance. There has been an increase in shareholder activism. However, it is necessary to build capacity in order to ensure that shareholders’ associations protect the rights of shareholders effectively. The role of investors should also be encouraged.

Rights of stakeholders

849. The Nigeria Code of Corporate Governance of 2003 was passed to: “make provisions for the best practices to be followed by public quoted companies and for all other companies with multiple stakeholders registered in Nigeria in the exercise of power over the direction of the enterprise, the supervision of executive actions, the transparency and accountability in governance of these companies within the regulatory framework and market, and for other purposes connected therewith.”

850. The code defined the responsibilities of a board of directors as ensuring that “the value being created is shared among the shareholders and employees with due regard to the interest of the other stakeholders of the company” and ensuring “the integrity of financial controls and reports, that ethical standards are maintained and that the company complies with the laws of Nigeria”.

851. Various other laws have also been enacted to protect the rights of stakeholders and to ensure that they are treated fairly.

Rights of employees

852. Various laws have been enacted to ensure that employees are treated fairly. They include labour laws like the National Minimum Wage (Amendment) Act, the Maritime Labour Act of 2003, and the Trade Unions (Amendment)
Act of 2005. There is a host of other related labour, factory security and workplace safety legislation and guidelines, such as the CAMA, which guarantees workers’ payment in the event of liquidation, the Workmen’s Compensation Act and many other legal instruments.

853. Unfortunately, it emerged that many employees are not aware of their rights. They also doubt the sincerity of trade unions, labour inspectors and supervisory authorities. They question the courts’ commitment to enforcing their rights and/or taking legal action against corporate bodies. This results in a perception that employers are unduly protected by the law or its interpretation. It apparently favours employers at the expense of employees, and results in some corporate entities disregarding employee rights with impunity. While the role of government in industrial relations ought to be that of an impartial and independent arbiter that lays down guidelines and regulations, that impartiality and independence has tended to be compromised by the fact that the government is a major employer in Nigeria.

854. CEDAW, which Nigeria ratified in 1985, gives women the same employment rights as men. It prohibits discrimination in recruitment and access to training, prohibits dismissal on the grounds of marital status or pregnancy, and provides for equal remuneration as well as maternity leave. The CRM found, however, that corporate employers frequently fail to afford women the rights guaranteed by labour laws. Relevant issues include: gender equality in accessing employment; equal remuneration for women; equal treatment in recruitment, promotion and dismissal; protection from sexual harassment; child allowances; and the right to adequately paid maternity leave.

Consumers

855. There are laws in Nigeria to protect consumers. They touch on counterfeit products, especially drugs and medicines, and intellectual property. Also relevant here are all the anticorruption and antifraud initiatives.

856. Although there is no consumer legislation, Nigeria does have CPCs at federal and state levels.
### BOX 5.2: THE CPCS

The CPCs were established to:

- Provide speedy redress to consumers’ complaints through negotiation, mediation and conciliation.

- Seek ways and means of removing or eliminating hazardous products from the market and causing offenders to replace them with safer and more appropriate ones.

- Publish, from time to time, lists of products whose consumption and sale have been banned, withdrawn, severely restricted or not approved by the federal government or foreign governments.

- Cause an offending company, firm, trade, association or individual to protect, compensate or provide relief and safeguards to injured consumers or communities from the adverse effects of technologies that are inherently harmful, injurious, violent or highly hazardous.

- Organise and undertake campaigns and other activities that will lead to increased consumer awareness.

- Encourage trade, industry and professional associations to develop and enforce quality standards designed to safeguard the interests of consumers.

- Issue guidelines to manufacturers, importers, dealers and wholesalers about their obligations in law.

- Encourage the formation of voluntary consumer groups or associations to safeguard the wellbeing of consumers.

- Ensure that consumers’ interests receive due consideration at appropriate forums, and provide redress for obnoxious practices or the unscrupulous exploitation of consumers by companies, firms, trade associations or individuals.

- Encourage the adoption of appropriate measures to ensure that products are safe, and inquire into the causes and circumstances of injury, loss or damage suffered or caused by a company, firm, trade, association or individual.

- Negotiate with the parties concerned and endeavour to bring about settlement.

- Recommend the payment of compensation to injured consumers by offending persons, where appropriate.

*Source: www.cpcnigeria.org.*

857. The CPCs may: apply to courts to prevent any product that constitutes an imminent public hazard from being circulated; compel a manufacturer to certify that all safety standards are met in products; cause quality tests to be conducted on a consumer product if it thinks this is necessary; demand a label that shows the date and place of manufacture of a commodity as well as a certificate of compliance; compel a manufacturer, dealer or service company, where appropriate, to give public notice of any health hazards inherent in their products or services; and ban the sale, distribution and advertisement of products that do not comply with safety or health regulations.
It was reported that any consumer or community that has suffered loss, injury or damage as a result of the use or impact of any goods, products or services may make a complaint in writing to, or seek redress through, a state CPC. It was further stated that where a consumer, or a person having an interest in a matter, is illiterate or has a physical disability and is therefore unable to write, a clerk or other official working with the state CPC must ensure that the statement of the consumer or person is written without cost to the consumer or person.

The CRM was informed of various practices that infringe on consumer rights. These include adulterated products, fixed prices, and the operations of monopolies and cartels. Despite increases in consumer militancy, stakeholders often do not know about the CPCs. If they do, they fear victimisation. This, together with other cultural issues, deters them from making any reports to the CPC. Most significantly, the endemic culture of corruption and the very low levels of consumer awareness in Nigeria mean that consumers are saddled with low-quality goods, poor services and unwarranted hardship over basic services. Another issue that needs to be looked at is the capacity of the CPC to tackle the issues within its mandate. The CPC, for example, does not have offices in all states in Nigeria. Equally worrying is the absence of legislation to protect consumers.

The CRM also learnt that the SON protects consumers with regard to ‘made in Nigeria’ goods. The SON certifies products to enforce high standards and to control quality by awarding the Nigerian Industrial Standards (NIS) ‘mark of quality’ to outstanding products. The procedure for certifying a product involves three important steps: a series of systematic inspections of the product and factory to determine whether the product conforms to NIS specifications and parameters; regular but random inspections of factories with laboratory tests on sample products to ensure that production complies with the approved NIS specifications; and strict annual monitoring and evaluation of compliance with relevant standards and parameters before certificates are renewed. Certificates are withdrawn if enterprises default after receiving awards.

Unfortunately, the process is seriously compromised by a number of factors. These are that stakeholders: are unaware and do not understand the process of certification; are unable to authenticate marks of quality; and lack the capacity to inspect products in the market regularly. Also, most Nigerians have little confidence in these processes because they are corrupt and ineffectively implemented. Consumers prefer to buy imported products. Furthermore, traders and others tend to advertise local products as imported ones.

The CRM also learnt that the government introduced the Service Compact with all Nigerians (SERVICOM) in 2004. This is a social contract between the government and the people intended to give every Nigerian the right to demand good public service. Details of these rights are contained in SERVICOM charters that are available to the public in all government agencies. These charters tell the public what to expect and how to expect it, and outline a clear process to redress grievances if services fail. SERVICOM was introduced because Nigerians have often felt short-
changed, saddled with poor services, and often subjected to unwarranted hardship over the delivery of basic public services, most of which tend to be riddled with inefficiency and corruption. Services are often delivered with undue influence or inducements. However, Nigerian culture and the high illiteracy rate render these processes considerably less effective.

**Suppliers and creditors**

863. Discussions and consultations with stakeholders showed that public procurement guidelines, contract law, CAMA, closure and bankruptcy laws, and the corporate governance framework all provide for suppliers and creditors to be treated equitably and fairly consistently with prudent commercial practice. Generally, Nigeria respects creditors’ rights. Although its status is inferior to that of OECD member states, Nigeria is above average for African states.

864. Stakeholders indicated that compliance with the law would ensure that all suppliers and creditors are subjected to the same terms and conditions for supply, delivery and payment. It was also suggested that, even in cases where corporations are winding up, payments to the same class of creditors should be made on a *pari passu* basis. However, because the sanction measures tend to be inadequate, the laws and regulations are not effective deterrents.

865. Stakeholders indicated that the establishment of the BMPIU was expected to ensure that all potential suppliers to the public sector would be treated equitably and fairly. It was intended to promote transparency in all financial transactions, to open up and make all tenders competitive, and to regulate the bidding for government contracts through the due process mechanism. Stakeholders indicated, however, that implementation still left much to be desired. Their perceptions are that corruption is still very prevalent in the public procurement process in Nigeria.

866. Stakeholders indicated that much has been done to improve the mechanisms for resolving commercial disputes. However, these mechanisms still hindered the enforcement of creditor and supplier rights.

**Government**

867. The participants at the various discussions and consultations did not regard the government as a critical stakeholder. Many indicated that awareness of the laws for tax assessment, tax liabilities and tax obligations among many locally owned businesses in Nigeria is low. They also indicated that business owners and operators violated tax laws flagrantly because they believed that no taxes should be levied because of the massive oil revenues accruing to the country. They suggested that the tax laws tended to favour some enterprises or rendered the process open to manipulation for political or personal gain.
**Competitors**

868. Fair competition is the basis of business creativity and innovation. It also drives the sustainable growth of enterprises. However, healthy competition operates within the framework of sound business ethics, compliance with applicable legislation, and application of the same laws to all enterprises in the same category or sector. The Federal Competition Commission Bill of 2005 was conceived to provide a framework for effective competition.

869. Participants pointed out that the corporate governance framework does not ensure that competitors are treated fairly and equitably. This is because of corruption, the lack of capacity to investigate the abuse of intellectual property rights, and the reluctance to make passing the necessary legislation a priority.

**Intellectual property**

870. Nigeria has become a major producer of movies. To protect its artists, Nigeria became an enthusiastic subscriber to the international convention protecting intellectual property. However, as with every governance issue in Nigeria, subscription and effective implementation tend to diverge. The CRM was informed of various instances of piracy and infringements of copyright. They include infringing the copyright on books.

iii. **Recommendations**

871. The APR Panel’s recommendations are listed below.

With regard to shareholders, that:

- The statutory notice period of 21 days for annual general meetings (AGMs) be extended, where possible, to 28 days, and that the notices be published in a major daily newspaper or made available to media houses for wider public dissemination via local media outlets. *(CAC, legislature and shareholders’ associations)*

- Shareholders’ rights to call meetings not be diluted through provisions in company articles that attempt to set criteria that infringe on these rights. *(This requires a prohibitory provision in the CAMA, and therefore involves the SEC and CAC)*

- The SEC create mechanisms and make efforts to enforce shareholders’ rights to receive declared dividends, and that it facilitate mechanisms that allow those with very small shareholdings to receive these in easily convertible instruments. *(SEC and shareholders’ associations)*

- Shareholders’ associations and investors increase their efforts to ensure that the interests of all shareholders are protected. They should regularly push companies for information, especially about a company’s financial position. In addition to information about...
performance, shareholders must have full disclosure as to the securities that are offered to the public. At all times, the terms of the offers must be fair, equitable and just. While zonal shareholders’ associations are appropriate given the size of the country, it does appear that while some competition (to remove the possibility of ‘officials being bought to keep quiet’) is a good thing, fragmenting the shareholders’ voice does not augur well for a sustainable institutional framework. It is necessary to build the capacity of the shareholders’ associations and to facilitate effective collaboration between them and the professional associations (like accountants, company secretaries, lawyers, internal auditors and academics) and the regulatory authorities like the SEC, CBN, NSE and CAC. *(Shareholders’ associations, SEC and Lagos Stock Exchange)*

With regard to *stakeholders*, that:

- All companies develop a code of ethics to cater for all those who deal with, and for, them. *(SEC, IoD, NSE, shareholders’ associations, accountants and CSOs)*

- All the regulatory authorities collaborate and provide a mechanism to raise the awareness of all key stakeholders about their rights, the provisions of the law, and mechanisms to monitor and ensure compliance. They should also support building the capacity of key CSOs to enable them to monitor and enforce compliance with good corporate governance standards and to ensure that stakeholders’ rights are protected. *(SEC, Lagos Stock Exchange, CBN, CPC, SON and others)*

- The regulatory authorities and CSOs collaborate to develop and implement mechanisms to promote nonfinancial reporting by all key business entities. *(CAC, SEC, Lagos Stock Exchange, IoD and CSOs)*

- The capacity of the CPC and other entities that protect consumer rights be increased. *(Federal and state governments, supported by professional associations)*

- The capacity of the Nigerian Agricultural Finance and Cooperative Bank (NAFCB) and other entities that protect intellectual property rights be increased and the appropriate sanctions clearly stated and effectively enforced. This should be done hand in hand with sensitisation on the dangers of copyright infringements and piracy. *(Federal and state governments, and copyright associations)*

**OBJECTIVE 5: PROVIDE FOR THE ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS**

### i. Summary of the CSAR

872. According to the CSAR, the level of governance in Nigeria today provides an inadequate check on the way in which corporations are managed and held to account. Public opinion holds that Nigerian companies are failing
in the areas of disclosure, transparency, and explanation of corporate policies and actions to stakeholders, including shareholders. Corporate governance abuses have seen insiders strip companies of their assets. Directors have also sometimes failed to perform their fiduciary duties to protect companies’ assets and interests, and therefore cause companies to lose money. There is general agreement that enterprises owned by all tiers of government have worse performance records than those owned by the private sector.

**Accountability and disclosing information**

873. The CSAR points to the prevalence of inaccurate, and sometimes deliberately misleading, reporting by companies. This is manifested by understating profits so as to evade tax, and by overstating the financial viability and liquidity of corporations in order to sustain investor confidence unjustifiably in the case of failing corporations.

874. With the exception of financial services organisations (mainly banks), the managers of some listed companies (including large multinational oil/gas and nonoil/gas companies) have not established structures and support systems for monitoring and organising corporate policies and procedures. They also do not notify their staff about them.

875. Improving transparent and reliable financial reporting is the collective responsibility of all stakeholders. Supervisory or regulatory authorities have wide powers to enforce compliance with the Nigeria Code of Corporate Governance. The SEC has designed an all-encompassing checklist that complies with international best practice in the areas of financial reporting and corporate governance. The periodic reviews by the SEC are designed to ensure that lapses are corrected promptly. The SEC is a signatory to the IOSCO Regulatory Interpretation and Information Decision Database. It therefore also ensures that companies comply strictly with the minimum requirements of the IFRS for full disclosure. However, limited capacity prevents the SEC from achieving these objectives effectively.

876. The CBN’s code of corporate governance for banks in the postconsolidation era makes elaborate provision to ensure industry transparency, due process and data integrity, and that the requirements for disclosure are met. A corporate governance compliance status report must be included in audited financial statements.

**Existing accounting and auditing standards in Nigeria**

877. Nigeria’s accounting and auditing standards and practices, when compared to international standards, show that the country still has a lot to do in order to comply with them *in practice*, even though the SEC’s rules and regulations comply fully with international best practices in the securities industry. Nigerian standards compare reasonably well, at least *in principle*.

878. The traditional practice by Nigerian businesses of relying on internal auditors to conduct audits is less than satisfactory, as internal auditors
have increasingly become prone to corrupt practices. Corporate failures remain synonymous with audit failures. Most organisations now rely on external auditors, who are nevertheless perceived to be not entirely free from manipulation and low ethical standards.

879. A suitable framework that would strengthen regulatory bodies does not appear to exist in Nigeria. The organisations mandated to perform these functions suffer capacity constraints as well. There is no establishment to regulate and supervise the audit committees of boards in Nigeria. Also, boards are not completely separated from audit committees, especially in family-owned businesses. Most listed companies are managed using practices that have been informally imposed on them by managers and are therefore accepted as common law. The internal control systems of unlisted companies (especially those that do not operate as foreign subsidiaries or branches of large multinational companies) hardly comply with best practice.

**Sanctions imposed for noncompliance**

880. The code of conduct for capital market operators and employees provides for sanctions to be imposed on violators of the code. The sanctions for noncompliance with the procedures for disclosing financial information include warnings, fines, deregistration, prosecution of the directors, suspension of trading, public reprimands, and civil and criminal penalties.

881. The SEC is a member of IOSCO. It therefore has an enforcement and compliance department. This department is responsible for administering the SEC’s enforcement programme. There is evidence that action has been taken against some corporations and individuals for a number of violations of ISA 1999. These actions have focused largely on dealings in stocks and shares, and the rights of individuals to bonus shares and dividends, among others.

882. The effectiveness of the various sanctions imposed on corporations for noncompliance with the requirements for disclosing financial and nonfinancial information were rated. The results showed that most describe these sanctions as moderately effective.

**Structure and characteristics of boards of directors, or governing or supervisory bodies**

883. Nigeria has a single structure for boards. Consideration is being given to requiring that boards should contain executive and nonexecutive directors. The stewardship role of nonexecutive directors is crucial for maintaining high standards of corporate governance. Corporations in Nigeria usually have shadow directors. They are persons who are not formally on boards, but directors are accustomed to acting on their instructions. Politicians are sometimes shadow directors and hide behind others for fear of being scrutinised.
Process of appointing board members

884. Merit is not the main criterion for appointing directors in the public sector. Political patronage and cronyism greatly influence such appointments, and by extension the activities of such corporations.

Strategic direction provided by boards

885. Nigeria’s corporate governance framework should ensure that: corporations are given strategic guidance; corporations are managed effectively by their boards; and the boards of corporations are accountable. The CSAR reports that it is moderately effective in doing so. Similarly, the boards of corporations are moderately successful in carrying out their responsibilities to the government, to the stakeholder environment and to the community as a whole.

ii. Findings of the CRM

Director training programmes

886. There are various programmes for training and developing directors in Nigeria. A long-established institution that undertakes this training is the Financial Institutions Training Centre. The IoD also plays a key role in training and developing directors. The Nigerian Capital Market Institute (NCMI) is a rallying point for training, capacity building and updating knowledge for capital market operators and other stakeholders.

Accountability and disclosing information

887. Corporations in Nigeria tend to withhold information from their stakeholders, which include governments at all levels, shareholders, the community and employees. They often submit false returns and conceal information from the authorities. The tendency to withhold information is primarily explained by corruption, like the desire to evade taxes. Corporations, whether private or public, often see themselves as not accountable to stakeholders. Stakeholders also expressed the view that economic crimes are pervasive in both the public and private spheres of the economy. Corruption and other economic crimes pervade almost every segment of the national economy, and have become overwhelming at all levels and in all branches of government and the private sector. Refusing to disclose information fully is seen as a means of self-preservation.

Existing accounting and auditing standards in Nigeria

888. To ensure accountability and that information is disclosed, managers need to be independent and directors made accountable to shareholders. Directors should be selected or appointed by shareholders for short, fixed-term periods. To reinforce their accountability, all elements of directors’ remuneration should also require explicit approval from shareholders.
889. Independent and internal auditors often falsify reports deliberately. This is especially true of internal auditors. Corporations seldom respect the right of employees to information. When information is disclosed, it is restricted to certain classes of information.

890. The managers of many listed companies do not establish functions for monitoring and organising corporate policies and procedures. They also do not notify staff about them.

891. The accounting and auditing system in Nigeria is inadequate. Public opinion views Nigerian companies as opaque, and as failing to disclose information or explain corporate policies and actions to shareholders.

892. Participants expressed deep concerns about the recent large-scale malpractices and abuses of the system by capital market operators. Instances of forged certificates and overvaluation of stocks running into millions of naira were reported. In view of the weakness of the existing code of ethics, participants agreed that the role of accountants and auditors in perpetrating corporate crimes is considerable. The weak code of ethics and the general nature of the environment facilitate the falsification of accounts by the directors and managers of quoted companies. They also increase the incidence of unethical and ‘creative’ accounting practices in the Nigerian corporate sector.

893. There are also capacity constraints and no effective and efficient institutional arrangements to ensure compliance with accounting and auditing standards. The NASB still has to develop the infrastructure for monitoring and enforcing compliance with accounting standards. Professional accounting bodies such as ICAN lack the capacity to monitor and enforce compliance with auditing guidelines effectively. The inability of these bodies to provide adequate training and education because they lack adequate resources is likely to perpetuate the problem.

Sanctions for noncompliance

894. Even in the post-Enron era, corporations and independent auditors who violate regulations are treated with undue leniency. Participants expressed the view that regulators do no more than ban corporate officers and accounting firms and impose very few other sanctions. There was general agreement among participants that the incidence of quacks – unqualified people who claim knowledge and other skills in their field – in some professions may not be the exception. Participants expressed the view that quacks and violators tend to be protected by godfathers and the prevailing culture of impunity. The absence of records that reveal that there are sanctions capable of deterring violations is exacerbated by the lack of critical capacity of the regulatory agencies.

895. The mechanisms for enforcement and compliance are very weak and ineffective. The penalties are often dated. Most companies do not comply with the requirement for each company to file a copy of its audited statements and directors’ reports. The CAC does not impose any sanctions
even for these violations. The significant weaknesses in the enforcement mechanism are accentuated by the degree of corruption and poor record-keeping by the CAC.

**Structure and characteristics of boards of directors, or governing or supervisory bodies**

896. Nigeria has a single structure for boards, although there are plans to require that boards contain both executive and nonexecutive directors. The nonexecutive directors would be expected to maintain high standards of corporate governance. Note, however, that corporations reflect Nigeria’s social, political and governance behavioural characteristics. They often have shadow directors. These are people who are not formally members of boards but whose instructions directors normally act on. As a result, boards of corporations do not exercise their responsibilities to the government, shareholders and their communities effectively.

**Process of appointing board members**

897. Participants generally believed that appointments to boards in both the public and private sector are not based on merit. This is especially true of the public sector. The general view is that the level of governance in Nigeria does not provide for adequate checks on boards of directors.

**Strategic direction provided by boards**

898. Weaknesses in strategic management characterise the corporate sector in Nigeria. Disagreements between boards and managers give rise to squabbles among board members, and lead boards to exercise their oversight functions ineffectively. They also give rise to fraud and self-serving practices among board members, managers and staff. If the chairperson, managing director or CEO has too much influence, especially in family-controlled enterprises, it weakens internal controls. Ignorance of, and noncompliance with, the rules, laws and regulations that guide the banking business is considerable. Shareholders are also passive, and poor risk management practices are widespread. These factors result in a large number of nonperforming credits, including insider-related credits. Abuses in lending, including lending in excess of single obligor limits, are frequent and there are ‘sit-tight’ directors.

**Programmes for training or developing directors**

899. Although long-established institutions, like the Financial Institutions Training Centre and the IoD, play key roles in training and developing directors, more still needs to be done in this regard. The number of bodies now involved in training directors is limited, as is the content of training courses. Improving the scope and content of training courses will also help to update laws such as CAMA. The education and training of directors, auditors and shareholders, as well as the capacity of professional bodies to discharge their roles effectively, need improving. Professional institutes
like the IoD, and the regulatory bodies for chartered company secretaries and administrators, bankers, accountants and lawyers, ought to be involved. Management training centres can also play important roles.

iii. **Recommendations**

900. The APR Panel recommends that:

- The provisions on accounting and auditing in the Nigeria Code of Corporate Governance be made mandatory. Prudential regulation needs to be stepped up. Oversight by regulatory and supervisory bodies be improved. [*SEC, Federal Inland Revenue Service (FIRS), CBN and CAC*]

- The SEC’s enforcement and compliance department resolutely enforce all violations of ISA 1999, in particular by directors and officers. (*SEC*)

- Corporations be encouraged to undertake director training systematically. (*IoD and the private sector*)
6. **SOCIOECONOMIC DEVELOPMENT**

“We believe that poverty can only be effectively tackled through the promotion of: democracy, good governance, peace and security; the development of human and physical resources; gender equality; openness to international trade and investment; allocation of appropriate funds to the social sector and; new partnerships between governments and the private sector, and with civil society...We reaffirm our conviction that the development of Africa is ultimately the responsibility of Africans themselves.”

*New Partnership for Africa’s Development (NEPAD)/Heads of State and Government Implementation Committee (HSGIC)/03-2003/African Peer Review Mechanism (APRM)/Memorandum of Understanding (MoU)*

Annex 1, paragraphs 20-21

6.1 **Overview**

901. Nigeria is a country of extreme paradoxes, with widespread and endemic poverty in the midst of plenty. The country is richly endowed with human and natural resources, particularly oil and gas, as well as plentiful mineral deposits such as coal, gold and sulphur. With a real gross domestic product (GDP) of US$58.4 billion and a population of about 140 million, Nigeria is among the four largest economies in Africa and is by far the continent’s most populous country. However, despite these rich human and natural resources, Nigeria’s GDP *per capita* is only about US$752. Poverty is widespread and about 54 per cent of the population live on less than US$1 a day.\(^\text{10}\)

902. This chapter focuses on this paradox. Why does the fourth-wealthiest country in Africa, the second-wealthiest in sub-Saharan Africa, and a country not lacking in resources or manpower have a human development index that is lower than the sub-Saharan African average? Why do the great majority of Nigerian citizens lack access to clean and safe water, electricity and other basic necessities? Why are significant sections of the Nigerian population, including graduates, unemployed, thereby forcing them to engage in cyber and other crimes? Why are the billions of naira that have been allocated to the energy sector not having the desired effects?

903. Despite a plethora of developmental policies and programmes, Nigeria’s level of economic development over the past four decades has been disappointing. The country’s economy is dominated by the primary sector. Agriculture, which is practised predominantly by peasants with low and declining productivity, accounts for 41 per cent of GDP, followed by crude oil at 22 per cent. The secondary sector, especially manufacturing, has

stagnated at between 3.7 per cent and 3.8 per cent of GDP. This makes Nigeria one of the least industrialised countries in Africa. Chapter 4 shows that the dominance of crude oil was accompanied by increased vulnerability to volatile commodity prices. This, in turn, had far-reaching consequences for macrostability and socioeconomic development.

904. Nigeria ranks low on human development indices. In its Human Development Report, the United Nations Development Programme (UNDP) ranked Nigeria at 158 out of 177 countries in 2007/2008 – down from 148 out of a total of 173 countries in 2003.11 The country’s human development index stood at 0.453 in 2005. This is lower than the average human development index for sub-Saharan Africa (0.515), although it is slightly above the average for Economic Community of West African States (ECOWAS) countries (0.434).12 With 78 per cent of the population living in rural areas, the rural poor are the largest overall segment of the poor and suffer the most from poor public service delivery.

905. In an attempt to address the numerous challenges facing the country, the federal government developed one of the most comprehensive strategies to combat poverty and stimulate growth in Africa – the National Economic Empowerment and Development Strategy (NEEDS).13 Despite the fact that, during the Country Review Mission (CRM), some Nigerians questioned the extent to which NEEDS included all segments of the population while it was being developed and its relevance to the ordinary person, the NEEDS document is impressive in content and has received worldwide acclaim.

906. While developing NEEDS, Nigeria avoided common mistakes made by many emerging economies whose developmental strategies focus mainly on macroeconomic stability and economic growth. Although it does contain some liberal economic prescriptions, it is not a neoliberal policy. On the contrary, NEEDS gives a lot of attention to human development, good governance and privatisation. In addition, it recognises that it is necessary to empower women and youth, to reduce the dependence on oil, and to generate employment. NEEDS also contains sectoral strategies for poor sectors, such as agriculture, and strategies for competitive sectors like the film industry (Nollywood).14

907. NEEDS I, which is now being upgraded to NEEDS II, suggests that Nigeria’s paradox of poverty in the midst of plenty is not necessarily explained by the absence (or even weakness) of developmental policies and strategies. The country’s problem, especially in the area of reducing poverty, is mainly the poor implementation of policies and programmes. Interestingly, NEEDS

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13 See chapter 4 on economic governance and management for more detail on NEEDS.

14 See chapter 7 for more detail on the economics of the film industry.
I admits that “Nigeria’s experience has been one of formulating good plans, policies and programmes and then failing to achieve objectives because of ineffective implementation – or no implementation”.15 Despite this, Nigeria is again faced by poor or ineffective policy and programme implementation. The authors of the NEEDS document ought to have learnt from past mistakes and incorporated them as guidelines for successfully implementing programmes. The NEEDS document appears to have been overly optimistic in suggesting that effective programme implementation would occur this time around simply because “Nigerians have now reached consensus on the problems facing the country”.16

908. The African Peer Review (APR) Panel contends that ineffective policy and programme implementation in Nigeria can be explained mainly by the lack of strong political will, coupled with weak accountability mechanisms. The federal, state and local governments can be blamed for the lack of a strong political will to implement programmes effectively. They have consequently let down the citizenry because they have failed to achieve many (if not most) of the goals set out in NEEDS. A strong political will could have been shown by: introducing strict penalties against line ministries that do not deliver on their targets; enforcing the penalties; establishing a client-feedback mechanism; and reporting periodically on the implementation of NEEDS to the general public.

909. Other governance weaknesses are also important in explaining Nigeria’s paradox of poverty in the midst of plenty. They include: the absence of monitoring and evaluation mechanisms; weak political, civic and administrative leadership; endemic corruption at all levels of government and in society at large; and the lack of an established participatory approach to development. The lack of awareness of the various laws and policies among members of the general public also suggests that there is no national ownership of the country’s development agenda. If any country is unable to build national consensus around its stated objectives, no amount of resources will allow the objectives to be met.

910. Ineffective policy and programme implementation is further compounded by the lack of necessary skills among officials. Many Nigerians blame the educational system for producing too many ‘job seekers’ and not enough entrepreneurs. Not surprisingly, Nigeria is grappling with a high and growing problem of unemployment among the youth, many of whom are graduates. The youth in northern Nigeria blame unemployment on the federal government, whose narrow focus on the oil sector has come at the expense of the development of other industries (like cotton and textiles, groundnuts and rice) in the region. Although the federal government has come up with some initiatives designed to address the problem of youth unemployment, such as the National Youth Service Corps17 and the National Directorate for Employment – some of which are achieving positive results – much more still needs to be done.


16 Ibid

17 The National Youth Service Corps is first and foremost a nation-building tool. However, by engaging with young people immediately after university, it increases employment opportunities.
Nigeria’s efforts to reduce poverty substantially and sustainably, by implementing policies and programmes effectively, are being hampered by an apparent disjuncture between the government and the citizenry. This was evident in almost all the states. The CRM observed that some states are implementing sophisticated and large-scale projects like solar-powered security monitoring systems (in Imo State) and an international airport (in Akwa Ibom State). However, the ordinary people appeared disillusioned about the states’ vision, especially as their primary concerns were about the lack of access to potable water, an erratic power supply, and poor health and educational facilities, among others.

The participation of women in politics, the economy and in society in general is fairly low. This subsequently hampers efforts towards socioeconomic development. Nigeria is, however, beginning to recognise the important role that women play in society. For the first time in the country’s history, there are women deputy governors, and more women are being appointed to key decision-making positions in government. However, progress towards gender equality is still minimal (see objective 5). To a certain extent, the lack of progress in promoting gender equality reflects the poor implementation of NEEDS and the standards and codes relevant to women’s rights.

On a positive note, Nigerians are beginning to appreciate that the responsibility for promoting their country’s development agenda does not rest solely with government, and that all stakeholders have a role to play. Despite some resistance from certain quarters, many Nigerians are admitting that cultural change and systemic orientation towards values that engender good governance and self-sustaining development are needed. However, in going forward, there are still some good practices from the past that are indigenous to Nigeria and that were positive and effective. However, they are no longer being applied for one reason or another. Stakeholders reported that a number of positive interventions need to be reintroduced and promoted. They included the former 6-3-3-4 educational system that promoted technical and vocational skills, unscheduled inspections of primary schools by state governors, university bursaries for students, deployment of sanitary inspectors, and using traditional leaders to promote good governance.

### Implementation of standards and codes

#### i. Summary of the CSAR

The Country Self-Assessment Report (CSAR) notes that it had been difficult to find evidence of the standards and codes that have been signed by Nigeria, and when and whether they have been ratified and implemented. The main reason is that the Ministry of Justice, which is responsible for recording the information, has incomplete records. This suggests that there are serious problems associated with keeping official records in Nigeria.

The CSAR nevertheless reports that Nigeria has implemented various standards and codes relevant to socioeconomic development. The country,
for example, introduced universal basic education (UBE) legislation and legislation to combat child trafficking and abuse in terms of the African Charter on the Rights and Welfare of the Child.

916. In order to comply with the NEPAD Framework Document, Nigeria affirmed and showed its commitment to the NEPAD/APRM initiative by taking concrete policy actions and measures. It signed the APRM Accession MoU on 9 March 2003. In addition, it has been fulfilling its pledges on its financial obligations to the APRM Trust Fund. It has also established the necessary organs and processes to ensure stakeholder participation in implementing the APRM. NEPAD is also being institutionalised so that its programmes can be implemented at the various levels of government and in the nonstate sectors.

917. Public awareness of the standards and codes that have been ratified and implemented appears to be very low. The CSAR reports that only the elite and decision makers seem to know that Nigeria has adopted and implemented the standards and codes. Realising that most Nigerians do not know about the APRM and its benefits, the APR National Focal Point (NFP) Secretariat began media campaigns to enlighten and sensitise Nigerians about the concept of the APRM and the need for them to participate in the entire process. The overwhelming cooperation and interest shown by the various stakeholders during the APRM survey demonstrates that the Nigerian public is ready and willing to support the spirit and letter of the APRM mandate.

ii. **Findings of the CRM**

918. According to the CRM, Nigeria has adopted, signed or ratified the following standards and codes for socioeconomic development:

- The 2002 World Summit on Sustainable Development.
- The 1986 UN Declaration on the Right to Development.
• The 1995 Programme of Action of the World Summit for Social Development.

919. It is worth noting that these important codes and standards have been adopted and ratified. However, the vast majority of stakeholders noted that, with the possible exception of the conventions on women’s and children’s rights, most people do not know about the international instruments that the federal government has adopted on behalf of the country. CEDAW, for instance, was converted into an easy-to-read pocket-size document and widely disseminated. This appears to have resulted in some degree of awareness about the convention. However, the other conventions have not been adequately popularised. Furthermore, implementation remains a challenge.

920. Many stakeholders, particularly legislators and other state actors, asserted that sociocultural and religious factors pose major constraints to domesticating and implementing the international instruments. This was particularly evident for the conventions on the rights of women and children. These are discussed in chapter 3 on democracy and good political governance, and in objective 5 in this chapter. The CRM found that some Nigerians, particularly in the north, do not accept the Convention on the Rights of the Child (CRC), although Nigeria has implemented it through its Child Rights Act of 2003. The act contains some provisions, such as those which prohibit child marriages (that is, of children under 18 years of age). It is therefore resisted in some communities.

921. There also seems to be some confusion as to whether the National Assembly, at federal level, followed the proper procedures for obtaining a two-thirds majority from the 36 states before passing the CRC into law. A member of Parliament (MP) informed the CRM that the enactment of the Child Rights Act violated standing procedures because it did not get the required input from states and should therefore be repealed. However, some members of the executive arm of government insist that proper procedure was followed.

922. The CRM established that Nigeria is largely compliant with the NEPAD Framework Document. It has been institutionalised in the presidency and at federal and state levels. State coordinators have been appointed in the various states. They have specific responsibilities, such as implementing NEPAD programmes in state and local governments. The CRM was also impressed, during its nationwide consultations, that members of the general public were apparently aware of NEPAD. Several initiatives have been developed to promote NEPAD’s goals. Among these are: the e-School Programme; the NEPAD-Nigeria TechnoFuture Digital Dividend Initiative; the NEPAD-Education Trust Fund (ETF) Interactive Learning Network (ILN) Project; the NEPAD-ETF e-School Admin Project; the NEPAD Knowledge Ring Project; the NEPAD Fish for All Initiative; the NEPAD Fertilizer Initiative; and the NEPAD Coastal Tourism Project.

923. On the whole, there was no evidence that Nigeria had complied with several of the standards and codes. For instance, there have been very modest achievements in implementing the Millennium Development Goals
(MDGs). There was also little investment in sustainable development. No substantive efforts have been made to reduce the dependence on oil and to maximise alternative sources of energy like solar energy and biogas. Finally, the nature of federalism is such that domestication of international conventions at the federal level does not necessarily mean that states will follow suit. This compromises the whole point of acceding to international conventions.

### iii. Recommendations

924. The APR Panel recommends that Nigeria:

- Identify relevant standards and codes that have not been signed in order to get them ratified and implemented. *(Ministry of Foreign Affairs)*

- Create an easily accessible database of signed, ratified or domesticated standards and codes. *(Ministry of Foreign Affairs)*

- Ensure that the requirements for passing bills (that is, obtaining two-thirds of state votes) are met. *(National Assembly, and federal and state governments)*

- Disseminate simplified versions of the conventions and sensitise the public, particularly those in the rural areas, about them. *[National Orientation Agency (NOA) and nongovernmental organisations (NGOs)]*

- Translate all of these important documents into the country’s major local languages and supply them in Braille, visual and audio formats where possible. *(Federal, state and local governments)*

### 6.3 Assessment of performance on APRM objectives

#### OBJECTIVE 1: PROMOTE SELF-RELIANCE IN DEVELOPMENT AND BUILD CAPACITY FOR SELF-SUSTAINING DEVELOPMENT

925. Within the framework of the APRM, self-reliance implies ownership and leadership, as well as broad and deep participation by all sectors of society to anchor the development of the country on its resources and the resourcefulness of its people.

#### i. Summary of the CSAR

926. According to the CSAR, the government of Nigeria implemented a number of programmes in the past three decades to achieve self-reliance, particularly at the grass-roots level. It designed many of the development programmes for disadvantaged groups. The major ones are: the Directorate for Food, Roads and Rural Infrastructure (DFFRI), launched in 1986 to target rural
areas; the National Directorate for Employment (NDE), launched in 1986 to target unemployed youths; the Better Life Programme (BLP), established in 1987 for rural women; the People’s Bank of Nigeria (PBN), established in 1989 for the underprivileged; community banks, created in 1990 for rural residents and microenterprises in urban areas; the Family Support Programme (FSP), launched in 1994 to improve health care delivery in rural areas; and the Family Economic Advancement Programme (FEAP), established in 1997 to provide credit facilities to support cottage-industry initiatives in rural areas.

927. In the light of the prevailing poverty, it is clear that these programmes were not entirely successful in promoting self-reliance. The reasons for failure include: the lack of effective coordinating mechanisms; lack of country ownership caused by the top-down approach that excluded the grass roots in the design and implementation of plans and programmes; inadequate funding; mismanagement and diverting resources for personal enrichment through corruption and looting; politicising national and regional programmes for personal political gain; lack of coherent policies; poor linkages; and lack of clear emphasis and vision.

928. In an attempt to address these challenges, Nigeria initiated a programme of economic revival embodied in the NEEDS strategy of 2004. NEEDS is a sector-wide strategy. It covers a wide range of key sector-related strategies for agriculture, manufacturing, solid minerals, as well as small and medium enterprises (SMEs). It is being converted into, and contextualised in, the State Economic Empowerment and Development Strategy (SEEDS) at the state level, and the Local Economic Empowerment and Development Strategy (LEEDS) at the local level. In order to ensure that the programmes are implemented successfully at the federal and state levels, an Independent Monitoring Committee (IMC) has been established. It comprises representatives from national and state governments, the private sector and critical segments of civil society. The committee is entrusted with monitoring and evaluating NEEDS and SEEDS programmes and projects.

929. The CSAR notes that NEEDS was developed with the participation of all segments of Nigerian society. It therefore fostered country ownership. Information was collected from various stakeholders in the Nigerian economy such as farmers, labourers, factory owners, teachers and university professors, community-based organisations (CBOs), charities and others.

930. Views about the effectiveness of NEEDS vary. While state actors remain optimistic, the nonstate actors hold that there has been no significant impact yet. Moreover, “the majority of the general public (59 per cent) do not know the sources of funds for the social services provided on the grounds that they are not informed (62 per cent), are not given the opportunity to participate (55 per cent), and lack the capacity to participate (42 per cent)”.

These opinions show that the levels of transparency and participation in, and ownership of, NEEDS programmes and projects are low.

18 Nigeria CSAR, 2008.
931. On the whole, there was a perception that NEEDS programmes and projects were being used as conduits for diverting public resources into private pockets. This turned the main national instrument, designed to bring about economic self-reliance, into a mockery. Some of the views about the NEEDS strategy showed that it: lacked inclusivity; did not really target the poor; was politically motivated; and was aimed at buying legitimacy rather than eradicating poverty. It therefore benefited mostly the rich and powerful.

**Self-reliance in development**

932. The CSAR recognises that Nigeria’s dependence on external aid is very low (less than 1 per cent of the country’s GDP). This suggested a high level of self-reliance. Nigeria has tremendous resources, including huge financial resources deriving from the oil and gas sectors. Having escaped the Paris Club debt trap in 2006, Nigeria is reported to have gained about US$1 billion in savings that would have gone into servicing debt.

**ii. Findings of the CRM**

933. Nigeria should be commended for recognising that it needed a new approach to development planning if it is to reduce poverty. The federal government therefore devised a home-grown development strategy, called NEEDS, to try to reduce poverty.

**Nigeria’s development paradigm**

934. Nigeria’s current development paradigm comprises two key programmes: NEEDS and President Umaru Musa Yar’Adua’s seven-point agenda.

**NEEDS**

935. Nigeria implemented NEEDS between 2003 and 2007. It is currently the overarching framework for reducing poverty in the country. It is a national and sector-wide strategy. It covers a wide range of key sector-related strategies in agriculture, manufacturing, solid minerals and the SME sectors.

936. Apart from being home grown, NEEDS is said to provide an honest and self-critical assessment of poverty in Nigeria, of its multifaceted factors, and of the challenges confronting the nation as it strives to bring about development.

**NEEDS I**

937. The NEEDS vision is based on the constitution, the Kuru Declaration, previous initiatives like Vision 2010, and the widespread consultation and participation throughout Nigeria that was part of the NEEDS process. The programme’s core values draw on the Vision 2010 report. This recognised the importance of respect for elders, honesty and accountability, cooperation, industry, discipline, self-confidence and moral courage.
The purpose of NEEDS is to raise the country’s standard of living through a variety of reforms. These include macroeconomic stability, deregulation, liberalisation, privatisation, transparency and accountability.

The major aspects of the NEEDS I programme are discussed in chapter 2. In short, NEEDS focuses on four key strategies:

- Reorientating values.
- Reducing poverty.
- Creating wealth.
- Generating employment.

The expectation is that these goals can be achieved by creating an environment in which business can thrive, a government that is committed to providing basic services, and people who are empowered to take advantage of the new opportunities the plan will offer.

The NEEDS strategy hopes to achieve these by addressing basic weaknesses, such as the lack of fresh water for household use and irrigation, unreliable power supplies, a decaying infrastructure, impediments to private enterprise and corruption.

NEEDS is the first Nigerian development plan that integrates economic development efforts at the federal and state levels. It does not confine itself to specific sectors or to addressing only the major challenges identified. Instead, it looks at the big picture and examines how the challenges identified in each sector affect each other.

NEEDS was followed by its state version – SEEDS. Local governments followed their national and state equivalents in 2006 by developing LEEDS with donor support (including that of UNDP).

SEEDS

In recognition of its federal structure, Nigeria promoted the concept of SEEDS. This led state governments to develop strategies that would reflect NEEDS at state level.

State governments used the statutory organs for intergovernmental coordination (the National Economic Council, the National Council for Development Planning, and the Joint Planning Board) to endorse NEEDS and develop SEEDS.

A framework for developing SEEDS was issued by the National Planning Commission in a manual entitled Government for growth and service. States used this framework to agree on a minimum set of priorities that each state government must reflect in its SEEDS. These were:

- Agriculture.
- SMEs.
• The rehabilitation and maintenance of infrastructure (especially roads).

• Public finance reforms and transparency.

947. Many states have since drafted and published SEEDS using the visions of their governments and the MDGs. The National Planning Commission collaborated with donor agencies to provide technical assistance to the states while they developed their SEEDS as necessary complements to NEEDS.

948. The National Planning Commission used its manual and organised training workshops for the states in the six geopolitical zones of the country on preparing, monitoring and evaluating state plans.

949. Both NEEDS and SEEDS are time-bound (mostly medium-term) policy frameworks. Their life span has come to an end and NEEDS is now being upgraded to NEEDS II. The NEEDS II document was not available to the general public at the time of preparing this report.

LEEDS

950. Following what has been described as the “successful” launch of NEEDS and SEEDS by federal and state governments respectively, the impetus has been to evolve similar developmental strategies for local governments. These are known as LEEDS.

951. LEEDS offers great opportunities for grass-roots participation in development planning and for local communities to contribute effectively to developing programmes at local levels.

952. The UNDP decided to pilot the process of grass-roots participation in decision making in 12 local government areas of six states (Adamawa, Akwa Ibom, Bauchi, Cross River, Kogi and Ondo States). This entailed the participation of key stakeholders.

953. However, introducing LEEDS led to a number of challenges. Significant among these were:

• That the responsibilities of the federal, state and local governments to provide certain services are not clearly delineated in the Nigerian constitution.

• That the capacity for development and participatory planning is still very weak at local government level.

• That the beneficiaries of development projects have only limited involvement in their design, development and implementation. In many cases this was because of low levels of trust in government institutions and sometimes because of lack of interest.

954. Despite these challenges, LEEDS provides great opportunities for people at the grass-roots level to get involved in developing policy.
NEEDS II

955. NEEDS II was developed for the period 2008 to 2011. It was adopted by the new government which took over at the end of May 2007.

Strengths and weaknesses of the NEEDS process

956. The CRM commended the federal government of Nigeria for its efforts in trying to ensure that the process of developing NEEDS was a participatory one involving a cross-section of stakeholders, including those at grassroots level. In particular, LEEDS offers the greatest opportunity for public participation in decision-making and implementing programmes.

957. The process began in 2001 when people from all walks of life and all parts of Nigeria were given the chance to tell the government about their needs and ambitions. Information collected from farmers, labourers, factory owners, teachers and university professors, CBOs, charities and other stakeholders was used to draft an interim NEEDS. The final strategy also builds on the information gathered for that interim paper.

958. NEEDS is, therefore, seen as the ‘people’s plan’. The plan is said to enjoy widespread commitment, from the president down to village chiefs. The government has set up a monitoring framework at the federal, state and local government levels through commercial enterprises and CBOs. Using this framework, it can check the progress it is making against the targets set out in NEEDS.

959. The government circulated the draft plan in April 2004 and asked the people who took part in earlier consultations for their comments. This has led to the view that the NEEDS document reflects the true feelings of the Nigerian people about where the country stands today, and how it should develop and grow over the life span of the development programme.

960. Nonetheless, the NEEDS process is still seen to be a government strategy rather than a country strategy, and one that has not fully taken into account the views of ordinary Nigerians. This is because it was mostly a top-down approach. Apart from LEEDS, some stakeholders said that grass-roots participation had been limited in the development of NEEDS and SEEDS.

961. Moreover, a number of stakeholders noted that development strategies, plans and programmes are perceived as political slogans that each administration introduces to gain some legitimacy, rather than as genuine development initiatives to improve the lives of the Nigerian people.19

962. The CRM endorsed the CSAR’s assertion that one of the weaknesses of NEEDS is that it lacks a clear resource base to determine whether the country can finance the strategy. Similarly, sectoral links, which should have prioritised financial allocations, are not specified. Such allocations would have shown how resources would be allocated so as to strengthen the country’s self-reliance in the future.

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19 Broad-based participation is discussed in more detail in objective 6.
963. There is also general mismanagement and corruption, even at the level of political leaders, in implementing programmes. This has undermined effective programme implementation.

964. This problem has been compounded by the general lack of a social will to fight corruption in society. The culture of admiring the rewards of stolen or looted money and corrupt practices undermines opportunities to improve self-reliance for sustainable development.

**President Yar’Adua’s seven-point agenda**

965. Chapter 2 noted that the incoming administration of President Yar’Adua launched a seven-point agenda to sustain and deepen the NEEDS reforms. This programme outlined the policy priorities that were intended to strengthen the current reforms and build the economy, so that the gains of the reforms would be felt by citizens across the country.

966. The focus of the agenda was to drive the type of growth which recognises the economic value of natural and human capital. Its main policies focused on: sustainable growth in the real sector of the economy; physical infrastructure (power, energy, transportation, agriculture and human capital-development); education and health; security; law and order; combating corruption; and developing the Niger Delta.

**Shortcomings of President Yar’Adua’s seven-point agenda**

967. President Yar’Adua’s seven-point agenda was based on the commitment contained in the manifesto of the ruling political party. This was to continue and strengthen economic reforms. However, it does not meet the requirements for a clearly defined and shared vision of the country of tomorrow because it does not specify what structures are to be transformed, and because it is limited to seven priorities.

968. Although the document alludes to a Nigerian dream, it is not a long-term vision. Although it clearly seeks to continue ongoing reforms, it can be described as a party-led government ambition. Its realism is even questionable as Nigeria is one of 22 countries described as low in human development. The country also falls into the low-income category.

**The need for a long-term vision**

969. Despite NEEDS I, NEEDS II and President Yar’Adua’s seven-point agenda, Nigeria still uses only short to medium-term plans. Although the goals and targets set in the NEEDS strategies and in the seven-point agenda are aligned to the human development goals of the MDGs in some respects, they do not define a comprehensive strategy for reaching the MDG targets. Without a long-term perspective there are limited opportunities to coordinate the long-term approaches to development. Programmes are currently being implemented as stand-alones without clear indications of how they connect, and without clear statements of their joint intended outcomes.
Moreover, the efficacy of relying solely on short to medium-term planning instruments is debatable. The level of effort required to devise these instruments, to establish appropriate frameworks for implementing them, to monitor and evaluate their performance, and to make future adjustments to them, is much the same as it would be for long-term instruments. While the short to medium-term instruments are useful for restoring macroeconomic stability and fiscal discipline, Nigeria desperately needs a long-term vision of how to emerge from its current imbroglio.

Although the NEEDS vision is based on the constitution, the Kuru Declaration, previous initiatives like Vision 2010, and widespread consultation and participation throughout Nigeria, there is no clear long-term vision in NEEDS that underpins the nature and the direction of the Nigeria of tomorrow. NEEDS is a medium-term strategy that should have been designed to implement an existing long-term vision.

The constitution, like other fundamental laws, defines the national social and political charter and the way in which the country manages its political power. However, the Kuru Declaration is a statement of commitment by political leaders to abide by some managerial values. It describes its vision as being “to build a truly great African democratic country, politically united, integrated and stable, economically prosperous, socially organised, with equal opportunities for all, and responsibility from all, to become the catalyst of [African] Renaissance, and making adequate all-embracing contributions, subregionally, regionally and globally”. This is certainly a pertinent vision. However, it is not clear whether or not the statement is a vision shared by all Nigerian people, or whether it was developed with their participation.

Vision 2010 was developed under the administration of President Sani Abacha. It recognises that some social and cultural values must be respected when managing public affairs, and indicates some priority sectors. In any case, 2010 can no longer be a long-term vision of the Nigeria of tomorrow as it will soon be outdated.

The handbook entitled Obasanjo economic directions 1999–2003 is limited to the first term of President Olusegun Obasanjo’s administration. It also refers to a vision that is defined as “the creation of a national economy that is highly competitive, responsive to incentives, private sector-led, broad-based, diversified, market orientated and open, but based on internal momentum for its growth”. Its focus on the economic dimension illustrates the actual problems of defining a comprehensive vision of the Nigeria of tomorrow. These problems can affect the direction of existing strategies and programmes, and the nature of the structural transformations to be undertaken.

President Yar’Adua’s seven-point agenda is based on the manifesto of the ruling party. It is committed to continuing and strengthening economic reforms, but does not meet the requirements for a clearly defined and shared vision of the country of tomorrow. Indeed, one could describe it as a political party-led government ambition. Its realism is even questionable.
Generally, it seems that each administration wants to state its own vision of a Nigeria of the future rather than build towards a common one. Continuously moving from one strategy to another will not help to build the country’s capacity for self-reliance. This is especially true if previous initiatives, strategies, plans, programmes and schemes that include a huge number of presidential programmes – some of which are just old initiatives that are ‘rehashed’ with new names – are not being properly evaluated.

As Nigeria upgrades NEEDS I to NEEDS II, it should make greater allowance for ordinary people to participate in designing the development programme (see box 6.1).

**BOX 6.1: THE EVOLUTION OF DEVELOPMENT PLANNING IN AFRICA**

Development planning is a contested terrain, particularly in sub-Saharan Africa.

Historically, the approach to African development has been externally orientated. The subcontinent has been negotiating its development with external partners for the past four decades. More often than not, this has meant that the process, instruments and outcomes of development have been determined by the external partners rather than by the African societies and their leaders. At the same time, development planning has been approached as a largely technical, or even technocratic, exercise.

Despite the more recent discourse on democratising and decentralising planning processes, development planning still tends to be the domain of planners and, more especially, of economists. Elected representatives, local communities and organisations that represent their interests are only marginally involved in these processes.

The general trend is now for greater participation in development planning and implementation by a wide range of interest groups, including local communities. This enables participants to contribute actively to the planning process and its implementation rather than to receive information passively from outside experts who may not understand the issues.

This approach encourages people to share information, learn from each other, and work together to solve common problems. As people become more conversant with the approach, they take increasing responsibility for their own planning.

*Source: Mirjam van Donk, Development planning and HIV and AIDS in sub-Saharan Africa, 2004.*

**Heavy dependence on oil and lack of economic diversification**

A major factor that undermines opportunities for economic diversification and sustainable development in Nigeria is the country’s heavy dependence on oil (see box 6.2). The government knows that the situation is fragile, and it frequently attempts to develop strategies and programmes to expand the resource base. However, its efforts to diversify agriculture and industry, among others, have yet to yield tangible results.
The oil boom of the 1970s led Nigeria to neglect its strong agricultural and light manufacturing bases in favour of an unhealthy dependence on crude oil. Oil and gas exports in 2000 accounted for more than 98 per cent of export earnings and about 83 per cent of federal government revenue. New oil wealth, the concurrent decline of other economic sectors, and a lurch towards a statist economic model fuelled massive migration to the cities. They also led to increasingly widespread poverty, especially in rural areas. The collapse of basic infrastructure and social services since the early 1980s exacerbated this trend. By 2000, Nigeria’s per capita income had plunged to about one-quarter of its mid-1970s high, below the level at independence. Along with the endemic malaise of Nigeria’s nonoil sectors, the economy continues to witness massive growth of ‘informal sector’ economic activities, estimated by some to be as high as 75 per cent of the total economy. Outside of the energy sector, Nigeria’s economy is highly inefficient. Moreover, human capital is underdeveloped – Nigeria ranked 158th out of 177 countries in the UNDP’s Human Development Report in 2007/2008 – and its nonenergy-related infrastructure is inadequate.

Source: CRM field notes, February/March 2008.

979. Box 6.2 shows that Nigeria urgently needs to reduce its dependence on oil and diversify the economy.

iii. Recommendations

980. The APR Panel recommends that Nigeria:

- Start participatory discussions about a long-term vision for the country, and ensure that critical segments of society are aware of their respective responsibilities in the quest to achieve the vision. *(Federal, state and local governments, and civil society)*

- Ensure that the development of strategies, including NEEDS II, reflect true participation in order to foster ownership by Nigerians. *(Federal, state and local governments, and civil society)*

- Increase the internal resource base (such as by diversifying and promoting the nonpetroleum sectors) to enhance the financial autonomy of the country so that Nigeria can fund its development agenda fully. *(Federal government and National Assembly)*

- Begin to develop a resource envelope that will enable the country to finance its development agenda. Furthermore, it should specify sectoral links to help prioritise financial allocations. *(Federal, state and local governments)*

Policies to accelerate socioeconomic development

981. There is presently an urgent need to accelerate the promotion of equitable economic growth and to achieve sustainable development in Nigeria. This
will be critical in addressing the current and vexing paradox of endemic poverty in the midst of plenty.

### i. Summary of the CSAR

982. The CSAR gives an outline of the history of Nigeria’s development programmes. It includes Operation Feed the Nation (OFN), which was initiated in 1976, and various rural development and infrastructure programmes that were introduced during the military regime of 1985 to 1993. However, most of these poverty alleviation programmes failed to achieve their objectives, largely because of: poor coordination; the absence of a comprehensive policy framework; excessive political interference; ineffective targeting of the poor, leading to benefits reaching unintended beneficiaries; an unwieldy scope of programmes, which caused resources to be spread across too many projects; overlapping functions, which led to rivalry and conflicts between institutions; the absence of sustainability mechanisms in programmes and projects; and lack of involvement of beneficiaries in designing, implementing, monitoring and evaluating projects.

983. In response to these failures, the federal government initiated and launched the Poverty Alleviation Programme (PAP) within the framework of the budget of 2000. The programme was designed to provide employment for 200,000 people. It was implemented in every state of the country and provided temporary jobs for people who were paid monthly stipends. The PAP was phased out in January 2001 and replaced by the National Poverty Eradication Programme (NAPEP).

984. NAPEP is currently the government’s main poverty eradication programme. It coordinates all antipoverty efforts and extends from the local government level to the national level. According to the CSAR, NAPEP programmes are well focused but need substantial additional funding to scale them up.

985. Specialised ministries and agencies assist NAPEP to design poverty reduction programmes. Among these are the Youth Empowerment Scheme (YES); the Capacity Enhancement Scheme (CES); the Rural Infrastructure Development Scheme (RIDS); and the Farmers Empowerment Programme (FEP), which entails the financial empowerment of small-scale farmers. A total of 7,200 small-scale farmers have participated in the project. NAPEP committed ₦240 million to the FEP during the first phase when it was implemented in 12 states. The Capacity Acquisition Programme (CAP) trains and provides funds to empower youth in viable economic activities. During the initial phase of this programme, 140,000 youth from all over the country were trained for three months. The second phase covered an additional 12 states.

986. The NDE is another important institution created to address poverty. It seeks to eradicate poverty by generating employment. Its main areas of intervention are training to acquire vocational skills, entrepreneurial training, training for rural employment, and training for labour-based work programmes. A total of 783,318 unemployed youth, who previously
lacked marketable skills, have been trained in 86 different trades under the National Open Apprenticeship Scheme (NOAS). At present, 37,000 youths are undergoing training in various trades across the country. The CSAR acknowledges the achievements made by the NDE. However, it admits that the NDE lacks the funds to make a significant impact on poverty levels.

987. The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is a government agency that develops small, medium and microenterprises (SMMEs). SMMEs have been described as the engine to grow the economy. SMEDAN was established by the SMEDAN (Establishment) Act of 2003 to promote and facilitate development programmes in the SME subsector of the Nigerian economy.

988. The federal government also embarked on several agricultural reforms. Notable among these are the Presidential Initiative on Cassava Production, Processing and Export; the Vegetable Oil Development Programme; the National Special Programme for Food Security (NSPFS); and the Presidential Initiative on Rice Production, Processing and Export.

Results achieved by development policies and mechanisms

989. The CSAR reports that the incidence of poverty in Nigeria has dropped from 54.4 per cent in 2004 to 41 per cent in 2005. However, the feedback from Nigerians surveyed for the CSAR appears to contradict this. The CSAR survey indicates that poverty levels are very high in urban centres because of high unemployment. However, poverty is mainly a rural phenomenon.

ii. Findings of the CRM

Policies to accelerate socioeconomic development

990. The CRM observed that Nigeria has numerous policies and programmes aimed at accelerating socioeconomic development. The key programmes are NAPEP, the NDE, the seven-point agenda, NEEDS, SEEDS and LEEDS.

991. Nigeria devised NAPEP to reduce poverty. The programme is expected to achieve the goals of NEEDS and the MDG of halving the proportion of people living in extreme poverty by 2015 by increasing the access of the poor to education and basic health care, and by engaging them in income-generating activities.

992. Its objectives include reducing the transfer of poverty from one generation to another, and reducing the number of poor and vulnerable groups by increasing their access to basic services.

993. However, one of the greatest challenges to reducing poverty in Nigeria is poor programme implementation. In every state visited by the CRM, both state and nonstate stakeholders complained about the lack of effective policy and programme implementation. They gave a variety of reasons for this.
994. The nonstate stakeholders stressed that nepotism, excessive greed, poor leadership (particularly among political leaders), and lack of transparency and accountability were the major causes of poor policy implementation. They also affirmed that even well-meaning civil servants might award contracts for state projects but then fail to supervise or monitor the contractors. In turn, the contractors fail to deliver on the contracts.

995. The state stakeholders cited bureaucratic bottlenecks and lack of regular access to ministers or commissioners, who have to give final approval, as the major causes of poor policy implementation. They also identified ‘job mismatching’ as a problem. This means that the civil service is full of skilled personnel who are inappropriately trained for their jobs.

996. The CRM observed that Nigeria also suffers from inadequate technical capacity at the state level, but more so at the local government level. Even at the federal level, interactions with high-level officials at the Ministry of Women’s Affairs and the National Centre for Women’s Development (a parastatal) confirmed that technical capacity was a major constraint.

997. The inability to allocate resources efficiently was also mentioned during the consultations. Resources should be channelled to identified priority needs; that is, funds should be deployed where they are most needed. Ordinary Nigerians felt that key sectors such as education, health and women’s empowerment are largely neglected. Instead, billions of naira are sunk into recurring government expenditure. According to the legislature, 65 per cent of budgets are recurring expenses. Commendable efforts are, however, being made by the legislature to allow for increased capital expenditure as the power to allocate money lies with Parliament, not the executive. Many stakeholders were also concerned about excessive spending in the energy sector. While this sector is thought to be important, its massive spending seems to deliver few or no results.

998. Nevertheless, the CRM commended Nigeria for establishing the NDE and focusing on acquiring skills as a strategy to combat unemployment. However, the government needs to allocate more resources to the NDE in order to make it more effective in building the capacity of the youth, who constitute more than a third of the Nigerian population and half of its unemployed.

999. A major constraint facing the NDE is that its impact is not being monitored and that its programmes have not been formalised. Some nonstate stakeholders pointed out that graduates leave the six-month NDE training schemes unable to find employment. State stakeholders also confirmed that they could not verify the long-term impact of youth trained under the auspices of the NDE. Two institutions have been established to address the needs and priorities of the youth. They are the Ministry of Youth Development and the National Youth Council. The National Youth Development Policy was also developed in 2001. However, stakeholders assert that the youth budget of just about ₦1 billion is largely inadequate. The youth also struggle to access funds for entrepreneurial activities.
1000. The difficulties encountered by the millions of unemployed youth perpetuate poverty and exacerbate crime and violence in the country. Idle youth are an easily accessible pool of individuals who can be exploited for political gain. This is another reason for the NDE to receive more resources. It also needs to forge a stronger link with the labour market. One initiative that seems to be working in Taraba State is the Manpower Reserve Scheme. This involves registering unemployed graduates. The scheme grants registered graduates a monthly allowance of ₦10,000 while they try to find employment.

1001. State and nonstate stakeholders both expressed strong reservations about the design and effectiveness of poverty eradication programmes like NEEDS and NAPEP. Some stakeholders said that NAPEP had fundamental flaws as it was designed without baseline data, did not incorporate monitoring and evaluation mechanisms and, to date, has had no mid-term review. The same could be said about NEEDS. “We are moving on to NEEDS II, yet we do not even know what was the impact of NEEDS I,” one stakeholder in Akwa Ibom State commented.

1002. Poor data collection and the absence of reliable statistics were recurring themes during state consultations. The CRM confirmed the problems because it could not get updated statistics on poverty levels. In fact, the latest data on poverty came from a 1996 national consumer survey.

1003. Many stakeholders queried how relevant existing national programmes were to their beneficiaries – the poor. Indeed, it was nearly impossible for the CRM to get a clear sense of who the beneficiaries of the various programmes were. Some stakeholders expressed concern that the various programmes had overlapping mandates. This meant that scarce resources were spread thinly and emphasised that it was necessary to consolidate and harmonise programmes.

1004. The CRM was also informed about a few social welfare schemes, like the Village Economic Development Solution. This is a new NAPEP project initiated by the federal government in partnership with the states. It is essentially a Conditional Cash Transfer (CCT) scheme. A committee identifies poor families for grants, and transfers resources to these families to help them educate their children and to start businesses.

1005. The CRM was informed about state grants to persons living with Human Immunodeficiency Virus (HIV) or Acquired Immune Deficiency Syndrome (AIDS) in Bayelsa State. However, these grants are not well popularised and there is not much information about them. This raises many questions about transparency and efforts (or the lack thereof) to sensitisate the population about social welfare programmes. The CRM was not able to get detailed information about the requirements, or ‘conditions’, for accessing these grants or about families who have benefited from them. This lack of information lends weight to the general suspicion among civil society organisations (CSOs) that the current programmes are largely abused by the state.

1006. The concept of sustainable development is not widely understood in Nigeria. There is, however, growing awareness of its importance in promoting
environmental management. The CRM was informed that poverty and an expensive and unreliable energy supply have led many poor people to cut down trees for firewood. Oil emissions and poor sanitation compound the problem of environmental degradation. The rising pollution in Lake Chad was reportedly forcing people to leave the area. Members of the academic community in Borno State told the CRM about a biogasification project that they hope will improve the situation. It involves using plants and natural waste to create energy. The sustainability of this project depends on funding and government support.

1007. The CRM realised that policies were needed to promote sustainable propoor economic growth that can benefit all Nigerians. The NEEDS document is, therefore, on the right track in stressing the need to move the productive base of the economy away from oil, and to promote economic development that is market-related, driven by the private sector and has strong local participation. To realise this goal, the CRM suggested that it is important for Nigeria to identify the sectors that can bring about this change. Agriculture has rightly been identified in the NEEDS document because it remains the mainstay of the Nigerian economy. NEEDS has also developed sectoral strategies for the potentially competitive sectors like manufacturing, services, information and communication technology (ICT), tourism, financial services and the film industry. With an enabling environment, these sectors can help Nigeria to achieve its goal of growing the economy by at least 7 per cent, create gainful employment opportunities and, ultimately, reduce poverty.

**Results achieved by development policies and mechanisms**

**Reducing poverty**

1008. Poverty is generally seen in Nigeria as lack of access to the basic necessities of life. Poverty in Nigeria has declined from over 70 per cent a few years ago to about 54 per cent today.

1009. Despite this decline, poverty is the major challenge facing Nigeria. Many people continue to suffer pronounced deprivation despite NEEDS and the continuing oil boom (see box 6.3). The CRM learnt that large numbers of poor Nigerians are trapped in chronic, long-term poverty that is transmitted from generation to generation. Worse still, the nation does not seem to have a clear definition of poverty or any guidelines on how to measure it.
BOX 6.3: THE ‘RESOURCE CURSE’ AND POVERTY IN NIGERIA

Nigeria’s economy is struggling to use the country’s vast wealth in fossil fuels in order to fight the endemic poverty that affects about 54 per cent of its population. Economists refer to the coexistence of vast wealth in natural resources with extreme personal poverty in developing countries like Nigeria as the ‘resource curse’. Nigeria’s exports of oil and natural gas – when prices are at a peak – have enabled the country to post trade and current account surpluses in recent years. Apparently, 80 per cent of Nigeria’s energy revenues flows to the government, 16 per cent covers operational costs, and the remaining 4 per cent goes to investors. However, the World Bank has estimated that, as a result of corruption, very little of this money benefits the people. Nigeria’s economy is highly inefficient outside of the energy sector. Moreover, human capital is underdeveloped. Nigeria ranked 158th out of 177 countries in the United Nations Development Index (2004), and infrastructure that is not related to energy is inadequate.

Source: CRM field notes, February/March 2008.

1010. However, there are vulnerable groups which do not participate in programmes to reduce poverty because they cannot meet the requirements to do so. Among these are women, children, older people and those with disabilities.

1011. Excluding the vulnerable population has led to social transfers being introduced as new strategies for addressing poverty. Social transfers are types of social protection that establish systems to protect and transform the livelihoods of citizens, particularly the vulnerable and chronically poor (see box 6.4). They are regular and predictable grants, usually in the form of cash, which are provided to vulnerable households or individuals.

BOX 6.4: THE CCT SCHEME

The CCT is an innovation introduced by NAPEP to reach those categories of the poor that have been excluded by existing social protection efforts. It is a social transfer whereby poor households are assisted to build their assets by means of investments in human capital.

One of the explanations to justify the new scheme in Nigeria is that most current efforts to eradicate poverty, particularly those of government, focus on side projects in education, health, infrastructure and microcredit for empowerment.

CCTs are grants provided to selected poor households if they invest in human capital like education or health. They provide the poor with funds and assist them to break out of the cycle of poverty. CCTs reduce the transmission of poverty by stimulating the demand for education and health.

The NAPEP CCT is called In Care of the People (COPE).

Source: CRM field notes, February/March 2008.
1012. Stakeholders informed the CRM that many Nigerians would be lifted out of poverty, despair and their sense of hopelessness if serious attention were given to governance, education and infrastructure. Lack of awareness about generating income, entrepreneurship and creating wealth (such as through stock markets) has contributed to stagnant development and persistent poverty.

1013. Agriculture, the main source of livelihood, remains neglected despite Nigeria’s vast areas of arable land (see box 6.5). Although the CRM acknowledged the recent efforts that the federal government has made to promote agricultural development, such as introducing training for acquiring farming skills in 21 centres, a lot more needs to be done to modernise agriculture. A state stakeholder in Adamawa State commented that, although Adamawa State has the largest concentration of livestock, there has never been any recorded expenditure on it.

**BOX 6.5: THE DECLINE OF AGRICULTURE IN OIL-RICH NIGERIA**

Agriculture has suffered from years of mismanagement, inconsistent and poorly conceived government policies, and a lack of basic infrastructure. The sector nevertheless accounts for about 42 per cent of GDP and two-thirds of employment.

Nigeria is no longer a major exporter of cocoa, groundnuts (peanuts), rubber or palm oil. Cocoa production, mostly from obsolete varieties and overage trees, is stagnant at around 180,000 tonnes annually. Only 25 years ago it was 300,000 tonnes. An even more dramatic decline in groundnut and palm oil production has taken place. Once the biggest poultry producer in Africa, corporate poultry output has been slashed from 40 million birds annually to about 18 million. Import constraints limit the availability of many agricultural and food processing inputs for poultry and other sectors. Fisheries are poorly managed.

Most critical for the country’s future, Nigeria’s land tenure system does not encourage long-term investment in technology or modern production methods, and does not make credit available to people in rural areas.

*Source: CRM field notes, February/March 2008.*

**Progress with achieving the MDGs**

1014. As Africa’s most populous country, Nigeria is pivotal to achieving the MDGs. Many also believe that, if poverty issues were successfully addressed in Nigeria, it would lead to a significant reduction in poverty levels in Africa as a whole.

1015. Nigeria is part of the international community. It is therefore committed to achieving the MDGs, including the commitment to halve poverty by 2015.

1016. The 2004 progress report on the MDGs is Nigeria’s first and only progress report to assess the progress it has made to alleviate poverty and enhance human wellbeing, particularly of marginalised groups like women, children, the disabled and the rural poor.
According to the report, Nigeria was progressing toward achieving several goals but was falling short on others. Specifically, Nigeria had tried to provide universal primary education, protect the environment and develop a partnership for global development. However, the country lagged behind on eliminating extreme poverty and hunger, reducing child and maternal mortality, and combating diseases like HIV, AIDS and malaria.

### Table 6.1: MDG indicators

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<tr>
<td>EXTREME POVERTY: to halve the proportion of people living below the international poverty line by 2015</td>
<td>-</td>
<td>70.8</td>
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<tr>
<td>HUNGER: to halve the proportion of underweight under-5-year-olds by 2015</td>
<td>-</td>
<td>28.7</td>
</tr>
<tr>
<td>UNIVERSAL PRIMARY EDUCATION: to achieve universal primary education by 2015</td>
<td>64.5 (net enrolment ratio)</td>
<td>67.9 (net enrolment ratio)</td>
</tr>
<tr>
<td>GENDER EQUALITY: to achieve equal access for boys and girls to primary and secondary schooling by 2015</td>
<td>0.82 (gender parity at primary level)</td>
<td>0.84 (gender parity at primary level)</td>
</tr>
<tr>
<td>Equal representation of women on national parliaments</td>
<td>3.4 per cent of seats held by women in the National Assembly</td>
<td>3.4 per cent of seats held by women in the National Assembly</td>
</tr>
<tr>
<td>CHILD MORTALITY: to reduce under-5-year-olds’ mortality and infant mortality by two-thirds by 2015 (current levels)</td>
<td>207/1,000 (live births)</td>
<td>194/1,000 (live births)</td>
</tr>
<tr>
<td>MATERNAL HEALTH: to reduce the maternal mortality ratio by three-quarters by 2015</td>
<td>800/100,000 (live births)</td>
<td>-</td>
</tr>
<tr>
<td>COMBAT HIV AND AIDS AND MALARIA: to stop and reverse the spread of HIV and AIDS, tuberculosis (TB) and malaria by 2015</td>
<td>TB prevalence rate: 513/100,000</td>
<td>TB prevalence rate: 554/100,000</td>
</tr>
<tr>
<td>ENVIRONMENTAL SUSTAINABILITY: to reverse the loss of environmental resources by 2015</td>
<td>HIV: 3.7 per cent living with HIV (15 to 49 years old)</td>
<td>-</td>
</tr>
<tr>
<td>• Carbon dioxide (CO2) emissions per capita (metric tonnes)</td>
<td>0.74 CO2 emissions per capita</td>
<td>0.78 CO2 emissions per capita</td>
</tr>
<tr>
<td>• Population with access to improved water source</td>
<td>-</td>
<td>48 per cent access to an improved water source</td>
</tr>
<tr>
<td>• Population with access to improved sanitation</td>
<td>-</td>
<td>44 per cent access to an improved water source</td>
</tr>
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20 The MDG table uses the latest available data. However, it has been noted elsewhere in this report that the availability and reliability of data are a severe problem in Nigeria.

21 2001 data

22 2005 data
1018. With regard to the first goal of halving extreme poverty and hunger, it is difficult to make an analysis of poverty trends because of the paucity of data. Information from a representative of NAPEP also suggested that the MDG data is overestimated, as poverty rates have been reduced from 70 per cent in 1999 to 54 per cent in 2004. The third goal of achieving universal primary education shows a marginal improvement. Access to schools, as discussed in objective 3 of this report, remains a serious problem in Nigeria, particularly in the rural areas and in the northern states. With regard to gender equality, the proportion of women in Parliament has improved slightly from 3.4 per cent in 2003 to 6.1 per cent in 2007. However, this proportion is far from adequate, and much more needs to be done in order to comply with signed protocols such as the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa.

1019. NAPEP contends that, if efforts are not intensified to reduce the number of poor people, Nigeria will not achieve the MDGs. The antipoverty group has programmes to reduce poverty levels among the economically active poor.

1020. As is repeatedly mentioned throughout this report, a prerequisite for achieving many of these worthwhile objectives is to curtail endemic corruption since it thwarts development and taints Nigeria’s international reputation.

iii. Recommendations

1021. The APR Panel recommends that Nigeria:

- Undertake a comprehensive study on what causes development policies and strategies to be poorly implemented, and develop a plan of action to address this critical and overarching problem. *(Presidency, IMC, National Planning Commission, relevant committees of the National Assembly, and civil society)*

- Develop a long-term strategic plan that addresses unemployment, considers the curriculum and the needs of the labour market, and strengthens the human and financial capacity of the NDE. *(National Planning Commission, Ministry of Youth Development, Ministry of Labour and civil society)*

- Introduce effective monitoring and evaluation mechanisms for all sectors, including the NDE, so as to reduce unemployment. *(Presidency, Ministry of Youth Development and the National Youth Council)*

- Attract skilled professionals to the civil service in order to address capacity problems, and deploy trained professionals to local governments. In doing so, the government should pay attention to human resource policies in order to end job mismatching. *(Federal, state and local governments)*
• Integrate the MDGs fully into the national development strategy and improve their monitoring. The government should report on the MDGs periodically and consistently. (*Presidency and the National Planning Commission*)

• Review and evaluate existing programmes (like NAPEP) periodically to assess their effectiveness in dealing with poverty. (*Presidency, IMC, National Planning Commission and civil society*)

• Improve the financial, institutional, human and technical capacity of the Federal Office of Statistics and fund it adequately. (*Federal government*)

• Promote sustainable development by exploring alternative sources of energy actively and investing in them. (*Federal government*)

• Implement relevant conventions like the World Summit on Sustainable Development and Habitat agendas. (*Federal government*)

**OBJECTIVE 3:**

**STRENGTHEN POLICIES, DELIVERY MECHANISMS AND OUTCOMES IN KEY SOCIAL DEVELOPMENT AREAS, INCLUDING EDUCATION FOR ALL, AND HIV AND AIDS AND OTHER COMMUNICABLE DISEASES**

i. **Summary of the CSAR**

**Policies and delivery mechanisms**

1022. The government of Nigeria seems determined to address the current challenges facing the education and health sectors. It has come up with structural and institutional reforms aimed at improving the quality of education and health facilities, and at enabling the majority of the people to access these facilities. It has also attempted to increase funding to the social sector. Major challenges remain, however.

**Education**

1023. The CSAR notes that the second-greatest challenge facing Nigeria after nation building is to accelerate sustainable socioeconomic development by using its vast human and material resources to address poverty, unleash the potential of Nigerians for self-actualisation, and ensure the promotion and protection of their welfare. It identifies education as the appropriate sector to achieve this objective and fight poverty.

1024. Nigeria is a signatory to many international conventions and instruments on education. The most notable ones are:
• The UN’s CRC.
• The UN’s Millennium Declaration.
• CEDAW.

1025. Nigeria adopted free universal primary education as a national policy in the 1970s. This led to a massive increase in primary-school enrolment. Primary-school enrolment increased by 92 per cent from a mere 38,211 pupils in 1970 to 3,515,827 in 1984.

1026. Despite the remarkable growth in enrolment after the adoption of universal primary education, many children of primary-school age are still out of school because of poverty, ignorance and cultural reasons.

1027. The CSAR also reports that, during the military regimes of the 1980s, education had low priority. Budgetary allocations to the sector were consequently reduced. Although the trend has been reversed since 1999, the state of education in Nigeria today is characterised by a decayed and crumbling infrastructure, an inappropriate curriculum at all levels, funding constraints, gender gaps, poorly trained teachers and low staff motivation.

1028. In order to address the educational crisis, structural and institutional reforms, contained in the NEEDS education policy thrusts (2004), were undertaken to improve service delivery. The reforms revised the 1999 UBE policy and were written in terms of the Compulsory, Free, Universal Basic Education Act of 2004. The act simultaneously implemented the Child Rights Act of 2003 and guaranteed every child of school-going age the right to free education. The act also has an objective to drastically reduce the dropout rate from the formal school system by improving relevance, quality and efficiency. The act also covers adult education, nonformal education, and education for marginalised groups, which include the mentally and physically handicapped.

1029. The CSAR further notes that the vision of the education policy is to develop a dynamic educational system – from basic to secondary to tertiary education – that is capable of providing all Nigerians with an education that equips them with the skills, knowledge and mindset to enable them to contribute effectively to national development and to compete in a globalised world. To this end, the policy sets specific targets:

• To increase adult literacy from 57 per cent to 65 per cent.
• To expand institutional capacity to produce quality manpower.
• To ensure that 60 per cent of secondary schools have conducive teaching and learning environments.

• To ensure that 80 per cent of all teachers are professionals.

• To review school curricula in order to ensure that they incorporate technical, vocational and entrepreneurial skills.

1030. The Compulsory, Free, Universal Basic Education Act of 2004 led to significant advances. They include annual financial transfers from the federal government to the states. For example, the UBE commission received ₦24.3 billion from the federal government to distribute to compliant states in 2005. Unfortunately, only ₦15.7 billion was actually disbursed between 2005 and 2006. Despite this, UBE has had a positive impact on primary-school infrastructure and enrolments since its implementation in 1999. For example, there were 22.3 million pupils in primary schools and 3.6 million in junior-secondary schools by 2006. A total of 25.9 million were therefore receiving a basic education.

1031. However, the CSAR concedes that, despite the significant advances brought about by implementing the Child Rights Act alongside the Compulsory, Free, Universal Basic Education Act, huge gaps still remain to be filled if the educational targets set by the government are to be met. These include an additional 53,000 schools, 251,030 classrooms for basic education, 8,869 teachers and 32,677 classrooms for secondary education. Of the 1.2 million applicants for university admissions annually, only 148,323 places are available. The student gender ratio is 64 per cent male to 36 per cent female.

1032. Opinions between elite respondents and household survey respondents appear to differ on the challenges facing UBE. Members of the elite identified the major weaknesses as lack of mechanisms for proper enforcement, corruption, and inadequate support facilities and manpower. In contrast, household respondents identified the key constraints as poor remuneration of teachers, ineffective monitoring and supervision, inadequate infrastructure and facilities (especially water and electricity), and that public schools have failed to deliver good services. Water and electricity are discussed in detail under objective 4. With regard to secondary and tertiary education policies, the majority of elites and household respondents rated the policies as effective, although they had similar weaknesses to those identified in the UBE policy.

**Health**

1033. According to the CSAR, Nigeria’s health care services can best be described as below average. They are plagued by huge challenges despite increases in public health expenditure. The bulk of public recurrent expenditure is on personnel, while government’s per capita expenditure on health is less than US$5 - far below the US$34 recommended by the World Health Organization (WHO) for developing countries.

1034. The CSAR also reports that the availability and accessibility of quality health care services are poor in Nigeria. Thus, health policy reforms since
1999 have been aimed at improving access to health care. The guiding principal behind the National Health Insurance Scheme (NHIS) Act 35 of 1999 (launched in June 2005) is therefore to provide access to health care for all citizens irrespective of socioeconomic class, status, age and other considerations. The NHIS funding source is monthly contributions from employers and employees from both the private and public sectors.

1035. The CSAR reports that life expectancy in Nigeria is 43.4. Only 1 per cent of children under the age of 5 were using insecticide-treated bed nets in 2004. The prevalence of TB stood at 531 per 100,000 people in 2004.

1036. Available data reveals that control of malaria was worsening, and its associated death rates are rising steadily. The figure for the incidence of malaria was 1,116,982 in 1990. This had increased to 1,875,380 in 2004. The National Malaria Control Programme (NMCP) has an ambitious three-pronged intervention programme to scale up intervention activities for the period 2006 to 2008. It involves preventive measures (use of insecticide-treated nets), treatment (educating infected people appropriately) and maternal management (intermittent preventive treatment during pregnancy). Over 10 million insecticide-treated nets had been distributed by 2005. This represented coverage of only about 7 per cent. In 2007, approximately 1,275,000 insecticide-treated nets were made available by the federal government, donors and various international agencies.

1037. The CSAR concedes that the key challenge for Nigeria’s health sector is to achieve the targets of the MDGs, which include:

- Reducing the mortality rate of under-5-year-olds by two-thirds by 2015.
- Reducing maternal mortality by three-quarters by 2015.
- Halting and reversing the spread of HIV and AIDS by 2015.
- Halting and reversing the incidence of malaria and other major diseases by 2015.

1038. Controlling counterfeit drugs was also reported to be a challenge. Other challenges include poor funding, poverty, inadequate capacity, poor facilities, poor remuneration and poor conditions of service.

1039. The CSAR reports that the federal government is now taking many initiatives to tackle the challenges facing the health sector. These include: building 8,000 primary health care centres across the country; establishing a National HIV/AIDS Reference Laboratory, a National Tuberculosis Reference Laboratory and a National Blood Transfusion Service; and rehabilitating tertiary health establishments. In addition, eight university teaching hospitals have been equipped with state-of-the-art medical equipment.


24 Calculated from figures provided in the CSAR on page 323.
1040. According to the CSAR, the prevalence of HIV and AIDS is still low in Nigeria compared to some sub-Saharan African countries. However, the rate has been increasing since the first case of AIDS was identified in 1986. It increased from 1.8 per cent in 1991 to 5.8 per cent in 2001. The prevalence rate in the 15 to 49-year-old age group is 3.9 per cent. Nigeria’s cumulative AIDS-related deaths totalled 1,450,000 in 2007. The country therefore has the highest number of AIDS orphans in the world, estimated at 1.8 million in 2004.

1041. The CSAR notes that the policy framework and institutional arrangements for combating HIV and AIDS seem to be adequate. They include a partnership between government, civil society and development partners. This partnership has endorsed the ‘three ones principles’ as a top priority in strengthening the Nigerian response to HIV. In addition, the Ministry of Health has set specific targets in its HIV and AIDS intervention programmes. They include:

- That 50 per cent of Nigerians must have access to voluntary counselling and testing by 2009.
- That 1 million people living with HIV and AIDS in all states must be able to access antiretroviral therapy (ART) by 2009, and all must have access by 2010.
- That the prevalence and incidence of sexually transmitted infections (STIs) must be reduced by 50 per cent.
- That there must be 0 per cent transmission of HIV through transfusion of blood and blood products.

1042. Nigeria has also come up with a policy on HIV and AIDS in the workplace, known as the ‘Chevron approach’. Chevron’s workplace AIDS prevention programme was mentioned as a best practice by Kofi Annan (the former UN secretary-general), by UNAIDS and by the Global Business Coalition on HIV/AIDS. Chevron’s programme targets employees and their families, and focuses on changing attitudes towards HIV and AIDS by increasing awareness, prevention, voluntary testing, counselling and treatment. Its ART treatment programme, which is targeted at infected pregnant women to prevent transmission to their unborn children, has recorded a 100 per cent success rate.

1043. These HIV and AIDS prevention measures are beginning to have an impact in the fight against HIV and AIDS, albeit slowly. The prevalence rate, for example, dropped from 5 per cent in 2003 to 4.4 per cent in 2005. A drop in the prevalence rate among pregnant women aged between 15

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25 These principles advocate an HIV and AIDS action framework, a national AIDS coordinating authority, and a monitoring and evaluation system. They were endorsed by the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Kingdom (UK) and the United States of America (US) in April 2004 as the most effective way of achieving results.
and 49 was also reported (from 5.8 per cent in 2001 to 4.4 per cent in 2005). Finally, the prevalence rate among pregnant women in the 15 to 24 age group dropped from 5.2 per cent in 2003 to 4.3 per cent in 2005. The CSAR therefore reports a modest decline in the number of new HIV infections in Nigeria.

1044. However, the CSAR reports that males and females have different levels of knowledge about preventing HIV. According to the 2003 Nigeria Demographic and Health Survey (NDHS), 40.3 per cent of young women and 58.4 per cent of young men know about methods of preventing HIV. The knowledge gap between men and women is thought to be remarkable and alarming.

ii. Findings of the CRM

Policies and delivery mechanisms

1045. There is no doubt that Nigeria is making a serious effort to address the challenges in the education and health sectors. The government has introduced carefully designed reforms to improve the quality of education and health care within the framework of the NEEDS process.

Education

1046. The CRM interactive sessions revealed that, on the whole, Nigerians believe their educational system is in a crisis. Stakeholders were unanimous in the view that, as a result of its poor quality, the sector has mostly failed the millions of Nigerians who cannot access expensive private education. During the interactive sessions (at the federal and state levels), the responses on education were contentious. They indicated the level of frustration felt by many Nigerians over the poor state of their education system.

1047. However, some stakeholders believed that the country has sound policies to enable it to provide quality education to all Nigerians. UBE is acknowledged by state and nonstate stakeholders as ‘good in theory’ and as ‘working’, albeit not efficiently. An aspect of the policy that is particularly appealing to many stakeholders is its inclusiveness. It provides training for the physically and mentally challenged, and has an adult education component to promote literacy among adults.

1048. It was also reported that some states in the north have implemented night-school programmes for women with restricted day movement so as to improve the effectiveness of UBE. Unfortunately, the CSAR does not provide much information on early childhood education. Preschool is important for making education a priority early-on in children’s lives. This is particularly important in rural areas because, by the time children are enrolled in school at age 6 (or older), education is often already a low priority.
Many Nigerians see education as the ‘most reliable means’ to a viable livelihood, upward mobility and self-empowerment. Stakeholders also noted the relationship between education and alleviating poverty. Many argued that a quality education is the ‘most effective tool’ against poverty because it clearly provides opportunities for empowerment. Consequently, neglecting education is seen as a major contributing factor in Nigeria’s escalating poverty. “Education, which used to be a major plank for poverty alleviation, is neglected, hence the high level of poverty in Nigeria today,” one stakeholder stated, emphasising the point. The CSAR and NEEDS both note that education offers opportunities to fight poverty.

Many stakeholders recognised the importance of education. They have, therefore, called for a national educational curriculum that is better orientated towards providing appropriate entrepreneurial skills to pupils from junior-secondary to tertiary levels. “The curriculum in our junior-secondary schools should involve the teaching of trades, to enable every graduate to acquire at least one trade,” was how one stakeholder expressed it. The former 6-3-3-4 educational system (mentioned in the Overview section) was mentioned as an example of a curriculum that was orientated largely to acquiring entrepreneurial skills.

The CRM agreed that poor implementation is the most important barrier to the effectiveness of education policies and programmes in Nigeria. Stakeholders believe that, if the Compulsory, Free, Universal Basic Education Act of 2004 were effectively implemented and enforced, the UBE policy would have a positive impact on providing education for all and on reducing poverty.

Poor implementation is blamed on an array of problems. Corruption (underlined mostly by self-interest) tops the list as the worst. Other key issues (some also identified in the CSAR) include:

- A top-down approach to policy development, combined with a lack of advocacy to involve all stakeholders (particularly at the grassroots level) in planning, developing, implementing and monitoring educational policies (see also the findings under objective 6).
- Inefficiency caused by capacity constraints at the federal and state levels, and a lack of effective monitoring and evaluation mechanisms.
- Politicisation of education, causing the distribution of public funds to be undemocratic. This results in wide disparities in educational quality and standards.
- Poor implementation and enforcement of international standards, codes and conventions (see also the findings in chapter 3, which deals with democracy and good political governance).
- Governance issues, including examination malpractices and opaque university admission processes. The latter includes favouritism, patronage and discrimination based on class – fewer than 10 per cent of public-school graduates get five credits in O-level examinations.
• Poor infrastructure and educational facilities. These include: bad roads; an unstable power supply; lack of potable water; insufficient classrooms, libraries and laboratories; and teachers who are poorly trained and paid.

1053. UBE tuition is free. However, high school-related expenses and the cost to parents (especially in their labour) of sending children to school are keeping many school-age children out of school. Stakeholders suggested that grants should be provided to very poor parents to help defray the costs (financial and otherwise) of sending children to school.

1054. Despite the overwhelming problems with education, the findings of the CRM revealed that progress has been made to address some of these constraints. School-Based Management Committees (SBMCs) are one noteworthy example. The SBMCs came about as a result of a directive issued by the minister of education in 2006 to the federal UBE board. This was to instruct each state’s UBE board to set up an SBMC at community level. The principal goal of SBMCs is to ensure good governance of schools. It was reported to the CRM that there are SBMCs in all 36 states, although the CRM could not confirm this. Each SBMC consists of members drawn from the respective communities. They include traditional rulers, women leaders and headmasters. Some of the functions of an SBMC include: finding weaknesses in school governance; identifying problems with infrastructure and facilities; ensuring that school facilities are maintained; monitoring enrolment to ensure retention and that pupils complete school; monitoring the attendance of teachers; and monitoring relationships between schools and communities.

**Gender issues in access to education**

1055. There was little analysis on gender parity in schools in the CSAR. However, the CRM findings supported the CSAR’s view that gender disparities are still a major challenge in Nigeria despite the constitutional right to education for all citizens. The gender gaps are wider in the rural areas and in the north. A key barrier to the access of girls to education is imbedded in the sociocultural and religious beliefs in some parts of the country that discourage girls from advancing academically while encouraging marriage and motherhood. This has contributed greatly to the low number of girls in education institutions, particularly at secondary level.

1056. Consequently, the gender gap at the primary level tends to be narrower (at times even reaching parity) than at the secondary and tertiary levels. Table 6.2, under objective 5, shows gender disparities in school enrolments by school level and year. It is important to note that the phenomenon is not limited to Nigeria but is prevalent across the African continent – except for Lesotho, one of a handful of countries where the gender gap favours females.

1057. Despite this disparity, the CRM observed that great progress has been made to advance the access of women and girls to education. In the northern part of Nigeria, where girls’ access to education is seen to be the most problematic, various policies and programmes are now in place to improve access to education for women and girls. They include free
school supplies, school feeding and special school programmes. Some stakeholders even argued that more girls are now being sent to school as a ‘stopgap’ before securing a suitable husband, or even as a strategy for improving their ‘chances’ of securing an ideal husband. While these measures may appear to improve the access of girls to schooling, the focus is, nevertheless, on their reproductive role as wives. This may have implications for furthering their education, especially if schooling is used as a stopgap until they find suitable husbands.

1058. Despite this, some states in northern Nigeria have established night schools for women who have restricted daytime movement. Other northern states have also set up ‘special schools’ for married girls and young mothers (see box 6.6).

**BOX 6.6: SPECIAL SCHOOLS FOR MARRIED GIRLS AND YOUNG MOTHERS IN THE NORTH**

The CRM learnt that some states in the north have set up special schools for married girls and young mothers. Regrettably, the CRM was unable to obtain further data, including: the states where the schools exist; when the schools were established; what curriculum they follow; what graduates do after leaving school; and the overall sociocultural impact of the schools.

Despite the lack of data, the idea of special schools for married girls and young mothers is very progressive and deserves to be highlighted. This is even more so since the schools are in the north – where the structural subordination and marginalisation of women and girls are entrenched in sociocultural and religious beliefs and practices. The efforts being made in the north to provide opportunities to women and girls, either to continue with their education or to pursue an education for the first time, are laudable. The beneficiaries could be positive role models to, and agents of change for, their communities and Nigerian society as a whole by transforming their own lives and those of their children.

It was reported to the CRM that stigmatisation and sociocultural attitudes are affecting the effectiveness of the schools. Patriarchal assumptions about the supreme importance of a woman’s reproductive roles as wife, mother and caretaker could cause the schools and their beneficiaries to be stigmatised. Furthermore, there is also the general perception that, once a girl (irrespective of her age) is married or becomes a mother, she is *de facto* regarded as an adult – a point also noted in the findings in chapter 3, which deals with democracy and good political governance. Hence, education – perceived to be for the young (that is, not married or not a mother) – is seen as not necessary for married girls and mothers. Unfortunately, such social misperceptions are informed by a patriarchal ideology entrenched in the collective psyche of Nigerian society (as in other African societies).

*Source:* CRM field notes, February/March 2008.

1059. The CRM also learnt about some progressive and strategic initiatives to promote girls’ access to education in some states in other parts of Nigeria. In Kebbi and Niger States, for example, part of the effort to promote girls’
access to education includes providing free books, meals and uniforms. In Niger State, in particular, the initiative is a pilot programme that extends to the secondary level as well. Furthermore, both states are reported to have ‘free’ education from primary to secondary level.

1060. The converse to the increased enrolment of girls is the apparent decline in enrolment among boys in some parts of Nigeria. The CRM was informed that the enrolment and retention rates for boys were declining in some states (the Niger Delta states were given as an example) because of drug abuse and because boys are being used in criminal and combative activities. It is, however, important to point out that a decline in male enrolment and retention rates may not necessarily mean higher female enrolment and retention rates in those states.

**Health**

1061. The CRM findings supported the CSAR’s view that Nigeria’s health care system is very challenged in providing quality health care to all Nigerians, especially the unemployed and the poor. Contrary to its mandate, the NHIS appears to be exclusive. It provides mostly for the health care needs of the formally employed. Consequently, it excludes the majority of Nigerians who are either unemployed or earn their livings in the informal sector.

1062. The CRM learnt that the key constraints to Nigeria’s health sector include:

- Poor implementation of programmes. The ‘roll-back malaria’ programme, for example, was reported as being “seriously constrained” in delivering insecticide-treated mosquito nets to rural areas. It has also had limited success in raising public awareness about the relationship between malaria and poor sanitation.

- Poor health facilities and lack of infrastructure. These have resulted in a negative view of state health facilities, especially in the rural areas. In Adamawa State, for example, it was reported that bad roads impede the delivery of drugs to people in the villages.

- The lack of all-inclusive health insurance accessible to all Nigerians, especially the unemployed and the poor.

- Differences in access to quality health care between rural and urban areas as well as between classes. Poor people and those living in rural areas are less likely to access quality health care than the rich and urban dwellers.

- Traditional and religious beliefs that preclude many Nigerians from taking advantage of health services. Examples include: prohibiting male doctors and nurses from attending to female patients, prevalent in Sharia states; taboos about modern drugs and treatment, a legacy of ancestral worship; and religious decrees forbidding modern medicines.
1063. Notable among health-sector constraints is the issue of community resistance to child immunisation. In some communities in Nigeria, there is a degree of fear or mistrust of immunisation schemes, which are seen to conflict with cultural and religious beliefs or are viewed as potentially harmful. Cases of this nature have indeed occurred in the past. If federal, state and local governments endorsed these programmes, it could allay fears and encourage mothers to take their children to be immunised.

1064. Efforts are now in place to address the current challenges to the health sector. During the CRM interactive session with the Senate, it was reported that, while Nigeria does not presently have a health policy, it is developing a health bill using a participatory process.

1065. The CRM findings also revealed some positive initiatives. These included: providing free medical care at the Fati Lami Hospital for women and children in Kebbi State (see best practice 6.1 under objective 5); free maternal care in various states such as Ebonyi, Cross River, Kaduna and the Federal Capital Territory (FCT); the Hafsat Eye Centre, which provides eye care to the blind and visually impaired; and establishing clinics in villages for first aid.

**HIV and AIDS**

1066. The stakeholder discussion on HIV and AIDS centred on funding and HIV and AIDS awareness. Stakeholders indicated that over 3.5 million Nigerians are living with HIV, but very few have access to treatment. They also noted that the World Bank and other external donors are the primary sources of funding for the HIV and AIDS intervention programmes of government and NGOs. It was also noted that the impact of HIV and AIDS intervention activities is low because donor assistance is poorly managed, the National Agency for the Control of AIDS (NACA) is ineffective, and drugs, prevention and care programmes are lacking.

1067. Stakeholders were concerned about the few ART centres available in various parts of the country. They stated that this limited access to HIV and AIDS counselling, testing and drugs.

1068. In general, there is a low level of awareness of HIV and AIDS in rural areas. This made more campaigns in these areas necessary. Some stakeholders, however, felt that the low levels were not because of the lack of awareness campaigns but because people refused to change their behaviour. They pointed out that there were many awareness workshops organised by the Ministry of Women’s Affairs. The first lady, Turai Yar’Adua, was also actively involved in raising awareness about HIV and AIDS.

1069. The CRM observed that constitutional and legal hurdles related to the Nigerian federation, which require elaborate consultation and consensus to effect changes, could be a major impediment to the country’s response to the HIV and AIDS pandemic. However, it was also noted that it might not be that difficult to overcome these hurdles because: the executive arm of the government has substantial control at the centre; and one political
party controls state and local governments, the federal legislature and the 
state assemblies. The CRM learned that Benue State is the only one that 
has a budgetary allocation for HIV and AIDS interventions.

iii. Recommendations

1070. The APR Panel’s recommendations follow.

With regard to education, that Nigeria:

- Conduct a countrywide assessment which focuses on problems with 
  implementing the NEEDS education policies, and incorporate the 
  opportunities, best practices and lessons learned (what worked, what 
  did not work, and why) into NEEDS 2. (Federal and state governments, 
  and CSOs)

- Develop effective mechanisms to ensure that all stakeholders participate 
  more in developing, implementing and monitoring education policies 
  and programmes. (Federal, state and local governments, and CSOs)

- Investigate the critical relationships between education, poverty, 
  health and infrastructure to assess their collective and interrelated 
  effects for a more sustainable response to improving the quality of 
  education for all Nigerians, especially those living in rural areas. 
  (Federal and state governments, and relevant CSOs)

- Provide incentives (like school feeding programmes, uniforms and 
  book allowances) to poor parents to help reduce the financial burdens 
  and costs of sending children to school. (Federal, state and local 
  governments)

- Mobilise religious and traditional leaders, among others, for a 
  sustained sensitisation campaign to promote the access of women and 
  girls to education. (Federal and state governments, and key CSOs)

- Develop an effective nationwide advocacy campaign to support and 
  increase the number of ‘special schools’ for married girls and young 
  mothers, and include a quality curriculum and crèches for these 
  schools. (Federal and state governments, and key CSOs)

- Implement programmes to contain and reverse the declining enrol- 
  ment and retention rates for boys in the Niger Delta and South Eastern 
  states caused by drug abuse and conflict. (Federal and state gov- 
  ernments)

- Expand UBE to include early childhood (preschool) education, and give 
  special attention to rural areas in order to make education a priority 
  very early-on in children’s lives. (Federal and state governments)

- Improve governance so as to ensure more equitable access to tertiary 
  education by focusing on examination malpractices and admission 
  processes. (Federal and state governments, and key CSOs)
• Investigate the relationship between the national university curriculum, the formal labour market and the ‘brain drain’. (*Federal and state governments*)

With regard to *health*, that Nigeria:

• Rally the political will to implement the goals of the NEEDS health policy. (*Federal and state governments*)

• Mobilise religious and traditional leaders, through a public sensitisation campaign, to educate the public about the more problematic religious and traditional beliefs that prevent many Nigerians from benefiting from health care services. (*Federal and state governments, and CSOs*)

• Staff health facilities in Sharia states with female health care personnel to attend to female patients. (*Federal and state governments*)

• Address the problem of limited health insurance coverage by learning lessons from countries like Rwanda, where a community health insurance scheme is operating. (*Federal and state governments, and CSOs*)

• Vigorously implement plans and programmes in other health areas, particularly infant and maternal mortality, TB and malaria. (*Federal and state governments*)

• Mobilise the political will to implement and enforce the Child Rights Act and CEDAW, and focus on eliminating early marriages and other harmful practices that affect girls’ schooling and health, including HIV and AIDS, other STIs, and maternal and infant mortality. (*Federal and state governments, and CSOs*)

With regard to *HIV and AIDS*, that Nigeria:

• Mobilise the political will to remove the institutional and societal barriers to a comprehensive implementation of HIV and AIDS programmes under NEEDS. (*Federal and state governments*)

• Encourage a sustained sensitisation campaign to raise greater awareness about HIV and AIDS, and to promote behavioural change, particularly at the grass-roots level. (*Federal and state governments, and CSOs*)

• Encourage other states to follow the example of Benue State to fund their own HIV and AIDS responses through state budget allocations. (*Federal and state governments*)

• Increase access to ART. (*Federal, state and local governments*)
i. **Summary of the CSAR**

1071. As with education and health, efforts to ensure affordable access to water, sanitation, energy, finance (including microfinance), markets, ICT, shelter and land to all citizens, especially the rural poor, are critical to addressing the Nigerian paradox of endemic poverty in the midst of plenty.

### Housing

1072. According to the CSAR, Nigeria is currently experiencing a severe housing shortage. The government estimates the housing deficit at between 12 and 17 million units. This means a lack of decent housing for between 72 and 102 million people given the average household size of six persons per household. The government also estimates that it would require between ₦31 trillion and ₦44 trillion to bridge the housing gap. While an effective mortgage industry would have narrowed the gap considerably, the country, despite several attempted reforms, has not had an effective mortgage industry since 1956 when mortgages, as a means of financing houses, were introduced. Inadequate financing, a weak legislative framework (especially the restrictions on mortgage transactions imposed by the Land Use Act of 1978, which requires a state governor’s consent), and prohibitive production costs have contributed substantially to the poor housing situation in the country.

### Water

1073. Many Nigerians are facing serious water shortages. The CSAR notes that only one in three Nigerians had access to potable water in 1999. The UNDP’s 2006 Human Development Report also shows that 52 per cent of the population had no access to an improved water source in 2004. Though this is an improvement of 22 per cent over the 1999 level, the water situation is still dire in certain parts of the country.

1074. A household survey conducted for the CSAR suggests that rivers and streams are the most popular sources of water for 35 per cent of people, while 30.9 per cent rely on hand-dug water wells. Only a quarter of the population has access to piped water.

1075. Insufficient funds for implementing water supply projects in poor communities, and a shortage of experts to provide technical support for maintaining boreholes and other miniwater schemes, have been mentioned as being responsible for the poor water situation.

### Sanitation and environmental degradation

1076. The CSAR notes that only 33 per cent of Nigerian households use conventional toilet facilities, while 68.2 per cent rely on unsatisfactory
refuse disposal methods. Urban households are better served than their rural counterparts.

1077. The waste management situation remains a major source of concern, especially in the urban areas, because of poor collection and disposal of waste and the absence of scientifically engineered sanitary landfill sites where controlled tipping is the norm. Consequently, environmental health risks, such as water-related and waterborne diseases, still account for a significant proportion of the disease burden in the country.

**Energy**

1078. Although it is one of the world’s major oil producers, Nigeria has been experiencing severe power shortages. The main challenge in the energy sector has been the several years of neglect. This has led to severely decayed infrastructure, poor transmission capability and exceedingly weak management.

1079. According to the Bureau of Public Enterprises (BPE), Nigerians lose ₦128 billion (or US$1 billion) because of inactivity during electricity outages and the extra costs of providing alternative electricity for themselves. Most affected are the manufacturing industries, whose costs escalate as a result. The minister of finance has estimated that it costs companies that provide their own electricity from diesel-powered plants five times more than the cost of electricity supplied by the Power Holding Company of Nigeria (PHCN). The crisis in the energy sector is thus a major drawback to economic development and the welfare of citizens.

1080. Several major electric projects are currently under construction. They have the potential of expanding the supply of electricity. Despite these efforts, most people were highly dissatisfied with the poor supply and distribution of power in the country. They suggested that, in order to meet the demands of the expected expansion in the economy as a result of successful economic reforms and their consequent increases in direct foreign and local investments, the energy sector needs to improve its performance considerably.

**Microfinance**

1081. Microfinance in Nigeria has traditionally relied predominantly on social capital for its sustenance. However, modern economic development cannot rely on traditional microfinance institutions (MFIs) because of their obvious managerial shortcomings and because they are only able to mobilise limited funds. To overcome this problem, the Central Bank of Nigeria (CBN) developed a Microfinance Policy Regulatory and Supervisory Framework and launched a microfinance policy in 2005.

1082. The microfinance policy has a number of sound objectives. They include encouraging states and local governments to set aside at least 1 per cent of their annual budgets for lending through microfinance banks. In addition, the CBN introduced the Small and Medium Enterprises Equity
Investment Scheme (SMEEIS) in 2001 in order to supply financial and managerial expertise to small and medium industries (SMIs). According to its guidelines, all banks in Nigeria must set aside 10 per cent of their pretax profit for equity investment in SMIs. These funds should first be invested within 18 months, and then every 12 months thereafter. So far the fund has accumulated N38.226 billion, but only N17.039 billion has been disbursed because most of the clients operate on a small scale. This situation indicates the difficulties that SMEs still face in accessing the fund. Therefore, there is still a massive unserved market that needs credit.

ICT

1083. The CSAR observes that the number of ICT operators in Nigeria has grown dramatically since 1999, leading to a growth rate of 120 per cent in private-sector investment from US$50 million to over US$6 billion between 1999 and 2005. As a result of this phenomenal expansion, the number of telephone lines increased annually to reach a teledensity growth rate of 16.7 per cent in 2000, 46.9 per cent in 2001, 162.5 per cent in 2002, 77.8 per cent in 2003, 153 per cent in 2004 and 85 per cent in 2005.

1084. The decline in 2005 may be attributed to the shift in emphasis to developing improved ICT infrastructure by mobile operators. The country had a teledensity of 15.72 in July 2005, up from 0.49 in 2000. All 36 states are covered by either fixed or mobile telephony. Spurred by competition to boost their customer base, most mobile operators have extended their coverage to very remote communities.

1085. The government has also embarked on major communications projects. These total more than N38.5 billion and are designed to extend telecommunications to rural communities.

Transport and infrastructure, land and markets

1086. The CSAR does not address issues relating to transport and infrastructure, land or markets.

ii. Findings of the CRM

1087. There is no doubt that the Nigerian government is determined to address the paradox of endemic poverty in the midst of plenty by ensuring affordable access to water, sanitation, energy, finance (including microfinance), markets, ICT, shelter and land to all citizens, especially the rural poor.

Housing

1088. The CRM corroborated the CSAR’s findings of a serious housing problem in the country. The current administration has also recognised the seriousness of this problem. Its major document on housing states that Nigeria, more than most countries, requires a robust social housing system capable of
meeting globally acceptable standards in the shortest time possible. However, the necessary steps have yet to be taken to reverse the housing shortage.

1089. Infrastructure and service provision are grossly inadequate, as is maintenance, in both urban and rural settlements countrywide. The housing challenges in the urban areas are not confined to quantity. The quality of available housing units and infrastructure is also poor. This has led to growing overcrowding in homes and rising pressure on infrastructure. The rural housing challenge is different. It is mainly concerned with the quality of housing and the inadequacy of infrastructure such as roads, drainage water and electricity.

1090. The CRM observed a complete absence of serious private initiatives in the housing sector. Social housing institutions are limited to the federal and state governments. With the limited budgetary allocations for social housing, most state government housing agencies rely solely on the National Housing Fund’s development loan as the only source of funds for carrying out their statutory functions.

1091. Newspaper reports and discussions with stakeholders both revealed that the high cost of material is a major cause of the housing problem in Nigeria. The CRM was informed that, of the estimated annual demand of 18 million metric tonnes of cement, local producers could supply only 6.5 million metric tonnes. This is a difference of 11.5 million metric tonnes. The price of cement increased by 64 per cent from ₦1,400 per bag at the end of 2007 to ₦2,200 per bag in February 2008.

1092. The CRM also learned that the construction of low-income housing has failed because of the high cost of construction, the high proportion of imported materials, and inadequate and poor structuring of loans.

Water

1093. Although two of Africa’s most important rivers, the Niger and Benue Rivers, transverse the country, Nigerians continue to experience severe shortages of clean and safe water. The situation in rural areas is even more critical. They rely on wells, springs, rivers, streams, ponds or dams – basically untreated water – to meet their needs. Most of these sources dry up during the dry season. As a result, access to any water at all becomes an even more pressing problem during the dry season. Women and children tend to walk long distances to fetch water. Stakeholders said that they were not even asking for piped water but simply wanted government to assist them with boreholes.

1094. Other causes of the water shortage mentioned by stakeholders include poorly constructed facilities, lack of maintenance, and the attitude of

26 Federal Republic of Nigeria, *Seven-point agenda of the President Umaru Musa Yar’Adua administration*, page 35.

27 Ibid.
some of the people in the general population. At best, the maintenance of broken-down boreholes takes too long. At worst, it is not done at all. Some water stations cannot even treat the water because of what is described as an ‘epileptic’ power supply. In addition, vandals puncture water pipes deliberately and vendors siphon water from pipes. These activities also disrupt the water supply to customers.

1095. Discussions with stakeholders indicated that, although there are water quality standards for various uses of water, the pollution and degradation of water continue unabated. This is because industries and sewers discharge untreated effluent, water sheds are not protected, groundwater is contaminated by hydrocarbons and saline, and there are irresponsible mining activities. The government has recently started taking steps to ensure that water sheds, aquifers and the aquatic ecosystem are adequately protected in order to address the rising demand for water and to ensure that the water supply is sustainable.

Sanitation and environmental degradation

1096. The CRM was informed that few urban communities have sewerage systems, with the result that sewage either lies stagnant in pools or is disposed of through the storm water drainage system. Moreover, the proportion of the population that has access to facilities for disposing excreta and waste water safely is lower than the percentage that has access to water. The CRM noted that, in many of Nigeria’s major cities, refuse was dumped along the streets, especially under the Lagos Island Bridge.

1097. The CRM also observed that plastic (polyethylene) bag pollution was becoming a serious source of concern in the country. Since this phenomenon is becoming an environmental problem in many other African countries, Nigeria could use this country review as a starting point to lead Africa in controlling the spread of plastic bags so as to improve environmental protection. With current technology, most plastic waste can be an excellent source of raw materials for packaging industries if it is appropriately recycled. Observers believe that waste management projects, like plastic recycling, can offer excellent investment opportunities as they generate considerable profits.

1098. In discussions with stakeholders, the CRM learnt that there are some community initiatives aimed at promoting environmental management. Social environmental vanguards have been introduced in schools in some communities to sensitise pupils about environmental pollution. There are also monthly general cleaning exercises in some communities. Failure to attend these excises can result in a fine. Some stakeholders advocated the reintroduction of sanitary inspectors to give legal backing to the general cleaning exercises. Furthermore, a water company in Anambra State rewards the return of plastic bags. However, these exemplary practices have not yet been adopted by most states.

1099. The adverse impact of the use of fossil fuels on the environment is also beginning to cause a lot of concern in Nigeria. It is, therefore, gratifying
to note that the Nigerian National Petroleum Corporation (NNPC) is building an ethanol plant in each of seven participating states at a total cost of US$560 million. When completed, these plants will produce approximately 1.5 million litres of biofuel or ethanol a day. The Lagos State assembly has also concluded plans to pass a gas emission law so as to reduce the effect of fossil-fuel emissions from vehicles on the environment and the climate.

1100. Soil erosion is another problem. According to informed sources, its causes include deforestation of the environment for firewood, the lack of proper drainage systems, poor refuse disposal, and the indiscriminate excavation of soil for constructing roads or houses. This problem needs immediate attention. Otherwise, it could lead to reduced crop production, poorer surface water quality (thereby further exacerbating the water shortage problem) and damaged drainage networks.

Energy

1101. The power crisis in Nigeria can best be described as a paradox of poverty in the midst of plenty. According to the Oil and gas journal (OGJ), Nigeria had 36.2 billion barrels of confirmed oil reserves in January 2007. The country also has an estimated 180 trillion cubic feet of gas. This means that Nigeria has the largest natural gas reserves in Africa and the seventh-largest in the world. However, the country continues to experience severe power shortages. The power situation has not improved despite the colossal amount invested in the sector between 2000 and 2007.

1102. The CRM meetings with stakeholders were continually interrupted by blackouts. It has been established that nine in 10 firms in Nigeria regard power failure as the most pressing issue in their operations. The problem affects all types of firms and all regions of the country. Nearly all firms have their own generators, regardless of their location. Some of them operate their generators even when public electricity is available in order to prevent the damage to their products caused by switching over from one power source to another. Some businesses, especially banks, have at least two generators – one that ensures that everything is running well, and another that protects their ICT systems. The impact of the power crisis is even more concerning to small businesses, like hairdressers, and the informal sector. It inhibits their ability to generate income.

1103. Some Nigerians feel strongly that the lack of energy is one of the major causes of poverty in the country. Sources indicate that the country loses about N66 billion annually through power failures. Significantly, the cost of privately provided electricity is about 242 per cent of that provided by the public power authority. Some firms also modify their production


processes in favour of less electricity-intensive inputs, while others have resorted to reducing outputs to deal with the frequent power failures. These measures affect the productivity and pricing of firms. They reduce productivity, increase the cost of production and cause prices to rise. These have negative effects on the competitiveness of Nigerian firms and on job creation.

1104. The energy crisis has forced some urban dwellers to turn to firewood, charcoal and kerosene as their major sources of energy for cooking and lighting. The CRM observed a very vigorous trade in these commodities along most of the routes travelled across the country. If this trend continues, the effect on the environment and sustainable development for future generations could be disastrous.

1105. The challenges to the energy sector include illegal bunkering, kidnapping of oil workers, low levels of local content, weak links with the wider economy, bureaucracy, inadequate institutional capacity and vandalism. According to the managing director of the NNPC,30 Nigeria lost ₦53.8 billion between 2006 and 2007. It is estimated that between US$25 billion and US$30 billion is required to increase electricity production from 10,000 megawatts (MW) to 30,000 MW.31 As a result of these challenges, Nigeria – a nation with vast gas and oil reserves estimated to last 110 years and 40 years32 respectively – has stagnated. It has a dismal power situation that has prevented its economy from achieving its potential growth.

1106. In order to meet the demands of the expected expansion in the economy resulting from the successful economic reforms and the consequent increase in both direct foreign and local investments, the performance in the energy sector needs to be considerably improved. Moreover, Nigeria needs to develop its capacity to supply sufficient electricity to meet domestic consumption and to supply neighbouring countries in order to continue to play its leading role in Africa, and especially in ECOWAS.

1107. It is, therefore, commendable to note that the current administration has embarked on several measures to improve electricity supply in the country and to attract private investment to complement government funding. The administration has approved a gas master plan to ensure the supply of gas for domestic use. The plan will become effective in the latter part of 2008 in anticipation of an expected peak in gas production at 20 trillion cubic feet per day in 2010. To counter trans-border smuggling of refined petroleum, the NNPC has designed plans to build megastations in key West African countries, including Benin, Togo and Ghana. However, the


31 Federal Republic of Nigeria, Seven-point agenda of the President Umaru Musa Yar’Adua administration, page 52.

32 OSGF bulletin, the in-house publication of the Office of the Secretary to the Government of the Federation (OSGF), Vol. No. 8, page 35.
corporation has completed only 25 of the 37 megastations it planned to build across the country.

**Microfinance**

1108. The CRM noted that there are many types of MFIs. They include microcredit banks, faith-based microcredit banks, and agricultural microfinance banks. Interviews with stakeholders indicated that access to microfinance and the ability to develop small-scale businesses were held in high regard across the country.

1109. Some stakeholders suggested that the microfinance scheme is the best method of moving businesses from the informal to the formal sector. They noted that most people in the informal business sector tend to store their money in their homes or shops, or under their mattresses. Microfinance enables them to deposit this money in formal institutions like banks and MFIs. They can then borrow from these institutions and make their businesses formal. Once the money in the informal sector is brought into the formal sector, it increases the amount of money available for loans to the production sector.

1110. However, there are a number of challenges facing MFIs. One is whether they are able to raise the required N20 million imposed by the CBN to transform community banks into microfinance banks. Others include: access to credit facilities; lack of collateral and guarantors; lack of information about where to borrow money; long processing periods for loans; high interest rates; and poor monitoring of businesses that receive microcredit loans.

1111. The issue of collateral is particularly concerning for women, especially those in rural areas, and youth. Since they are discriminated against in acquiring property and inheriting land, they do not have land or houses to pledge as collateral for loans. Double-digit interest rates also prevent the youth and women from getting loans. To get around these obstacles, some rural women have organised thrift societies. They deposit money in banks to enable them to meet the stringent collateral requirements.

1112. Stakeholder interviews and newspaper reports revealed that Lagos State has set up a N5 billion base for microfinance schemes. All indigent residents of the state who have skills or good business ideas, but do not have the collateral they need to get credit from commercial banks to finance their business, are eligible to benefit from the scheme.

1113. According to stakeholders, while some people readily repaid microcredit loans accessed through their traditional microfinance schemes, they were reluctant to repay loans from government sources. The defaulters justify their behaviour by referring to corruption among politicians and public servants. They regard the loans as their fair share of the national funds.

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which are being pilfered by public officials. This practice could be effectively addressed by implementing and enforcing a good monitoring system and a strict guarantor scheme, and by setting up microfinance at the ward level where the borrowers would be known by their communities.

**ICT**

1114. Although there is still a long way to go in order to achieve global standards of telecommunications in Nigeria, all indications are that the country is on the right path. Nigeria is the only sub-Saharan African country with its own communications satellite in space.

1115. The government’s privatisation and liberalisation programme in the telecommunications sector has led to dramatic growth in the ICT sector. This has attracted more foreign telecommunications companies to seek mergers or takeovers so as to position themselves strategically in this vibrant market.

1116. However, International Telecommunication Union statistics suggest that only 5 million of the 140 million inhabitants had access to the internet (also known as broadband) in September 2006. The Nigerian Communications Commission (NCC) has introduced a series of policies to ensure that all state capitals and major commercial centres are covered by broadband through private-sector initiatives supported by the government. They include the Digital Appreciation Programme (DAP) and the Advanced DAP - Tertiary. Through DAP, the NCC sends computers and satellite links to primary and secondary schools to connect them in order to increase their appreciation and use of ICT. The Advanced DAP - Tertiary trains lecturers in tertiary institutions on ICT.

1117. The challenge for broadband applications based on fibre optics is now being widely considered. Implementing this application would support a wide range of frequencies, from audio to video. It could carry multiple signals by dividing the total capacity of the medium into multiple, independent bandwidth channels, where each channel operates only on a specific range of frequencies.

1118. There are other groundbreaking initiatives in the ICT sector. Sources indicate that current internet service providers (ISPs) are improving their coverage capacity, while new operators are being approved to implement broadband services.

1119. However, some challenges need to be resolved before broadband can really take root in Nigeria. The problems of costs and affordability need to be addressed. The low earning power of many Nigerians limits the ability of many to afford personal computers and laptops. This could reduce a huge proportion of the citizens to mere spectators of the telecommunications revolution. In addition, there is a limited market for broadband since it targets the more sophisticated sector of the population. Above all, the current ICT infrastructure is limited, fragmented and unreliable. This causes many residential and business users to access ISPs through public telephone networks rather than through cable and digital subscriber line/loop (DSL) technology.
Transport and infrastructure

1120. Official documents\textsuperscript{34} and consultations with stakeholders revealed that Nigeria has a total of 193,200 kilometres of roads, 3,833 kilometres of rail, 22 airports, 63 airstrips, 13 major ports and 3,000 kilometres of navigable waterways. Four of the international airports are to be outsourced to concessionaires to upgrade and manage. The government will provide the needed security. Nigeria’s transport sector contributed about 2.4 per cent to real GDP in 2004. Road transport alone accounted for nearly 86 per cent.\textsuperscript{35}

1121. With this extensive transport infrastructure, there is a potential for both intrastate and external tourism in Nigeria. However, a number of issues have to be addressed before this potential can be realised. A general observation is that the roads in the northern part of the country are in a better state than roads elsewhere. The relatively light volume of traffic, flat terrain and low level of rainfall in the north may account for this difference. Generally, most of the roads, especially in the south, need well-constructed drainage systems. Some of these roads, such as the Lagos to Benin City road, are in a dire state, while others are even said to have reached the end of their life span. These roads need either complete rebuilding or serious maintenance. Some estimates suggest that inadequate road investment and maintenance could lead to increases of US$570 million in vehicle-operating and road accident costs in 2008. Furthermore, indiscipline and bad driving habits, such as driving against the traffic on dual carriage roads, could be a serious challenge to tourism by road. The CRM observed wrecks of several vehicles (with possible victims of head-on collisions) along some of the roads where this practice is rampant. The current state of the rail system is no better than that of the roads. Most of the rail lines are in disrepair and need serious attention.

1122. The government’s transport policy to address these shortcomings has four major components. These are to rehabilitate, modernise, extend and privatise the various transport systems in order to move goods and services \textit{en mass}. The government’s idea of mass transit means using modes of transport like trains, aircraft and watercraft, and even ships, to move large numbers of passengers and volumes of goods in a single trip. Therefore, it hopes to develop railways, waterways and airports to ease traffic congestion and to improve productivity while reducing environmental pollution. The CRM was informed that Lagos State also plans to introduce an improved system that would comprise rail, water and road transportation to enable commuters to use more than one mode to reach their destinations. Such a system would coordinate and regulate transport modes, thereby reducing the current chaos in the city, where each morning about 20,000 commuters struggle an hour to get to Lagos Island. These are laudable plans that, if implemented, would transform the whole transportation system in the country. Nigeria has very well devised plans but appears to lack the will to implement them.

\textsuperscript{34} OSGF bulletin, Vol. No. 8, pages 31–34.

\textsuperscript{35} AfDB/OECD, \textit{African economic outlook}, 2006.
1123. The stakeholders informed the CRM that, before the enactment of the Land Use Act of 1978, land tenure in Nigeria was guided by customary rites. Documentary evidence and further discussions with stakeholders revealed that the Land Use Act of 1978 confers all land within each state, except land vested in the federal government and its agencies, on the state governor to hold in trust for the people. The governor is responsible for allocating the land in urban centres to residents in the state and to organisations for residential, agricultural, commercial and other purposes. Similar responsibilities are devolved to local governments in nonurban areas. The act therefore confers legal ownership of urban and nonurban land on state governors and local governments respectively.

1124. While there are standards establishing the rights of ownership to urban land across the country, similar standards do not exist for rural areas. Governors issue certificates of ownership to individual landowners to give them statutory rights to ownership in urban areas. Rural landowners have customary rights of ownership. These rights are regulated by customary law when the owners die. The customary law that applies to the owners of urban land when they die applies to their land titles. These provisions discriminate against women because of customary practices and Sharia law, according to which property is assumed to belong to the male heads of households.

1125. The CRM learned that government compensation for land is a contentious issue. The right to own land can be revoked for the public good, such as for mining. The owner is entitled to compensation. Although the act specifies that disputes about compensation must be referred to the Land Use and Allocation Committee of the area, there is a strong feeling among stakeholders that the compensation is not based on fair market values. Furthermore, it is the perception of people from the Niger Delta area that the Land Use Act is inadequate and inequitable, and that it was made to punish them. This suspicion, rightly or wrongly, could be a factor that contributes to the Delta crisis.

1126. The current land tenure system invites abuse. Discussions with stakeholders indicated that it takes time to get certificates of ownership to urban land. This creates a tendency to bribe officials in order to speed up the process. Furthermore, there was a general view that the land tenure system is a serious barrier to investors, who need large tracts of agricultural land to do large-scale farming. This belief suggests that it is necessary to change the land laws in order to release land for commercial farming and other large-scale businesses in the private sector. This would boost production and wealth creation initiatives, thus promoting socioeconomic development.

Markets

1127. A general perception among Nigerians, especially rural stakeholders, is that they lack markets for their produce. As a result, they depend solely on seasonal markets in their areas. Bad road connections, lack of rural-urban roads, inadequate market infrastructure (such as secured stalls), and lack of storage facilities for seasonal and perishable food products were mentioned as key challenges faced in accessing even the seasonal markets.

1128. Stakeholders informed the CRM that, in December 1986, the government abolished the six marketing boards that used to hold a monopoly on pricing, subsidising, purchasing and marketing palm oil, cocoa, coffee, rubber, cotton, groundnuts and grains. They stressed that these changes were made rapidly and with little planning. The roles to be played by the private sector were not clearly defined, and steps were not taken to ensure that the major functions of the marketing boards were properly transferred to the private sector. They also pointed out that the prices determined administratively were released instantly, but that indicative prices were not given.

1129. These challenges and developments have caused marketing margins and efficiency to be distributed unequally across the country, leading to serious distortions in the food market. They have resulted in food surpluses in some areas and food scarcity in others, and have affected food security seriously in certain regions of the country.

iii. Recommendations

1130. The APR Panel recommends that Nigeria:

- Promote private-sector participation in mass housing projects. (*Federal and state governments, and the private sector*)

- Deepen the mortgage finance system by promoting access to the capital market. This should be done by encouraging banks, insurance companies, Pension Fund Administrators (PFAs) and trust funds to invest in mortgage securities. (*Federal and state governments, and the private sector*)

- Set target dates for supplying nearby potable water; continue to construct more boreholes, dams and treatment plants in order to ensure a broader spread across all parts of the country; and establish trained borehole repair committees at the local government level to supervise repairs to defective boreholes. (*Federal, state and local governments*)

- Use solar energy to run water treatment plants. (*Federal, state and local governments*)

- Introduce environmental sensitisation programmes and extend the concept of school-based social environmental vanguards (introduced in some states) to all states and local government areas in order to
sensitise the public on sanitation and environmental degradation. *(Federal, state and local governments, NGOs and CSOs)*

- Implement effective waste management systems and reintroduce sanitary inspectors in all states and local government areas, while providing adequate sanitation in public areas, especially marketplaces. *(Federal, state and local governments, NGOs and CSOs)*

- Develop a viable and workable energy policy to generate adequate institutional capacity in the energy sector, and build strong links between the sector and the wider economy. *(Federal government)*

- Ease the conditions for community banks to convert to microfinance banks by reducing the ₦20 million required to be raised by each community bank. Also, government should introduce and enforce a good loan monitoring system and a strict guarantor scheme. *(Federal, state and local governments)*

- Embark on extensive road rebuilding and ensure that roads have well-constructed drainage systems. *(Federal, state and local governments)*

- Regulate road traffic in order to stop motorists driving against traffic and committing other offences. *(Federal, state and local governments)*

- Reform the Land Use Act to make access to land easier, and reduce cumbersome titling processes. *(Federal government and the National Assembly)*

- Construct good road networks. *(Federal government)*

- Provide basic market facilities like secure stalls, storage, processing and packaging facilities. *(Federal, state and local governments, and the private sector)*

### OBJECTIVE 5: PROGRESS TOWARDS GENDER EQUALITY IN ALL CRITICAL AREAS, INCLUDING EQUAL ACCESS TO EDUCATION FOR ALL GIRLS AT ALL LEVELS

#### i. Summary of the CSAR

1131. According to the CSAR, the National Gender Policy aims at integrating women fully into all facets of life by providing equal opportunities. The principal international standards that guide this policy are provided by Nigeria’s ratification of CEDAW and the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa. The principal institutions to oversee policy implementation are the Ministry of Women’s Affairs and the Women’s Advisory Council.

1132. The federal government has taken affirmative action by appointing women to key posts in the federal administration. These include positions as ministers, advisers, directors of boards of federal agencies, ambassadors and permanent secretaries. There is a popular perception that these women have performed creditably, and there has been some public clamour
for more women to be given top positions. A main achievement has been passing a law prohibiting the trafficking of women as workers in foreign countries.

1133. The education policy promotes gender equality in enrolments. Different states are implementing different strategies, like establishing girls-only schools, and subsidising school fees for girls. Employment policies at various levels provide for equal opportunity for both females and males. Similarly, the health policy promotes gender equality in accessing health facilities, especially through primary health programmes.

1134. Despite these policies, results have been disappointing. Only about 5 percent of top elected and appointed decision-making positions are occupied by women. Wide gaps in school enrolments, especially at secondary level, remain. Results from the CSAR household survey assess government success in promoting gender equality as low.

1135. The CSAR concedes that gender empowerment measures have so far had little impact. The poor progress is attributed to deep-rooted patriarchal attitudes, both cultural and religious, and the inertia of the implementing agencies. Given that gender equality is seen as such a ‘sensitive issue’, the CSAR is sceptical of early success in implementing the National Gender Policy.

ii. Findings of the CRM

1136. The CRM confirmed that there has been some positive action to increase the proportion of women holding office in the federal government, and to increase the proportion of girls in schools.

1137. Both the CSAR and the CRM confirmed that minimal progress has been made towards gender equality, and that Nigeria has not reached the level that might have been anticipated after it ratified CEDAW in 1985. Nigeria has ratified both the Optional Protocol to CEDAW and the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa. The country assented to the AU’s Solemn Declaration on Gender Equality. This requires gender parity in decision-making positions by 2003. However, the present situation is that women continue to be discriminated against.

1138. Respondents mentioned some major examples of gender discrimination against women and girls:

- Stigmatisation and insecurity of women seeking elected positions, as society in general tends to perceive women as sex objects and as subordinates to men.

- Some husbands, with all different levels of education, exercise their societal roles as heads of households by not allowing their wives (who sometimes include graduates from tertiary institutions) to take up paid employment.

- Early marriages for girls, which are sanctioned by cultural and religious beliefs, deprive girls of the schooling they need in order
to acquire the skills required for a rewarding adult livelihood. This practice has contributed greatly to the smaller proportion of girls in schools and their poor retention rates in the school system, especially at secondary and tertiary levels. In 2004, about 12 per cent of girls between 10 and 14 years old were married, compared to 1 per cent of boys of the same age (see table 6.6 below). This contravenes the Child’s Rights Act of 2003, which sets the minimum age for marriage at 18, and demonstrates that the rights granted in federal law may not be guaranteed at the level of the state.

- The demand for high collateral by commercial banks stifles the access of women to credit, because society’s patriarchal beliefs and practices prevent women from owning property in their own right.

- Continuing and escalating gender-based violence, which includes rape, incest, wife battery, female genital mutilation (FGM) and vesicovaginal fistula (VVF).

- Mistreatment of widows by disinheritance and inhumane funeral rituals.

- Trafficking of girls and women into the sex industry and sweatshops abroad.

- Low budgetary allocations to women at all three levels of government. This prevents women from participating in mainstream development programmes.

Despite attempts to increase the number of women in decision-making positions and the proportion of girls in schools, gender gaps still remain unacceptably high (see tables 6.2 and 6.3). The CRM believes that one of the reasons for failing to make better progress towards achieving gender parity in political decision-making positions and in school enrolments has been the failure to set legal or agreed quotas for the proportion of females required in a particular category. There are no requirements, for example, that 30 per cent of parliamentarians should be women or that 50 per cent of school pupils should be girls. Furthermore, the government has not introduced any affirmative action policies or measures for issues like accessing paid employment, land and credit.

Table 6.2 shows that there has been very little progress in closing gender gaps in school enrolments for the period 2000 to 2006. There has been no progress at the primary-school level.
Table 6.2: Gender disparities in school enrolments and literacy rates

<table>
<thead>
<tr>
<th>LEVEL OF EDUCATION AND LITERACY RATE</th>
<th>2001</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MALE</td>
<td>FEMALE</td>
</tr>
<tr>
<td>Junior-secondary school</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Senior-secondary school</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Polytechnic</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>University</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>59 (1999)</td>
<td>41(1999)</td>
</tr>
</tbody>
</table>

Sources: Nigeria gender statistics digest, Ministry of Women’s Affairs (2006); the National Bureau of Statistics (NBS); and the Ministry of Education (2007).

1141. Table 6.3 shows that most of the important decisions in households are made by men, even on issues related directly to women.

Table 6.3: Gender divisions in decision making (households)

<table>
<thead>
<tr>
<th>AREA OF DECISION</th>
<th>WOMEN ONLY</th>
<th>WOMEN AND MEN</th>
<th>MEN ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wife’s wealth</td>
<td>12.8</td>
<td>10.3</td>
<td>73.4</td>
</tr>
<tr>
<td>Large household purchases</td>
<td>7.1</td>
<td>12.4</td>
<td>77.4</td>
</tr>
<tr>
<td>Daily household purchases</td>
<td>19</td>
<td>13.9</td>
<td>64.5</td>
</tr>
<tr>
<td>Visit to relatives</td>
<td>17.7</td>
<td>20.4</td>
<td>59.7</td>
</tr>
<tr>
<td>Food</td>
<td>33.5</td>
<td>11.7</td>
<td>51</td>
</tr>
<tr>
<td>Children’s health care</td>
<td>9.3</td>
<td>17.3</td>
<td>66.8</td>
</tr>
<tr>
<td>Children’s education</td>
<td>4.8</td>
<td>16.6</td>
<td>67.7</td>
</tr>
</tbody>
</table>


1142. Table 6.4 shows the very large gender gaps in paid employment in the civil service, where there are three men to every woman employed in local government.

Table 6.4: Workforce gender disparities in federal and local government civil service

<table>
<thead>
<tr>
<th>LEVEL IN 2004</th>
<th>PERCENTAGE MALE</th>
<th>PERCENTAGE FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal government</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>Local government</td>
<td>74</td>
<td>26</td>
</tr>
</tbody>
</table>

Table 6.5 shows that a much greater proportion of women are unemployed. Where women have paid employment, they are far more likely than men to work in sales and service-related jobs, whereas men outnumber women by more than two to one in the professional and technical categories.

**Table 6.5: Distribution of workers in occupational categories**

<table>
<thead>
<tr>
<th>OCCUPATION CATEGORY</th>
<th>PERCENTAGE MALE</th>
<th>PERCENTAGE FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student/retired/unemployed/inactive</td>
<td>32.52</td>
<td>46.16</td>
</tr>
<tr>
<td>Professional or technical</td>
<td>5.84</td>
<td>2.79</td>
</tr>
<tr>
<td>Administration</td>
<td>0.25</td>
<td>0.07</td>
</tr>
<tr>
<td>Clerical</td>
<td>5.15</td>
<td>1.71</td>
</tr>
<tr>
<td>Sales and related activities</td>
<td>8.09</td>
<td>14.31</td>
</tr>
<tr>
<td>Services and related activities</td>
<td>3.48</td>
<td>11.39</td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>36.06</td>
<td>20.09</td>
</tr>
<tr>
<td>Production and transport</td>
<td>2.27</td>
<td>2.98</td>
</tr>
<tr>
<td>Manufacturing and processing</td>
<td>2</td>
<td>0.07</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>0.44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


Table 6.6 shows that 62 per cent of all Nigerian women are married by the age of 19, compared to only 9 per cent of men. The figures also show that, surprisingly, there is less poverty among female-headed households (44 per cent) than among male-headed households (58 per cent). However, only 14 per cent of households are headed by females. According to Nigeria gender statistics digest (2006), analysis of other related indicators suggests that the likely reasons for less poverty among female-headed households are that these households tend to be smaller, and that the average female head is more educated than her male counterpart.

**Table 6.6: Gender disparities by social status, 2004**

<table>
<thead>
<tr>
<th>SOCIAL STATUS</th>
<th>PERCENTAGE MALE</th>
<th>PERCENTAGE FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at first marriage (10 to 14 years)</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Age at first marriage (15 to 19 years)</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Registered birth</td>
<td>53</td>
<td>47</td>
</tr>
<tr>
<td>Immunised children</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Heads of household classified as poor</td>
<td>58</td>
<td>44</td>
</tr>
<tr>
<td>Headship of households</td>
<td>86</td>
<td>14</td>
</tr>
</tbody>
</table>

1145. Although the 2000 National Gender Policy has been adopted, there is still a lack of progress in achieving gender equality. The National Gender Policy is very clear in its goal of promoting gender equality in all aspects of political, economic and social life, and mainstreaming gender issues in all sectors. Even more specific in this regard is the 2006 *National Gender Policy situational analysis and framework*. It sets out the detailed goals, objectives and strategies which need to be mainstreamed in all national sectoral plans.

1146. The National Gender Policy has been largely ineffective because it has failed to achieve its main and preliminary goal of incorporating CEDAW into federal law. The belated attempt to do so was suspended by the National Assembly in 2005, pending opinions from religious authorities. This is where the matter rests. Unless CEDAW is incorporated into law, the National Gender Policy cannot be enforced.

1147. Incorporating CEDAW into local law is further complicated by section 12 of the constitution. This stipulates that, when the National Assembly ratifies an international treaty, it cannot be enforced throughout the country until it has also been ratified by at least two-thirds of the states’ houses of assembly. Two states – Imo and Anambra – have so far passed a gender and equal opportunities law. Bills proposing similar state laws are pending in a further 28 state assemblies.

1148. The CEDAW committee, when considering the Nigeria report in 2004, expressed concern that CEDAW had still not been incorporated into law. The committee also commented on the persisting discriminatory legislation, discriminatory administrative provisions and practices in the labour market, the higher unemployment rate of women, the persisting wage gap between genders in the public and private sectors, the lack of adequate social protection for women in the private sector, and the continuing high illiteracy rates among women and girls.³⁷

1149. The CSAR also suggests that the obstacles to poor progress on gender equality can be found in the government’s difficulties with deeply embedded cultural and religious beliefs and practices. This interpretation of the problem is reflected in a crucial sentence in NEEDS I, which announces government’s intention to use affirmative action to ensure that women are represented equitably in all aspects of national life, and that women have a 30 per cent representation on the workforce “where feasible” (page 44). The phrase ‘where feasible’ seems to indicate a lack of confidence or political will to pursue the goal, perhaps because the obstacles were regarded, even from the outset, as being insurmountable.

1150. The CRM believes that the deeply rooted traditions and beliefs which underlie gender discrimination should not prevent a movement for change. It is a necessary part of good governance to take the lead in changing undemocratic traditions and the beliefs on which they are based. The present pattern and severity of widespread discrimination against women must be viewed with the greatest concern. Discrimination against any social group

is a fundamental affront to human rights, and contravenes the essential
democratic principle of equality of all citizens in law, and before the law. It
should not be regarded as a tradition which cannot be changed.

1151. The CRM did not find, during stakeholder interactions, the same degree
of pessimism about making progress on gender issues. On the contrary,
many women and men from all walks of life thought that women were
marginalised and discriminated against, that there is a need for change,
and that the government is not doing enough to bring about this change.

1152. On a positive note, there are a number of small CSOs that are implementing
programmes in areas like FGM, VVF and early marriages, and are
supporting widows and schooling for girls. However, the levels of progress
vary considerably from one state to another. The progress in Kebbi State
(see box 6.1), a predominantly Islamic state, indicates the potential for
change if the federal government were to be more assertive in planning,
coordinating and realising a national programme of action to increase
gender equality.

**BEST PRACTICE 6.1: GENDER AFFIRMATIVE ACTION IN KEBBI STATE**

State stakeholders indicated that Kebbi State has undertaken a number of affirmative actions for women and
girls:

**For leadership:**
• Sent a woman representative to the federal House of Assembly.
• Appointed a woman as chief electoral officer.
• Appointed a woman as commissioner in charge of women’s affairs.
• Appointed a woman as chief judge.
• Ensures that every local government has a woman councillor (21 women in all).
• Appointed three women as special advisers.
• Targets 33 per cent of posts for women to serve as directors, executive secretaries of education, on pension
  boards and elsewhere.

**For education:**
• Provided more schools with all the necessary facilities.
• Provided free education from primary to secondary schools.
• Gave married women who dropped out of school because of early marriage or other reasons the opportunity
to continue schooling at community-based education centres.

**For health:**
• Built the Fati Lami Hospital for women and children only.
• Provides free medical care to women and children.
• Kebbi State’s Ministry of Women’s Affairs holds workshops on the HIV pandemic for local government
  representatives and for pregnant mothers so as to increase HIV awareness.

**For violence against women:**
• Legislation is pending.

**For economic empowerment:**
• Assists women with interest-free loans so as to boost their economic empowerment.
• Kebbi State’s Ministry of Women’s Affairs provides free sewing machines and vocational skills to women’s
  groups.

*Source: CRM findings, February 2008.*
1153. In addition to the recommendations on gender issues made elsewhere in this report, the APR Panel recommends that Nigeria:

- Recognise that implementing the National Gender Policy is a priority for improving democratic governance at federal and state levels. *(Federal and state governments)*

- Mobilise political support among leaders in all state and local governments to implement CEDAW and the National Gender Policy fully. *(Presidency, and federal, state and local governments)*

- Introduce a quota of a minimum of 35 per cent to ensure that women have access to all political appointments and elected positions, and to all top managerial positions in the public sector, in line with National Gender Policy. *(Ministry of Women’s Affairs, Ministry of Justice, National Assembly, state assemblies and political parties)*

- Establish effective links between the Ministry of Women’s Affairs and all other ministries to mainstream the National Gender Policy in all sectoral policies and plans, to implement it effectively and to monitor its progress. *(Ministry of Women’s Affairs, all federal government ministries and Cabinet office)*

- Improve coordination between public and private enterprises, government and nongovernment agencies, and between the three levels of government – federal, state and local – to ensure gender equality in all programmes and plans. *(Ministry of Women’s Affairs, all other government ministries, private business, CSOs and NGOs)*

- Identify key strategies for spearheading national action on selected national gender issues. The government should select those gender issues where there is widespread gender inequality and therefore those that will attract the support of CSOs and the public. *(Ministry of Women’s Affairs, women’s rights organisations, women’s groups and civil society)*

- Identify clear, quantitative measures of gender gaps and set targets for closing them in all gender-orientated actions and plans. The government should also devise ways to monitor and evaluate progress. *(Ministry of Women’s Affairs, NBS and the Federal Office of Statistics)*

- Introduce regular, systematic and comprehensive collections of data, at national and state levels, on gender gaps as a way of establishing a range of women’s socioeconomic and empowerment indicators to measure success in achieving gender-orientated objectives. *(Ministry of Women’s Affairs, sectoral ministries, NBS and the Federal Office of Statistics)*

- Increase funding at all three levels of government to ensure that the recommendations are implemented. *(Ministry of Finance, and federal and state assemblies)*
OBJECTIVE 6: ENCOURAGE BROAD-BASED PARTICIPATION IN DEVELOPMENT

i. **Summary of the CSAR**

1154. Participatory measures have been reintroduced after Nigeria returned to democratic rule in 1999. These were in abeyance throughout the preceding period of military rule. Public participation is embedded in the procedures of the national and state assemblies. It is, therefore, intrinsic to the formulation of budgets and the development of policies, both of which are crucial to development. In addition, President Obasanjo’s periodic presidential breakfast meetings became important for elite participation in development planning and management.

1155. However, the CSAR concedes that much of the participation in budgetary and development planning has been at the elite level. The majority view, gleaned from the CSAR household survey, was that budgetary and development planning is excessively top-down, and that there is insufficient broad-based participation in the development process. There is a strong public perception that government lacks transparency in its allocation of public funds. This is seen to be dominated by ‘godfathers’, corruption and political influence.

1156. NEEDS I is based on the principle of broad-based participation in development so that people can claim ownership of development programmes and activities. However, the CSAR believes that the broad-based participation envisaged in NEEDS has not been sufficiently realised at the state and local levels of SEEDS and LEEDS. While there is some grass-roots participation in the development process, this is more likely to occur outside government and in the programmes of nongovernmental development agencies and CBOs.

1157. The CSAR sees insufficient public participation in development. This is caused by four main factors: the pervasive poverty, which inhibits grass-roots participation; the bureaucracy’s lack of experience and skills in participatory decision making; the deep-rooted resistance, among public bureaucracies, to adopting participatory methods; and the relative weakness of civil society, leading to the elite seizing the opportunities to influence government.

ii. **Findings of the CRM**

1158. Democratic governance requires broad-based stakeholder participation in the development process. However, it is clear from the CSAR’s own account that government’s control of the development process is very top-down. This favours the participation of the elite and furthers its interests. Despite the NEEDS principle of stakeholder participation, there is a widespread perception that this principle is not being followed at state and local levels, where SEEDS and LEEDS are generally thought to be ineffective.

1159. The national system of three levels of government (federal, state and local) has the potential to provide the institutional infrastructure for a system of decentralised and bottom-up development planning and implementation.
It also provides for considerable local autonomy. However, it seems that the opposite has occurred in practice, so that it may take strong political leadership to reverse the current top-down tradition in government’s development planning and implementation.

1160. At the level of state and local government, the CRM findings indicated a top-down administrative system. They also showed that there is a popular perception of a high level of corruption in the handling of development funds by officials. This corruption in the administration is seen as a major reason for bureaucratic resistance to stakeholder participation and oversight. Some respondents estimated that as much as 50 per cent of government development funds are misappropriated, and that much of the remainder are misapplied. Nonstate agencies have become more important for grass-roots development because state departments are widely mistrusted.

1161. It is possible to identify four distinct providers of development programmes at the local level: local government; local philanthropists; Nigerians in the diaspora who send remittances home; and nongovernment development agencies, including faith-based agencies.

1162. Remittances from abroad are disbursed to many recipients. They seem to play a very significant role in protecting many ordinary people from the worst ravages of poverty. Those who send remittances are usually supporting poor relatives or funding small family businesses. In this way, remittances from the diaspora tend to support socioeconomic development at the household and local community level, where broad-based community participation is obviously less relevant.

1163. It seems that the efforts of nongovernment development agencies provide the best examples of public participation. This is noticeably more pronounced in the case of faith-based organisations. Here, stakeholder participation takes two important forms: the participation of the local community in identifying development needs and in implementing projects; and acting on behalf of the people to lobby local government for action on particular issues. Box 6.7 gives an example of good practice of this kind.

**BOX 6.7: CSOS AS GO-BETWEENS**

“My NGO, called Nucleus Group, has four departments which work directly with the grass-roots people. One of the departments is called ‘Information Gathering Groups’ which has members in almost all the wards of Lagos State. This department goes round and brings information on the environment and community at large, and this information is passed to appropriate government offices for necessary action - this is [a] dividend of democracy. Recently, the group discovered a school where hoodlums and innocent children were trained as street urchins indirectly. Hard drugs and other deadly substances were traded in the complex. A report was forwarded to the state government and within 72 hours the appropriate government quarters responsible rose into action and raided the place. Interestingly, some projects already paid for by the government and which had been left undone were quickly taken care of. Now, today, the school is a beauty to behold.”

*Extract: Open-forum discussion in Lagos State. APRM mission, February 2008.*

1164. Overall, inadequate stakeholder participation in the development process is a serious and fundamental limitation to democratic governance in
Nigeria. Improved stakeholder participation at all levels is necessary, primarily because stakeholders need to take ownership of the country’s development agenda. This will lead to a sense of mutual accountability and of sacrifice when it is needed. Secondly, broad-based participation provides a mechanism to prevent government development funds and programmes from being skewed in favour of the ruling elite at the expense of the grass roots. Thirdly, broad participation ensures that development projects are directed at publicly agreed needs and priorities. Above all, in the present Nigerian situation, stakeholder participation is an absolute necessity. It needs to be part of a public system that oversees the use of public funds, one that contributes to transparency and accountability – which are essential for good democratic governance – and one that counters corruption in the system.

1165. The present poverty levels and stark inequalities in Nigeria may be interpreted as being partly caused by the lack of stakeholder participation in the development process, particularly at the grass-roots level. This sentiment was strongly expressed during the CRM. In particular, the failure of government development programmes to recognise and address issues of gender inequality (see also the previous section) may be attributed to the fact that women’s groups do not participate in the development process. For example, poor service delivery in water supply (see objective 4) can perhaps be explained by the failure to hear the needs of women, who bear the greatest burden of fetching water.

1166. The participation of women is needed particularly to counter the patriarchal culture and interests of the male-dominated bureaucracy that is responsible for development planning and implementation.

### iii. Recommendations

1167. The APR Panel recommends that Nigeria:

- Introduce the NEEDS principle of stakeholder participation to the development process as a way of consulting with key stakeholders at all stages of the development process and at all three levels of government. This would ensure that development plans address local needs and priorities, encourage participation in implementation and monitoring, make government more transparent and accountable to the people, and develop a local sense of ownership of the development process. (*Federal, state and local governments*)

- Introduce a system of public fora between stakeholders and government on all matters concerned with development planning, implementation, monitoring and budgeting in order to make public participation in the development process possible. (*Ministry of Women’s Affairs, Ministry of Finance, National Planning Commission, government at state and local levels, and CSOs*)

- Ensure that development planning includes all relevant arms of government, private business and civil society (women’s groups, youth, the disabled, rural and marginalised groups) and takes place at the three levels of government – federal, state and local. (*National Planning Commission*)
• Improve local development planning so that it addresses local concerns and priorities within the guiding framework of federal and state strategies and plans. (*Local government and local development agencies*)

• Take action to ensure that women comprise 50 per cent of the decision makers concerned with development planning and implementation, in order to comply with the National Gender Policy and to enable improved community participation in recognising and addressing gender issues. (*Ministry of Women’s Affairs and National Planning Commission*)
7. CONCLUSION

“It is expected that country efforts will be enhanced and strengthened by the APRM [African Peer Review Mechanism] process and that, after the first review, countries will sustain their efforts to achieve the shared objectives identified in the APRM and their Programmes of Action. This will require updating these Programmes of Action on a regular basis based on self-monitoring results of their own progress and lessons learnt from sharing with other countries, which will be facilitated actively by the APRM...”

New Partnership for Africa’s Development (NEPAD)/Heads of State and Government Implementation Committee (HSGIC)-03-2003/APRM Guideline/OSCI, section 6.5

7.1 Overview

1168. The preceding four chapters of this report assessed governance in Nigeria in the four thematic areas of the APRM: democracy and good political governance, economic governance and management, corporate governance and socioeconomic development.

1169. The report is based mainly on the Country Self-Assessment Report (CSAR) and the National Programme of Action (NPoA) submitted by the country. It also gives information contained in the background papers on the four APRM thematic areas and in the Issues Papers that were made available to the Country Review Mission (CRM), as well as the views gathered by the CRM in wide-ranging consultations with stakeholders across the country.

1170. This chapter highlights the key issues, many of which cut across the four thematic areas of the report. These overarching issues deserve further discussion because they reflect the quality of governance in the country as a whole. They are unique and important enough to be highlighted. They should be taken into account in prioritising and implementing the NPoA.

1171. Ten major overarching issues for Nigeria emerged from the report:

- Managing diversity and promoting nation building within the framework of the federation.
- Dependence on oil or gas and lack of economic diversification.
- The scourge of corruption.
- Ineffective policy and programme implementation, and poor service delivery.
- The informal sector.
• Slow progress towards gender equality and limited advancement of women.
• Land policy reform.
• The role of traditional rulers in governance.
• The diaspora and remittances.
• Social indiscipline, disorder and value reorientation.

1172. In addition, there are issues unique to the Nigerian context that deserve to be highlighted. These are:
• The Lagos megalopolis.
• The economics of the Nigerian film industry (Nollywood).

7.2 Overarching issues

7.2.1 Managing diversity and promoting nation building within the framework of the federation

1173. Managing ethnic, regional and religious differences has been the scourge and challenge of nation building in many African countries. Managing diversity means identifying, accepting and understanding the differences and similarities between individuals or groups so that they can: appreciate others; become aware of their talents and abilities; and use their talents and abilities to make unique contributions to work groups and organisations, among others. In essence, managing diversity is managing people well.

1174. The state can play a critical role in managing diversity in a country. It can create an environment where individuals feel valued and included, where differences are acknowledged and respected, and where all citizens feel that they belong and can make a meaningful contribution to the country’s development. In particular, the state can manage diversity in order to promote nation building in divided societies.

1175. Nation building is the process of constructing or structuring a nation using the power of the state. It aims to unify the people in the state so that the nation remains politically stable and viable in the long run. Nation building utilises various tools to foster social harmony and economic growth.

1176. Historically, nation building referred to the efforts of newly independent nations, particularly the nations of Africa, to reshape the colonial territories that had been shared by colonial powers without considering ethnic or other boundaries. These reformed states then became viable and coherent national entities.

1177. However, many new states were plagued by ‘tribalism’. This is rivalry between ethnic groups within a country. It sometimes almost resulted in their disintegration. Examples are the attempts by Biafra to secede from

1178. More recently, nation building has come to be used in a completely different context. Its proponents describe it succinctly as “the use of armed force in the aftermath of a conflict to underpin an enduring transition to democracy”. However, Nigeria needs the traditional process of nation building.

1179. Managing diversity is an extraordinarily formidable task in Nigeria, given its position as the most populous African state and one of the world’s most ethnically diverse societies. The ethnic diversity of Nigerian society is reflected in the fact that the country has over 250 identified ethnic groups. Three very large ethnolinguistic entities dominate: the Yoruba, the Ibo and the Hausa in the north. The Hausa, Yoruba, Igbo, Kanuri, Tiv, Edo, Nupe, Ibibio and Ijaw groups account for over 90 per cent of the population. Muslims comprise about 50 per cent of the population, Christians about 40 per cent, while the remainder subscribe to traditional beliefs.

1180. With a population of over 140 million, Nigeria is a country with many differences. It has, nevertheless, the longest-lasting federal system in Africa. The return to civilian rule in 1999 brought with it increased but intermittent outbreaks of intrastate violence that threatened federalism. These take the forms of ethnoreligious, political, criminal, and resource-based struggles. However, the Nigerian federation has used various institutions, administrative instruments and constitutional principles since independence to manage its complex diversity and keep the federation together.

1181. Cultural diversity is related to ethnic and linguistic diversity. There is great cultural diversity among Nigerians. This is not surprising, given the country’s large number of ethnic groups. In terms of linguistic diversity, Nigeria has more languages than any other African country. According to Ethnologue, a widely cited language reference, it is estimated that Nigeria has approximately 470 languages. Hausa, Igbo and Yoruba were established as ‘national languages’ in the constitution. Significantly, English was named as an official language but not as a national language.

1182. Nigeria is also a country with great religious diversity. In fact, religious differences are one of the central dimensions of Nigeria’s cultural diversity and a key aspect of its sense of place. The main religious division within the country is that between Christians and Muslims. These two broad groups comprise about 85 per cent of the entire population. Indigenous religions account for the remainder. While this is the broad outline of religious diversity in Nigeria, it is important to remember the diversity that exists within the generalised Christian, Muslim and indigenous populations. For example, while most Muslims are Sunni, many people belong to Sufi orders. These differences increase religious diversity in the Muslim community. Likewise, Nigerian Christians belong to particular denominations. There are Catholics, Methodists, Lutherans and different forms of Pentecostalism, among others. In addition to these Western denominations, however, many African denominations and movements
have developed. Some of the distinctive characteristics of these churches are their upbeat, spirited music and dance rhythms, which enliven their meetings.

1183. Nigeria is a very poor country by global standards. Per capita income is low and many people struggle with the bare necessities of food and shelter. Poverty also affects overall social welfare. The quality of education, public health and standards of living all suffer under the weight of poverty. There is hope and vibrancy, however, amidst the material poverty.

1184. Nigeria probably also has the most elaborate federal government system in Africa. It has experimented with various administrative and constitutional redesigns since independence. There are, therefore, many potential flash points because of the many differences in Nigeria. Its size, ethnic and religious diversity, economic disparities, and dynamic alliances for controlling its resources make it one of the most complex and difficult countries in the world to govern.

1185. Ethnic and religious diversity is enriching. However, it can also pose challenges that require good management of diversity. As pointed out in chapter 2, British colonial policy amalgamated over 250 ethnic groups into a single political unit in 1914. Nigeria had been divided into three semiautonomous regions by independence in 1960. Each consisted of ethnic groups that were numerically and politically in the majority: the Hausa-Fulani of the north, the Yoruba of the southwest, and the Igbo of the southeast. The numerical and hegemonic strength of these three ethnic groups within the Nigerian federation has meant that Nigeria has a predominantly tripolar ethnic structure. Each of the three majority ethnic groups is a pole in the competition for political and economic resources, while the ethnic minorities are forced to form a bewildering array of alliances around each of the three dominant groups.

1186. Tripolar ethnic structures are inherently unstable. Ethnic politics in tripolar Nigeria is often ridden by conflicts, as each of the three hegemonic groups try to build up sufficiently strong and durable alliances in order to ensure that it dominates government and prevents marginalisation by competing alliances. It is this complexity of ethnoregional competition and hegemony that has made it necessary to design strategies to achieve relative balance and parity between the sectional and ethnoterritorial groups in Nigeria.

1187. Nigeria has used various institutions, administrative instruments and constitutional principles since independence to keep the federation together, while also managing conflicts arising from unsuccessful management of the complexities of such a vast and diverse country. Nigeria has used five broad strategic approaches to link institutions and administrative tools in order to mediate sectional politics and ethnoterritorial demands, and to regulate economic competition and interests. They are:

- Reorganising constituent states and local units.
- The revenue allocation formulae and the derivation principle.
• The Federal Character Principle. This prescribes how the country’s diverse segments are to be represented equitably on public institutions.

• The politics of population census in Nigeria.

• The Council of the State.

Reorganising constituent states and local units

1188. The perennial challenge for the Nigerian federation, known as the ‘national question’, has been how to transform the array of competing ethnic and religious groups into stakeholders, within a common polity, who have equal access to opportunities. This has been attempted mainly by increasing the number of administrative units. There was a futile attempt to forge a united Nigerian state in 1967. It contributed to the outbreak of civil war. Since then, multistate federalism in Nigeria has been used to fragment and crosscut the identities of each of the three hegemonic ethnic groups – Hausa, Yoruba and Igbo.

1189. A sustained process of state creation resulted. The original four regions in 1963 were increased, after 1996, to 36 states and a new Federal Capital Territory (FCT) at Abuja in central Nigeria. During the same period, the third tier of governance in the federation, the local government authority, was expanded from 330 to 774 units. By establishing 36 states as relatively autonomous areas of political authority and competition for resources, federalism moved ethnic conflicts away from the centre of Nigerian politics. The current 36 states and FCT, for example, distribute the core population of each majority ethnic group among at least five states. This fragmentation makes it difficult for any of the three hegemonic groups to challenge central power in Abuja.

1190. Most analysts of Nigerian federalism believe that the current multistate federal structure has protected the interests of the numerous minorities from the direct hegemony of the bigger ethnic groups (Suberu, 2001). Although the major ethnic groups continue to show internal cohesion as they compete with each other for supremacy in national politics, this ethnic solidarity is less powerful than the tripolar system that fuelled secessionism and nearly destroyed the country. On the other hand, critics like Mustapha (2006) argue that, instead of curbing ethnoregionalism, the process of creating states simply restructured it. These critics argue that the hegemonic ethnoregional elites have now adopted other symbols and rituals as rallying points, and have left the tripolar nature of the political system almost intact. However, the reality is that, despite all their flaws and failings, Nigeria’s experiments with federalism remain the ‘indispensable basis’ of the country’s continued survival as a single political entity.

The revenue allocation formulae and the derivation principle

1191. In addition to managing diverse ethnoregional and religious interests, the various Nigerian federal administrations have distributed federally controlled resources to state and local levels. In the process, they
designed ‘ethnodistributive’ strategies to manage fierce ethnic struggles for centrally controlled resources and rewards (that otherwise would have been difficult to manage) and channelled them to ethnoterritorial or sectional constituencies. Centralising oil revenues at the federal level and creating additional states have, ironically, increased dependence on the central allocation of petro-revenues, largely because many of the states are not effective administrative or economic units that generate independent resources. Thus, through the control of oil revenues, military and civilian governments alike have been able to centralise power at the centre, thereby funding their networks of clients and buying off regional leaders who are opposed to centralisation and the control of local resources. Federal control over oil or gas revenues has, unfortunately, meant that more attention is given to distributing wealth than to creating it. Concerns about wealth distribution seem to be a major element in the challenges of effectively managing the country’s rich and diverse resources.

1192. The use of an ethnodistributive approach to federalism in Nigeria has, in a sense, politicised communal claims to national economic assets like oil and the revenue accruing from it. Allocating revenues has always been a bone of contention between state and federal government officials. Indeed, this approach to distributing national resources is what exacerbated conditions in the oil-producing states of the south-south and led to the Niger Delta crisis. The portion allocated to states is determined according to population and interunit equity.

1193. The revenue allocation formulae include a derivation principle. This requires that a percentage of the revenues derived from natural resources be ceded to the states which generated the revenue. The inequitable distribution of oil revenues, in terms of the derivation principle, galvanised opposition to these states and led the central government to abandon the principle in favour of a more equitable revenue-sharing strategy that increased the amount of resources to be distributed among all states. The derivation principle has often been referred to as the ‘devil’ of Nigerian fiscal federalism, partly because of the contentious nature of the debate surrounding it. The debate has grown in proportion to the importance of oil revenues to the national Treasury.

1194. Overall, the issue of allocating revenues has become a particularly explosive and contentious one, with both oil-producing and nonoil-producing states raising concerns about the equitability of development. Nonetheless, using a resource-distributive strategy has moderated secessionist tendencies that otherwise may have been extremely difficult to contain.

38 Revenue from national resources, mainly oil, is pooled monthly into a Federation Account and then allocated to the federal government, states and local government areas according to a formula developed by the Revenue Mobilisation, Allocation and Fiscal Committee.

39 The derivation principle, as applied to the oil-producing states, has ranged from 50 per cent between 1960 and 1963, to about 3 per cent in 1992. Persistent pressure from oil-producing states elicited a concession from the federal government to increase the percentage to 13 per cent in the 1999 constitution.
The Federal Character Principle

1195. Nigeria grapples with the challenges of accommodating diversity, fostering inclusiveness and promoting national unity, not only between its numerous ethnic groups but also across religious and gender lines. Among its strategies to address these challenges was an ‘ethnic balancing arrangement’, known as the Federal Character Principle. Introduced by the 1979 constitution, the concept was described as “a distinctive desire of the people of Nigeria to promote national unity, foster nationality, and give every citizen a sense of belonging to the nation”. The ‘ethnic balancing arrangement’ combines elements of proportionality, a quota system, affirmative action, ethnic arithmetic and political balancing to redress regional and ethnic disparities in order to ensure equal access to educational and public-sector employment opportunities, and to promote equal access to resources at the federal, state and local levels.

1196. The 1999 constitution entrenched the principle and established the Federal Character Commission (FCC) to ensure that all ethnic groups benefit equitably and proportionally from the economic and political resources of the whole nation, and that “there should be no predominance of persons from a few states or from a few ethnic or other sectional groups in the government or in any of its agencies”.

1197. However, this golden principle has not been implemented to the satisfaction of all Nigerian ethnic groups, large or small. It has not managed Nigeria’s immense ethnonreligious, cultural-linguistic and geopolitical diversity, or promoted strong national unity and the loyalty of all its citizens. One reason may be that the spirit of the principle has been abused in that it is often used to thwart meritocracy. In order to be successful, the Federal Character Principle must be adopted, owned and fully implemented from the federal to the state and local government levels without undermining competency and meritocracy. In addition, there appears to be a conflict between the principle and the ‘indigeneity clause’ of the 1999 constitution.

1198. Critics argue that the principle has “created a ripple effect of exclusion” by legitimising the concepts of indigene and nonindigene. The Federal Character Principle, in its implementation, seems to have polarised communities. The rights of so-called ‘indigenes’ of a state are recognised, while other residents are referred to as ‘settlers’. Some analysts believe that the 1999 constitution endorsed indigeneity and provided a justification for denying nonindigenes the right to certain benefits and rights. Although the constitution guarantees all citizens freedom from discrimination, its contradictory provisions justify discrimination against those who are considered to be nonindigenes.

1199. The Federal Character Principle, which is aimed at securing national integration, thus faces a crisis of unintended consequences:

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40 The 1999 constitution specified which elements of the Federal Character Principle were justiciable. It allowed the president of the federation to appoint one minister from the indigenes of each state and to appoint others to the political executive. In addition to the political executive, the federal bureaucracy, the military, the educational sector, the states and local governments were to respect the Federal Character Principle.
• Using ethnoregional representation as a basis for appointment has been problematic and is considered inconsistent with the universal norms of appointment based on merit. This has invited strong opposition from technocratic and political-regional elites who favour meritocracy.

• The southern parts of Nigeria have achieved superior educational and bureaucratic competence because of colonial policies and cultural penetration. The Federal Character Principle is viewed by many from the northern part of Nigeria as a campaign to remove them from the federal bureaucracy.

• Southern administrative power has traditionally been seen to counterbalance northern political dominance. Many southerners see the Federal Character Principle as an attempt by the north to fuse administrative and political power.

• Relocating the federal capital from Lagos to Abuja was seen by western Nigerians (the Yoruba) as an attempt to reduce their influence in the federal bureaucracy. By the same token, the other major groups (eastern and northern Nigerians) tend to see the relocation as a means of achieving greater regional representation.

1200. Despite the tensions surrounding it, the Federal Character Principle has been reaffirmed and is defensible in the context of a society such as Nigeria, where state institutions would be lopsided without affirmative action policies. Although it has achieved limited success in practice, many would agree that Nigeria is a much more integrated country today than it was in the 1960s. The principle has been relatively more successful in broadening representation in the executive and legislature than in creating genuine social inclusion and cohesion. This takes time, attesting to the fact that nation building is a work in progress, especially in complex polities like Nigeria.

**The politics of population census in Nigeria**

1201. The national census in Nigeria has been controversial for a long time. This is because of the intersectional contests for numerical superiority, and the political and resource distribution advantages that come with numerical strength in the Nigerian political context. The federal government has, over a period of time, entrenched the population principle as a basis for distributing ethnic entitlements because of a number of factors:

• The fundamental role of ethnic identities and interests in the country.

• The fragile status of civic as opposed to ethnic identities.

• The dependence of ethnoterritorial constituencies on the public sector for socioeconomic advancement.

• The use of raw population data for distributing developmental and other public benefits between the country’s constituent governments.

1202. Postindependence population censuses have, therefore, been the subject of vigorous sectionally inspired attempts to manipulate benefits by falsifying
or inflating census data. Consequently, the usefulness of census data in Nigeria is determined not by its statistical accuracy and demographic reliability, but by its political acceptability – and that depends on who holds political sway. Some measures have been taken to reduce the incentives to falsify national population census data. However, because resources continue to be dispersed according to the geopolitical distribution of people, the integrity of the Nigerian census will be challenged for years to come. Only by adjusting the rules for allocating national resources and political representation will Nigeria be able to have a statistically reliable national census.

**The Council of the State**

1203. Chapter 3 has already alluded to the Nigerian Council of the State as a good innovation for managing diversity and building the nation. The Council of the State comprises: the president, who is the chairperson; the vice president, who is the deputy chairperson; all former presidents of the federation; all former heads of the government of the federation; all former chief justices of Nigeria; the president of the Senate; the speaker of the House of Representatives; all governors of states in the federation; and the attorney general of the federation. This broad-based composition allows the nonpartisan elite to advise the chief executive of the federation on matters of national importance. These include: the national population census; the prerogative of mercy; awarding national honours; the Independent National Electoral Commission (INEC – including the appointment of members of the INEC); the National Judicial Council (including the appointment of members, except its *ex officio* members); and the National Population Commission (including the appointment of members of the commission). The Council of the State also advises the president whenever asked to do so on maintaining public order within the federation (or any part of it) and on any other matters that the president may direct. The Council of the State could therefore become the ultimate internal guarantor of peace and stability in Nigeria.

**Key lessons**

1204. Nigerian federalism continues to be faced with challenges regarding diversity and resources. The main lesson learnt is that the success of its federalism depends on how well it manages the country’s diversity and how well it promotes political accommodation and national integration. Other lessons must serve the same purpose.

1205. Creating more states and local government authorities must achieve coexistence and inclusivity. Hegemonic groups and minorities must both have political avenues through which to express their demands. Dividing power between the centre, states and local government authorities must lead to all the groups being treated justly and equitably. The Federal Character Principle must be implemented to ensure that all the diverse segments of society are represented equitably on public institutions. This can be achieved if increased democratisation and good governance impact positively on these institutions.
1206. Federalism must lead to decentralisation in order to enable the constituent units to exercise some measure of political, economic and fiscal autonomy. This will eliminate claims of unbalanced federalism that favours some groups in society. Finally, granting increased autonomy to decentralised units will reduce centralised federal control and management of the country’s oil and mineral resources.

7.2.2 Dependence on oil or gas and lack of economic diversification

1207. There is consensus that diversifying African economies is one way of sustaining the recent achievements in economic growth. Africa’s economic transformation can be achieved through both horizontal and vertical diversification. In addition, such diversification can help to build competitive economies that can be productively integrated into the global economy. Diversification is, therefore, a precondition if African countries are to register accelerated development. In particular, the broad escalation of current real growth to desired levels can also be sustained if African economies become more diversified.

1208. In Nigeria, a major cause of low growth rates and high poverty levels is the lack of economic diversification. Oil currently provides about 90 per cent of foreign exchange earnings and 75 per cent of budgetary revenues. The astronomical growth in Nigeria’s oil revenues has come at the expense of traditional revenue sources, thus undermining the nation’s broad revenue base and heightening its vulnerability to volatile commodity prices and external trade shocks.

1209. Nigeria is the largest oil producer in Africa and the seventh-largest in the world. Nigeria’s known oil reserves were estimated at 36.2 billion barrels in January 2007. New oil wells are continually being discovered, and it is estimated that reserves will increase to about 40 billion barrels.

1210. However, oil has not always dominated the economy. Nigeria’s economy thrived on a rich variety of agricultural products before crude oil was discovered. Indeed, Nigeria was exporting palm oil as far back as 1558, and by 1830 the Niger Delta, now a primary source of the nation’s oil output, was a major source of palm oil. Cotton joined the export list in 1856, cocoa in 1895, and rubber, groundnut and palm kernel were also exported. These cash crops were the main sources of revenue for the government in the pre-oil boom era. Revenue from agriculture helped to finance infrastructure and deliver basic social services. Furthermore, agriculture provided 95 per cent of Nigeria’s food needs. Indeed, it was not until 1970 that the country began to import food.

1211. However, agriculture’s dominance began to wane when oil exports began in February 1958. Agriculture accounted for 72 per cent of gross domestic product (GDP) in 1950, but its contribution to the economy declined to 66

41 Free education was financed from cocoa, rubber and palm oil proceeds. Earnings from cotton, groundnuts, rubber and palm oil financed the construction of Ahmadu Bello University, Zaria and the University of Nigeria, Nsukka.
per cent in 1960. By 2006 it was estimated at 34.8 per cent. Crude oil’s share of GDP correspondingly climbed from 4.8 per cent in 1966 to 37 per cent by 2006 according to the International Monetary Fund (IMF) Country Report 08/64. Crude oil exports have increased while nonoil exports have declined. The value of crude oil exports increased from ₦4.5 trillion to ₦6.2 trillion between 2004 and 2005, while nonoil revenues plunged from ₦113.7 billion to ₦92.3 billion over the same period. Furthermore, nonpetroleum revenue averaged only 18 per cent of petroleum revenue between 2004 and 2008. This reflected oil’s dominance as a source of revenue. There is little to suggest that the trend will reverse in the near future, even though growth in the nonoil sector has accelerated recently. Revenue from oil and gas is expected to account for 25 per cent of GDP in 2008 compared to 6 per cent for nonoil revenue (IMF Country Report 08/64).

1212. The federal government’s share of oil revenue has increased alongside oil’s dominance in the economy. This is shown by the declining importance of derivation in the revenue allocation formula since independence, and the increase in the federal government’s share of revenue allocations across the three tiers of government. In 1953, 100 per cent of the revenue allocation was based on derivation. By 1960 it was down to 50 per cent, and it plunged to 2 per cent by 1982. Derivation declined further to 1.5 per cent of the allocation formula in 1984 before it doubled to 3 per cent in 1992. It is currently 13 per cent. Most affected by the decline in allocation based on derivation are the major oil-producing states: Delta (30 per cent), Akwa Ibom (22 per cent), Bayelsa (18.2 per cent) and Rivers (18.2 per cent). Furthermore, before the discovery of crude oil, the federal government was allocated 20 per cent of all revenues, while 30 per cent went to the distributive pool. Currently, the federal government’s share of revenues has more than doubled to 52.7 per cent. In effect, the federal government has assumed greater responsibility for Nigeria’s development programme as oil revenues grew. However, this trend raises questions about the appropriate role of the federal government vis-à-vis that of the state and local governments in the development agenda.

1213. Despite its huge oil reserves, Nigeria imports virtually all its petrol for local consumption because it has not invested enough in oil refineries. Nigeria’s dependence on crude oil exports implies that it benefits little from the potential indirect economic benefits (such as the employment generation associated with producing petroleum by-products) associated with refining crude oil.

1214. Moreover, Nigeria’s dependence on oil has reduced the incentive for state and local governments to mobilise revenues internally. This has led them to neglect agriculture, has limited their efforts to exploit other natural resources, and has weakened revenue mobilising institutions. Indeed, it is no surprise that nonoil taxes in Nigeria are below the sub-Saharan average (World Bank Doing Business Report, 2007).
1215. Figure 7.1 shows that the dominance of oil has been at the expense of agriculture, and that increases in the share of oil and gas have coincided with corresponding declines in the share of agriculture. Furthermore, the rise of the oil industry has been associated with a decline in manufacturing, showing that the sector has few links with the rest of the economy.

1216. Crude oil’s dominance of national revenue has invariably fuelled rent-seeking, undermined food security, compromised efforts at mobilising domestic resources, and instigated civil unrest, especially in the oil-rich Niger Delta. More importantly, it stifles innovation and creativity by concentrating attention on amassing oil wealth to the exclusion of other potentially lucrative endeavours.

1217. It is critical for Nigeria to reduce its dependence on oil if it is to diversify its economy and revenue sources, reduce its vulnerability to volatile commodity prices, and expand its employment base. The capital-intensive nature of crude oil production, coupled with limited domestic petroleum refining, implies that crude oil production has little spillover effect on the real sectors of the economy like manufacturing and agriculture. Meanwhile, imprudently managed crude oil revenues exert inflationary pressures on the economy. These can cause excessive trade imbalances as a result of unmitigated imports.

7.2.3 The scourge of corruption

1218. Governance and anticorruption programmes are now high priorities on the development agendas of many countries, especially those in Africa. Empirical evidence for the past decade indicates that poor governance is a major deterrent to investment and economic growth, and that it has serious consequences for reducing poverty (Campos & Pradhan, 2007).
1219. Despite growing evidence about the adverse consequences of corruption, governments and the development community in general are still struggling to find ways to more effectively convert this understanding into concrete programmes and improved outcomes.

1220. Corruption remains the greatest and most troubling challenge to realising Nigeria’s huge developmental potential. Until a sufficiently strong political will is developed to fight this Hydra-headed monster demonstrably and consistently, Nigeria is unlikely to achieve the developmental goals set out in the National Economic Empowerment and Development Strategy (NEEDS) or in President Umaru Musa Yar’Adua’s seven-point agenda. With endemic corruption, the country is also unlikely to achieve the vision of its Financial System Strategy, which seeks to move the country’s GDP into the top 20 in the world by 2020.

1221. Current efforts in the fight against corruption involve supporting the activities of the Code of Conduct Bureau (CCB), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), and the Economic and Financial Crimes Commission (EFCC). There are also preventive measures like improving transparency in the Nigerian federal budgetary and public procurement processes, strengthening the Extractive Industries Transparency Initiative (EITI), and far-reaching civil service reforms. Together, these interventions could reduce the incidence of corruption in Nigeria. It is estimated that about US$1 billion due to the government was recovered from oil companies as a result of EITI audits. The public procurement reforms have also reduced the costs of government contracts and have increased the accountability of contractors. Savings of over US$800 million in inflated government contracts have been reported as a result of these reforms. In addition, the EFCC and the ICPC have investigated and prosecuted high-profile public officials, and the CCB has monitored declared assets. The laws against money laundering have also been effectively enforced. All of these have had some success in the war against corruption. The National Assembly, in its oversight functions, is also involved in intensive investigations of high-profile public officials.

1222. Despite these laudable achievements, Nigeria still faces the herculean task of tackling corruption internally. By and large, the most forceful challenge to anticorruption measures is the perception and virtual acceptance of the widely acknowledged role of ‘godfathers’ in all aspects of Nigerian life. In addition, there is the perception of selective justice being applied by the anticorruption agencies. In order to make the work of these agencies credible and acceptable to the general public, there should be no ‘sacred cows’. Increased autonomy and more financial resources, including enhanced capacity, will improve the agencies’ investigations into, prosecution of, and information about, offshore accounts and money laundering. The anticorruption units of ministries, departments and agencies (MDAs) must become more effective and work with anticorruption agencies.

1223. National and state assemblies must support the auditor general’s office in its task of carrying out timely and effective audits of government accounts. They also have oversight functions. In exercising them, the assemblies
must become proactive so as to ensure proper accountability in the use of national resources. Nongovernmental organisations (NGOs) and civil society organisations (CSOs) should be empowered to participate fully in all aspects of the budgetary process, and must become key stakeholders in the operations of the EITI. Impending anticorruption bills, such as the Freedom of Information Bill, should be passed and implemented in earnest, and the Public Procurement Act should be implemented.

1224. President Yar’Adua’s policy is zero tolerance of corruption, and his battle cry is that the war on corruption must be won and be taken to both the lowest and highest echelons of society. The president led by example by declaring and publishing his assets. His example of good governance, transparency and accountability should be followed by all Nigerians.

1225. In conclusion, it is worth reiterating that significant progress is being made in the fight against corruption. It is evident and reassuring that a growing number of patriotic Nigerians are moving the nation slowly but steadily towards making Nigeria a better place for all Nigerians.

### 7.2.4 Ineffective policy and programme implementation, and poor service delivery

1226. Implementing all policies and programmes is critical to achieving sustainable growth and reducing poverty. It requires strong political will and effective institutions.

1227. Nigeria has ratified several key international and regional standards and codes, and has developed numerous political, economic, financial and social policies and laws. However, their implementation is weak. Additionally, nonadherence to set policies and laws by those responsible for implementing them is a common feature and seems to be more the norm than the exception. It may be attributed to a lack of knowledge about existing standards by those supposed to implement them, limitations in capacity and resources, or sheer impunity and wilful disobedience of rules and regulations.

1228. There is general agreement that effective implementation of policies, laws and standards would be improved considerably were it not for limited capacity and flawed governance. The challenge for Nigeria remains that of ensuring that policy papers and law books are converted into practical and enforceable rules that carry sanctions for noncompliance. Further, the beneficiaries of government programmes should take responsibility for monitoring compliance and holding the implementers accountable.

### 7.2.5 The informal sector

1229. The informal sector, despite the uncertainty about what it constitutes, has become a major structural feature of society, especially in less
developed countries. It is becoming increasingly so in industrialised ones. Devey et al. (2006) suggest that the drift toward informalisation in the world is unlikely to be reversed. Despite this, the ideological controversy and debate surrounding the development of the informal sector have prevented a real understanding of its character, and have challenged scholars and policy makers to clearly explain informality and the type of support it needs.

1230. In Africa, the widespread emergence of unregulated, informal modes of producing goods and delivering services began to attract attention over 30 years ago, after the 1972 ILO report on Kenya. However, it is only recently that serious efforts have been made to understand the foundations of the informal sector, the reasons for its continued importance and its potential for the future.

1231. Early development planners assumed that the informal sector in Africa and other Third World countries reflected the ‘transition’ from an agrarian society to an economy in which people would be predominantly employed in the ‘modern’ sector. The rapid growth of the informal sector in much of Africa in recent years has cast some doubt on this view.

1232. Despite these reservations, policy makers in Nigeria, as elsewhere in Africa, still view the informal sector differently. Some of the more optimistic advocates of the sector tend to present it in romantic terms as: a form of popular development; a vital source of employment and income for the poor; the seedbed of local entrepreneurship; and a potent instrument in the campaign to combat poverty and social exclusion. They dismiss earlier descriptions of the sector as easy to enter and requiring little money and skills. These led to the misconception that the informal sector required no form of official support. They also condemn the large number of regulations and bureaucratic procedures from the different institutions and levels of government which tend to stifle entrepreneurship and prevent the sector from realising its potential.

1233. On the other hand, some critics, including many planners and government authorities, dismiss the sector as an anomaly, a source of disorder and an obstacle to the development of a modern economy. They condemn the slums, health risks, insecurity and exploitation associated with it. They also hope that, like other transitory phases in the course of development, the informal sector will wither away with time and economic progress. The critics argue that informal-sector traders do not respect legal, social, health and quality standards. The critics also contend that they do not pay taxes and violate the rules of fair competition. In fact, they assert that the informal sector has run its course, is saturated and may simply...
be replicating the disguised unemployment that prevails in rural areas. These conflicting positions pose a difficult dilemma for planners and policy makers. They tend to reinforce the ambivalence and hostility of official attitudes towards the sector.

1234. There is no doubt that the informal sector is a major source of livelihood in Nigeria. The Nigerian informal sector is very dynamic and is characterised by numerous competitive but poorly capitalised small-scale operators. The sector covers a wide range of activities, including several small, unregistered sole proprietors and, in some instances, partnerships that can be found in urban and rural settlements around the country.

1235. Statistics on the size and contribution of the informal sector in Nigeria, as in other developing regions, can always be debated. However, these statistics may be under-estimates rather than exaggerations. The unregistered and unreported nature of the informal sector poses difficulties for measurement, especially as participants in some cases do not want to be identified or counted. Findings also depend on the types of activities and units which are included in surveys.

1236. The informal sector also accounts for most of the urban labour force and a growing proportion of the rural labour force in Nigeria. However, much of the growth in informal employment in Nigeria, as in other African countries, is caused by the increase in the number of new enterprises rather than by an increase in the vertical growth of enterprises. The lack of vertical growth in the informal sector in Nigeria can be attributed to a number of factors. These include: lack of capital; lack of managerial and technical skills; lack of market information; and lack of access to lucrative markets. Other problems include: lack of access to, and the high cost of, production inputs; lack of suitable business premises; and lack of equipment. In addition, the tendency towards splitting off to form new enterprises in the informal sector – that Tinker (1987) has referred to as the ‘amoeba-like effect’ – tends to keep informal enterprises small.

1237. Despite these constraints, the informal sector hardly receives any institutional support. Government policies in Nigeria, as elsewhere in Africa, have remained focused on the problems of the formal sector. The crucial role of the informal sector in generating employment, producing basic goods and delivering services is generally ignored in the development of policies and programmes. The lack of adequate information on the informal sector has also made it difficult to integrate the sector into the formal policy-making process.

1238. Informal-sector policies in Nigeria in the 1980s were generally very repressive, while the response to the sector in the 1990s was much more pragmatic and promotional. Informal-sector enterprises, like hawking and other forms of street business, were incessantly harassed and compelled to relocate to remote and inaccessible outskirts of the cities and towns. Kiosks, illegal structures and shantytowns in Lagos, Kano, Port Harcourt

and other state capitals were raided and ruthlessly demolished. The military approach was certainly not a permanent solution to the problem, as it caused so much discontent and distress and provoked many human rights activists to protest.

1239. The lack of adequate job creation in the formal sector of the economy means that the informal sector has continued to grow in Nigeria and elsewhere in Africa. It is, therefore, not surprising that African governments and donors have gradually come to accept informal economic institutions as sources of survival for large sections of the population who cannot rely on the formal economy for employment or adequate income.\(^46\) Thus, rather than viewing the informal sector as just a manifestation of casualisation to be eliminated as the formal sector strengthens, donors and governments alike are today looking for ways to provide microfinance and other support to this sector.

1240. At the moment, there is no clear and coherent policy about the informal sector in Nigeria. This is reflected in the lack of a coherent approach to dealing with informal-sector operators and activities. Interviews with stakeholders confirmed the absence of support for the informal sector.

1241. A major challenge for policy makers concerns appropriate interventions in the informal sector. Three policy interventions in the informal sector have been identified in the literature: ‘negative intrusion’, ‘passive indifference’ and ‘positive intervention’. The a-legal approach currently adopted towards the informal sector in Nigeria can be described as ‘passive indifference’. There is, therefore, a need for policy to shift from ‘passive indifference’ to ‘positive intervention’. The latter requires a reasonable infrastructure of service institutions in the financial, administrative, legal and educational fields that target entrepreneurial and survivalist activities.

1242. A more enlightened, more participatory and more equitable form of state intervention is needed to support the informal sector in Nigeria rather than one that advocates less government, less control or a mindless deregulation of economic and planning activities. It should eliminate needless restrictions and provide a more appropriate and flexible regulatory framework that is compatible with local conditions and yet reasonably efficient and environmentally sustainable.

7.2.6 Slow progress towards gender equality and limited advancement of women

1243. Gender issues in Nigeria pervade all areas of socioeconomic and political life and cut across all development issues.\(^47\) Women are almost excluded from access to resources and from decision-making positions. They are generally treated as subordinate to men. The equal rights afforded to

\(^{46}\) McGrath & King, 1995; Carr-Hill & Leach, 1995; Pedersen, 1998.

\(^{47}\) A ‘gender issue’ is one where one gender systematically discriminates against the other. ‘Gender discrimination’ is unfair treatment based on gender.
women in the constitution are virtually denied in practice. Not only are women discriminated against in various customary and religious practices, but some of these discriminatory practices are entrenched in state and federal law.

1244. Many of these discriminatory practices, and the resulting gender gaps in socioeconomic status, have been reported in the preceding chapters of this report. Large gender gaps are seen in the small proportion of women holding positions in government and on representative assemblies at both federal and state levels. There are also gender gaps in school and university enrolments, in paid employment, in personal wealth, and in social status within the family. Women have less access to land and credit and are more affected by shortages of water and electricity because of their traditional burden of domestic work. Women are also more vulnerable to the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) as they have less access to information about, and treatment for, the disease.

1245. Clearly, the lack of equal rights for women in Nigeria represents a serious threat to their full participation in the democratic dispensation, and to their realisation of various fundamental rights and freedoms. However, in assessing the quality of governance in Nigeria, the focus should not so much be on the shortfalls in democratic standards but on whether the government’s policies and actions, which are aimed at changing this situation, are adequate.

1246. This and other postdemocracy governments cannot be held responsible for the fact that the pre-1999 military dictatorships failed to uphold human rights. In striving for increased gender equality, Nigeria in the democratic dispensation has shown good commitment at the policy level. The 1985 commitment to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) formed the basis of the 2003 National Gender Policy. This has two main thrusts: to incorporate CEDAW into federal law, and to draw attention to gender issues in national development planning. The National Gender Policy aims to redress the history of gender inequality, to end discriminatory practices, and to introduce gender equality into all aspects of governance.

1247. However, the overall problem is that there has been insufficient progress with implementing the National Gender Policy. A bill was introduced in 2005 to incorporate CEDAW into federal law. However, it has been stalled by objections from legislators and has been deferred. Even if enacted as federal law, CEDAW would not apply throughout the country unless it was also approved by two-thirds of the state legislatures – and so far only two of 36 legislatures have given their approval. This apparent opposition to incorporating CEDAW leaves the National Gender Policy without legal backing. At the moment, many National Gender Policy goals are obstructed by discriminatory practices that have the sanction of the law at either federal or state levels.

1248. Apart from these legislative hurdles, progress with administering the National Gender Policy has been erratic and, generally, very poor. The National Gender Policy incorporates a strategy of mainstreaming gender
issues because they pervade all aspects of life. This means that the development plan of every ministry must recognise and address the gender issues that are relevant to its sector or area of jurisdiction. Similarly, the goals and strategies of the National Gender Policy need to be prioritised by the private sector, particularly in areas like labour relations and the way in which stakeholders, customers and clients are treated.

1249. Mainstreaming gender issues is always likely to involve several ministries that combine their efforts. The role of the Ministry of Women’s Affairs will be to coordinate and facilitate the work of the other ministries. A goal of increasing women’s access to land, for example, could involve: the Ministry of Justice to introduce legislation on women’s rights to inheritance; the Ministry of Lands at state level to enable women to gain the titles to land; the Ministry of Agriculture and Water Resources to support women farmers; the Ministry of Women’s Affairs to get women to demand ownership of traditional land; and the Ministry of Information and Communications to assist with changing traditional attitudes.

1250. However, mainstreaming gender issues in national planning is not happening yet. Instead, the pervasive attitude in government is that the Ministry of Women’s Affairs is entirely responsible for implementing the National Gender Policy. Moreover, the way in which NEEDS presents its proposed actions on gender issues supports this compartmentalised view. Overall, more needs to be done to ensure that gender issues are recognised and addressed in all areas of national planning.

1251. In discussing the problems of implementing the National Gender Policy, the CSAR points to the difficulties that arise from deeply embedded patriarchal beliefs, both cultural and religious. Patriarchal attitudes may exist outside of government and, to some extent, within it. This presents an internal obstacle to implementing policy. This raises the question of whether a male-dominated government, especially at the administrative level, can generate the necessary political will to pursue its own policies on equal rights for women and push the private sector into ending discrimination.

1252. CEDAW has not been incorporated into federal and state law. There is also no effective gender mainstreaming in national planning. The government’s actions on gender issues have, therefore, been focused on a few isolated and rather disconnected interventions. Notable among these has been the presidential initiative to take affirmative action in appointing women to high-level positions in the federal administration. However, affirmative action can only be seen as a temporary measure to compensate for the gender gap caused by discrimination. It is an intervention strategy to be used only until action has been taken to end the discrimination which originally caused the gender gap.

1253. Federal and state action to reduce gender gaps in school enrolments is another intervention. The interest shown by international development agencies and women’s organisations has prompted and assisted these efforts. They see women’s education as a way to enable women to compete on more equal terms with men in all areas of endeavour. However, women’s education has very limited potential for promoting women’s advancement if
structural gender inequality remains in most other areas. Highly educated women, for example, are often prevented by their husbands from seeking employment or aspiring to political office.

1254. There are other government programmes that target women. However, they are less relevant to the National Gender Policy because they aim at compensating for the effects of gender discrimination rather than at eliminating the discrimination itself. Examples of these programmes are the Better Life Programme (BLP) for rural women, the Women’s Fund for Economic Empowerment, and the Family Support Programme (FSP). These programmes are not intended to remove the discrimination but to enable women to live more comfortably within the existing structure of gender inequality. Similarly, government’s legislative action to prohibit trafficking of women and violence against women and girls, although aimed at reducing the more extreme forms of women’s subordination, are nonetheless interventions which are ameliorative rather than transformative.

1255. In summary, there are three types of problems which impede progress towards equal rights for women: first, the legislative problems of incorporating CEDAW into law at federal and state levels, and the opposition to doing so; secondly, the apparent obstacles to mainstreaming gender issues in national development planning; and lastly, the problem of patriarchal attitudes. These fortify the opposition to the National Gender Policy and may even undermine the government’s political will to vigorously tackle gender issues. Despite these difficulties, the participation of women in politics and decision making is slowly increasing. The return to constitutional democracy has expanded the political space for women. Women’s groups are becoming increasingly vocal in their demands for equal rights. Currently, activist groups are concentrating on the gender orientation of federal law, and are demanding that clear and quantitative provisions for affirmative action are enshrined in the constitution. As the national women’s movement becomes more active, Nigeria could hope for more concerted and focused national action to address the many and structural forms of gender discrimination. These currently subordinate women, contradict the fundamental principles of democracy and good governance, and stand as pervasive obstacles to equitable socioeconomic development.

7.2.7 Land policy reform

1256. In Nigeria, as in other African states, there are conflicts between state efforts to control land on the one hand, and the complex and traditional local land tenure systems on the other. Nigeria did not originally have a uniform system of land tenure. The heterogeneity of its population was reflected in its many forms of land administration. The overriding political structure determined, to a large extent, ways of getting and keeping land.

1257. In the northern parts of the country, where an emirate system of power and authority operated, all land rights resided in the highest authority who (or whose representative) could disburse parcels of land according
to culturally defined rules. This form of tenure was also found, with certain adaptations, in central and parts of southwestern Nigeria where centralised polities were entrenched.

1258. In contrast, most parts of southern Nigeria adopted a general form of land ownership. Its dominant characteristic is that land belongs to the group or community (tribe, village, clan, kindred, lineage or family) and not to the individual. The head of the group or community held the land in trust and administered it on behalf of its ancestors, its living members and its members not yet born. Control over, and access to, land was inextricably linked to sociopolitical relationships. Land was regarded not just as a physical entity; it also had symbolic and spiritual significance, and represented a link between the generations (Acquaye & Asiama, 1986).

1259. Colonialism seems to have had little impact on traditional land tenure systems in Nigeria. Unlike in many of the British colonial territories of east, central and southern Africa, the British did not wish to stay for long in Nigeria. It was said to be too hot, malarial and humid. The colonialists learned early that the indigenous people could produce the raw materials that the empire needed more cheaply than foreigners could.

1260. Following the precedent set by the Fulani conquest of the early 19th century (which established the emirate system), Lord Frederick Lugard made the famous protectorate proclamation of 1 January 1900. According to the proclamation, the British acquired, by right of conquest, all the land in northern Nigeria (Macdowell, 1966). From then on, all lands in northern Nigeria were regarded as state lands, and all occupiers as tenants of the state.

1261. In southern Nigeria, the system of communal ownership of land was allowed to continue because it enabled the colonial administration to increase the power of local (paramount) chiefs, through whom it could rule indirectly (Mabogunje, 1992). Although existing modes of land administration were allowed to continue, they were modified because the colonial administrators needed to carry out their administrative and trade functions and meet the needs of their personnel (Rakodi, 1997). The English conveyancing system was also gradually introduced. It led to a dual system of customary and statutory rights of ownership.

1262. The military government promulgated the Land Use Act of March 1978 to stave off a potential crisis over land distribution. Its purpose was to open land for development by individuals, corporations, institutions and governments. This decree vests all land in the state governments, except for that which falls within the federal territory area. Oil and other mineral rights are, however, vested in the federal government. Since oil and other minerals are embedded in the land, conflicts between the federal and state governments over oil exploration and exploitation leaseholds can occur.

1263. The law vests land in the state governments. In practice, however, the authorities at state and local government level are often indebted to traditional leaders, who exercise informal but effective traditional custodial rights over land. Land is a major constraint to doing business in most
parts of Nigeria. Access to land for small and medium enterprises (SMEs) is difficult, costly and cumbersome.

1264. Nigeria needs to review land law and land rights. Land tenure reform has a direct bearing on development. Land tenure systems embody legal, contractual and customary arrangements whereby people in various kinds of economic activities, especially farming, gain access to productive opportunities on the land. With secure tenure, people are more likely to make medium to long-term improvements to the land in order to benefit from their investments.

1265. Land reform will allow Nigeria to change inequitable ownership structures and develop participatory national and local institutions. Given the influence of chiefs in allocating land, Nigeria can take advantage of the widespread use of the customary land tenure system and then try to influence its evolution so that it will influence the development process positively.

1266. However, land tenure should not be viewed in isolation. The dimensions and prospects of farming opportunities are crucially influenced by labour, capital, marketing facilities and marketing policies. Attention should be paid to these issues as well.

7.2.8 The role of traditional rulers in governance

1267. There has been a tendency in conventional governance strategies to assume that indigenous African social institutions and culture are not conducive to democracy. The traditional conceptions of democracy have tended to view governance in terms of formal Western democratic institutions and a process of transforming rural social institutions that are seen to hinder democracy.

1268. However, far from being obstacles to democracy, rural social institutions permit all people to pursue the improvement of their lives actively within the context of their own understanding and values. In this context, governance should be seen as a contextually specific phenomenon that embodies the unique character of the social experiences of real people in real rural societies. This suggests that it is necessary to focus on the role of local traditional governance systems.

1269. ‘Traditional leadership’, or ‘traditional authority’, means the structures and processes of politics that predate the contemporary African state. Anthropological accounts indicate that precolonial Africa consisted of small and largely self-sufficient communities based on a system of kinship. The communities were tied to different clans and large national groups - the so-called tribes. Ayittey (1998) observed that some of these groups were part of well-organised, highly centralised and hierarchical political systems which reigned over large territories that were divided into smaller political units.

1270. During the precolonial era, African societies created their own governance systems. Despite great diversity, there were many similarities in the ways Africans governed themselves. Ayittey (1998) identified two prominent
forms of indigenous political organisations in Africa. The first type, tribal groupings, existed as separate political entities which governed themselves. In the second type, imperial rule, some conquered tribes came under the rule of others. There was also a minor type – the acephalous society – where there is no central head.

1271. Political organisation began at the village level in virtually all African tribes. The village consisted of various extended families or lineages. Each had its own head, chosen according to its own rules. In general, there were as many as four basic units of government in African societies. The first was the chief, the central authority. The second was the inner or privy council, which advised the chief. The third was the council of elders. The fourth institution was the village assembly of commoners, also called the village meeting. It is commendable that Nigeria introduced a Council of the State, since this embodies some of the traditional principles of governance.

1272. Contrary to the common perception that the African chief had a lot of administrative and legislative power – which led to a characterisation of the institution as autocratic – the chief rarely made policy. He only led, which is an important distinction. Chiefs and kings were not above the law and had to obey customary laws and taboos.

1273. There were also other injunctions against chiefs in traditional African society. Some of these injunctions were intended to enhance the sanctity of the office, while others were designed to check despotism. The African chief was, therefore, surrounded by various bodies and institutions to prevent abuse of power and corruption. After several reminders, any violations of customary law could result in immediate ‘dethronement’, or removal from office.

1274. The mode of participation in affairs was participatory democracy. The system of governance was transparent and inclusive. Deliberations at meetings were open, thus guaranteeing freedom of speech. Local communities enjoyed substantial autonomy to run their own affairs.

1275. After independence, African leaders and elites failed to deconstruct the political system they inherited from colonialists. They consequently bear no resemblance to indigenous governance systems. Instead, they strengthened the unitary colonial state apparatus and expanded its scope enormously. This considerably weakened indigenous governance systems and had serious consequences for development at the local level.

1276. Excluding chiefs from local government is consistent with theories of political development because it downplays ascriptive rights. However, the implication is ominous as there are still wide areas in Africa, including Nigeria, where no development is possible unless it is routed through the traditional leaders and is backed by them. It may be necessary to re-examine the position of chiefs when decentralising, and to consider a meaningful role for chiefs in local affairs. It is in this context that this study was undertaken.

1277. CRM interactions with state and nonstate stakeholders revealed conflicting views about traditional rulers. There were those who hold the traditional political institutions, of which traditional rulers are integral, in high
342
esteeem. They see traditional rulers as the leaders closest to the grass roots, especially the majority who live in rural communities. Therefore, traditional rulers are well placed to help improve communication between the citizens and the rulers. On the other hand, there were those who saw traditional institutions and authorities as archaic, authoritarian, gerontocratic and irrelevant in a modern society.

1278. The term ‘traditional ruler’ is complex in the diverse Nigerian context. It cannot be compared to a political stakeholder like the president or a state governor. Traditional rulers are prominent people who exercise power at ethnic or subethnic levels. The loci and extent of their powers are disparate. Traditional rulers preside over all indigenous institutions and have diverse titles such as chiefs, emirs, obas, obis, olus, ottahs and attas. Thus, ‘traditional rule’ is a network of indigenous governing systems. They include traditional rulers, councils of elders, titled men and women, and age-grade or other similar associations.

1279. The roles of traditional rulers have varied with the nature of the politics of the time. During the precolonial era, for example, traditional rulers exercised full executive, legislative, judicial and spiritual powers within their domains. Their authority and political behaviour were only limited by institutional restraints, conventions and customs. However, during the period of British colonial rule in Nigeria, traditional rulers were co-opted and ruled for, and on behalf of, the colonial rulers through the indirect rule system. The colonial rulers granted traditional rulers legislative assemblies in their regions, like the Houses of Chiefs for the western and northern regions. The 1963 republican constitution retained the Houses of Chiefs and created one for the mid-western region.

1280. The political fortunes of traditional rulers declined considerably during the many years of military rule in Nigeria. Their formal political roles, enshrined in the 1963 constitution, were removed by the military regimes in the constitutions of 1979, 1989 and 1995. The 1999 constitution, under a civilian regime, also omitted to provide a constitutional role to traditional rulers. Traditional rulers became increasingly drawn into partisan politics because of their status as influential opinion leaders, thus making them vulnerable to the political shenanigans of the day. This made them lose popularity in rival political bases, some of which formed their traditional constituency. This, in turn, eroded their power bases. It is for this reason that arguments prevail for traditional rulers to be insulated from partisan politics in order to serve the greater good.

1281. The strengths and weaknesses of traditional rule are pivotal to Nigeria’s development of democracy and political governance. They can be described as the case for and against formal constitutional roles for traditional rulers. Indeed, it is the old debate between ‘traditionalism’ and ‘modernism’. The strengths of traditional rule are based on the values of: high moral integrity; a sense of social justice; concern for followers; and loyalty to family and community. Proximity to the community leads traditional rulers and elders to be viewed as the natural and true leaders of their people – accessible, respected and legitimate. As a result of these strengths, some scholars have identified specific roles for traditional rulers. They
should: be brokers in projects and deals for local economic development; oversee ‘low level’ conflict resolution within and between communities; act as ombudsmen between their communities and the state; facilitate community solidarity; and provide administrative services on behalf of the central government.

1282. ‘Modernists’, who highlight the weaknesses of traditional rule, claim that: it is undemocratic and not gender sensitive; it entrenches patriarchy; leadership succession is through ascription and not popular election, achievement or ability; it competes with the Nigerian state for supremacy, authority and loyalty; and some traditional leaders support crimes and are corrupt. In addition, it is feared that incorporating traditional rulers in formal governance structures will damage government revenues because of their numbers.

1283. It is nevertheless a fact that there is a traditional ruler in every ethnic and subethnic community in Nigeria. This means that, in the modern governance system in the country, there is a traditional ruler in every one of the 774 local government areas. Recent experience shows that state governments frequently create new ‘traditional’ thrones to show their continued interest in traditional political institutions. Coexistence between traditional rule and the modern institutions of governance is, therefore, the way forward.

1284. Unlike some African countries that have recognised the institution of traditional leaders or rulers in their constitutions, Nigeria’s constitution is silent on the matter. The constitution of Nigeria does, however, recognise customary law and courts – a sphere where traditional leaders and institutions exert considerable influence.

1285. President Yar’Adua has highlighted the need to get traditional rulers to play a more meaningful role in his administration. He proposes to set up the National Council of Traditional Rulers to cater for their concerns and welfare. Given the impact that traditional leaders have on society and communities, they should be supported to play a meaningful and positive role in Nigeria.

7.2.9 The diaspora and remittances

1286. Migration has become one of the key global challenges. In 2002, a United Nations (UN) report estimated that about 175 million people – roughly 3 per cent of the world’s population – lived and worked outside the country of their birth. As a result, international migration is becoming one of the most important factors affecting economic relations between developed and developing countries today.

1287. Migration is increasingly being seen as a phenomenon that produces opportunities and challenges for both home and host countries. Migrants have long been recognised as important factors in global development because of their contributions to the economic development of their host countries and the financial remittances to their home countries. The
remittances – money and goods – sent home by these migrant workers have a profound impact on the living standards of people in the developing countries of Asia, Africa, Latin America and the Middle East.

1288. Migrant remittances – defined as transfers of funds from migrants to relatives or friends in their country of origin – are now recognised as important sources of global development finance. They are the second-largest sources, behind foreign direct investment (FDI), for external funding for developing countries. They also provide much sought-after foreign exchange to recipient countries, and supplement the domestic incomes of millions of poor families across the world. In 2002, the flow of international remittances to developing countries stood at US$72 billion, a figure which was much higher than the total official aid flows to the developing world.

1289. Nigeria has a large population, and the number of Nigerians living in the diaspora is also high. Some estimates put the number at more than 20 million. The large number of Nigerians living outside their homeland has had a tremendous impact on the country, for both good and ill.

1290. There are many Nigerian professionals in the diaspora. They are highly distinguished and revered, and render invaluable services to humankind everywhere around the globe. They comprise renowned academics, actors, musicians, artists and international leaders. There is, however, a negative side to emigration. Anecdotal evidence shows that some segments of the Nigerian population resident abroad engage in criminal activity like drug trafficking, prostitution, money laundering, ‘419’ and other forms of crime. These reports are so frequent and numerous that they are harming the image of the federation.

1291. One key positive outcome of the Nigerian diaspora is the size of remittances they send back home. In April 2007, the governor of the Central Bank of Nigeria (CBN) estimated the remittances at US$7.7 billion, or a sum larger than the GDP of 29 of the 53 African countries. The remittances exceed the median GDP of small African countries (US$6.4 billion). The International Fund for Agricultural Development (IFAD), in its December 2007 report on remittance flows, estimated that remittances to Africa amounted to US$38.6 billion in 2006. Of this, US$10.39 billion went to West Africa. Nigerian receipts were estimated at US$5.397, or 4.7 per cent of its GDP.

1292. These figures may, however, be under-estimates. A 2005 report by Africa Recruit asserted that formally documented remittances may be as low as 25 per cent of total remittances. The report also notes that, while an initial survey identified consumption as the main purpose for making remittances, an estimated 92 per cent of remittances financed investment by 2005. The largest share of remittances (31 per cent) bought stocks and shares, followed by real estate at 26 per cent, and ‘friend’ and family businesses at 19 per cent. These remittances, if well managed, could help to reduce poverty and contribute to socioeconomic development.

This means that it is also necessary for Nigeria to pay attention to one aspect of the various dimensions of migration that is largely overlooked despite its critical significance: social remittances from expatriates to their home countries.

Social remittances merit attention for several reasons. First, they play an important role in forming collectives between nations. Secondly, they highlight the social impacts of migration. Thirdly, they can help community development.

There are at least three types of social remittances: normative structures, systems of practice, and social capital. Normative structures are ideas, values and beliefs. They include norms for behaviour, notions about family responsibility, principles of neighbourliness and community participation, and aspirations for social mobility. They also encompass ideas about gender, race and class identity.

Systems of practice are the actions that normative structures lead to. These include how individuals delegate household tasks, and the extent to which they participate in political and civic groups. They also include organisational practices such as recruiting and socialising new members, setting goals and strategising, establishing leadership roles, as well as forming ties. The values and norms on which social capital is based, and the social capital itself, constitute social remittances.

Nigerians in the diaspora have been able to build up social, economic and political networks through which they can directly and indirectly channel wealth, information, new ideas, intellectual capacities, new technological skills and democratic political practices from Western countries to Nigeria.

However, there are a number of challenges that Nigerians in the diaspora have encountered in their attempts to transfer social remittances to their country. There is, therefore, a need for Nigeria to investigate the constraints that its large migrant population faces in order to maximise its contribution to the development of the country. In particular, it is necessary for Nigeria to find ways of making it easier for Nigerians in the diaspora to transfer their economic and social remittances.

7.2.10 Social indiscipline, disorder and value reorientation

A significant impediment to improving governance in Nigeria is pervasive social indiscipline, which sometimes borders on disorder. Nigerian authorities and the public have never denied the importance of culture. The need to integrate cultural activities and values in all spheres of life has been very pronounced in the postindependence development of Nigeria. General ideas on Nigerian development were specifically linked to authentic cultural values.

The most important issue of reorientating values concerns cultural development. The issue here is whether to create a national cultural identity or to affirm an ethnic cultural identity. The challenge is to adopt the positive aspects of Nigeria’s ethnic and religious diversity in order to develop the desired national values.
Nigeria’s cultural milieu is extremely diversified. It depends on ethnic cultural values and habits, and on religious habits and obligations. There are also major differences between rural and urban cultural life, and between rural and urban habits and norms.

Generally speaking, cultural life in Nigeria is largely marked by tradition, and traditional forms of cultural events are the most popular: festivals, exhibitions, performing, playing music and dancing in the open. They can be used to reorientate values.

On the other hand, cultural life is very influenced and defined by the cultural industries, particularly the mass media. Cultural industries introduce new technologies and standards into Nigerian cultural life that are easily accepted by most people. Nigeria can identify the positive aspects of these external standards and use them to promote its own value reorientation.

Religion is also an important aspect of Nigerian life for several reasons. First, it shapes the value and belief systems of people. This is important in defining cultural and social behaviour and norms in a particular place. Religion also influences gender roles, banking practices and attitudes towards education.

There are important differences between Islamic and Christian places, although it is important not to overestimate the influence of religion in people’s lives. Not all Nigerians are deeply religious, nor do all of them follow the behavioural guidelines prescribed by their religion closely. This said, however, Nigerians are deeply religious people on the whole. This leads to the second reason why religion is important. This is that religion influences the material landscape and people’s sense of place. In Muslim areas, for example, mosques are prominent features of the landscape, and periodic calls to prayer are an important marker of people’s daily schedules. Biblical surnames are common in Christian areas, and people often incorporate Biblical phrases into various aspects of their textual landscape (such as through signs and posters).

The recent evolution of cultural life in Nigeria is therefore strongly marked by traditional and religious habits, by the mass media, and by the proliferating cultural industries. This aspect of Nigerian life was acknowledged during the earliest military regimes, perhaps because it was pivotal to the very ethos of the military.

Not surprisingly, efforts to combat societal indiscipline originated with the military governments. President Murtala Muhammed declared that he would not tolerate indiscipline. However, the real fight against indiscipline did not start until President Muhammadu Buhari took over. He identified corruption and indiscipline as antidevelopmental vices in Nigerian society. President Buhari declared a ‘war against indiscipline’. This was a national campaign that was launched in 1984 and affected the public and private
The campaign involved sanctions such as punishing officers for reporting late for work or not forming queues at bus stops. To date, the achievements of this campaign in ensuring orderliness in Nigerian society are remembered with nostalgia in some circles.

1308. In Nigeria, social indiscipline is shown by what seems to be a total disregard for set rules and regulations. Timing is an aspect of social indiscipline. For example, a programme seldom, if ever, begins on time. Officials and important people assume that no matter what time is specified in a programme, the actual time is whenever the most important personality attending the event arrives. The citizens seem to accept this. There are also other more serious manifestations of indiscipline. An example is the increasing incivility among young people. This is shown in the election violence perpetrated by idle youths or in student cults at universities. Given that the youth are the future of any nation, unruliness in this group is a cause for concern. It raises questions about what leadership will be like in the next decade or so.

1309. Social indiscipline appears to be one of the explanations for poor service delivery by both public and private-sector institutions. Services provided by the hospitality industry, especially the so-called ‘five star’ hotels, do not meet the criteria for quality. Housekeeping timelines are not adhered to, and elevators and toilets do not work, thereby greatly reducing the quality of service. This is aggravated by interruptions in the electricity and water supply. The culture of maintaining services is poor, and most appliances malfunction quite often.

1310. Many Nigerians and others observe that implementation is ineffective and that this contributes to the lack of discipline and poor service delivery. Thus, for example, standards, codes and statutes are adequate to improve governance significantly; what is lacking is the will or commitment to implement rules. Impunity and the prevalent corruption also help to explain the indiscipline.

1311. There is, nevertheless, a significant core of Nigerians who condemn the prevalent social disorder and disregard for organisation. There are several laudable Nigerians who have maintained high standards of professionalism and integrity. Their achievements are attributed to self-discipline and high moral and personal standards. The CRM noted that there was a recurring call from Nigerians in several sectors to reorientate values by analysing their own ways of life.

1312. The return to a value system that recognises the merits of enterprise, dignity, integrity and morality is being promoted in the media, academia, government, faith-based organisations, among traditional leaders and in several other sectors of society. These efforts could be buttressed by a large-scale critical discourse on national consciousness, a civic education campaign at all levels and, where appropriate, by sanctions.

49 This 15-month campaign focused on patriotism, public decorum, work ethics, corruption and environmental sanitation in phases. These were queuing (20 March 1984), work ethics (1 May 1984), nationalism and patriotism (21 August 1984), anticorruption and economic sabotage (14 May 1985) and environmental sanitation (29 July 1985).
1313. The cultural rights of the people of Nigeria have been recognised in the Nigerian constitution, and the various attempts they have made to develop their culture have been supported by both the civilian and military governments. However, neither has been really successful. The challenge for Nigeria is to implement its cultural policies.

1314. Nigeria should implement its National Cultural Policy vigorously to fight social indiscipline and promote value reorientation. The policy should also be used to facilitate the transfer of social remittances from the Nigerian diaspora.

7.3 Issues unique to Nigeria

7.3.1 The Lagos megalopolis

1315. The present-day city of Lagos, in southwestern Nigeria, is located at an old Yoruba settlement called Eko. Portuguese traders and explorers who visited this settlement in 1472 renamed it Lagos after a trading port in Portugal. Lagos was then developed by the Portuguese and used as a trading post for slaves and goods. It was annexed by the British in 1861, thus becoming a British crown colony. Trade in the interior was conducted from the city, amid conflicts with resisting Yoruba states. Lagos was expanded after these states were conquered. In 1914 it became the capital of the colony and protectorate of Nigeria.

1316. The municipality of Lagos lasted until 1976, when the term fell into disuse. It used to cover Lagos Island, Ikoyi and Victoria Islands (separated from each other by creeks), as well as some mainland territory. Lagos State itself is made up of 20 administrative units called local government areas. Each is governed by an administrative bureaucracy headed by a chairperson. Lagos became the capital city of Nigeria with independence in 1960. However, because of the population explosion and the city’s developmental constraints, Nigeria’s political authority was moved to Abuja, which became the country’s new capital city in 1991.50

1317. Owing to its origins as a trading post, Lagos remains the commercial capital of Nigeria. Most economic activities are conducted in the business district of Lagos Island, where several of the country’s largest banks, financial institutions and the Lagos Chamber of Commerce and Industry are located. The chamber organises and hosts international trade fairs annually. The fairs attract an ever-increasing number of exhibitors and visitors from all over the world, and they are the largest exhibitions in the West African subregion. Furthermore, over 50 per cent of Nigeria’s industrial capacity is in the Lagos City area, particularly in the Ikeja industrial estate. This makes Lagos a focal point for Nigeria’s large population and the populations of neighbouring African countries. The Idumota area of Lagos is the seat of Nigeria’s popular ‘Nollywood’ – a thriving film industry that is ranked the third-largest in the world after

America’s Hollywood and India’s Bollywood. The Lagos fashion industry is the busiest and most diverse in the West African subregion.

1318. Lagos is Nigeria’s gateway to the world. It is the Western terminus of Nigeria’s road and rail networks. It also has an international airport and a sea port. The Port of Lagos is Nigeria’s leading port and one of the largest in Africa. About 3,130 ships visit the port and exchange 33 million tonnes of cargo annually. The Murtala Muhammed International Airport is one of the largest airports in Africa and the largest international air passenger gateway to Nigeria. It has domestic and international terminals. It served almost 50 per cent of the 3.8 million domestic air passengers and 73 per cent of air passengers travelling internationally to and from Nigeria in 2005.

1319. Lagos, according to human settlement experts, is a metacity as it has a population of more than 10 million. Some estimate that the population of Lagos is 18 million, or 13 per cent of the population of Nigeria. Its population density, of 7,924 persons per square kilometre, is 52 times that of the whole country. This makes it the second-largest city in Africa after Cairo. Its population is expected to reach 20 million by 2020, when Lagos will become one of the world’s 10 largest cities.

1320. Apart from these demographic statistics, Lagos lacks, or only just has, most of the characteristics of metacities. These include high industrialisation, technological advancement, a highly skilled labour force, and the status as a centre of sustained employment. Although Lagos is the industrial and financial capital of Nigeria, the city’s growth seems unregulated and chaotic. Lagos lacks effective sanitation and good roads, and is plagued, like the rest of the country, by an erratic power supply. Despite its huge and active population, Lagos lacks a modern public transport infrastructure, like a subway rail network or a reliable surface rail transport system, and the city’s roads are infamous for their traffic gridlocks. Furthermore, a spike in the city’s population, which began during Nigeria’s oil boom in the 1970s, has led to an acute housing crisis. This left millions of the city’s inhabitants with inadequate housing. As a result, large numbers of informal settlements have developed, joining other urban slums like Ajegunle, Mushin, Ojuelegba and Agege. They have become integral parts of the Lagos landscape. Basic facilities such as piped water, sanitation and health care are insufficient to meet the needs of these densely populated settlements. In addition to housing and other social crises (like the sporadic interethnic hostilities, fanned mainly by the illicit behaviour and divisive politics of public office seekers), youth unemployment has also led to an increase in crime, thus challenging the city’s policing capabilities.

1321. In short, the Lagos metacity is in a serious crisis. Its services and utilities are severely stressed, its residents are neither safe nor satisfied, and

51 Bloody interethnic clashes have occurred between the O’odua People’s Congress (OPC, activists of the pan-Yoruba separatist group) and Hausa-Fulani traders or other ethnic ‘strangers’ that live in Lagos and in other Yoruba-dominated western parts of Nigeria. These clashes have deepened interethnic suspicion in Lagos and elsewhere in Nigeria. For a study on the practices of the OPC, see Wale Adebanwi’s The carpenters revolt: Youth, violence and the reinvention of Nigeria at http://journals.cambridge.org.
the environment is highly polluted and decaying. This crisis in urban development has inspired the federal government, Lagos State and local governments to re-engineer and redesign Lagos into an efficient and functional megacity of the 21st century.

1322. This project involves devising quick-fix solutions and long-term strategies to achieve the twin goals of sustainable urban development and affordable, decent shelter. An immediate challenge is to develop an efficient and affordable network of public transport that encompasses all three modes (land, rail and water) to move large numbers of commuters from their residences to places of work, shopping and leisure. The Lagos metacity project would also mean changing the structure of the city. This would involve extensive physical planning to create better organised activity centres in every settlement of the city. The project also focuses on sanitation, water and power supply, and will tackle crime.

1323. Despite its many challenges, Lagos is possibly the best barometer by which to measure Nigeria’s political, economic and cultural growth. Its diverse demographic character and its vibrant and enterprising population reflect Nigeria’s promise as an influential and competitive continental and global player. However, Lagos needs a clear sector-by-sector development plan backed by a strong political will in order to overcome its current problems.

1324. It is necessary, for example, to establish a modern transport infrastructure (such as subway systems, expanded road networks, and an efficient intersuburb waterways ferry system which could serve as a bypass network with other parts of Lagos) as part of the city’s urban and economic renewal plan. Such extensive infrastructural developments in Lagos would create thousands of jobs in the construction and allied sectors of the city’s workforce. It would also ease the chronic congestion on the city’s roads, and help redefine its business and aesthetic image.

1325. A commercial and business behemoth such as Lagos needs a regular and uninterrupted power supply to energise and keep its manufacturing and other industries productive. Like other parts of Nigeria, Lagos has a vast informal sector which depends critically on electricity for its many business activities like welding, soap making and pottery. Nigeria’s inadequate and chronically inefficient power generation and distribution capacity has affected the country’s manufacturing and service sectors badly, particularly its small and medium industries (SMIs). With transparent and visionary political leaders, important cities like Lagos, Port Harcourt and Abuja could generate sufficient electricity through independent power projects to meet the national shortfall.

1326. Finally, nongovernmental and civic organisations in Lagos could become more active in transforming and beautifying the city and its environs. These groups could, for example, organise annual tree-planting campaigns, sanitation awareness campaigns and other activities that contribute to a more organised and disciplined urban culture. Civic organisations can act to protect existing public parks or conservation areas, and apply pressure on the political authorities to provide ‘green areas’ where there are none. Civic organisations should be alive to their roles as agents of change.
7.3.2 The economics of the Nigerian film industry (Nollywood)

1327. Nigeria’s film industry, otherwise known as ‘Nollywood’, is ranked as the third-largest in the world, after America’s Hollywood and India’s Bollywood. Nollywood owes its growth to the advent of the digital economy and the creative ingenuity of Nigerians.

1328. Nollywood churns out an average of 2,000 movies annually (as many as 50 films are produced every week). This makes Nigeria one of the most prolific movie-producing nations. Nollywood is estimated to have a captive and regular viewing audience of over 200 million across the African continent and the diaspora. Consequently, its influence in portraying perceived cultures, social mores and political ideologies cannot be overemphasised.

1329. In terms of economics, the National Film and Video Censors Board (NFVCB) – the body mandated to regulate the film and video sector in Nigeria – estimates the potential for annual revenue from Nollywood at ₦522 billion. The NFVCB gave details about the contributions of the film industry to the Nigerian economy:

- Production at US$78 million in 2005.
- Investment in cinemas at US$7.8 million between 2004 and 2005.
- Video compact disk (VCD) and video home system (VHS) rentals at US$320 million.
- VCD and VHS sales at US$15 million.
- Illegal Nollywood film exports at US$103 million.

1330. Apart from its contribution to direct revenue, Nollywood is a source of employment to thousands of actors, producers, technicians and other workers, as well as countless supply-chain personnel.

1331. Notwithstanding these opportunities, the film industry in Nigeria is facing a number of challenges. Despite its growth, Nollywood has yet to achieve the technical sophistication required to meet international film standards. Compared to its American, and even its Indian, counterparts, Nigerian films are produced on very low budgets – perhaps as little as US$15,000 is spent producing an entire movie which is then sold directly at about US$4.00 or less on the country’s open markets and streets. Producers, directors, actors and other theatre workers do not have the industry exposure and training they need to improve their craft. Furthermore, quality control measures are not rigorously enforced in order to ensure that set industry standards are met. This means that the main thrust of the industry is naked commercialism rather than professional excellence.

1332. Another area of concern in Nigerian movie making is the content of the movies themselves. Where the movies are not comedies, they tend to be almost unfailingly melodramatic and to have extremely negative plots. The prominence of magic and supernatural material in these movies has
meant that very few other themes are explored. This makes the films boring and predictable. Significantly, too, the negativity of the storylines and ethos displayed could influence the beliefs, conduct and world views of the viewers. Having created the largest platform for sociocultural interaction for Africans, Nollywood must take the responsibility for ensuring that its storylines portray Africans on the global stage correctly and advantageously.

1333. With regard to economics and creating wealth, the main challenge faced by Nollywood is the extremely high rate of video piracy and informal trade. It has no formal connection to the larger economy despite its size and influence. The sheer size of the Nigerian film industry poses challenges to the national regulator in terms of creating values for the industry and contributing meaningfully to the macroeconomic indices of the country. Furthermore, new advances in technology have compounded the burden of the NFVCB. The ability to download and reproduce movies through various means, including cellphones, for example, does not augur well for regulating the distribution and exhibition of movies. The NFVCB would need a significant increase in strategic materials and manpower to meet this challenge.

1334. The Nigerian film industry has enormous potential. The NFVCB realises this and has made attempts to address these challenges. For example, the NFVCB launched a programme called Nigeria in the Movies (NIM). The NIM aims to raise the industry profile of Nollywood, and the Nigerian film sector, to make it a strategically important national resource and one with an authentic global influence that will ultimately benefit Nigeria.

1335. Some of the specific activities that the NIM has undertaken include: a new distribution and licensing framework; international and local road shows; and creating a mechanism through which actors, producers and script writers can interact with government institutions and the private sector to facilitate collaboration with them.

1336. While these efforts are commendable, more is needed in terms of managing knowledge and protecting intellectual property if Nigeria is to benefit from its movie industry as Hollywood and Bollywood have done. This should be approached in two ways. The first is to effectively enforce the laws relating to intellectual property rights. This can be done by enforcing the existing copyright laws vigorously. The illegal duplication, sale and distribution of works of Nigeria’s creative industries such as Nollywood should not be tolerated. Those who violate copyright laws should be made to face the legal consequences.

1337. The second approach is to form an intellectual property rights corporation. It would cooperate with regulatory and law enforcement agencies, the judiciary, and international organisations and institutions that work to protect intellectual property rights around the world. The proposed intellectual property rights corporation would also work with the appropriate domestic and international organisations to ban pirated video and audio products, like digital video discs (DVDs) and CDs, which could damage the nascent movie industry in Nigeria.
1338. It is important to note that Nollywood is part of the emerging knowledge economy in Africa. This knowledge economy creates and exploits knowledge, the cornerstone of creating wealth in new economies. Intellectual property rights are the bases for creating this new wealth. It can therefore not be sufficiently emphasised how important it is for Nigeria to improve and strengthen its intellectual property rights system to help grow its new creative industries, like Nollywood.

1339. The Nigerian movie industry has tremendous potential. Apart from generating income, its ability to influence thoughts and opinions is an exceptionally powerful one. No other Nigerian endeavour has so profoundly conveyed the value, character and promises of the nation as a global brand as the Nollywood films. In terms of quantity and self-sustaining viability, the Nigerian film industry is one of the most important developments in the history of African cinema, and it holds a lot of creative promise for the African continent.

7.4 The NPoA

1340. The government of Nigeria has indicated that it is committed to taking full advantage of the opportunities for deepening sustainable good governance by implementing the NPoA diligently.

1341. Nigeria has already started to plan to implement the NPoA effectively and efficiently. The Federal Executive Council (FEC), Nigeria’s highest policy-making organ, approved the establishment of an Intergovernmental Implementation Committee at its meeting on 9 January 2008. The committee will comprise representatives of federal and state governments, as well as the private sector. The FEC further urged state governors, who are political leaders and drivers at state level, to be involved in implementing the APRM in Nigeria. The CRM interacted with a number of state governors and learnt that several states had already established working groups.

1342. The estimated annual budget for implementing the APRM, through Nigeria’s NPoA, is US$20 billion. The NPoA expenditure is expected to supplement the country’s normal annual budget, as well as increase its overall capacity to implement development projects. The CRM noted, however, that there are current problems with implementing budgets effectively at all levels of government, and it hopes that the expansion of projects will not magnify the problem.

1343. Implementing the NPoA will be shared by the three tiers of government using a formula to be adopted after due consultation. However, the overall governance and oversight of the NPoA will rest with the National Working Group (NWG), which is to work in collaboration with the Joint Monitoring and Evaluation Committee. Members of the committee will be drawn from key APRM stakeholders and relevant monitoring and evaluation agencies. It is expected that state working groups will play an active role in monitoring the implementation of the NPoA at state level.
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ANNEXURE I

COMMENTS OF THE GOVERNMENT AND PEOPLE OF NIGERIA ON THE APRM COUNTRY REVIEW REPORT NO. 8

JUNE 2008
1.0 INTRODUCTION

1. The Government and people of Nigeria, are appreciative of, and offer our profound gratitude to the African Peer Review Panel of Eminent Persons (APR Panel) for seeing through the processes leading to the review of Nigeria by the Forum of the African Peer Review Mechanism (APRM). Nigeria owes particular gratitude to the Lead Panel Member for Nigeria, Ambassador, Bethuel Kiplagat, for persevering in seeing Nigeria through the necessary stages preceding the formal review of the country in spite of early difficulties in the implementation of the peer review process in Nigeria as acknowledged in the APRM Country Review Report (CRR) No. 8, Country Review Report Federal Republic of Nigeria, hereinafter CRR, to which this response relates.

2. As acknowledged in the CRR, Nigeria was one of the first countries to accede to the APRM at the sixth meeting of the New Partnership for Africa’s Development (NEPAD) Heads of State and Government Implementation Committee (HSGIC) meeting held in Abuja on March 9, 2003. Nigeria’s former President, Olusegun Obasanjo, was one of the architects of the NEPAD/APRM initiatives and served as the Chairperson of the NEPAD HSGIC as well as the APR Forum from the inception of NEPAD in July 2001 till his exit from Office in May, 2007.

3. Nigeria seizes this opportunity to assure Africa of its unflinching commitment to the NEPAD/APRM initiative and other initiatives aimed at furthering the development interest of Africa within the increasing ‘globalized’ world political economy.

4. The outline of this response/report is as follows: The report is presented in seven main sections. Following the introduction are general comments on the entire CRR report and also on how Nigeria has approached the making of its response to the CRR. Thereafter, the report presents comments specific to the Thematic Areas, Objective by Objective as pertinent. In line with the structure of the CRR, some observations and comments are then presented in respect of the identified best practices, cross-cutting issues, and the implementation of the National Programme of Action (NPoA), in that order. The last section concludes the response.

2.0 GENERAL COMMENTS

5. The Government and people of Nigeria note that to an extent the ‘Findings’ and ‘Recommendations’ of the Country Review Mission (CRM) concur with the views of Nigerians both as embodied in Nigeria’s Country Self-Assessment Report (CSAR) and as noted by the Country Review Team (CRT) in the course of their CRM.

6. The comments presented in this response follow the general outline of the APRM CRR No. 8 on the Federal Republic of Nigeria, but dwell mainly, though not exclusively, on the ‘Findings’ and ‘Recommendations’ of the APR Panel. It should be noted that attempt has not been made to respond to each and every finding and recommendation. To do so would be
tantamount to belabouring them. This is because, as already noted above, many of the findings and observations of the CRM and recommendations of the APR Panel concur with the views of Nigerians as embodied in the CRR.

7. Having noted the relevant observations and recommendations, these comments focus on clarifying, explaining and strengthening the points made in the CRR as put forward by the various stakeholder groups in the Nigerian project. Secondly, the Comments are hardly concerned with editorial matters (including some inaccuracies in the specification of nomenclatures or acronyms of agencies) but focus on substantive issues of governance of the Nigerian political economy in the four APRM Thematic Areas, namely, Democracy and Political Governance (DPG), Economic Governance and Management (EGM), Corporate Governance (CG) and Socio-Economic Development (SED). Considering the above, Nigeria views the findings and observations of the CRR and the Panel’s recommendations as contributions to the country’s self-evaluation aimed at positively refocusing its energies to achieve good governance and development.

8. Added to the observations made above about the broad spectrum of agreement between the CSAR and the findings and recommendations in the CRR, it is specifically observed that the discourse, and also recommendations, in some of the Thematic Areas such as EGM, CG and, to a lesser degree, SED, are technical in nature and so lend themselves to some specificity and precision.

9. It is also noteworthy that in the context of the workings of Nigeria as a federation, these Comments reflects not just the response of the Federal Government of Nigeria (FGN) but of the Governments and people of Nigeria as represented by the FGN, the State Governments (SGs) - incorporating the Local Governments (LGs), and the non-governmental sector as represented by the Organized Private Sector, the informal sector and Civil Society Organizations (CSOs), etc. To ensure this outcome, the Federal Government, through its internal mechanisms prepared its own Draft Comments on the CRR. The President of Nigeria presented the Federal Government’s Comments on the CRR for endorsement by the Federal Executive Council, National Economic Advisory Council and National Council of States. Simultaneously, the CRR was distributed to the above specified stakeholder groups as well as the APRM-National Working Group (APRM-NWG) – itself a reflection of the broad spectrum of Nigerian state and society, for their comments. This elaborate approach embodying validation of the comments by Nigeria was also deemed essential as part of the continuing efforts to deepen national and popular ownership of the APRM processes and the ensuing NPoA.

10. The report is a synthesis of the views of the respective stakeholder groups. The Federal Government is, therefore, confident that the comments that follow hereinafter are reflective of the response of the Governments and people of Nigeria, and not just that of the Federal Government.
3.0 COMMENTS SPECIFIC TO THEMATIC AREAS

3.1 Democracy and Good Political Governance

Overview (Par. 154-162)

11. The Governments and people of Nigeria concur with the Panel’s overview of the evolution and practice of democratic governance in Nigeria as summarized in Par. 155 – 163 in the CRR, especially the salient features (nationalized political parties that are vast multi-ethnic coalitions auguring well for Nigerian integration as a nation; expansion of the political space; rising role and assertiveness of the National Assembly; growing autonomy of the judiciary; existing free and vibrant press; having a robust organized labour movement and the growing voice of the civil society; historical, visible and strong institutions of traditional leadership; adoption of the federal character principle to promote interethnic and interregional equity in the composition federal institutions) and the itemized challenges facing the country (Par. 160) and the conclusion that “Nigeria is making strides in democratic reforms that are addressing issues and challenges” identified. It is however, pertinent to note that the 1999 Constitution, is designed and tailored in such a manner that ensures a high degree of separation of powers with checks and balances amongst the three tiers of Government.

12. The general election conducted in 2007 is a milestone in the democratic journey of Nigeria as a nation as it marked the first ever civilian to civilian transition. The election as conducted like any other human endeavour has its challenges and short comings. The Government and people of Nigeria are confronting these challenges through a comprehensive Electoral Reform programme that is presently being embarked upon. A high powered Electoral Reform Committee has been constituted and has swung into action. It is expected that, at the end of its assignment, an enduring electoral system would have been laid to provide the necessary framework that will sustain our electoral processes.

13. The Government and people of Nigeria take note of the examples of reforms needing urgent attention provided here, but which are elaborated under pertinent sections of the CRR and make detail comments on them in those section.

14. The Federal Court of Appeal as referred to in Paragraph 159(3) is “Court of Appeal” as provided for in Section 237(1) of the 1999 Constitution. Furthermore, salaries and emolument of Judges come from a centrally controlled fund administered by the National Judicial Council.

Standards and Codes

15. The Government has carefully scrutinized the CRR’s observations and comments on the non-ratification or domestication of pertinent standards and codes in the democracy and political governance thematic area.
and public ignorance of them and notes that they apply equally to the standards and codes on other thematic areas. Contrary to the findings of the CRM at paragraph 165, Section 12 (3) CFRN specifically states that Acts of the National Assembly which seek to enact provisions of a Treaty on matters ‘NOT’ in the exclusive Legislative List shall not be presented for Presidential assent until it is ratified by majority of all the Housed of Assembly in the federation. This takes cognizance of the complexity and cultural/religious divergence of the Nigerian polity on issues not in the /Exclusive Legislative List. For the purpose of clarity Legislative Powers of the Federal Republic of Nigeria are classified into the Exclusive, Concurrent and the Residual. The Panel’s recommendation that Nigeria undertakes to ratify outstanding standards and codes listed in Par. 171 are noted. Government will take steps to ensure their ratification. However the under listed conventions have been already ratified by Nigeria:

- Charter of the United Nations

**OBJECTIVE 1: REDUCTION OF INTRA- AND INTER- STATE CONFLICTS (PAR. 211)**

**Develop an Early Warning System**

16. The Government takes seriously the absence of an effective Early Warning System that can detect the imminence of violent conflicts and afford relevant authorities the opportunity to intervene before their outbreak. Government notes that the National Security and Civil Defence Corps (NSCDC) currently provides advance intelligence on potential conflicts as well as help other security agencies to troubleshoot them. The existing arrangement will be integrated into an Early Warning System that will enhance the capacity of the security agencies to intervene in threat situations to prevent the outbreak of conflicts.

**Convene Participatory Constitutional Conference**

17. The desire of most of Nigerians for review of the 1999 Constitution is evident in the continuous public discourse on its perceived flaws and the disagreement on the modalities for reviewing it. The recommendation of the CRR that the Government convene a participatory constitutional conference, therefore, addresses a vital issue on democratic governance in Nigeria. While there is considerable agreement that the Constitution ought to be revised, there is much disagreement on the scope of the review and the modalities to be used in carrying it out. Section 9 of the Constitution unambiguously vests the National Assembly with the authority to amend it. The National Assembly has persistently held unto this provision to assert its primary responsibility for revising the Constitution, while civil society groups insist that there should be far broader participation in the review process.
18. An attempt to revise the Constitution in 2001 could not be seen through by the National Assembly. Similarly, in 2005, the National Political Reform Conference convened by the Government to deliberate on proposals for constitutional review collapsed as a result of the failure of the participants to reach mutually acceptable agreements on key issues. That experience shows that neither method of constitutional review is full-proof. Since the Country Review Team’s visit, the National Assembly has named members of a Joint Constitutional Review Committee (JCCR). The goal of the National Assembly is to carry out its constitutional mandate to revise the constitution as appropriate.

19. Government is fully conscious of the desirability of constitutional reform and would support the process to ensure that the constraints to the smoother, more inclusive, effective and better governance of Nigeria are removed. Notwithstanding the Constitutional provisions regulating constitutional review, the National Assembly will be enjoined to make the process that they have set in motion as broadly participatory as possible to ensure that most Nigerians embrace the process and own the outcome.

More Authority and Responsibility for the Federal Character Commission

20. The Federal Character Commission was established in 1996 in execution of the recommendation of the Constitutional Conference of 1994-95 that Government set up a body to coordinate, monitor and enforce compliance with the “federal character” principle in the distribution of public offices and infrastructural projects. In elaboration of the federal character principle, The 1999 Constitution stipulates that “The composition of the Government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and to promote national unity, and also to command national loyalty, thereby ensuring that there shall be no predominance of persons from a few States or from a few ethnic or other sectional groups in that Government or in any of its agencies.” A similar provision is made on the State Governments and their agencies. The Federal Character Commission is therefore the agency for ensuring inclusive, integrated public services at the federal and state levels.

21. The Federal Character Commission Act empowers the Commission to work out an equitable formula for the distribution of all posts in the public services of the Federation and the States, including all security agencies and public corporation, and to monitor compliance with such formula. It is also empowered to take appropriate measures including legal prosecution of the head or staff of any organization or institution that flouts its prescriptions on the application of the federal character principle. It is Government’s view, therefore, that there exists a robust legal framework for the Commission to implement its mandate. The Commission will be enjoined to more vigorously fulfill its mandate.

Aggressive Civic and Political Education

22. The Government accepts the observation that Nigeria needs an aggressive campaign of civic and political education to instill self and national
discipline. This is already being inculcated in various ways and at various levels. Besides the Government’s emphasis on the rule of law which is intended to instill discipline and make the doctrine of equality before the law a practical reality, the Government has approved that Civic Education be reintroduced and made compulsory at the primary and secondary education levels in Nigeria and the programme has commenced since September 2007. A Civic Education Manual which will be used in the Civic Education Programme has been developed by the National Technical Committee on Civic Education comprised of representatives of civil society, development partners and government. This will be followed up by the development and circulation of a National Curriculum on Civic Education, and the production of textbooks for schools. In addition, arrangements are in top gear for a Community Civic Empowerment Programme for out-of-school adults and local communities.

23. The Government will adopt a multifaceted but coordinated approach in achieving the goal of enhanced discipline in Nigeria. The Ministry of Information and Communications, Ministry of Education, Ministry of Tourism, Culture and National Orientation, the National Orientation Agency, civil society organizations and mass communication media will collaborate to ensure that the campaign of self and national discipline reaches all public institutions, States, local governments and communities.

Niger Delta

24. Successive governments in Nigeria have put the Niger Delta issue in the front burner of their programmes. The 3% derivation policy was increased to 13% in line with the provisions of the 1999 Constitution. Among other development programmes, government also established the Niger Delta Development Commission (NDDC), which has recorded giant strides in the infrastructural development of the region. With this solid foundation, the present administration is determined to improve the lot of the people by incorporating the Niger Delta issue as one of the Seven Point Agenda. By virtue of this arrangement, this administration is frontally addressing youth restiveness, high unemployment through aggressive provisions of basic infrastructure. It is also tackling the problems of environmental degradation and the development of agricultural potentials of the region in a situation that guarantees the security of lives and properties. It is envisaged that in no distant future, the Niger Delta, which produces a substantial percentage of the Nation’s revenue would positively feel the impact of its natural endowments.

Intra-State Conflict

25. Issues that generate intra-State conflicts are legion. These range from religious, ethnic, political, economic and social conditions. This administration has made the peaceful co-existence of Nigerians, a major pillar in its developmental programmes which is captured in one of the Seven (7) Point Agenda of this administration in the area of security, law and order, conflict prevention and confidence building.
Review the Electoral System, Give Financial Autonomy to INEC

26. National elections since 1999 have been criticized by many Nigerian and foreign observers as not entirely conforming to acceptable standards. The need to have demonstrably credible elections in a democratic society such as Nigeria aspires to be cannot be over-emphasized. To underscore the Government’s commitment to enhancing the credibility of future elections in Nigeria, the President in August 2007 inaugurated the Electoral Reform Panel to review Nigeria’s electoral history, roles of institutions, agencies and stakeholders, examine comparative electoral systems in order to identify best practices and recommend how to make future elections more credible and acceptable to Nigerians.

27. One of the terms of reference of the Panel is to:

Make general and specific recommendations (including but not limited to constitutional and legislative provisions and/or amendments) to ensure:

(a) A truly Independent Electoral Commission imbued with administrative and financial autonomy

(b) An Electoral Process that would enable the conduct of elections to meet acceptable international standards;

(c) Legal processes that would ensure that election disputes are concluded before inauguration of newly elected officials; and

(d) Mechanism to reduce post-election tensions including possibility of introducing the concept of proportional representation in the constitution of governments.

28. The Electoral Reform Panel has engaged consultants to assist its work, received over 250 memoranda and undertaken public hearings (May-June 2008) to give individuals and stakeholder groups the opportunity to participate in shaping future elections. The Panel has a period of one year to conclude its assignment. Government ardently looks forward to the recommendations of the Panel for a way forward on the conduct of elections in Nigeria.

National Conference to Address Local Government Problems

29. The Government accepts that there is need for a National Conference to address issues constraining the effective functioning of local governments. A Federal law intended to ensure that the local governments are made accountable for the revenues that they receive from the Federation Account was challenged by a State Government as unconstitutional and the Supreme Court decided in favour of the State. Following the Supreme Court’s ruling, it will be advisable to await the outcome of the constitutional review exercise before convening such a Conference.
Strict Adherence to the Rule of Law

30. The Government has made adherence to the rule of law one of its cardinal principles. This commitment was declared unambiguously by Mr. President in his Inaugural Speech on 29th May 2007 and has since been re-affirmed at every opportuned moment. In demonstration of this commitment, the Government has promptly enforced all court decisions, including those of the Election Petition Tribunals which invalidated the elections of some Governors. Government will continue to uphold court judgments and adhere to the due process of law in conducting public business. The application of Rule of Law has manifested in all government policies and actions. Its observance in the administration of justice has become the hallmark of this Government.

Insulate Traditional Rulers from Politics

31. Nigeria’s traditional rulers are custodians and promoters of the culture and traditions of their people. Many of them are also religious leaders by virtue of which they offer moral and spiritual leadership. They are advisers to the Government and assist in the maintenance of peace, law and order in their domains. It is in the interest of the institution of traditional rulers that they be insulated from partisan politics as they are currently. Government will continue to protect and preserve the dignity of traditional rulers while also ensuring their accountability to higher authorities.

OBJECTIVE 3: PROMOTION AND PROTECTION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND CIVIL AND POLITICAL RIGHTS (PAR. 261)

Stop Extrajudicial Killings

32. Government condemns incidents of extrajudicial killings that occurred in the past. Not only is it antithetical to the Government’s determination to institutionalize the rule of law, it is also a flagrant violation of the right to life as enshrined in the Constitution. The attention of the Inspector-General of Police and the heads of other law enforcement agencies will be drawn to the urgent need to ensure that no extrajudicial killing takes place in Nigeria. All accused persons are to be accorded the right to the dignity of their persons as guaranteed under the Constitution and subjected to the due process of law. The Attorney-General and the Minister of Justice and the Human Rights Commission are ensuring compliance.

Unresolved Crimes

33. Unresolved crimes are a challenge to the law enforcement agencies, especially the Police. Sustained attempts have been made since 1999 to enhance the effectiveness of the Police through increased numbers and better equipment. The 2008 budget allocation to Security and the Niger Delta at N444 billion or 20% of total Federal Budget is 6.5% higher than the 2007 allocation, an indication of the seriousness that Government attaches to security issues. Government has continued to enhance the capacity of the Police Force to boost crime detection and prosecution of offenders. The attention of the Inspector-General of Police has been drawn
to the urgent need to focus on unresolved crimes with a view to cracking them.

**Enhancement of Judicial Enforcement of Social, Economic and Cultural Rights, and the Right to Development**

34. The judicial enforcement of social, economic and cultural rights and the right to development are constitutional issues given their location under the Fundamental Objectives and Directive Principles of State Policy chapter of the Constitution (chapter II, Sections 13-24) which serves as declaratory principles and goals of public policy. The attention of the National Assembly’s Joint Committee for Constitutional Review (JCCR) will be called to this recommendation and Government will work towards its adoption.

**Speedy Enactment of the Freedom of Information Bill and an Act to Amend the National Human Rights Commission Act 1995**

35. The Freedom of Information Bill was passed in mid-2007 but denied presidential assent because of the President’s objection to some of its clauses. The Bill has been represented to the National Assembly and will most likely be passed in no distant future.

36. Government will enjoin the National Assembly to give speedy consideration to the Act to Amend the National Human Rights Commission Act 1995 and other Matters Connected Thereto.

**A Coherent National Housing Policy**

37. The provision of housing among other social benefits is a priority of this administration. It is by reason of the importance that Government attaches to this issue that, a Public Private Partnership (PPP) programme has been put in place for the realization of this objective. The housing policy of this administration has provided the enabling environment for Nigerians to access funds that will enable them own properties.

| OBJECTIVE 4: | UPHOLDING SEPARATION OF POWERS, INCLUDING PROTECTION OF THE INDEPENDENCE OF THE JUDICIARY (PAR.278) |

| The Judiciary and Legislature to Manage their Own Budgets |

38. Section 81(3) of the Constitution provides that any amount standing to the credit of the Judiciary in the Consolidated Revenue Fund of the Federation shall be paid directly to the heads of the courts, while Section 121 stipulates that the revenue budgeted for the Judiciary in the State Consolidated Revenue Fund should similarly be remitted to the National Judicial Council for disbursement to the courts. These provisions were intended to insulate the Judiciary from pressure by the Executive using the purse strings. The National Assembly’s JCCR should examine how well this provision has succeeded in enhancing judicial independence and make necessary amendments, if need be.
National Judicial Council Should Exercise Greater Responsibility in the Appointment of Judicial Officers

39. The appointment of judicial officers is a shared responsibility of the Federal or State Judicial Service Commission and the National Judicial Council. The Federal Judicial Service Commission is responsible for advising the National Judicial Council on the appointments or removal from office of the Chief Justice of Nigeria and Justices of the Supreme Court, the President Court of Appeal and Justices of the Appeal Court, the Chief Judge and Judges of the Federal High Court, and the Chairman and Members of the Code of Conduct Tribunal. The National Judicial Council, on its part, screens the candidates for judicial offices submitted by the Federal Judicial Service Commission and recommends to the President persons to be so appointed. The appointments of the Chief Justice of Nigeria and Justices of the Supreme Court are subject to the confirmation of the Senate.

40. Similarly, the State Judicial Service Commission (or the Federal Capital Territory’s Judicial Service Commission in respect of the High Court of the Federal Capital Territory) recommends candidates for appointment to judicial offices to the National Judicial Council which alone can advise the Governor on their suitability.

41. The National Judicial Council therefore is the filter for judicial appointments and already exercises enormous responsibility in the appointment and removal of judicial officers. It has used its powers responsibly and positively to strengthen the judiciary’s integrity which has enhanced confidence in the nations’ courts.

Greater Say of Legislatures at the National and State Levels in Budgeting

42. The legislatures at the federal and state levels have primary responsibility for passing the budget at their respective levels and to exercise surveillance on how the appropriations are expended. While their constitutional right to play these roles is unambiguous, their effectiveness in performing them is undermined by capacity issues and insufficient infrastructure. Even then there is credible evidence that the legislatures have progressively grown in stature since 1999 and have become quite adept in tracking budget expenditures and ensuring effective oversight. Nevertheless, the Government is committed to the existence of a robust system of checks and balances as a way of promoting transparency and accountability in governance. The JCCR should therefore consider the proposal for direct funding to the legislature at the federal and state levels when the constitution is reviewed.

ENSURING ACCOUNTABILITY EFFICIENCY AND EFFECTIVENESS OF CIVIL SERVANTS AND OTHER PUBLIC OFFICE HOLDERS (PAR. 259; 259)

Regulating the Civil/Public Service (Par. 295)

43. The CRT misperceived extent and use of the powers of the Federal Government regarding disciplinary control of civil servants when it
concluded that “the federal government has often shown itself to be quite ready to summarily and unilaterally dismiss public servants as it pleases, in contravention of the 1999 Constitution” and goes on to cite the case of Mr. Vincent Azie who was Acting Auditor-General when the audit report of the accounts of the Federation was presented in 2003. Mr. Vincent Azie was not dismissed as alleged.

44. Mr. Joseph Ajiboye, who was the senior of the two officers, was Acting Auditor-General of the Federation before Mr. Azie. The President forwarded his name to the Senate for confirmation as Auditor-General in line with Section 86 of the Constitution. The Senate withheld confirmation because it believed that the nomination was not compliant with the federal character provisions of the Constitution and that the Finance establishment would be dominated by one ethnic group, the Minister of State for Finance (then acting for the Minister of Finance who was on medical leave) and the Accountant-General, who is also of the same ethnic extraction as Mr. Ajiboye.

45. Mr. Azie was thus appointed Acting Auditor-General after Mr. Ajiboye. During Mr. Azie’s tenure the audit report was completed and published. Obviously, the accounts of the Federation could not have been started and completed within the six months of Mr. Azie’s acting appointment. It had to have been long under preparation. In accordance with the Section 86 (3) of the Constitution, Mr. Azie could not have acted for more than six months except with the express approval of the Senate. Having served the statutory six months allowed for acting appointment to the Office of Auditor-General, he reverted to his normal position in the Auditor-General’s Department and left the Service normally, after attaining the mandatory retirement age/year of service (60 years of age or 35 years of service). This has been wrongly construed as forcible and summary removal whereas the same fate, dictated by constitutional provisions, had befallen his predecessor.

46. It needs to be added that the Constitution safeguards the office of the Auditor-General from arbitrary dismissal. He can only be removed by the President with the endorsement of two-thirds majority of members of the Senate.

Increase Number of Federal Character Commissioners and Establish State and Zonal Offices

47. The Federal Character Commission has the largest number of commissioners among Federal Executive bodies established by the Constitution equalled only by the National Population Commission. It is composed of a Chairman and a member representing each State and the Federal Capital Territory, i.e. 38 members. Thus, the Federal Character Commission has adequate number of commissioners. The Commission also has offices in the States and so the current structure of the Commission meets the recommendation.

Public Forum for CSOs to Engage Policy Makers

48. This is currently the practice. MDAs engage stakeholders in formulating policy while the National Assembly conducts public hearings to give opportunity for the public to impact on policy-making.
The Fight against Corruption:

49. In the Nigerian experience, one of the greatest dividends of democracy is the determined fight to eradicate corruption in the lives of the people and in the running of government business in general. Institutional reforms have been put in place through the establishment of government organs to fight this scourge. It is imperative to note that modest gains have been made in this regard, and government is resolved to ensure that no stone is left unturned in making Nigeria a corruption-free society. Putting things in proper perspective, it is necessary to state that most Nigerians are not corrupt as perceived. Building on the gains of the past dispensation, this administration is vigorously pursuing the anti-corruption fight. It is important to place it on record that, cabinet Ministers, a Senate President, a Speaker of the House of Representatives and Judges have resigned their appointment on allegations of corruption and are being prosecuted. In addition to numerous legislations embedded in our Criminal justice system, the Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC) and the Code of Conduct Bureau are specialized agencies that have been established to confront the problem of corruption in the society.

More Autonomy for EFCC and ICPC through Reporting to and Receiving Direct Funding from the National Assembly

50. The EFCC and ICPC laws are currently being reviewed by the National Assembly, in order to conform with best practices. The Government is very committed to fighting corruption and would support both agencies to enable them accomplish their mandate.

Strengthen Federal and State Auditor-General Offices and Make their Reports Public

51. The Government accepts the Panel’s recommendation that offices of the Auditor-General of the Federation and the States be expanded and strengthened. The reports of the Auditors-General should also be easily accessible to the public after they have been laid before their respective legislatures.

Establish Political Parties Registration Commission to Regulate Political Parties Activities

52. The Independent National Electoral Commission in empowered by the Constitution to register and regulate the activities of the political parties. In addition, there has been established an Electoral Reform Panel to advise Government on how to regulate the conduct of elections.
**Specialized Anti-Corruption Courts**

53. There are designated trained Judges in the Judiciary for the hearing of corruption cases. Besides, under the EFCC Act accused persons cannot unnecessarily delay trials through frivolous appeals against court decisions in the course of proceedings. The delays being experienced in the trial of corruption cases are the result of compliance with the due processes of the law. As the CSAR pointed out, Nigerians whose opinion was surveyed expressed concern that the anti-corruption agencies sometimes ignored the rigors of the law and infringed the human rights of accused persons. Government believes that the anti-corruption battle can be won, and should be fought, within the bounds of the rule law.

**Amend or Expunge Immunity Clause in the Constitution**

54. The immunity provisions of the Constitution have been debated at every constitutional review conference. They remain in the Constitution because they are deemed necessary for ensuring that elected executives at the federal and state levels are not distracted by unwarranted litigation. Admittedly, the existence of the immunity clauses appears to reduce the restraint on tendencies towards corruption on the part of their beneficiaries. However, as the law stands, corrupt officials can be investigated while in office, while ongoing trials of former office-holders for alleged corrupt practices are proof that the immunity clauses do not guarantee elected executives escape from prosecution after leaving office.

**OBJECTIVE 7: THE RIGHTS OF WOMEN (PAR. 369)**

55. Government is ensuring that all laws and judicial procedures discriminatory against women are referred to the Law Reform Commission for appropriate action. Since the inception of this democratic dispensation in 1999, Government has taken deliberate steps to involve and incorporate women in the running of government business. This is manifest in the appointment of women as Ministers, Special Advisers, Heads of Parastatals and other positions of responsibility. It is worthy of note that history was made with the election of the first woman Speaker of the House of Representatives (Legislature), the appointment of a woman as the Head of Civil Service of the Federation (Executive) and the elevation of a woman to sit as Justice of the Supreme Court (Judiciary) amongst others. It is envisaged that this trend would continue so that the 30% mark would be attained and even surpassed.

**OBJECTIVE 8: THE RIGHTS OF THE CHILDREN AND YOUNG PERSONS (PAR. 359)**

56. The domestication of the Convention on the Rights of the Child and the African Charter on the Rights and Welfare of the Child began with the
passage by the National Assembly of the Child Rights Act 2003. The number of States that have passed parallel Child Rights Acts has gone up by one to 18 since the CRT’s mission to Nigeria and other States are at various stages of passing it. President Umar Yar’ Adua in his address to Nigerian Children at the 2008 Children’s day Celebration on 27 May 2008 pledged to ensure that the remaining States pass the Child Rights Act.


58. Government will refer the Panel’s recommendation that specialized family law units be created within the judiciary with the relevant judicial authorities with a view to correcting the lapses warranting the recommendation.

**OBJECTIVE 9:**

**PROMOTION AND PROTECTION OF THE RIGHTS OF VULNERABLE GROUPS, INCLUDING THE DISABLED AND THE POOR, INTERNALLY DISPLACED PERSONS AND REFUGEES (PAR. 419)**

**Equal Opportunities Commission**

59. The Federal Character Commission currently functions to ensure equal opportunities, especially in appointments to public positions, to various segments of the population. The law establishing the Commission will be reviewed with a view to extending the scope of powers of the Commission to cover women and people with disabilities. The criteria for appointments into public institutions will be revised to cater for the National Gender Policy target of appointing women to 30% of all appointive positions.

**3.2 Economic Governance and Management**

**Overview of the Economy (Par. 420-453)**

60. The CRR presents a careful overview of the vast economic potentials of Nigeria, the enduring challenges, and the introduction of several structures and legislative frameworks such as the Medium-Term Economic Framework (MTEF), the Fiscal Responsibility Act, Public Procurement Act and Due Process mechanism, to deal with the challenges. In this regard, the CRR Nigeria essentially “validate[s] the nation’s efforts to improve economic governance and management based on submissions articulated in the Country Self Assessment and focus group interviews with state and non-state actors” (Par. 453).

61. Among the challenges identified include coordination of fiscal policy across the three tiers of government, the necessity for ‘strong and credible leadership’ to ‘resist’ pressures from States and Local Governments to share and spend a greater portion of oil revenue, the contentious issue of revenue sharing, particularly gaining consensus on the weight to be
attached to ‘derivation’, unemployment and the ‘large infrastructure gap’.

62. The essential dynamics of the Nigerian economy are generally well known and fairly well documented in the CSAR. The specified challenges are noted. In respect of the implicitly suggested remedies, inasmuch as a ‘strong and credible leadership’ at the national level is a necessary imperative, Nigeria wishes to observe that given the federal context of governance in the country, intergovernmental relations of all types, including economic relations, have always to be negotiated. This is particularly so in respect of the Excess Crude Account, which the Panel discussed in Par. 452 as follows:

Management of Excess Crude Account

63. The CRR reports that: “The PANEL took note of the creation of The Excess Crude Account managed by BON. It is understood that the main purpose with this account is to stabilize revenue from oil exports, and that the funds in the account are employed mainly outside of the country. This account nevertheless provides evidence of the awareness with the Government of a need for pro-active management of the oil bonanza. However, in the SAR and CRM Reports little further information is available on the application of the increased tax revenue accruing to the fiscus from the oil industry. The Panel is of opinion that some direct linkage between major reform programmes and the increase in oil tax revenue at both national and regional level can make an important contribution to a better understanding of how the country in total benefits from the economic windfall of the high oil prices” (sic). Our understanding of the above is that the Panel is interested in the existence (i.e., establishment) of the account and its management, particularly, as to the extent its proceeds are channelled into development projects in consonance with our major reform programmes. We offer some explanations and provide information along these lines.

64. The Excess Crude Account was established in 2004 by former President Olusegun Obasanjo and is managed by the Central Bank of Nigeria (CBN). This is an account into which crude oil earnings and taxes in excess of the price benchmark set by the Federal Government are paid. President Umar Yar’Adua retained the account. In the past, funds drawn from the account were used for special projects and debt servicing. For instance, during the Obasanjo administration, about US $12.4 billion was withdrawn from the account to offset Nigeria’s Paris Club debt, $17 million to service two additional days of the 2006 National Population Census, and more than $2.3 billion for Niger Delta power plants. The Excess Crude Account must be differentiated from Nigeria’s External Reserves, which are held in the Bank of New York but technically managed by the CBN in partnership

52 During the oil boom era under military rule, various administrations created special accounts for excess of oil revenue that accrued above oil price benchmark in the yearly budget. The funds, sourced from oil sales, Petroleum Profit Tax (PPT) and royalties, were at various times referred to as Dedicated Account, Oil Windfall Account, Special Debt Account, and Stabilisation Account. See The Nation, May 19, 2008, pp. 1 and 6.
with selected local and international banks. Nigeria’s external reserves have been growing steadily since the return to civilian rule in 1999 and now stand at over $62 billion.

65. The necessity for negotiation under the federal framework is illustrated by the fact that seven States of the Federation (Abia, Bauchi, Benue, Niger, Ogun, Oyo and Osun) have (May 2008) taken the Federal Government to the Supreme Court to challenge the constitutionality of the Excess Crude Account and instead have demanded a direct payment of the proceeds of the Account into the Federation Account as well as a refund of about N546.37 billion supposedly deducted by the Federal Government without their consent and in violations of the provisions of the 1999 Constitution on the management of the Federation Account.\(^5\)

66. In paragraph 452, the report states that the “PANEL took note of the creation of the Excess Crude Account managed by the BON”. The Excess Crude Account is not being managed by the BON but by the Central Bank of Nigeria (CBN).

**Unemployment and the Microfinance Scheme**

67. In respect of unemployment, Government has embarked on active rehabilitation of the informal sector to curb its underemployment and mop up unemployment from other sectors as well as ensure economic empowerment, poverty alleviation and even distribution of development in a sustainable manner. The essential pillars of this effort include: the establishment of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Small and Medium Enterprises Equity Investment Scheme (SMEEIS), which are discussed in the CSAR. The latest initiatives of the Nigerian government in this regard are the National Policy on Micro, Small and Medium Enterprises (MSMEs) which outlines key objectives, strategies and programmes for influencing the development of MSMEs, and the Microfinance Scheme.

68. Microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions. In Nigeria, this is about 65% of the population. In December 2006, Nigeria marked one year of the launching of the Microfinance Policy, Regulatory and Supervisory Framework for Nigeria. The National Microfinance Policy Consultative Committee considered the proposal for the establishment of the National Microfinance Development Fund and the modalities for operating the linkage programme between microfinance and the universal banks. The proposal for the establishment of a certification programme for microfinance banks was presented. The Yar’ Adua administration has consummated the scheme by launching the Microfinance banks in Nigeria by which the former Community Banks recapitalized as Microfinance Banks with minimum paid-up capital/shareholders’ funds of N20 million (increased from N5 million).

\(^5\) Section 162 (1) and (3) provide, *inter alia*, that: “The Federation shall maintain a special account to be called ‘the Federation Account’, into which shall be paid all revenues collected by the Government of the Federation ... Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the local government councils in each State in such manner as may be prescribed by the National Assembly”.\(^5\)
Implementation of Standards and Codes (Par. 475)

69. About five specific recommendations were made in the CRR on the implementation of standards and codes. These relate to urgent signing, ratification and domestication of all pertinent standards and codes not signed, ratified or domesticated; simplification of ratification and domestication process; a detailed principle-by-principle or article by article assessment of compliance with each standard and code; popularization of standards and codes through public discussion; and oversight and monitoring by National Assembly, Civil Society Organisations (CSOs) and mass media.

70. These recommendations, entered under EGM, are not peculiar to this thematic area but equally apply to other Thematic Areas. Appropriate measures are being taken to ensure that the recommendations are implemented as explained below in the comments on the NPoA. There are already some forms of record keeping in the Federal Ministry of Justice on Treaties and Conventions signed, ratified and domesticated, even though not adequate. This process is already being improved upon, by establishing a repository and a register. It needs to be noted however that, under the Nigerian Treaty (Making Procedures) Act not all treaties need to be ratified and domesticated as shown in Numbers 13 – 17 of Table 4.1 of the report.

OBJECTIVE 1: MACROECONOMIC FRAMEWORK AND SUSTAINABLE DEVELOPMENT (PAR. 476-571)

71. Under this Objective, the CRR reviews, among other things, soundness of macroeconomic policy framework and its support of sustainable development, formulation of macroeconomic projections, sectoral microeconomic policies for sustainable development especially in relation to agriculture and food policy, industrial policy, and financial sector, progress towards sustainable development with respect to selected indicators, measures taken to target gender equality, domestic resource mobilization and diversification of the economy, and vulnerability to internal and external shocks.

72. It is reassuring to note that on virtually all the specified areas of the review, the CRR ‘largely agrees’ with the views expressed in the CSAR on the overall macroeconomic picture, including the achievements in the past few years (Par. 530). Nevertheless, the Governments and people of Nigeria share the emergent concerns relating to the inadequacies of measures aimed at diversifying the economic base as evident, for instance, in the continuing decline of the role of agriculture in Nigeria’s economic development as well as the overriding concern, shared both by the CSAR and CRM, about the limited success in translating macro-economic stability and growth into economic development and poverty alleviation.

73. Government is currently responding to this imperative through refinement and synthesis of its major reform programmes, namely, NEEDS 2, the Seven-Point Agenda of the Umar Musa Yar’Adua Administration and Vision 2020. The outcome of the synthesis shall be harmonized with the results
of the APR as articulated and costed in Nigeria’s NPoA. This process has started under the auspices of the National Planning Commission (NPC) and its intergovernmental economic and development organs.

74. Apart from the initiatives mentioned in Paragraph 486 of the CSAR, which are targeted at addressing the funding problem, government has introduced a new Industrial Development Strategy, based on the Cluster Concept, which takes into consideration the infrastructure and other constraints of industrialization. Similarly, efforts are being made to attract investments into the sector especially in petrochemicals, bio-fuels, agro-processing, textiles etc.

75. Regarding paragraphs 488, 489 and 548, government notes the reference to SMIEIS, however, the programme is gradually being phased out by the Central Bank of Nigeria and the Bankers Committee. In its place, a Micro Credit Fund (MCF), which tries to address the challenges of implementing SMIEIS, has been introduced. Under it, State governments can now access the MCF with their own marching funds and later distribute to small businesses in their areas, using cooperatives, NGOs, Microfinance Banks etc.

**Recommendations (Par. 571)**

76. Accordingly, Government notes the eight specific recommendations of the Panel and affirms its willingness to integrate them into the harmonized economic development plan for the country. In particular, it is worth adding as follows:

- President Yar’ Adua acknowledged in his 2008 Budget speech that the enduring collective challenge is to translate Nigeria’s macroeconomic gains into tangible improvements in the living standards of Nigerian people. For, despite the rapid growth of the economy, about 50% of the population still live below the poverty line. The 2008 budget builds upon and consolidates past macroeconomic and budgetary reforms. It gives priority to, and makes ample provision for improving physical infrastructure, particularly, power and transportation, human capital development, the Niger Delta, and social safety nets. The 2008 budget was conceptualized to be basically about the ordinary Nigerian. It is about accelerating the provision of basic infrastructure to improve the quality of life of the people. It is about creating jobs and the enabling environment for the private sector to thrive. In addition to the roles of the NPC and relevant line agencies, Government will also enlist the role of SMEDAN and NAPEP in the implementation of targeted social policies to alleviate the plight of the poor at the grassroots.

- The Federal Government acknowledges the importance of ensuring predictability in the trade sector as part of the overall measures to attain sustainable macroeconomic stability. However, what the CRR terms “the protectionist/liberalization inconsistency in Nigeria’s trade regime” is merely a reflection of Government’s desire to honour its international commitments to regional cooperation for a liberalized economic environment while not neglecting the necessity to maintain the relevant environment for the growth of Nigerian economy
(industrialization, etc.). This is a necessary imperative for any developing economy that intends to grow, if it is not to be a dumping ground for imported commodities, and is not unique to Nigeria.

• Conscious of the vulnerabilities of the Nigerian economy antecedent on its monocultural dependence on oil (oil still accounts for about 40% of GDP, 90% of exports and 80% of government revenue), the Federal Government is intensifying its on-going efforts to diversify the economic base, especially the focus on agriculture.

• Given the federal frame of governance for economic governance and management in Nigeria, the dictates of ‘true federalism’ demand continuing negotiation among the three tiers of government to ensure a coordinated and coherent implementation of reforms for sustainable development. States are reluctant to submit to complete coordination of their reforms and development programmes with the Federal Government because of the constitutional demarcation of jurisdictions and view attempts at closer coordination as promoting further centralization of the federal system. Given the overwhelming sentiment shared by a critical mass of stakeholders that Nigeria’s federal system needs to be further decentralized, incidentally a position also endorsed by the CRR, greater coordination of development plans and programmes is an imperative that should be cautiously negotiated. This is a given. It is only when governance detracts from this imperative that there is a problem. It is instructive that President Yar’ Adua assented to the Fiscal Responsibility Bill in 2007 only “after due consultation with the State Governments whose support and concurrence is critical to the successful nationwide implementation of the provisions of the law”. It is hoped that this will help to institutionalize and formalize the observance of fiscal discipline.

**OBJECTIVE 2: IMPLEMENTATION OF SOUND, TRANSPARENT AND PREDICTABLE GOVERNMENT ECONOMIC POLICIES**

(PAR. 572-605)

77. With respect to effective and transparent public administration, the Federal Government notes the observations of the Panel (Para. 583-596) but wishes to observe as follows:

• Variations in the number of LGs per State as well as in the number of schools and other social amenities from State to State are part of the result of the development history of Nigeria. Even prior to independence, there have been regional variations in various indicators of development. Variations in the number of LGs have been largely because they were mostly created by fiat by erstwhile military regimes. However, the implications of extant variations for revenue allocation are accounted for in the going horizontal revenue sharing formula which is sensitive to population, level of social development (inclusive of primary school enrolment, etc.). The Federal Government reaffirms its commitment to ensuring balanced development across the geo-political zones. With respect to the number of LGs in States,
constitutional provisions exist for possible ‘redress’ by concerned stakeholders – subject to due process and rule of law to which the current federal administration is duly committed.

- Perceptions of overcentralisation in the intergovernmental relations, including revenue profile, and of mismatch between revenue generation and expenditure needs of sub-national tiers of government reflect the non-correspondence problem classically associated with functioning federations. Government anticipates that this will be dealt with by the passing of a new revenue allocation formula by the National Assembly at the prompting of the National Revenue Mobilisation, Allocation and Fiscal Commission (NRMAFC), which process has subsisted for some time now, and the anticipated review of the constitution.

- The Federal Government is fully aware of the accounting problems relating to the oil industry, which underlines the observed lack of transparency about the quantum of crude oil produced at any time by the oil multinational corporations. To deal with this, Government is placing serious emphasis on the issue of Nigerian (local) content in the human capital profile of the oil industry, the reorganization of the national oil company – Nigerian National Petroleum Corporation (NNPC), intensification of the oversight functions of the National Assembly under the going regime of rule of law and respect for the separation of powers, and effective implementation of NEITI.

- The Federal Government is addressing itself to the need for tax revenues to reflect in improved public services. Public consciousness means that the lack of public goods has tended to deter citizens from voluntary payment of taxes. Tax reforms, as continuing initiatives, would have to address this.

78. The Federal Government notes and accepts the five recommendations under Objective 2 (Par. 605) as they are in consonance with present Government policies, initiatives and actions (The so-called delays in capital spending associated with the implementation of the due process mechanism will be minimized rather than ‘eliminated’ as suggested by the Panel to the extent that they are a relative phenomenon founded by perception).

79. The Federal Government is pleased with the Panel’s observation (Para. 618) that most state and non-state stakeholders the CRM interacted with during the Mission confirmed that Nigeria’s budget formulation has improved remarkably with the introduction of the MTEF, which aligns the budget more closely with national development objectives and ensures increased involvement of civil society in the budget process. With respect to the latter, it is reassuring that the CRT also finds Nigeria’s public expenditure management and budget reforms to have enhanced participation as well as discipline and efficiency in public finance management.

80. The Federal Government assures that these reforms will be sustained and deepened. Accordingly, Government will ensure successful implementation
through requisite capacity development, effective civil society participation and empowerment and sensitization and mobilisation of the public to improve awareness of how public finance system works, which awareness is presently limited to a fraction of the elite. It is instructive that the preparation of the 2008 budget of the Federal Government followed a well-defined participatory process aimed at ensuring that spending proposals are properly linked to the Government’s Seven-Point Agenda.

81. The Federal Government agrees with, and remains concerned about the excessive reliance of the Federation on oil and gas for revenue to fund development as well as the near-total dependence of States and LGs on revenue receipts from the Federation Account to the neglect of their revenue generation from sources internal to them.

**The Revenue Sharing Formula (Par. 629-634)**

82. The CRR noted a sharp division of opinion on the revenue sharing formula and on the derivation principle applicable to oil producing areas as compensation, as to adequacy and fairness. While efforts are made to address the issues through regular legal/constitutional, political, and administrative means, it should be clarified that the vertical (inter-governmental) allocation of revenue to the tiers of government in Nigeria is based on a formula prescribed, from time to time, by the National Assembly, with accommodation for the constitutionally prescribed minimum of 13% due to mineral producing States. The relevant principles (such as population, equality of states, internal revenue generation, landmass, terrain, etc) apply to the horizontal inter-tier sharing of revenue due to a particular tier from the Federation Account.

83. In Par. 633, the CRR refers to allegations that: “some technocrats take advantage of inadequate access to information by the general public to distort data in order to give undue advantage to some States in the allocation of resources” and that population data is particularly vulnerable to manipulation by technocrats who may have received bribes. It is also further reported in Par. 646, credited to ‘some stakeholders’ that: “State governments tend to distort their economic indicators (e.g., population) to attract a greater share of resources from the Federation Account”. For a document as important as a CRR, the Federal Government is uncomfortable that such serious allegations are reported without empirical data to back them up. Neither States nor ‘some technocrats’ are responsible for the release of official population figures as these are within the statutory mandate of the National Population Commission (NPopC).

**State-Local Government Joint Account**

84. It should also be noted that the State Local Government Joint Account (SLGJA) as well as the associated transfer of LG funds through the States are constitutional stipulations that can be done away with only through constitutional amendment. Given the federal imperative, the Federal Government does not and cannot prescribe uses to which LG receipts from the Federation Account, channelled through the States can be put – as implied in Par. 633. The immanent suggestion here contradicts the
acknowledgment, in the same paragraph, that a fundamental principle of fiscal federalism is that each of the federating units is at liberty to allocate and expend resources in line with the development priorities it identifies within its constitutional jurisdiction.

85. The CRR also refers to “policy measures establishing joint accounts by the three tiers of government” which was “intended to ensure accountability and public financial management at the state and local levels” (Par. 645). The Federal Government wants to note that it is not normally a ‘policy measure’ to establish “joint accounts by the three tiers of government”. Rare exceptions are ad hoc accounts like the Excess Crude Account, which are established by agreement of the respective tiers of government (Federal and States). The SLGJA, as already noted, is a joint account between the State and its LGs, not between the three levels of government. It is also not a policy measure, but a constitutional design.

86. In respect of the recommendation to institute measures to improve access to rightful share of revenue from the Federation Account by LGs, enforcing the payment of the State’s 10% of the State’s internally generated revenue into the SLGJA can hardly be a solution, even if it could be done. First, federal authorities may not have the locus standi for such enforcement as suggested in Par. 647. Recent attempt by the Federal Government to legislate direct transfer of funds to LGs was ruled unconstitutional at the Supreme Court. Moreover, LGs’ problem of access to their rightful share of revenue transcends payment of such revenue into the SLGJA; they also do not have full access to even the allocation from the Federation Account, to which they are constitutionally entitled. The JCCR’s attention will be called to the urgent need to review the difficulties local governments face in accessing statutory allocations meant for them as result of the existence of the SLGJA.

OBJECTIVE 4: FIGHTING CORRUPTION AND MONEY LAUNDERING (PAR. 648-666)

Corruption

87. Since 1999, the Government and people of Nigeria have achieved major strides in the fight against corruption (and economic crimes). The Federal Government, however, acknowledges that the problem of corruption in Nigeria is deep-rooted and cannot be done away with in one fell swoop. Government is, nevertheless, encouraged by the report of the CRR (Par. 658) to the effect that: “Majority of stakeholders believe that the country is serious about combating corruption and money laundering”. Such appreciation and support are essential for sustaining Government’s unrelenting war against corruption and money laundering. As acknowledged twice over in the CRR (Par. 657 and 664), the Federal Government has shown and will continue to show a demonstrable will and commitment to fight and eradicate corruption and corrupt practices, not just among public office holders, but in all facets of Nigerian economy and society.

88. In response to criticisms that, in the past, the anti-corruption institutions were at times selective in applying justice, the Federal Government is
already taking appropriate measures, including the redeployment of human capital in the Economic and Financial Crimes Commission (EFCC), for instance, to ensure that these institutions operate on a level-playing field governed by the rule of law.

89. As explained in the comments under DPG above, what appears to be an apparent contradiction in the constitutional provisions for the mandatory abolition of corrupt practices and abuse of power [Section 15 (5)] on the one hand, and the provision of blanket immunity for certain public office holders on the other, is a vastly debated issue in the Nigerian public space, which should be dealt with by the on-going Constitutional Review process.

90. The Panel recommends that the Federal Government, The Presidency and the State Governors should empower Due Process Units at the State level to report corruption cases directly to the Federal anti-corruption agencies “without obtaining permission from their immediate superiors”. It is unclear to Government what the reference to ‘immediate superiors’ of State level Due Process Units means. Government nevertheless wishes to clarify that where Due Process Units have been put in place at State level, this has been through State Government legislation though with the encouragement of the Federal Government. Under the federal compact, State level institutions are not answerable to and so do not report to federal level agencies.

Money laundering

91. Government notes the recommendations on money laundering to wit, promotion of cross-country collaboration and strengthening of banking and financial sector measures. Government reassures of its going commitment on both counts and its determination to do so in conjunction with the private sector.

92. In relation to private sector input, Government will encourage the role of Chief Compliance Officers of Nigerian banks under the aegis of the Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN), who claim to be driven by a shared commitment to compliance best practices with a view to engendering an enduring compliance culture post-banking consolidation. It is in this regard that the yearly Anti-Money Laundering (AML) Compliance Stakeholders Summit organized by the EFCC and the Nigerian Financial Intelligence Unit (NFIU) in conjunction with Data Pro Limited recently in Abuja is relevant.

93. In respect of the absence of sub-regional cooperation in the fight against money laundering, the Federal Government will move for the Inter-Governmental Action Against Money Laundering with headquarters in Senegal, which serves as framework through which ECOWAS member states are to tackle the problems associated with money laundering and other financial crimes, to have its jurisdiction widened to optimize sub-regional cooperation, while differences in legislation are harmonized to minimize procedural delays.
OBJECTIVE 5: ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONISATION OF MONETARY, TRADE AND INVESTMENT POLICY (PAR. 667-694)

94. Nigeria will continue to show strong support and commitment to issues of regional integration and African development as exemplified in the country’s leadership roles in ECOWAS and the African Union – NEPAD and APRM. In respect of interregional economic cooperation and trade, the use of series of special import restrictions in particular circumstances, as already noted above, are meant to protect industries and critical sectors against unfair competition, and so do not detract from this essential imperative. Besides, curtailing the importation of certain consumer goods and protecting domestic production are also functional in minimizing the country’s trade imbalance. Government is nevertheless sensitive to possible tension these measures might generate in the context of Nigeria’s commitment to ECOWAS free trade principles and is prepared to strike a moderate balance between the two sets of economic values, namely, liberalization and protectionism.

95. The Government and people of Nigeria are encouraged by and duly appreciate the CRM’s commendation of the country’s unique and innovative initiative to promote inter-regional cooperation and development through the adoption of the Technical Aid Corps (TAC) – the only viable volunteer technical service operated by an African country and which has played an acknowledged role in forging partnership between Nigeria and ACP countries. The Federal Government reaffirms its determination to continue to make positive contributions to the socio-economic advancement of Africa within the limits of its resources.

3.3 Corporate Governance

Overview (Par. 695-704)

96. The Federal Government agrees with the observation by the CRM that without sustained efforts to strengthen the private sector and improve corporate governance, sustainable wealth creation would be difficult and poverty alleviation impossible. It also agrees with the CSAR and the CRR observations that Nigeria has made notable efforts to tackle not only systemic governance issues in various sectors of state and society but also to improve corporate governance in the country, and equally acknowledges that the subject is still new, the codes were promulgated fairly recently and sensitization programmes are on-going.

97. Government undertakes to promote measures to ensure that corporate governance issues become of regular concern in the country by installing, institutionalizing and streamlining the appropriate enabling environment and effective regulatory framework for economic activities and aligning them with global standards and practices.
98. The Federal Government, in its fight against corruption and its impact on the image and economy of the country has inter alia, established the EFCC and ICPC Agencies to deal with issues of corruption (investigate and prosecute offenders). Consequently, Nigeria’s ranking under Transparency International’s Corruption Perception has improved between the years of 2003 and 2007.

Implementation of Standards and Codes (Par. 705-732)

99. As with the other thematic areas, Nigeria has domesticated many international Standards and Codes in the area of Corporate Governance and also enacted many domestic ones. The Federal Government acknowledges the problem of accurate records on international standards and codes in Nigeria which prompted it to establish a committee on the issue in 2002. It is against this background that Government commends the CRR for its salient code by code analysis which clearly brings out Nigeria’s efforts even more than is contained in the CSAR. The Federal Government appreciates the work done in this regard and notes the attendant suggestions. In particular, Government will put in place measures to improve the popular awareness about standards and codes.

100. Government agrees that it is worthwhile to learn from good practices around the world in terms of financial reporting such as the Sarbanes-Oxley Act of 2002 (United States) and the Auditing Professions Act (South Africa) (Par. 725-726), but such lessons have to be domesticated to account for spatio-temporal specificities of the Nigerian political economy. The Federal Government is wary of uncritical ‘technology’ transplantation that might sometimes do more ill than good. It is instructive that the CRR noted that in Nigeria’s substantial compliance with the Basle Core Principles of Effective Banking Supervision, some of the unfulfilled principles “were considered as not relevant to the Nigerian situation as at the time of the assessment” (Par. 727).

101. Government notes the recommendations in respect of the implementation of standards and codes in Corporate Governance and believes that they are more of a general nature across the thematic areas and their implementation is accounted for in the revised NPoA.

OBJECTIVE 1: PROVIDE AN ENABLING ENVIRONMENT AND REGULATORY FRAMEWORK FOR ECONOMIC ACTIVITIES (PAR. 733-786)

102. As noted in the Summary of the CSAR (Par. 733-765), Nigeria has made and will continue to make strident efforts to improve the enabling environment and regulatory framework for business and wealth creation in Nigeria. The Federal Government acknowledges that in spite of these efforts, significant challenges remain, including the necessity to update and streamline the laws governing business operations in the country, the generally ineffectual application of existing laws, and the critical capacity limitations of many of the regulators.

103. The three umbrella unions existing in the country referred to in paragraph 742 should be Nigerian Labor Congress (NLC), Trade Union Congress
(TUC) and Nigeria Employers’ Consultative Association (NECA). NLC is the umbrella body for all trade unions responsible junior employees’ welfare. TUC is responsible for senior employees. NECA is for the employers’ unions. The National Union of Road Transport Workers (NURTW) and the National Union of Petroleum and Natural Gas Workers (NUPENG) belong to the NLC.

104. The listing of regulatory frameworks that have not been effective includes that of ‘retirement’. This might have been the perception at the time of the APRM survey in the last quarter of 2006, when the reform of the pension scheme, at least at the federal level, might not have taken full effect. Since then, the Federal Government and some states that have followed suit have embarked on fundamental reform of the retirement framework vide the establishment of Contributory Pensions Schemes, which at the federal level, is now fully in place.

105. Government is currently reviewing some of the reform measures designed to provide the enabling environment for wealth creation as part of ongoing self-critical re-evaluation of government policies that has seen to the reversal of some policy measures as noted in the CRR (Par. 769). As part of this momentum, the National Assembly of the Federal Republic of Nigeria has launched investigations into such critical sectors of the economy as power and oil and gas, among others, where huge funds had been expended with little positive results to show.

106. Contrary to the assertion in Paragraph 766 of the CRR, corruption is a criminal offence under both the Penal and Criminal Code.

The Securities Market (Par. 770-771)

107. The Federal Government agrees with the CRR that steps taken and proposed to be taken to improve public awareness and participation may not yield the desired result until the capital market is more competently regulated.

108. From evidence provided at a recent (after the CRM) public hearing conducted by the House of Representatives Joint Committee on the Capital Market and Banking and Currency into the activities of the regulators, operators and stakeholders of the capital market which provided opportunity for the revelation of data on aspects of some functions of the SEC (Securities and Exchange Commission) previously withheld as ‘sensitive’, the Federal Government is aware that the capital market witnessed significant growth in 2007, but there were continuing abuses by stockbrokers and registrars, which were brought to the notice of the regulatory agency by dissatisfied investors. The infractions include, for stockbrokers, unauthorized and fraudulent sale of shares, delay or non-remittance of proceeds of clients’ securities and illegal transfer of shares. On the other hand, Registrars were accused of delaying the verification of share certificates, falsification of accounts, and failing to or delaying dispatch of share certificates following public offers especially in respect of banks.

109. SEC’s report, in fact, shows that 1006 complaints were filed against registrars in 2007, but only 435 or about 43% had been resolved by early
May 2008. Similarly, 956 complaints were lodged against stockbrokers out of which 527 or 55% had been cleared. Depending on its findings, SEC imposed such penalties on offending stockbrokers as suspension from trading, sealing of the firm’s premises, freezing of trading accounts and arrest. So far 42 stockbrokers have been suspended and 13 others have been handed over to the EFCC for further investigation and prosecution. SEC’s resolution of complaints score of barely 50%, four full months into the succeeding year, is unsatisfactory. The commission’s tardy approach is a contributory factor to persistence of some infractions.54

110. Government, therefore, renews its determination to ensure that the regulatory agencies that govern the corporate environment improve their competence and perform up to speed to enthrone sustainable good corporate governance.

SMEs, Access to Finance and the Informal Sector

111. The Federal Government notes the observation of the CRR in its discussion of Nigeria’s privatization efforts to the effect that Nigeria’s investment regime is quite generous but focuses almost exclusively on large outside investors rather than local SMEs (Par. 775). This observation is being tackled as part of the efforts to promote MSMEs as already noted under the comments on EGM. As part of these efforts, Government is devoting attention both to the macro-economy and SMEs as evident in its renewed emphasis on microfinance institutions. Government does not therefore ‘ignore’ the SME sector as implied in Par. 780 of the CRR. Nevertheless, the Federal Government notes the imperative of including improving governance of MSMEs among its priorities in economic governance reforms.

112. The thrust of the economic reforms of the Nigerian government, which envisages the private sector as the driver of economic growth and development, means that demands for good corporate citizenship from business will continue to grow as has been the case in the last decade. Conscious of this, Government will ensure adherence to current notions of corporate social responsibility and adoption of standardized global practices particularly with respect to labour issues such as responsible employee relations and safety in the work place, corporations’ responsiveness to their host communities, and the sustainability of the environment.

113. The Federal Government notes the concern conveyed in paragraphs 805 and 824 of the CRR and states that the Trade Dispute Act provides a process for a worker to seek redress. In addition, while the worker may

seek redress through the regular courts of law, it is more of an exception rather than the norm. The Trade Disputes Act provides room for a special arbitration panel and a labour court. Furthermore, the country effectively utilizes tripartism to address and resolve labour issues, including wages administration.

114. The Federal Government notes that the problems of achieving a common understanding of what Corporate Social Responsibility (CSR) means between business operators and society, determining what realistic expectations should be, and how society can hold business enterprises to account in the long term fester in Nigeria’s corporate governance arena.

**Corporate Governance of NGOs**

115. Government will act to shift the emphasis on CSR from a near-exclusive focus on big multinational corporations, particularly those in the oil and gas industry, to a recognition of a crucial role for MSMEs as recognized in the CRR (Par. 815). Government’s declared intention to have a ‘structured interaction’ with the private sector on an on-going basis to ensure true partnership in the development process, a framework articulated in NEEDS and promoted by the detailed private sector involvement in the APRM process, means Government needs to be interested in the corporate governance of the private sector. In this regard, a challenge, for instance, for the Nigerian Accounting Standards Board (NASB) is to provide training and enlightenment to those who prepare accounts of NGOs to ensure credibility of their financial statements and boost public confidence in them.

**Role of Traditional Leaders**

116. The CRR alludes to a possible role for traditional leaders in governance in general and corporate social responsibility in particular, but rightly acknowledges that they “are often compromised by the prevailing culture of dependency on the political establishment and possible bias” (Par. 818). Government is mindful of the potential and at times actual roles of traditional rulers in aspects of governance, particularly at the local level but is cautious not to overstretch this role to the technical domains of corporate governance. The role that some traditional rulers have so far played in negotiating corporate social responsibility of oil and gas multinational corporations in the Niger Delta hardly inspires confidence in this regard.

**Establishment of National Climate Change Commission**

117. The CRR acknowledges that Nigeria is a non-Annex 1 country under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol (Par. 823). As a demonstration of Government’s commitment to the problem of climate change and its environmental hazards and consequences for sustainable development, a Bill is currently (May 2008) before the National Assembly proposing the establishment of a National Climate Change Commission.
Alternative Sources of Energy

118. Given recent challenges of how to provide energy to cater for its rapidly growing population, the Federal Government is actively exploring the utilization of alternative sources of energy - including nuclear energy.

OBJECTIVE 3: PROMOTE THE ADOPTION OF CODES OF GOOD BUSINESS ETHICS IN ACHIEVING THE OBJECTIVES OF THE CORPORATION (PAR.825-839)

119. The CRR notes that Nigeria’s problem in this sphere, as in most others, is not the absence of laws and institutions in place to promote and enhance good business in the country but rather the failure to implement existing laws, revise outdated laws and the fighting of corruption. The CRR goes on to present a brief but fairly up-to-date review of Nigeria’s recent efforts at improving good business ethics including recognition that Government is now working to implement recommendations of the recent mutual evaluation conducted by the Inter-Governmental Action Group against Money Laundering in West Africa.

120. The Federal Government will intensify its efforts at sanitizing the business environment and accordingly notes the ten recommendations offered by the Panel (Par. 839) on this Objective [Some of these are applicable to Objectives under other thematic areas, such as EGM, and are already within the radar of Government policy reforms, as indicated in the NPoA]. The Federal Government will carefully examine the specific recommendation relating to having the fees of auditors paid from a central fund that should be created by the regulatory authorities, for its feasibility.

OBJECTIVE 4: ENSURING THAT CORPORATIONS THREAT ALL STAKEHOLDERS - SHAREHOLDERS, EMPLOYEES, CONSUMERS, SUPPLIERS AND COMMUNITIES FAIRLY (PAR.840-874)

121. The Federal Government acknowledges that the dominant corporate culture in Nigeria is one in which shareholders are supreme to all other stakeholders – including employees, consumers, supplies, and communities. In particular, Government notes the CRR’s reference to the position of the CSAR (Par. 848) to the effect that Nigeria’s code of corporate governance is narrow and does not explicitly recognize the rights of stakeholders other than shareholders in contrast with current trends in corporate governance elsewhere, post-Enron, and so the rights of such stakeholders are not well served.

122. Government commends the CRR for nonetheless digging into sundry sources of legislative and policy frameworks and codes, with respect to each of the specified stakeholder groups, and hence providing greater insights into the particular circumstances of some of the stakeholder groups specified in the definition offered by the CSAR (and quoted in Par. 847 of the CRR) in the scheme of corporate governance. It is on this basis
that specific recommendations are offered in respect of Shareholders on one hand and Stakeholders on the other.

123. Complementary to the protection of the shareholders rights is legislation that addresses the rights of consumers which the Consumer Protection Act is derived.

124. The Federal Government notes the recommendations and observes that they are largely in line with current government thinking on the reform of the regulatory framework for corporate governance in Nigeria and the effective participation of civil society thereof. In particular, given the growing profile of the Nigerian movie industry, Nollywood, and of artistic, literary and scientific output by Nigerians within the country and those in the diaspora, Government (mainly through the Nigerian Copyrights Commission) is working in tandem with relevant CSOs to ensure the protection of intellectual property rights and curb the growing menace of piracy and copyright infringement.

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<tr>
<th>OBJECTIVE 5: PROVIDING FOR ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS (PAR. 875-905)</th>
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<tr>
<td>125. The CRR reviews the submissions of the CSAR on this Objective and, against this background, that the following recommendations be put in place:</td>
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<td>• Mechanism for accountability and information disclosure;</td>
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<td>• Accounting and auditing standards in Nigeria;</td>
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<td>• Sanctions against non compliance;</td>
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<td>• Process of appointment of Board Members;</td>
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<td>• Provision of strategic direction by the Board;</td>
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<td>• Programme for training or development of Directors.</td>
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126. The Federal Government notes that the recommendations of the Panel on this Objective (Par. 905) are within the regular issues in corporate governance and are referred for the attention of the concerned regulatory agencies and/or stakeholders.

3.4 Socio-Economic Development

Overview (Par. 906-918)

127. Nigeria accepts the conclusion drawn from the CSAR and the CRT’s field interactions with stakeholders that it is not necessarily the absence of (or even weakness) of development policies and strategies that explain Nigeria’s paradox of poverty in the midst of plenty, but the lack of effective policy
and programme implementation which had hitherto resulted principally from the lack of strong political will, coupled with weak accountability mechanisms. This diagnosis of the Nigerian development dilemma has been correctly identified by the Government and made the focus of political and economic reforms since 1999 as attested to by the development and implementation of the NEEDS, SEEDS and LEEDS which, has achieved some significant successes. Consequently, this Administration with its long-term programme, the Vision 2020, is consolidating the achievement with the harmonization of the NEEDS and the fast-tracking of the prioritized areas of the 7-Point Agenda.

Standards and Codes (Par. 919-922)

128. Unlike in the other thematic areas, the CRR observes that Nigeria has adopted and ratified all the pertinent standards and codes, a development which the Panel describes “highly remarkable.” The CRM also notes that Nigeria is largely compliant with the NEPAD Framework Document. The CRM also observed that a majority of stakeholders are unaware of the international instruments adopted by the Federal Government on behalf of the country and that compliance with several standards and codes was not evident. However, the Federal Government has stepped up awareness campaign on all issues of socio-economic importance. This is the cardinal responsibility of the National Orientation Agency. Issues bordering on MDGs’ which are also encapsulated in the Nigeria 7-point Agenda are adequately publicized through print and electronic media. Documents of awareness on issues of Food Security NEEDS, SEED, LEEDS, AIDS, NAPEP are all based on the Conventions, Codes and Standards that Nigeria had signed. Government however, accepts that there is much to be done to ensure that the international instruments adopted by Nigeria have practical impact on the socio-economic conditions of the country and the welfare of the people. Government commits to strive to ensure that Nigeria becomes fully compliant to the pertinent standards and codes.

Open and Participatory Discussion of Long Term Development Vision

129. The Government is appreciative of the Panel’s recommendation on the necessity of open and participatory discussion of Nigeria’s long term development vision. The nation’s long term development vision is the Vision 2020 which aims to ensure that by 2020 Nigeria will be one of the 20 largest economies in the world, able to consolidate its leadership role in Africa and establish itself as a significant player in the global economic and political arena. The Government has set in motion machinery for synthesizing NEEDS 2 and the Seven Point Agenda into the Vision 2020 which shall be harmonized with the APR NPoA.

130. The administrative arrangement for formulating and implementing Vision 2020 is a bottom-up process with emphasis on participation by
stakeholder groups. The National Council on Nigeria’s Vision 2020 and the National Steering Committee were inaugurated on 21st April 2008 to, among other things, develop a comprehensive plan which will ensure that Nigeria joins the top 20 league of developed countries by 2020 and to develop methodology and guidelines for all MDAs, private sector and other stakeholders to facilitate a systematic bottom-up development of Vision 2020.

131. The institutional framework envisages that each major stakeholders group will prepare its Vision 2020 document based on the guidelines approved by the National Council and in line with the national goals and priorities.

132. The 7-Point Agenda on its part is a vision that evolved from the need to address on the fast track the crises in these priority areas. This fast-track and short term approach enables the Agenda address the areas of immediate crises as a first-step in addressing the whole, thereby ensuring effective utilisation of resources for optimal impact. Accordingly, government has backed up each prioritized sector with adequate budgetary appropriation and the articulation of strategic plans with clearly defined benchmark for assessing performances. Also, measures are being taken to align the Agenda with NEEDS II programmes (mid-term plan) and Vision 2020 (long-term plan).

**Diversify the Economic Base**

133. Government accepts the recommendation that the economic base of the country should be diversified. NEEDS 1 laid the foundation for the diversification of the economic base. Vision 2020 which seeks to harmonize NEEDS 2 and the Seven Point Agenda will consolidate on the achievements recorded under the Economic Reform Programme. These include the ongoing Programmes of the Cassava Initiative, Rice Initiative, Cotton Initiative, Textile and other initiatives including Culture and Tourism with establishment of creative industries and hotel development. Also, government has established Agencies such as SMEDAN, Bank of Industry and other support structures for diversification.

### Comprehensive Study on the causes of Poor Implementation of Development Policies

134. The Government accepts the recommendations to carry out a comprehensive study of the poor implementation of development policies and strategies. Lessons learnt from such a study should provide guidance on how to improve development management in the country.
Integrate the MDGs in the National Development Strategy

135. The Government accepts this recommendation and has already set in motion mechanism for integration of the MDGs, NEPAD and the 7-Point Agenda priorities into NEEDS 2 and the Vision 2020 Programme. The National Planning Commission is anchoring the integration and drawing up the nation’s next Development Plan.

Enhance Institutional Capacity of National Bureau of Statistics

136. Considering the vital role that timely and accurate statistics play in development planning and management, the capacity of the agency saddled with the collection and management of statistical data should be of major concern to the authorities. The Government therefore appreciates the Panel’s concern that the statistical data collection and management system in Nigeria be efficient and effective and commits to enhance the financial, institutional, human and technical capacity of the National Bureau of Statistics (formerly, Federal Office of Statistics).

137. This issue has been addressed under the Statistical Master Plan (SMP, 2005-2009). Supported by the World Bank (under the Economic Reform and Governance Programme, ERGP) and the European Union (Economic Management Capacity-Building Project, EMCAP). The reform of the Federal Office Statistics led to its being merged with the National Data Bank in 2003 the result of which is the National Bureau of Statistics (NBS). The reform of the NBS focuses on four areas: infrastructure and equipment; human resources management and development; improved data production technology; and data management, dissemination and access. The six Zonal Offices which are the hub of data capture and processing of the NBS are now electronically connected to the headquarters to enhance overall operations of the Bureau.

138. The success of the reform of the NBS is evident in the massive improvement in its capacity reflected by increased output of statistical data, produced timely and disseminated electronically and in hard copies to users. The NBS in fact carried out the Mass Household Survey for the CSAR after a competitive selection process of reliable statistics outfits. Government will continue to monitor the performance of NBS to ensure the current progress is consolidated.

139. Government noted the mismatch of skills within the Public Service, which existed prior to 1999. This led to the Reform Process addressed through the Restructuring Exercise of the Civil Service in some key Ministries such as the Ministry of Foreign Affairs, Finance and Federal Capital Territory.
OBJECTIVE 3: TO STRENGTHEN POLICIES, DELIVERY MECHANISMS AND OUTCOMES IN KEY SOCIAL DEVELOPMENT AREAS, INCLUDING EDUCATION FOR ALL, COMBATING HIV/AIDS AND OTHER COMMUNICABLE DISEASES (PAR. 1075)

Education

140. Government is very appreciative of the helpful comments and recommendations made by the Panel for improving education delivery in Nigeria, especially as regards early childhood education. A Government study in October 2006 reported that there was lack of a defined policy on early childhood education and also noted a gap of 53,000 early childhood schools\textsuperscript{55}. That study identified constraints to effective implementation of education policies and is being reviewed in order to align it with NEEDS 2 and Vision 2020 Programme. In this regard, Government will ensure that stakeholder participation built into the Universal Basic education Programme is strictly enforced to enhance their interest and involvement in education delivery. Furthermore, Government will expand the scope of the school feeding programme to encourage poor parents to send their children to school. To reduce the burden of training the children of the poor, Government currently provides science kits and reading materials in core subject areas amongst others.

141. The National Gender Policy contains strategies for enhancing opportunities for girl-child education and removing cultural and other biases that discourage it. These strategies will be vigorously pursued, including mobilizing traditional and religious leaders to support such initiatives.

142. Declining enrolment in the Niger Delta is part of the general social problems of the area and will be so treated under the comprehensive Niger Delta Master Plan articulated to address the problems of the region in accordance with the 7-Points Agenda of this administration. It will also address the human development challenges of the area.

Health

Staff Health Facilities in Sharia States with Female Health Personnel, Mobilize Religious and Traditional Leaders to Reverse Traditional Beliefs that Impede Access to Healthcare

143. Government accepts the Panel’s recommendation that there is need to staff health facilities with female healthcare personnel. The Government is conscious of the fact that female access to healthcare may be hampered if healthcare facilities are run by males in areas under Sharia Law. It is important for equal access to healthcare delivery that conditions be

created for women to access healthcare without compromise to their religious beliefs and practices. Consequently, Government will cooperate with the States that have introduced Sharia law to ensure that adequate numbers of women are trained and deployed in the health sector.

**Address Limited Health Insurance Coverage**

144. Government embraces this recommendation as the present coverage of the National Health Insurance Scheme does not capture a significant proportion of the population. Government will carry out necessary studies to find solutions to the problems.

**HIV/AIDS**

**Mobilize Political Will to Remove Barriers to Implementation of HIV/AIDS Strategy**

145. The Government acknowledges that the HIV/AIDS pandemic is a serious threat to human resources and physical development of Nigeria, and indeed of all developing countries and has developed a comprehensive strategy for creating awareness, testing and counselling, and providing care. The appropriateness and effectiveness of the strategy reflects in the declining infection rates as shown in recent surveys. Nevertheless, there is no room for complacency and Government intends to fine-tune and pursue the strategy even more vigorously.

146. Some of the challenges confronting the fight to reduce HIV/AIDS are capacity gaps for effective implementation and coordination in all sectors and at all levels. This has hampered absorption of the financial resources made available by the Government and development partners. Other challenges include inadequacy of strategic information on issues such as the behaviour that drives the epidemic, weak legal and regulatory framework and poor coordination among stakeholders. Government’s policy thrust is to foster effective collaboration and partnership necessary for coordinating the many actors and resources that they bring to the fight against HIV/AIDS. It is also to improve the stewardship of policy formulation, legislations, regulations, resources mobilization, coordination, monitoring and evaluation and ensure mainstreaming of HIV/AIDS issues into every sector.

**OBJECTIVE 4:**

TO ENSURE AFFORDABLE ACCESS TO WATER, SANITATION, ENERGY, FINANCE (INCLUDING MICROFINANCE), MARKETS, ICT, SHELTER AND LAND TO ALL CITIZENS, ESPECIALLY THE RURAL POOR (PAR.1135)

**Promote Private Sector Participation in Mass Housing Production**

147. Government accepts that given the right focus and commitment, housing can contribute to significant growth in GDP, employment generation,
poverty reduction and the promotion of social welfare. Provision of adequate shelter is therefore critical for achieving sustainable development and poverty reduction and even the Millennium Development Goals. The acute housing problem in Nigeria is the result of several years of neglect of the sector, ad hoc approaches to the provision of housing, lack of sustained funding, and neglect of the resources, expertise and entrepreneurial energy of the private sector.

148. Consequently, many attempts have been made under ongoing reforms to ensure a national housing policy that transforms the sector and bridge the housing gap in the country. A new housing policy was prepared by the Presidential Review Committee in 2003 and in 2004. Both the National Housing Policy and the Urban Development Policy were also reviewed. The National Housing Policy provides ample room for private sector participation in housing delivery. Currently, there are 81 primary mortgage institutions (PMIs) with investible funds of about N36.7 billion. A real Estate Developers Association (REDAN) has been established to coordinate the activities of the private sector and articulate their interests in the industry.

149. Government will continue to monitor performance of the sector and make changes when necessary.

*Establish Target Population with Near Access to Water*

150. Nigeria has had targets for access to water established since 2000 under the National Water Supply and Sanitation Policy (NWSSP). The targets are 40% in 2000, 60% in 2005, 80% in 2008 and 100% by 2011. Actual performance was below the target for 2005 and would most likely fall short of target in 2008 as well. There is in place a strategic framework and action plan to ensure that the private sector and civil society organizations participate in water resources management.

*Liberalize Conditions for Community Banks to Transform to Microfinance Banks*

151. The Central Bank of Nigeria’s microfinance policy was introduced to revamp institutions working to empower the poor through micro credits by bringing them under its regulatory supervision. Launched in December 2005, the community banks capital base of N5m which the CBN considered too low for effective financial intermediation, was required to be raised to N20m within 24 months. Even though the CBN estimated that the minimum capital base a community bank needed for effective banking services to clients was N50m, it pegged the recapitalization limit lower to accommodate those based in rural areas that might have difficulty in raising funds.

152. The CBN’s microfinance policy is targeted at solving the problems faced by the existing microfinance institutions, namely, weak institutional capacity, weak capital base and existence of a huge un-served market. Like the banking recapitalization policy, many had supposed that the new capital base for microfinance banks is too excessive and might not be easily met by community banks and NGO-Microfinance institutions. Contrary to the
fears of such people, 366 microfinance banks have met the requirements and have been licensed to operate. Thus, the policy is succeeding and the best way forward will be to stay the course.

**Reform the Land Use Act and Liberalize Access to Land**

153. The Government is committed to revising the Land Use Act to liberalize access to land for housing, industrialization and agriculture. However, since the Act is a part of the Constitution, the JCCR will be asked to place it on its agenda.

**OBJECTIVE 5:** TO MAKE PROGRESS TOWARDS GENDER EQUALITY IN ALL CRITICAL AREAS CONCERN, INCLUDING EQUAL ACCESS TO EDUCATION FOR ALL GIRLS AT ALL LEVELS (PAR.1158)

**Prioritize Implementation of the National Gender Policy**

154. Government notes the various recommendations made by the Panel to ensure that Nigeria is compliant with international standards and codes on the status of women and their empowerment. The National Gender Policy adopted in 2006 has formulated strategies for ensuring that women take their rightful places in economic activities and political governance on equal footing with their male counterparts. Government will implement the National Gender Policy effectively to redress the imbalance in opportunities available to men and women. Constitutional and legal constraints to the empowerment of women will be addressed during the constitutional review exercise and appropriate remedial measures taken.

155. Government accepts the Panel’s recommendation that effective linkages be established between the Ministry of Women’s Affairs, on the one hand, and all other ministries, on the other, as well as between the public and private sectors, including non-governmental agencies to facilitate the mainstreaming of national gender policy within all sectoral policies and plans, and for the effective implementation of gender policy, and monitoring of progress.

**OBJECTIVE 6:** TO ENCOURAGE BROAD-BASED PARTICIPATION IN DEVELOPMENT (PAR.1172)

**Institutionalize Stakeholder Participation in Development**

156. Stakeholder participation is critical to sustainable development as it creates among citizens sense of ownership and commitment to development plans. Governance experience since the return to democratic rule in 1999 shows that creating spaces for public participation in policy formulation and implementation impacts positively on the quality of policies and the public support behind them.
157. The consultative process recommended by the Panel has been used in preparing NEEDS 2 and is being utilized to articulate the Vision 2020 Programme. The process will be institutionalized at the state and local levels where this is not the case already. In any case, the implementation of the NPoA will be carried within a participatory framework as articulated. With the domestication of APRM at the state level and articulation of local governments’ role in the NPoA, stakeholder participation in policy-making and implementation will be institutionalized across the three tiers of government.

4.0 BEST PRACTICES

158. The Government and people of Nigeria note that the CSAR did not specifically identify Nigeria’s ‘best practices’ but merely reported on the ‘Nigerian condition’ as observed by Nigerians. This is because of our conviction that best practices are best identified not by those who practice them but by those who observe the practice. Nigeria is pleased to note that the CRR has credited the country with at least 12 best practices across the Thematic Areas, including Nigeria’s role in Africa, promoting peace and good governance in Africa, Federal Character principle, President Yar’ Adua’s commitment to transparency, the National Agency for the Prevention of Traffic in Persons (NAPTIP), the Technical Aid Corps (TAC), Nigeria Extractive Industries Transparency Initiative (NEITI) and Gender Affirmative Action (in Kebbi State). The country can only endeavour to do more in the spirit of Pan Africanism of which it has a historical commitment.

5.0 COMMENTS ON CROSS-CUTTING AND SPECIAL ISSUES

5.1 Cross-Cutting Issues

Managing Diversity and Promoting Nation Building within the Framework of the Federation Principle (Par. 1178-1211)

159. The Panel’s summary of the creative arrangements adopted to manage diversity and integrate the constituent ethnic groups into a common nationality has adequately highlighted the challenges that successive Governments have faced in Nigeria. As the Panel has noted the federal system has worked reasonably well, even if not completely satisfactorily to all stakeholders, in fostering unity and providing a foundation for consolidating the Nigerian Project. A major strength of the Nigerian federal system is its dynamic character which makes it adaptable to changing circumstances. The system is under constant review and adjustments are often made either at the constitutional level or at the level of operational rules to make it deal with contentious issues when they arise. It is in furtherance of this tradition that the President has directed that all laws or regulations derogating from the practice of federal decentralization be reviewed with a view to redressing anomalies. In a similar vein, the revenue allocation formula and other redistribution mechanisms are
continuously under the microscope and constantly fine-tuned to meet the
challenges of accommodating the competing interests of the country’s
diverse constituent units.

**Dependency on oil/gas and lack of economic diversification**
*(Par. 1212-1222)*

160. The Federal Government shares the concerns of the CRR about the adverse impact of the astronomical growth in oil revenues on traditional revenue sources, including undermining the nation’s broad revenue base and intensifying its vulnerability to commodity price volatility and external trade shocks; reducing the incentive for State and Local Governments to mobilize revenues internally; and the neglect of agriculture and limited efforts to exploit other natural resources.

161. As Nigeria expands investment in the oil and gas sector, the country’s dependence on oil for development revenue is unlikely to reduce significantly. What is imperative is that the country must diversify its revenue sources to reduce the level of dependence on oil. The Federal Government believes that it is not the reduction of the dependence on oil that is critical to diversification of the revenue sources as implied in Para. 1211; the diversification of the revenue sources is critical to reduction of the dependence on oil. As acknowledged in NEEDS 2, the economy remains undiversified in spite of the efforts at reducing dependence on oil. To a large extent, this has been linked to declining productivity and weak competitiveness. Government acknowledges that presently, the Nigerian economy is one of the least competitive globally.

162. Accordingly, Government commits itself afresh to addressing the problems of declining productivity and competitiveness by significantly working to ameliorate the difficult business environment, characterized by the poor state of infrastructure, corruption and weak security to life and property, among other factors. As already noted above both under EGM and SED, the Federal Government is pursuing this imperative through the harmonization of NEEDS 2 and the Seven-Point Agenda within the framework of Vision 2020. In specific terms, to significantly raise the contributions of the secondary sector to the aggregate output of the economy, and establish a strong backward and forward linkage, Government has mainstreamed Science and Technology (S & T) into the reform process. This is part of the policy of enhancing the productive base through knowledge application and local content policy.

**The Scourge of Corruption (Par. 1223-1233)**

163. Corruption remains a serious challenge to Nigeria in her efforts to build sustainable democracy and improve the living standards of her people. The extent and the negative impact of corruption in Nigeria are definitely a major source of concern to the Government and people of Nigeria. In this regard, corruption has always been a crime in Nigeria. In addition to the Criminal and Penal Codes, Government enacted in 1995 an Anti-Money Laundering Act designed to check corruption and other related
offences. This Act which has been extensively revised is reinforced by the ICPC and EFCC Acts establishing Anti-graft Agencies specifically dedicated to fighting against corruption and related offences. Through these mechanisms, several top government officials such as a former IGP, Governors and Ministers have been and are being tried for graft. As the CSAR reports, there is much popular support for the fight against corruption, a clear indication that corruption in Nigeria is not the result of general moral degeneracy and tolerance in the population, but the absence of strong, consistent efforts to fight it. Government does not intend to blunt its anti-corruption war or protect those caught in its web. This social and political will to fight corruption is further demonstrated by the ongoing probes in the Power, Land and Energy sectors by the National Assembly.

164. Government also places a premium on the rule of law as a means of fostering self and national discipline. Consequently, anti-corruption agencies must carry out their duties under the law, obeying court orders until they are vacated or reversed. Government notes that the Report has made some comments against the office of the Attorney-General of the Federation, which suggest that the office is deliberately shielding some persons from being prosecuted. The point must be made that those comments are untrue and incorrect. What the Attorney-General of the Federation did in the cases referred to was to insist that Due process and Rule of Law are strictly adhered to. The Attorney General of the Federation has the constitutional obligation to ensure that all persons accused of crimes or being prosecuted are accorded the constitutional right of fair hearing and presumption of innocence, until otherwise convicted by a court of competent jurisdiction. Federal Attorney-General and Minister of Justice’s intervention in the case of ex-Governor Orji Kalu, alluded to by the Panel, was to make the EFCC obey a subsisting court order restraining it from arresting him. With the AGF’s intervention, the order has since been reversed and the trials of all indicted Governors are continuing. Similarly, Senator Iyabo Obasanjo has been arraigned and her trial is ongoing.

Ineffective Implementation of Policies and Programmes and Poor Delivery of Social Services (Par. 1234-1236)

165. The Panel’s views on the ineffective implementation of policies and poor delivery of social services are accurate and touch on recurrent problems of development management in Nigeria. NEEDS 1 tried to ensure coordinated approach to development planning and implementation but some States are committed to the strict implementation of their SEEDS. The problems are currently being tackled at two levels – return to long-term planning under the coordination of the National Planning Commission and the mandate of the Vision 2020 Council and Steering Committee to focus on achieving all the MDGs by 2015 in the context of planning to achieve the goal of making Nigeria one of the top 20 economies by 2020.

The Informal Sector (Par. 1237-1252)

166. In Par. 1237-1252, the CRR essentially presents an academic literature review of the informal sector in less developed countries, with some
emphasis on Sub-Saharan Africa. It is not specifically about Nigeria. Nevertheless, passing references to Nigeria suggest that:

- Government policies in Nigeria have remained focused on the problems of the formal sector. The crucial roles of the informal sector are generally ignored.

- There is presently no clear and coherent policy towards the informal sector in Nigeria, which reflects in a lack of programmatic approach to dealing with ISOs and activity.

- A major challenge that policymakers face is about appropriate interventions in the informal sector.

- ‘The a-legal approach currently adopted towards the informal sector in Nigeria can be characterized as ‘passive indifference’ (sic).

167. Government wishes to stress that this characterization of the current official response to the informal sector is outdated.

168. There is a continuing gap between formal and informal sector in Nigeria, and this is acknowledged in NEEDS 2. Government recognizes that the informal sector plays a very significant role in the production of goods and services but remains survivalist. It is estimated, for instance, that the sector produces not less than 20-40 per cent of the urban output and employs more than 60 per cent of the urban labour force. However, the overwhelming proportion of informal sector enterprises have quite limited link with the formal economy. This poor linkage does not create opportunity for substantial job creation and rapid transformation of the informal sector into innovative and competitive formal SMEs. It is against this background that contemporary Government policy reforms and interventions in the sector have been defined.

169. The relevant initiatives have already been discussed above in our response to the Overview of the Economy under EGM Thematic Area and need not be repeated here. Suffice it to state that the essential pillars of this effort include: the establishment of SMEDAN, the SMEEIS, the National Policy on MSMEs, and the Microfinance Scheme. As also noted above under Objective 1 of CG, Government is, therefore, not ‘ignoring’ the informal sector but is focusing simultaneously on the sector and the macroeconomy and will strive towards including the sector among its priorities in governance reforms.

Slow gender progress and limited advancement of women (Par. 1253-1266)

170. The Government agrees with the Panel’s categorization of the problems facing progress towards equal rights for women in Nigeria - legislative problem of domesticating CEDAW, obstacles to mainstreaming gender in national development problems and patriarchal attitudes. With regards to CEDAW, two-thirds approval by the States would not give it country-wide validity. Rather, like the Child Rights Act, each State will need to pass
a parallel legislation to domesticate it. Government will tackle all these problems at the appropriate levels.

Land, conflict and policy (Par. 1267-1291)\textsuperscript{56}

171. As indicated already, Government is committed to the review of the Land Use Act.

Traditional rulers (Par. 1292-1310)\textsuperscript{57}

172. The Government, in line with the President’s wishes, will not only continue to accord traditional rulers respect and provide for their proper maintenance, but enjoin the JCCR to examine what role traditional rulers should play in the scheme of governance.

Diaspora and remittances (Par. 1311-1324)\textsuperscript{58}

173. The Federal Government of Nigeria acknowledges the observation in the CRR that the strategic position of Nigerians in the Diaspora has enabled them build up social, economic and political networks through which they can directly and indirectly channel wealth, information, innovative ideas, intellectual capacities, new technological skills and democratic political practices from Western countries to Nigeria.

174. While the global phenomenon of migrations has obviously had adverse effect on Nigeria in terms of the brain drain of some of its best professionals and the dent of the country’s image by the activities of a few criminal elements abroad, the large Nigerian Diaspora, has, as recognized by the CRR, also made some positive contributions to national development through significant remittances – an emerging important source of fund for improving the quality of life as well as development finance. The Diaspora community has at times organized itself to offer structured, though often ad hoc, assistance to needy Nigerians in the fields of education and healthcare. Some have invested in industrial and manufacturing production and others, in the entertainment industry. It is instructive that the first Independent Power Project (IPP) to take off in the country was under the Diaspora initiative.

175. Government has actively courted the participation of Nigerians in the Diaspora, in an organized manner, in its national development endeavours since the return of the country to democratic governance in 1999. The formalized initiatives include:

- Guarantees of assistance in housing provision (in Lagos and Abuja), land and investments incentives for Nigerians in Diaspora who intend to invest in Nigeria.

\textsuperscript{56} Now par. 1267-1277.

\textsuperscript{57} Now par. 1278-1296.

\textsuperscript{58} Now par. 1297-1310.
• Participation of Nigerians in the Diaspora in the National Political
Reform Conference (2005).

• Recognition of the Diaspora Community as relevant stakeholders in
the APRM Nigeria review process.

176. The Federal Government will ensure the provision of the enabling
environment to encourage the full and effective contribution of Nigerians
in the Diaspora to every facet of the country’s national development and
also mitigate the brain drain of Nigerian professional expertise from the
country.

Social indiscipline, disorder and value re-orientation (Par. 1325-1340)\textsuperscript{59}

177. Value re-orientation is being inculcated with various instruments. The
anti-corruption agencies (EFCC, ICPC, Code of Conduct Bureau (CCB)
and Nigeria Extractive Industries Transparency Initiative (NEITI) are at
the forefront of the crusade on value-reorientation. Also in harness are
the Public Procurement Commission, the Service Compact with Nigerians
(SERVICOM) and the National Orientation Agency. These efforts will be
reinvigorated as well as reinforced by aligning private sector/civil society
resources to the moral and value reorientation of Nigerians.

5.2 Special Issues

The City of Lagos (Par. 1341-1352)\textsuperscript{60}

178. The CRR discusses the problem of the status of Lagos as a megacity in
crisis and concludes that despite its many challenges, Lagos remains the
best barometer for measuring Nigeria’s political, economic and cultural
growth as a country, and reflects Nigeria’s promise as an influential and
competitive continental and global player. The CRR recommends a clear
sector-by-sector development plan backed by a strong political will to
make reforms succeed.

179. The Federal Government is fully aware of the challenges of the megacity
status of Lagos, where not only Nigerians from all parts of the country
but also people from the rest of West Africa and beyond have come to
concentrate. By 2000, the Lagos Megacity Region was the continuous
built-up area comprising some 153,450 hectares and covering much of
the local governments of Lagos State and four local governments of Ogun
State namely Ado-Odo/Ota, Ifo, Obafemi Owode and Remo. For effective
planning, however, it is conceivable to include the ten miles margin along
the major routes linking the two states and seven miles margin in the less
accessible areas. One of only 28 such cities in the world, and 9\textsuperscript{th} on the list
of megacities as of the year 2000. It is projected to move to the 3\textsuperscript{rd} position
by the year 2015. Yet, in terms of urban living standard, Lagos in 1991 had
the lowest score among all of the 28 global megacities as measured by the
Population Crisis Committee in Washington D.C. Judging by the general

\textsuperscript{59} Now par. 1311-1326.

\textsuperscript{60} Now par. 1327-1338.
downward trend of urban life in most parts of the country in recent times, it is unlikely that the position has improved in any significant way.

180. Under the circumstance, foreign investors who would otherwise have been attracted to invest in Nigeria find the security, sanitation and transportation situation within the Lagos Megacity a serious disincentive. Indeed, on at least three different occasions in recent years, foreign investors pointed to the hindrance and deterrence the prevailing situation constituted to the attraction of foreign capital to the country. The pertinent problems of the megacity include:

- The spatial growth of Lagos Mega City that has gone beyond the physical boundaries of Lagos State and spilled over at many points into the adjoining Ogun State;
- The rapid growth of unplanned squatter settlements within the boundaries of the two states (Lagos and Ogun) and its reflection on the quality of life of the residents of the megacity;
- The high level of insecurity of lives and property within the megacity region;
- The over-burdened infrastructural facilities and services which have been outpaced by the sprawling physical development of the city;
- The poor state of sanitation and environmental quality in the city;
- The worsening traffic congestion and disorderly transportation system;
- The housing crisis and the high incidence of slum conditions in many parts of the megacity;
- The grossly inadequate supply of electricity given the high industrial and domestic demand as well as the poor distribution network within the megacity;
- Lack of virile and visible institutional framework for Emergency Disaster Management.

181. It was against this background that the then President, Olusegun Obasanjo, inaugurated a Presidential Committee for the Redevelopment of the Lagos Megacity Region. As anticipated by the recommendations of the Presidential Committee for the Redevelopment of the Lagos Megacity, Government favours and is already pursuing a multi-pronged strategy to the problem of redevelopment of Lagos. The first anticipates the joint roles of the FGN and Lagos State Government (LASG). Intergovernmental cooperation projects are of strategic significance for the redevelopment of the megacity. The second, which might be called the two-State solution involves the roles of LASG and Ogun State Government (OGSG), while the third involves the roles of these units of government either alone or together with the private sector in public-private partnership.
It is worth noting that some projects or programmes are the legitimate responsibility of State and local governments in the megacity area, and as part of the efforts to meet with the growing demands of its mega city status, LASG, in partnership with a team of private sector investors, has in 2008 embarked on ambitious redevelopment of the Oluwole commercial district in the heart of Lagos Island, now re-branded Oluwole Market and Multifunctional City Centre, to transform it into a shopping/office precinct of international standard at a cost of N9.5 billion, 17 years after the project was first planned. The site measures about 20,000 square metres. The LASG’s interim response to the transportation problem is the introduction of dedicated lanes for newly introduced mass transit buses, the BRT (Bus Rapid Transport), which is helping to ameliorate the notorious traffic gridlock in the mega-city.

The Lagos State Government has also recently shown political will in making the city clean and healthy through a multifaceted approach involving the LASG (State Ministry of Environment, Lagos State Waste Management Authority (LAWMA), etc.) in partnership with private organizations. This is essentially a holistic approach towards solving the waste management problem. The State Ministry of Environment has been successful in the areas of sanitation, beautification of highways, loops, roundabout, and effective sewage management and flood control – including the dredging, cleaning and de-silting of various drainage channels, manholes and canals across the State.

The system of private sector participation in waste management has helped to remove the backlog of refuse, which adorned streets, roads, verges and medians in the recent past, and also yielded copious economic benefits. For instance, the beautification (green) project, according to LASG officials, has created over 5,000 jobs – including suppliers of interlocking blocks, flowers and other items and those employed to construct gardens and sweep the streets. This has had security dividends, as it has led to the reduction of hoodlums or ‘area boys’. For its efforts, the Lagos State Government won (May 2008) the Grassroots Media Ventures Limited (GMVL) Award for the Best Ministry of Environment, for implementing policies and programmes geared towards ensuring cleaner, healthier and sustainable environment.

The two-state solution entails a commitment on the part of the two State Governments of Lagos and Ogun to strive to transform the Lagos Megacity to a world-class city through dramatic improvements and transformation of its transportation and other infrastructural facilities and its social amenities. Both the Lagos and Ogun State Governments, as well as the relevant Federal Ministries, are encouraged to treat the Megacity Region in a holistic manner and proffer solutions that cover all of its areas without respect to jurisdictional matter. Issues of jurisdictional conflict, however, did arise.

From the foregoing, it is evident that various initiatives are already ongoing to tackle the Lagos mega-city problem. The Federal Government is conscious that the many considerations, decisions and actions that need to be taken to achieve the expeditious transformation of the Lagos Megacity Region requires an institutional arrangement that goes right
from the President of the Federal Republic of Nigeria to management agencies within the megacity. Indeed, it is a fact that without the deliberate intervention of the President, even the intergovernmental committee set up to articulate proposals for the re-development of the Lagos Megacity Region would not have come into existence.

**Beyond Lagos Megacity**

187. The Federal Government is aware that although Lagos is undeniably the only megacity, and despite a certain ambiguity in the database for fully appreciating the enormity of the urban transformation in Nigeria, a few other urban centres are already showing indications of growth towards megacity status. This is especially so with those cities, like Aba, Abuja, Ibadan, Ilorin, Kaduna, Kano, Port Harcourt and Warri, that have shown capacity to absorb modern industrial and commercial establishments.

188. By 2000, the estimate was that about 17 Nigerian cities had populations above one million, with a good number of them getting close to three million. Also, in 2007, and for the first time, the proportion of Nigerians living in urban areas was put at 50% in contrast to the erstwhile situation wherein many more Nigerians lived in rural areas. It is estimated that the population will continue to tilt in favour of urban areas such that by 2030, the proportion of Nigerians living in urban areas is expected to increase to 60%. These portend sundry challenges including those of providing adequate shelter for the homeless estimated at between 8 – 12 million, slum upgrading for an estimated 50 million Nigerians and environmental sustainability.61

189. Government is challenged to think beyond the specific case of Lagos. It is important to forge a comprehensive mega-city development and management plan across the six geo-political zones to avoid the formation of dysfunctional cities that cannot play their expected roles in promoting economic development in tandem with Nigeria’s Vision 2020. Government’s preference for a regional approach in harnessing the contributions of potential Nigerian mega-cities as engines of economic development is also a functional part of Government’s unrelenting efforts to ensure balanced development across the federation.

**The Economics of Nigeria’s Film Industry – NOLLYWOOD** *(Par. 1353-1365)*62

190. The second special issue reviewed by the CRR is Nigeria’s film industry, popularly known as Nollywood. The CRR acknowledges that, with an average production of 2,000 movies annually and a potential for annual revenue of N522 billion, Nollywood is ranked as the third largest movie industry in the world, after America’s Hollywood and India’s Bollywood.

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62 Now par. 1339-1351.
According to the CRR, the challenges facing Nollywood include lack of technical sophistication required to meet international standards, lack of the requisite industry exposure and training for producers, directors, actors, and other theatre workers, need for vigorous enforcement of quality control measures, the largely negative and non-strategic content and storylines of the movies in their portrayal of Africans on the global stage, and the main challenge of the “economics” of the industry, namely, the extremely high rate of video piracy and informal trade lacking any formal connection to the larger economy.

191. Government acknowledges the challenges identified for the industry in the review and reaffirms its commitment to the pursuit of effective enforcement of IPR laws in the country, vide the country’s initiatives under Corporate Governance. The National Film and Video Censors Board (NFVCB) and the Nigerian Copyrights Commission, among other stakeholders, will have important and continuing roles to play in this.

192. Furthermore, the Federal Government is already working in respect of the recommendation “to form an IPR Corporation that would not only coordinate with regulatory and law enforcement agencies ... as well as international organizations and institutions that work to protect IPR around the world” (Par. 136363). Arrangement has reached advanced stage in the process of establishment of Nigerian Intellectual Property Commission (NIPCOM), with a broad jurisdiction encompassing IPR and the mandate of the currently existing National Copyrights Commission, which will serve as its parent body.

6.0 THE PROGRAMME OF ACTION AND ITS IMPLEMENTATION (Par. 1366-1369)\[64]

193. The Nigeria Programme of Action has been revised to account for the observations and recommendations of the APR Panel. Relevant explanations have also been provided in the notes preceding the tables embodying the actionable programmes in the Thematic Areas. Nevertheless, a few general comments are in order.

194. The observation (in separate Comments on the NPoA) that Nigeria needs to very urgently reform its relevant domestic standards and codes to bring them in line with comparable international standards is in order. There is proposal for a sub-Committee of the National Inter-Governmental Committee on the Implementation of the NPoA to specifically attend to this imperative.

195. The enduring challenge remains that of implementation. The overall governance and coordination of the implementation of the NPoA rest with the APRM National Working Group (APRM-NWG). The NWG is to ensure a constructive interface between the operations of various organs proposed

\[63\] Now par. 1349.

\[64\] Now par. 1352-1355.
for managing the implementation of the NPoA. The NWG is to report to the APRM-NFP.

196. Aside an Inter-Governmental Implementation Committee approved by the Federal Executive Council in January 2008, the institutions that will be responsible for overseeing the implementing the NPoA include the National Council on Development Planning (NCDP) and Joint Planning Board (JPB), both under the National Planning Commission (NPC) whose membership includes States Planning Commissioners and Directors of Planning (and relevant Federal Agencies), respectively. These institutions are expected to adopt and adapt the NPoA, and streamline and domesticate the NPoA in the various planning programmes in the country, namely, Vision 2020, NEEDS, SEEDS, LEEDS, and also ensure budgetary provisions with effect from 2009 Appropriations nationwide.

7.0 CONCLUSION

197. It is important to restate that Nigeria, under President Umar Musa Yar’Adua, is staunchly committed to the APRM process. Apart from the fact that Nigeria is one of the founding members of the NEPAD/APRM, the country’s federal system of government and its manifold efforts to manage diversity are unique on the continent. The challenges and policy issues arising from both are indicative of the development predicament of Africa. Fortunately, the Nigerian President, and indeed all state and non-state stakeholders under his leadership have demonstrated the determination and political will to fully implement the APRM.

198. What remains is the need to deepen ownership of the NPoA through better social and political buy-in so as to engender public trust in governance for a better Nigeria and a better Africa. The Federal Government is determined to lead by example, and is, therefore prepared to function in accordance with highest standards of public accountability, probity, transparency, efficiency and integrity. But the business community and other stakeholders including the wider community must also take an active role in building a ‘good governance society’. In fact, the participation and involvement of all citizens is a critical success factor for effective government and the growth of the economy. The bottom line is welfare improvement for Nigerians.

65 The NPC is in the vantage position of having, as integral to it, two critical national institutions of relevance to Nigeria’s development endeavors, namely, the Nigerian Institute of Social and Economic Research (NISER) which is the foremost policy think tank of Government and the National Bureau of Statistics (NBS), the official repository of national statistics. These institutions can provide the needed technical backstopping to the role of the NPC in overseeing the implementation of the NPoA.
ANNEXURE II

NATIONAL PROGRAMME OF ACTION (NPoA)

APRM NATIONAL FOCAL POINT SECRETARIAT
ABUJA, NIGERIA

JUNE 2008
1. INTRODUCTION 408
2. ELABORATION OF CONTENTS 409
3. COSTING THE NPOA 421
4. IMPLEMENTATION APPROACH 424
5. FINANCING AND RESOURCING 424
6. MONITORING AND EVALUATION 424
7. ENDORSEMENT 425
8. THE CHALLENGE OF IMPLEMENTING THE NPOA IN A FEDERAL CONTEXT 425
9. NPOA TABLE 426

ANNEX A: NPOA TABLE 426
STANDARDS AND CODES 427
DEMOCRACY AND POLITICAL GOVERNANCE 431
ECONOMIC GOVERNMENT AND MANAGEMENT 454
CORPORATE GOVERNANCE 465
SOCIO-ECONOMIC DEVELOPMENT 479
NATIONAL PROGRAMME OF ACTION (NPoA)

1. Introduction

Nigeria’s APRM National Programme of Action (NPoA) is the result of the recommendations in the Country Self-Assessment Report (CSAR) and the Country Review Report (CRR). The CSAR is a chronicle of the challenges, institutional weaknesses and best practices on governance and socio-economic development as well as key recommendations for improving governance in the country as perceived by the citizens of Nigeria during the Country Self-Assessment Process (CSAP) that was undertaken in the third and fourth quarters of 2006. The CRR, on the other hand, is the report of the one-month long Country Review Mission (CRM) fielded in Nigeria by the APRM Continental Secretariat to validate the CSAR and assess the state of governance and socio-economic development in the country.

The over-arching objective of the NPoA is to guide and mobilize Nigeria’s efforts in implementing relevant changes designed to improve governance and socio-economic development in the country by providing necessary supplementation to on-going development initiatives and introducing fresh initiatives as appropriate. Specifically, the NPoA seeks to proffer additional measures for addressing the identified governance challenges and institutional weaknesses as well as reinforcing best practices. The core principles that drive and underpin Nigeria’s NPoA include: restoration of time-honoured core values of honesty, decency, modesty, selflessness, transparency and accountability, humility, courage and forthrightness; national ownership; participatory governance through constructive partnerships; consistency with Constitutional imperatives; openness; technical competence; credibility; and insulation from manipulation by any stakeholder or interest group.

The findings and recommendations in the APRM Nigeria’s CSAR, from which the NPoA has been partly derived, are the outcomes of broad-based nationwide consultations under the Country Self-Assessment Process (CSAP). The consultations covered three major stakeholder groups:

(i) General population of households (using the Mass Household Survey instrument);

(ii) Elites (using the Elite/Decision-Maker Interviews, and Desk Research instruments); and

(iii) Non-elite and local opinion leaders (using the Focus Group Discussions instrument)

The first draft of the CSAR and NPoA was subjected to a validation in March/April 2007 by 12 apex stakeholder groups. Their views were incorporated to enrich the draft. However, the document had to be further updated in the last quarter of 2007 in order to account for observed gaps, and reflect development changes that were introduced by the new Administration that had come to power, sequel to the general elections of April 2007. The updating also involved commissioning four independent Research Institutes to review designated thematic chapters of the CSAR with a view to ensuring that it:
(i) is the product of a technically competent governance assessment process, as indicated in the APRM assessment instruments;

(ii) accurately reflects the findings and inferences that flow from the analysis of the citizens’ perceptions of governance;

(iii) proffers an appropriate and adequate roadmap for addressing the challenges and weaknesses so identified; and

(iv) is reader-friendly.

The updated version was subjected to a two-phase nationwide validation. The first phase was held from November 19 – 30, 2007 in 14 centres covering the 36 States of the Federation, under the guidance of four teams of experts. Each team was led by a member of the expanded APRM National Working Group (APRM-NWG), and each centre had brought together a number of States. The Abuja phase of the CSAR and NPoA validation workshops lasted from December 3 – 11, 2007 for the state and non-state apex stakeholder groups. This culminated in the National Dialogue on the CSAR and NPoA, held on December 11, 2007, under the chairmanship of President Umaru Musa Yar’Adua.

A final revision of the NPoA took place from May 2008 after Nigeria received the CRR, to incorporate recommendations of the APR Panel of Eminent Persons as contained in the CRR.

2. Elaboration of the Contents

The elaboration of the contents of the four-year NPoA (2009 – 2012) was guided by the recommendations made by Nigerians on improving governance as chronicled in the CSAR, the recommendations made in the CRR plus cognizance of ongoing development initiatives and programmes. In all, the CSAR made about 213 recommendations, while no less than 197 specific recommendations (excluding recommendations on Standards and Codes) were made by the Panel in the CRR. The CSAR made 22 recommendations on Standards and Codes, while the CRR made 23. As not each and every recommendation can be accommodated in the NPoA, Nigeria’s NPoA has been drawn up on the basis of 214 recommendations (17 on Standards and Codes and 197 on the four thematic areas and Special Issues) relating to priorities identified in each thematic and other areas wherein recommendations have been made in the CSAR and the CRR.

The NPoA has incorporated President Umaru Musa Yar’Adua Administration’s Seven-Point Agenda, and National Economic Empowerment and Development Strategy-2 (NEEDS-2), which is a medium term plan (2008 – 2011). It has also sought to reflect and deepen adherence to the renewed accents on national values as well as respect for the rule of law. At the same time the NPoA spells out the adoption of appropriate policies, standards and practices that would deepen Nigeria’s security and political stability, create prosperity through growth and add value to the on-going over-all initiative for sustainable national development. Also, it seeks to promote cooperation and integration in Africa.

In general, the actionable programmes relating to the prioritized governance issues in the NPoA are as listed below for Standards and Codes and the four APRM
thematic areas of Democracy and Political Governance, Economic Governance and Management, Corporate Governance, and Socio-Economic Development.

**Standards and Codes**

- Sign, Ratify and domesticate Outstanding Standards and Codes in the respective thematic areas.
- Identify standards and codes not yet signed or ratified.
- Process outstanding standards and codes for ratification by the National Assembly.
- Disseminate Standards and Codes broadly to create awareness of them.
- National Assembly to domesticate all outstanding Standards and Codes.
- States to adopt and pass parallel laws where necessary.
- Conduct civic education, in English and Nigerian languages, to raise awareness on standards and codes

**Democracy and Political Governance**

**OBJECTIVE 1: PREVENTION AND REDUCTION OF INTRA- AND INTER-STATE CONFLICTS**

- Design early warning systems by putting in place mechanism for potential causes/ sources of conflicts.
- Enlarge scope and awareness of alternative dispute resolution mechanisms
- Train civil society groups in conflict management and peace-building
- Conduct training in human rights observance in conflict situations for the police

**OBJECTIVE 2: CONSTITUTIONAL DEMOCRACY AND THE RULE OF LAW**

- Conduct Stakeholders Workshops on Constitutional Review
- Level of participation by categories of stakeholders
- Review the INEC Act to make for an independent INEC.
- Carry out a study of the legal institutional and operational courses of the 2007 National electoral crises
- Review the 2006 Electoral Act to make for a transparent electoral system, and an acceptable voting process
- Support study of election administration as a professional Programme
• Re-orientate through a large scale programme of re-training the security agencies that are critical to the security of democracy

• Raise the minimum entry qualification for NPF and other Security Agencies from GCE/SSCE to National Diploma,/NCE

• Educating citizens of their rights in relation to the police

• Ensure adequate & independent funding of the Judiciary

• Modernize court processes and procedures in order to enhance the speed of operation of Judges and other court personnel (7-point Agenda)

• Training and re-training of the Bench and the Bar in the critical role of the Judiciary in Democracy

• Insulate the Judiciary from executive interference and ensure general effectiveness of the Judiciary

• Organise training programmes for National & State Assembly Members on their Role & Responsibilities

• Financial autonomy for NASS through National Assembly Budget & Research Office (NABRO)

• Sensitise government establishments & functionaries on the need to adhere to the constitution and extant laws in the conduct on public affairs

• Sensitise Judges and the Bar on the need to enhance fair and speedy court judgments, eschew bribery & corruption (7-point Agenda)

• Mandate protection for Relevant CSOs, Security Agencies particularly NPF, NSCDC

• Establish and fund institute for the teaching & propagation of the values ideals & practices and democracy

• Ensure that all candidates for & winners of elections undertake relevant courses & retreats at the proposed Institute for Democratic & Legislative studies (IDLS) before and after elections and as a requirement for final clearance to INEC

• Ensure that officials of all political parties undergo periodically courses & re-treats at the proposed IDLS

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**OBJECTIVE 3: PROMOTION AND PROTECTION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND CIVIL AND POLITICAL RIGHTS**

• Training workshops, provision of research and ICT facilities for Judges, (7. point Agenda) and provision of devices that ensure electronic note-taking.
• Sensitization workshops, awareness campaigns by relevant Agencies
• Expand the monitoring unit of the Human Rights Commission
• Review of the Public Complaint Commission Act
• Enhance economic empowerment and development of the citizenry
• Restoration of Value Re-orientation
• Consolidate the reform of Federal Inland Revenue Service (FIRS) and financial management framework

OBJECTIVE 4: UPHOLDING THE SEPARATION OF POWERS INCLUDING THE PROTECTION OF THE INDEPENDENCE OF THE JUDICIARY

• Establish and strengthen National Assembly Budget and Research Office (NABRO)
• Train Legislative Aides including National Assembly Staff and State Assemblies.
• Conduct inquiry into nature and causes of Executive interference with Judiciary
• Conduct awareness campaign on the importance of electing good quality representatives
• Training Programmes for the judiciary

OBJECTIVE 5: ENSURING ACCOUNTABILITY, EFFICIENCY AND EFFECTIVENESS OF CIVIL SERVANTS AND OTHER PUBLIC OFFICE HOLDERS

• Implement the Public Procurement Law
• Advocacy for adequate funding for overheads and infrastructure for the Federal Civil Service
• Training Workshops, Seminars, Retreats, periodic review of Wages, Salaries & other conditions of service.
• Improve on the training of Auditors in the Federal Civil Service

OBJECTIVE 6: FIGHTING CORRUPTION IN THE POLITICAL SPHERE

• Review of ICPC Act to make it more effective
• Establish State Branches of the ICPC
• Mobilise public support for EFCC
• Amendment of the EFCC Act to make it independent
• Training of EFCC and ICPC Staff
• Protect Whistle Blowers
• Increased Funding of EFCC and ICPC
• Provide logistics Support to the Code of Conduct Bureau
• Computerize and Network the Code of Conduct Bureau
• Training of Staff of Code of conduct Bureau

OBJECTIVE 7: THE RIGHTS OF WOMEN

• Sensitise and re-orient Society and its institutions on Gender Equality
• Amend the Constitution to provide for Affirmative Action in appointment to public offices for the child in the area of access to school/skills
• Establish more girl-based educational / Vocational institutions
• Encourage parents through incentives to send their female children to schools
• Motivate young girls to aspire to achieve their goals
• Amend Extant Electoral Law to accommodate more women

OBJECTIVE 8: RIGHTS OF CHILDREN AND YOUNG PERSONS

• Pass Child Rights Act in outstanding states
• Provision of Infrastructure in deprived areas, and upgrading of existing infrastructure
• Provide school meals to all primary school pupils
• Implementation of World Programme Of Action for Youths adopted by UN General Assembly

OBJECTIVE 9: PROMOTION AND PROTECTION OF THE RIGHTS OF VULNERABLE GROUPS INCLUDING THE DISABLED AND THE POOR, INTERNALLY DISPLACED PERSONS AND REFUGEES

• Conduct stakeholder workshops to adopt policy on internally displaced persons
• Ratify all outstanding conventions and domestication
• Carry out a study of extent of vulnerability Nationwide
• Review the Fed. Character Comm. Act to cater for the disabled and vulnerable groups.
Economic Governance and Management

OBJECTIVE 1: MACROECONOMIC FRAMEWORK AND SUSTAINABLE DEVELOPMENT

• Maintain low levels of inflation (6.5 %) and annual GDP growth rate of 10%
• Maintain a stable exchange rate
• Infrastructure development
• Increase in productivity
• Maintain low and stable interest rate
• Achieve and maintain sustainable debt position
• Maintain low levels of fiscal deficit
• Increase budgetary allocations to the social sectors, especially health and education
• Enhance and Intensify Tax Administration Reforms
• Efficient collection of excess tax
• Review Monetary Policy
• Study efficiency and effectiveness of credit markets
• Improve existing models of macroeconomic projections
• Develop sectoral Models of macroeconomic projections
• Develop a macro model of macroeconomic projections for the Central Bank
• Provide an enabling environment for business development and growth
• Strengthen the agricultural sector through policy planning and implementation
• Enforce anti-corruption and Economic Crimes Act (2002)
• Establishment and enhancement of ministerial anti-corruption units
• Strengthen Audit Office
• Strengthen Parliamentary Oversight

OBJECTIVE 2: IMPLEMENTATION OF SOUND, TRANSPARENT AND PREDICTABLE GOVERNMENT ECONOMIC POLICIES

• Conduct comprehensive review of project implementation in the NEEDS 11 & 7 – Point Agenda.
• Encourage bottom- top budgeting
• Improve public private partnership
• Formulate a national IEC Strategy
• Increase stakeholders participation in policy, planning and budgeting at all levels of government
• Strengthen LGA in decision making on resource use and allocation
• Enhance Capacity Building

**OBJECTIVE 3:**  **PROMOTION OF SOUND PUBLIC FINANCE MANAGEMENT**

- De-link government expenditure from current oil revenue
- Aggressive development of the non-oil sector
- Strengthen the link between budgeting and planning
- Improvement in IGR
- Fiscal Responsibility Act
- Equitable Derivation principle

**OBJECTIVE 4:**  **FIGHTING CORRUPTION AND MONEY LAUNDERING**

- Review of ICPC Act to make the Commission more effective
- Establish State Branches of the ICPC
- Establish/enhance ministerial anti-corruption units
- Mobilise public support for EFCC,
- Prosecution of defaulters,
- Strengthen the independence of EFCC
- Protect Whistle Blowers
- Increased Funding of EFCC and ICPC (for training, equipment, public awareness, infrastructure, etc.)
- Improve legal framework against money laundering
- Improve Banking System

**OBJECTIVE 5:**  **ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONISATION OF MONETARY, TRADE AND INVESTMENT POLICY**

- Strengthen membership of Reg. integration unions (e.g. ECOWAS, AU)
- Promote Technology adoption & innovation, and enhance international competitiveness
Corporate Governance

OBJECTIVE 1: PROVIDE AND ANABLING ENVIRONMENT AND REGULATORY FRAMEWORK FOR ECONOMIC ACTIVITIES

- Complete the ongoing reforms in the Power, Oil & Gas Sectors
- Expedite action on the development of the National Gas Policy
- Addressing teething issue of Electricity, water supply, transportation and Sanitation
- Increase supply and distribution of petroleum products and stabilize prices
- Develop alternative sources of energy (solar, wind, nuclear, bio-fuels, etc.)
- Overhaul of Roads sub-sector and establish an autonomous highway authority and funding of Roads Construction & Maintenance
- Expedite action on Railway Revitalization Programme
- Expedite development of the Fibre-Optic Backbone & Broadband Infrastructure
- Consolidate liberalisation of the aviation sub-sector
- Review enabling laws and strengthen public agencies: CAC, SEC, CBN, NDIC, NIPC, SON, NAFDAC, DPR, Land Registries, etc.
- Encourage professional bodies to strengthen their regulatory roles – ICAN, NSE, COREN, NBA, etc.
- Rationalise & streamline various incentives for investment and entrepreneurship
- Establish six commercial courts
- Enhance training & facilities for judges
- Promote alternative dispute resolution procedures & multi-doors
- Rationalize and strengthen agencies involved in the promotion of MSMEs
- Expand & enhance access to credit for MSMEs
- Enhance linkage between MSMEs and large industries
- Publicise activities of capital market agencies
- Organise workshops, Conferences and seminars to provide enabling environment for economic activities among Nigerians
- Check abuse of Government’s incentives by corporations
OBJECTIVE 2: ENSURE THAT CORPORATIONS ACT AS GOOD CORPORATE CITIZENS WITH REGARD TO HUMAN RIGHTS, SOCIAL RESPONSIBILITY AND ENVIRONMENT

- Domesticate ILO and other Conventions and laws to protect labour, environment and human rights
- Enforce compliance with all laws & regulations e.g. NSE & Employment regulations
- Promote good industrial relations practices and clean environment
- Encourage strong and better relationship, especially with Oil companies in the Niger Delta of good CSR with respect to their host communities and environment
- Encourage communities (especially Niger Delta) to dialogue with both corporations and Government in securing their rights and participating in the implementation of Good CSR programmes

OBJECTIVE 3: PROMOTE THE ADOPTION OF CODES OF GOOD BUSINESS ETHICS IN ACHIEVING THE OBJECTIVES OF THE CORPORATION

- Review, update and encourage the adoption of sound CG codes by private and public companies
- Strengthen Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices Commission (ICPC), to extend their activities to the private sector; Penalty against defaulters
- Enhance value re-orientation programmes and encourage the private sector to embrace these programmes
- Encourage companies to participate actively in anti-corruption initiatives both locally and globally, Convention for Business Integrity (CBI), Resist Extortion and Solicitation in International Sales Transactions (RESIST), Partnering Against Corruption Initiative and the UN Global Compact

OBJECTIVE 4: ENSURING THAT CORPORATIONS TREAT ALL STAKEHOLDERS - SHAREHOLDERS, EMPLOYEES, CONSUMERS, SUPPLIERS AND COMMUNITIES FAIRLY

- Strengthen legal safeguards for protection of stakeholders - CAMA, investment laws, and Whistle blowers
- Encourage the adoption of improved CG codes with regard to the structure, powers and functions of Boards of Directors
- Regulate the activities of shareholders’ associations to ensure more active awareness and protection of shareholder rights
- Protection of Employees with HIV/AIDS
OBJECTIVE 5: PROVIDING FOR ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS

- Domesticate and update standards & codes of accounting and auditing practice
- Encourage the adoption of international best practices in internal audit function
- Passage of the Freedom of Information (FOI) Bill into law and full implementation of the Act.
- Encourage the adoption of International Best Practices in corporate reporting
- Enactment of Corporate Reporting Council Legislation
- Full implementation of NEITI in the Oil & Gas Industry
- Regular audit of NNPC and Oil & Gas companies’ operations
- Ensure application of NEITI to the Solid Mineral Sector
- Regular and Effective training of Directors including staff of NASB
- More women participation in decision- making process

Socio-Economic Development

OBJECTIVE 1: TO PROMOTE SELF-RELIANCE IN DEVELOPMENT AND BUILDING CAPACITY FOR SELF-SUSTAINING DEVELOPMENT

- Consult widely for adequate preparation and implementation of NEEDS 2, Integration of 7-Point Agenda
- Enhance institutional capacity for effective implementation of NEEDS, SEEDS, LEEDS and CEEDS
- Enhance the capacity of the informal sector and SMEs with the provision of enabling environment
- Enhance stakeholder participation in Monitoring and Evaluation
- Improve coordination of development management

OBJECTIVE 2: TO ACCELERATE SOCIO-ECONOMIC DEVELOPMENT TO ACHIEVE SUSTAINABLE DEVELOPMENT AND POVERTY ERADICATION

- Allocate and utilize resources Appropriated
• Build capacity at all levels for effective management of development
• Change attitude to ensure inter regime continuity and sustainability of laudable programmes
• Coordinate efforts of all tiers of govt. effectively
• Sustain stakeholder advocacy and awareness activities at all levels
• Improve infrastructure massively for private sector growth
• Ensure sustenance of integrated development in the Niger Delta
• Intensify Campaign and implement measures against desertification and soil erosion
• Emphasise research and development to promote use of raw materials and expertise
• Mainstream poverty alleviation into budget process
• Mainstream Employment Creation into budget process.
• Strengthening of capacity building.

**OBJECTIVE 3:**

**TO STRENGTHEN POLICIES, DELIVERY MECHANISMS AND OUTCOMES IN KEY SOCIAL DEVELOPMENT AREAS, INCLUDING EDUCATION FOR ALL, COMBATING OF HIV/AIDS AND OTHER COMMUNICABLE DISEASES**

• Enhance economic empowerment and development of the citizenry
• Restoration of Value Re-orientation
• Consolidate the reform of Federal Inland Revenue Service (FIRS) and financial management framework
• Priority on educational issues, Advocacy on Education programmes, Girl child education, vulnerable group, increase funding
• Priority to be on Health issues, increase funding
• Invest in Research and Development (R & D)
• Sustain Implementation of the National Policy on HIV/AIDS in the workplace
• Overhaul all obsolete policies and laws
• Improve funding mechanism to improve quality of service
OBJECTIVE 4:

TO ENSURE AFFORDABLE ACCESS TO WATER, SANITATION, ENERGY, FINANCE (INCLUDING MICROFINANCE), MARKETS, ICT, SHELTER AND LAND TO ALL CITIZENS, ESPECIALLY THE RURAL POOR

- Provide incentive to encourage greater private sector participation
- Institute appropriate Legal and regulatory frameworks
- Improve transport Infrastructure to reduce cost of business, Roads, Rail, Navigable Waterways, and Air transport
- Improve on good Sanitation, Environmental degradation
- Promote the generation, transmission and distribution of energy/ electricity to all citizens
- Establish construction of banks and financial inst. for credit facility and economic growth
- Reform the Land Use Act to liberalize access to land
- Provision of decent and affordable houses
- Strengthen physical development / planning authorities
- Improve access to credit for SMEs, and development of the informal sector
- Development of Markets
- Liberalise access to land for housing, agriculture, industries and other purposes
- Improve access to safe drinking Water

OBJECTIVE 5:

TO MAKE PROGRESS TOWARDS GENDER EQUALITY IN ALL CRITICAL AREAS OF CONCERN, INCLUDING EQUAL ACCESS TO EDUCATION FOR ALL GIRLS AT ALL LEVELS

- Scale up gender empowerment measures currently adopted in a few states to cover all outstanding States
- Gender Affirmative Action Plan to promote gender equality (35% of women in decision-making) similar to the Federal Character provision of the Constitution
- Adequately fund women - based promotional institutions
- Include gender sensitization in school curricula
- Massive public enlightenment to promote gender sensitivity
- Provide Scholarship Scheme to support girl child education to the tertiary level
OBJECTIVE 6: TO ENCOURAGE BROAD-BASED PARTICIPATION IN DEVELOPMENT

- Formulate Action Plans for involving stakeholders in every Local Government Area in the Country
- Train Community based Organizations in participatory and community mobilization skills
- Actively involve the National Orientation Agency (NOA) in sensitization programme for broad-based participatory development
- Constant advocacy visit to stakeholders by all tiers of governments to support mobilization programme
- Organise periodic stakeholder meetings by state to discuss and prioritize development issues
- Make clear guidelines for stakeholder participation
- Build Capacity of CSOs, CBOs, FBOs

Special Issues

- The Lagos Megacity Project, a collaborative effort between the Federal Government, and Lagos and Ogun state Governments, is ongoing. Details of project costs and sharing arrangements are still being worked out, together with resolving jurisdictional issues.
- Carry out a detailed study of Nollywood with a view to producing a strategic plan for enhancing technical sophistication.

3. Costing the NPoA

The NPoA expenditure is expected to supplement the country’s normal annual budget as well as increase its overall capacity to implement development projects.

The contents of the draft NPoA were evaluated and costed in December 2007 by a Joint Committee of 13 Experts, drawn from state and non-state stakeholder groups. The Committee discharged its assignment in two phases. Phase 1 focused on the review and update of the contents of the draft NPoA, whilst Phase 2 was devoted to evaluation and realistic costing of the NPoA activities. The Committee estimated the annual budget for implementing the APRM Nigeria’s NPoA in the aggregate value of US$20 billion, which represented approximately 12.4% of the country’s GDP (US$161b). This was informed by the fact that the country’s projected annual GDP growth rate is 10.5% and that the annual average budget implementation level so far has only been about 60%.

On receiving the CRR and integrating its recommendations into the NPoA, it became imperative that the cost structure of the NPoA would have to be modified.
Following the template and procedure adopted by the Joint Committee of Experts referred to above, a third phase of evaluating and costing the NPoA was undertaken by experts commissioned for the purpose by the APRM Nigeria Secretariat. Arising from the scaling of priority governance issues, the costing in each thematic area is as summarized below. Cognisant of the fact that not every priority governance issue has budgetary/cost implications, some recommended programmes are already being implemented, while some cost functions have been adjusted, the cost of various components of the NPoA has been streamlined but the aggregate value remains US $20 billion. The components of the costing varies according to the social, economic and political challenges confronting Nigeria as reflected below: Socio-Economic Development, US $8 billion (40%); Democracy and Political Governance, US $5 billion (25%); Economic Governance and Management, US $4 billion (20%); and Corporate Governance, US $3 billion (15%).
### Table 1: Summary of the Cost of Nigeria’s NPoA

<table>
<thead>
<tr>
<th>THEMATIC AREA</th>
<th>OBJECTIVES</th>
<th>SUB-TOTAL COSTS US$ ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democracy and Political Governance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stands. &amp; Codes</td>
<td>One</td>
<td>Two</td>
</tr>
<tr>
<td>Costs (‘000 US$)</td>
<td>118,745</td>
<td>228,607</td>
</tr>
</tbody>
</table>

| ECON. GOVERNANCE AND MANAGEMENT | OBJECTIVES | |
|--------------------------------|------------||
| Costs (‘000 US$) | 34,000 | 2,744,000 | 372,000 | 475,000 | 340,000 | 35,000 | N/A | 4,000,000 |

| Corporate Governance | OBJECTIVES | |
|----------------------|------------||
| Costs (‘000 US$) | 2,700 | 1,295,485 | 373,050 | 302,000 | 254,165 | 772,600 | N/A | 3,000,000 |

| Socio-Economic Development | OBJECTIVES | |
|----------------------------|------------||
| Costs (‘000 US$) | 6,400 | 1,089,000 | 1,886,100 | 1,325,500 | 1,588,200 | 1,094,000 | 1,010,800 | N/A | 8,000,000 |

| THEM AREAS Grand Total Costs US$’000 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 20,000,000 |
4. **Implementation Approach**

Nigeria’s NPoA will be implemented within the framework of a private-sector driven federal political economy. This implies, first, a sharing of responsibility vertically in the intergovernmental context in line with the constitutional division of responsibility between the Federal, State and Local Government, and second but simultaneously, co-joining of efforts between government and the non-governmental sector in public-private partnership (PPP). Within this framework, the actual execution of activities designated for implementation across the four thematic areas will be undertaken by the agencies or organizations specified in the NPOA Table (Annex A).

The overall governance and coordination of the implementation of the NPoA rest with the APRM National Working Group (APRM-NWG). The NWG is to ensure a constructive interface between the operations of various organs proposed for managing the implementation of the NPoA as specified below, and is to report to the APRM-NFP.

Aside an Inter-Governmental Implementation Committee approved by the Federal Executive Council in January 2008, the institutions that will be responsible for overseeing the implementation of the NPoA include the National Council on Development Planning (NCDP) and Joint Planning Board (JPB), both under the National Planning Commission (NPC) whose membership includes States Planning Commissioners and Directors of Planning (and relevant Federal Agencies), respectively. These institutions are expected to adopt and adapt the NPoA, and streamline and domesticate it (the NPoA) in the various planning programmes in the country, including the Seven-Point Agenda, NEEDS (SEEDS and LEEDS) and Vision 2020, and also ensure budgetary provisions with effect from 2009 Appropriations nationwide.

5. **Financing and Resourcing**

The estimated costs reflected in the NPoA table are indicative supplementations to the costs of implementing the on-going development initiatives and are expected to be sourced from the extant budgetary system as well as contributions from the private sector through Public-Private Partnership (PPP) and support from development partners.

6. **Monitoring and Evaluation**

For each actionable activity listed in the NPoA, a monitoring and evaluation (M & E) organ is correspondingly provided. The specified M & E agencies are drawn from both the state and non-state sectors.

There is proposal for the establishment of NPoA Joint National Monitoring and Evaluation (M & E) Committee under the APRM-National Focal Point and Secretary to the Government of the Federation. The Committee is to draw its membership from the key stakeholder groups and M & E agencies already listed in the NPoA table. The designated institutions are those with cognate operational mandate that will facilitate and add value to tracking and assessing the effectiveness and
efficiency of the NPoA implementation process. These have been drawn from the Federal and State Governments as well as from Civil Society Organisations (CSOs) and corporate/private sector, cutting across the thematic areas of the APRM. States and Local Governments are expected to establish their respective equivalents of the M & E Committee.

The rationale for the establishment of the NPoA National M & E Committee is that an appropriate and functioning M & E mechanism is strategic in ensuring effective and efficient implementation of the NPoA. The diligent deployment of such a mechanism will provide useful feedback information on the progress being recorded in meeting the NPoA’s targeted outputs and outcomes, timeliness of inputs and results, prudent resource management, and planned activities for successive phases. It is also expected to provide opportunity for timely redress of errors in the NPoA implementation process, thereby bolstering stakeholder confidence in, and ownership of the process.

The reports of the M & E Committees will constitute the basis for meeting Nigeria’s reporting obligations. For this purpose, the Monitoring and Evaluation Committees are to liaise with the APRM Nigeria’s National Working Group (APRM – NWG).

7. **Endorsement**

The updated CSAR and costed NPoA were endorsed by the APRM National Working Group (APRM-NWG) and the Federal Executive Council (FEC) on December 28, 2007 and January 9, 2008 respectively. The APRM-NWG is the apex body of key stakeholders, which exercises strategic oversight responsibility in the operationalisation of the APRM whilst FEC, under the Chairmanship of the President of Federal Republic of Nigeria, is the highest decision-making organ of the Executive Arm of the Federal Government.

Following the revision and updating of the NPoA to accommodate the recommendations of the APRM Panel as embodied in the CRR, the revised NPoA had to be endorsed all over again by the following bodies.

- APRM-National Working Group (APRM-NWG)
- Federal Executive Council
- National Assembly
- Judiciary
- National Economic Advisory Council
- National Council of States.

8. **The Challenge of Implementing the NPoA in a Federal Context**

A major challenge of NPoA of the APRM is that of implementation. For Nigeria, this is complicated by the necessity of implementing the NPoA in a federal context. In the context of the workings of Nigeria as a federation, the NPoA reflects not just
the development programmes of the Federal Government of Nigeria (FGN) but is also inclusive of those of the State Governments (SGs) and the Local Governments (LGs), and the non-governmental sector as represented by the Organised Private Sector (OPS), the informal sector and Civil Society Organizations (CSOs). This raises the challenge of how to accommodate the States and Local Governments as well as the Non-State Actors.

Given the federal context of governance in the country, intergovernmental relations of all types, including economic relations, have always to be negotiated. The dictates of ‘true federalism’ demand continuing negotiation among the three tiers of government to ensure a coordinated and coherent implementation of reforms and programmes for sustainable development. States are reluctant to submit to complete coordination of their reforms and development programmes with the Federal Government because of the constitutional demarcation of jurisdictions and view attempts at closer coordination as promoting further centralization of the federal system. Given the overwhelming sentiment shared by a critical mass of stakeholders that Nigeria’s federal system needs to be further decentralized, incidentally a position also endorsed by the CRR, greater coordination of development plans and programmes is an imperative that will be cautiously negotiated and implemented through the intergovernmental bodies specified above in the Implementation Approach. This is a given. It is only when governance detracts from this imperative that there is a problem.

As already indicated above, the involvement of the private sector is through the institutionalisation of Public Private Partnership (PPP).

9. **NPoA Table**

Nigeria’s APRM NPoA Table has been based on the template provided by the APRM continental Secretariat, which allows for inter-country comparison and experience sharing. It accounts for all the APRM thematic areas, including their respective Standards and Codes, as well as Objectives. Entries under each of the thematic areas include: Activities by APRM Objectives, Required Action, Monitorable Indicators, On-going Initiatives (including current projects in government Plan of Action), Implementing Agencies, Key Stakeholders, Timeframe, Expected Output, Expected Outcome, Estimated Costs, and M & E Agencies. The NPoA Table is attached as Annex A.

Annex A: NPoA Table
<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>REQUIRED ACTION</th>
<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
<th>TIME-FRAME</th>
<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign, ratify and domesticate outstanding standards and codes</td>
<td>Identify standards and codes not yet signed or ratified</td>
<td>Number of outstanding standards and codes ratified and domesticated</td>
<td>Some standards and codes are pending before the NASS</td>
<td>The Presidency</td>
<td>Key Government Departments</td>
<td>2008</td>
<td>Standards and codes ratified and domesticated and disseminated / popularized</td>
<td>APRM Standards and Codes Requirement in Democracy and Political Governance satisfied</td>
<td>44,745</td>
<td>Ministry of Justice, The Human Rights Commission, National Assembly, The Mass Media, Relevant Civil Society Organisations, NEPAD, NPC</td>
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<tr>
<td>Note: status of standards and codes attached as index</td>
<td>Process outstanding standards and codes for ratification by the NASS</td>
<td></td>
<td>Ministry of Justice</td>
<td>Ministry of Justice</td>
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<td></td>
<td>Disseminate broadly to create awareness of them</td>
<td></td>
<td>Ministry of Foreign Affairs</td>
<td>Ministry of Women Affairs</td>
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<td></td>
<td>National Assembly to domesticate all outstanding Standards and Codes</td>
<td></td>
<td>National Assembly</td>
<td>The Human Rights Commission</td>
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<td>Human rights and civil society organisations</td>
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<td></td>
<td>States to adopt and pass parallel laws where necessary</td>
<td>Number of States domesticating Standards and Codes</td>
<td>State laws domesticating Standards and Codes</td>
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<td></td>
<td>Conduct civic education to raise awareness on standards and codes</td>
<td>Number of awareness programme conducted</td>
<td>Human Rights Commission, Human Rights Organisations, National Orientation Agency</td>
<td>Key Government Departments, The Human Rights Commission, Human rights and civil society organisations</td>
<td>2009-2011</td>
<td>Large population sensitized on Standards and Codes for Democracy and Political Governance</td>
<td>Increased awareness of Standards and Codes, Public demand for their observance</td>
<td>40,000</td>
<td>Relevant CSOs, Universities, Research Institutions, Mass Media</td>
<td></td>
</tr>
</tbody>
</table>
## STANDARDS AND CODES: ECONOMIC GOVERNANCE AND MANAGEMENT

<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>REQUIRED ACTION</th>
<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
<th>TIME-FRAME</th>
<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure full compliance with APRM Standards and Codes in Economic and Governance and Management Thematic Area</td>
<td>Simplify, Sign, ratify and domesticate outstanding Standards and Codes</td>
<td>No. of outstanding Standards and Codes ratified in quantifiable form</td>
<td>Some standards and codes are pending before NASS Committee on the Ratification of All Outstanding Standards and Codes established in 2001; identified reasons for non-ratification of outstanding standards and codes</td>
<td>Min. of Justice Min. of Finance CBN NASS</td>
<td>Min. of Justice Min. of Finance CBN NPC Sundry non-State actors CSOs / NGOs</td>
<td>2009-2012</td>
<td>Laws, regulations, ratifying and/or domesticateing standards and codes</td>
<td>Compliance with all Ratified and domesticated Standards and Codes Robust regulatory framework for ecomoic activities</td>
<td>34,000</td>
<td>Ministry of Justice Min. of Finance NPC Relevant CSOs / NGOs APRM-NEPAD</td>
</tr>
</tbody>
</table>

## STANDARDS AND CODES: CORPORATE GOVERNANCE

<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>REQUIRED ACTION</th>
<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
<th>TIME-FRAME</th>
<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure identification and ratification of outstanding standards and codes</td>
<td>Sign, ratify and domesticate outstanding standards and codes ratified</td>
<td>Government set up Committee to verify outstanding standards and codes and accelerate action towards their domestication</td>
<td>Ministries of Justice Corporate Affairs Commission (CAC) Securities and Exchange Commission (SEC)</td>
<td>Ministry of Justice CAC SEC NSE IoD CBN NASB NAICOM NPC</td>
<td>Ministry of Justice CAC</td>
<td>2009-2010</td>
<td>Laws and regulations domesticateing standards and codes</td>
<td>Compliance with Ratified and domesticated standards and codes</td>
<td>1,000</td>
<td>Ministry of Justice CAC SEC NSE CBN NPC NEPAD NASB NAICOM</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
<td>EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM (‘000 US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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</tr>
<tr>
<td>Government to table enabling legislations</td>
<td>Sign, ratify and domesticate all outstanding standards and codes</td>
<td>Number of outstanding standards and codes ratified</td>
<td>Many standards and codes signed, ratified and domesticated</td>
<td>The Presidency Ministry of Justice</td>
<td>Key Government Ministries, Departments &amp; Agencies (MDAs)</td>
<td>2008-2009</td>
<td>Outstanding Signed, ratified and domesticated Standards and codes</td>
<td>APRM Standards and Codes Requirement in Socio-Economic Development satisfied.</td>
<td>300</td>
<td>Ministry of Justice Human Rights Comm NPC National Assembly Mass Media Relevant; CSOs / NGOs</td>
</tr>
</tbody>
</table>

**STANDARDS AND CODES: SOCIO-ECONOMIC DEVELOPMENT**

Ref: Annex IV for status of implementation
<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>OBJECTIVE</th>
<th>IMPLEMENTING AGENCIES</th>
<th>MONITORABLE INDICATORS</th>
<th>REQUIRED ACTION</th>
<th>MONITORING &amp; EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>Harmonization of Constitution and laws with Standards and codes</td>
<td>National Assembly</td>
<td>Number of outstanding standards and codes ratified</td>
<td>National Assembly</td>
<td>NEPAD NPC</td>
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<tr>
<td>2008-2009</td>
<td>State laws harmonized with Standards and codes</td>
<td>State Assemblies</td>
<td>Some bills pending before the National Assembly</td>
<td>APRM National Focal Point Secretariat in conjunction with Relevant stakeholders</td>
<td>NEPAD NPC</td>
</tr>
<tr>
<td>2008-2009</td>
<td>Large population sensitized on Standards and codes for socio-economic development</td>
<td>Key Government Ministries, Departments &amp; Agencies</td>
<td>Numbers of workshops and seminars conducted</td>
<td>Human Rights Commission</td>
<td>NEPAD NPC</td>
</tr>
<tr>
<td>2008-2009</td>
<td>Greater awareness of Standards and Codes and demands for their observance</td>
<td>Private sectors</td>
<td>Number of training workshops conducted and their output</td>
<td>Human Rights Commission</td>
<td>NEPAD NPC</td>
</tr>
<tr>
<td>2008-2009</td>
<td>Greater awareness of Standards and Codes and demands for their observance</td>
<td>CSOs</td>
<td>Distribution of IEC materials and its impact</td>
<td>NEPAD NPC</td>
<td></td>
</tr>
<tr>
<td>2008-2009</td>
<td>Large population sensitized on Standards and codes for socio-economic development</td>
<td>Key Government Ministries, Departments &amp; Agencies</td>
<td>Numbers of workshops and seminars conducted</td>
<td>Human Rights Commission</td>
<td>NEPAD NPC</td>
</tr>
<tr>
<td>2008-2009</td>
<td>Greater awareness of Standards and Codes and demands for their observance</td>
<td>Key Government Ministries, Departments &amp; Agencies</td>
<td>Numbers of workshops and seminars conducted</td>
<td>Human Rights Commission</td>
<td>NEPAD NPC</td>
</tr>
</tbody>
</table>

Note: Status of instruments attached as annex IV

<table>
<thead>
<tr>
<th>ESTIMATED COST PER ANNUM (’000 US$)</th>
<th>NEPAD</th>
<th>NPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>250</td>
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<td>450</td>
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<td>2,500</td>
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### DEMOCRACY AND POLITICAL GOVERNANCE

**OBJECTIVE 1: PREVENT AND REDUCE INTRA- AND INTER-STATE CONFLICTS**

<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>REQUIRED ACTION</th>
<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
<th>TIME-FRAME</th>
<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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</thead>
<tbody>
<tr>
<td>Minimize intra-state conflicts as a strategy for promoting unity and socio economic development</td>
<td>Design early warning systems by putting in place mechanism for potential causes/sources of conflicts</td>
<td>Number of intra-state conflicts over a specified period</td>
<td>The National Security and Civil Defence Corps provide early intelligence on imminence of conflicts</td>
<td>Ministry of Interior States &amp; Local Governments Police Force Armed Forces Institute for Peace and Conflicts Resolutions</td>
<td>Ministry of Interior Security agencies States and Local Governments</td>
<td>2009-2012</td>
<td>Ensuring an effective early warning system mechanism is put in place</td>
<td>Effective early warning system mechanism put in place</td>
<td>54,745</td>
<td>Relevant CSOs Ministry of Interior State and Local Govts APRM - NEPAD Nigeria Media</td>
</tr>
<tr>
<td>Enlarge scope and awareness of alternative dispute resolution mechanisms</td>
<td>IEC materials used; workshops conducted; seminars held, etc</td>
<td>Alternative dispute resolution (ADR) mechanisms exist at the Federal level and in some States</td>
<td>State Governments without ADR mechanisms</td>
<td>Federal, States and Local Governments CSOs NOA</td>
<td>2009-2012</td>
<td>Spread of alternative dispute resolution mechanisms</td>
<td>Spread of alternative dispute resolution mechanisms</td>
<td>42,372</td>
<td>States and Local Governments Police Mass media Relevant CSOs NEPAD Nigeria Media</td>
<td></td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<tr>
<td>Train civil society groups in conflict management and peace-building</td>
<td>Frequency of civil society organisations’ intervention in conflict management and peace-building</td>
<td>A few civil society organisations are engaged in conflict management and peace building</td>
<td>The Police Institute for Peace and Conflict Resolution</td>
<td>Federal, State and Local Governments CSOs</td>
<td>2009-2012</td>
<td>CSOs trained in conflict management and peace building</td>
<td>CSOs trained in conflict management and peace building</td>
<td>96,745</td>
<td>States and Local Governments Police Mass media Relevant CSOs NEPAD Nigeria</td>
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</table>
## Objective 2: Constitutional Democracy, Including Periodic Competition and Opportunity for Choice, Rule of Law, Citizens Right and Supremacy of the Constitution

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required Action</th>
<th>Monitorable Indicators</th>
<th>On-going Activities</th>
<th>Implementing Agencies</th>
<th>Key Stakeholders</th>
<th>Time-frame</th>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Estimated Cost Per Annum (’000 US$)</th>
<th>Monitoring &amp; Evaluation Agencies</th>
</tr>
</thead>
</table>
| Review the Constitution to correct the observed anomalies and weaknesses | Conduct Stakeholders Workshops on Constitutional Review  
Level of participation by categories of stakeholders | Stakeholder consensus on amendments to the Constitution | The National Political Reform Conference in 2005 produced draft on amendments to the constitution but the process of review was aborted in the last National Assembly in 2006  
Present Federal Govt including National have indicated desire to review the 1999 constitution | The Presidency  
National Assembly  
Ministry of Justice  
State Houses of Assembly  
State Governments  
NEPAD Nigeria | The Presidency  
Political Parties  
National/State Legislatures  
NLC / TUC  
Traditional Rulers  
Ministries of Justice (Federal and States)  
Mass Media  
NEPAD Nigeria | 2009-2012 | Reviewed Draft Constitution that will enhance peace and harmony, foster security, and good governance | A Constitution that will enhance peace and harmony, foster security, and good governance | 250,000 | The Presidency  
National Assembly  
Political Parties  
Mass Media  
Relevant CSOs / NGOs  
NLC/TUC  
NEPAD Nigeria  
Media |
| Reform the electoral process, particularly INEC, to make for an inclusive independent electoral system | Review the INEC Act to make for an independent INEC  
Revised INEC Act / Electoral Act | Electoral Reform Panel inaugurated and working to reform the electoral system | New/Reviewed INEC Act with provisions for a truly independent electoral body.  
Implementation of the Recommendations of the Electoral Reform Panel | 2009-2012 | New/Reviewed INEC Act with provisions for a truly independent electoral body  
Implementation of the Recommendations of the Electoral Reform Panel | New/Reviewed INEC Act with provisions for a truly independent electoral body  
Implementation of the Recommendations of the Electoral Reform Panel | 61,000 | Presidency  
Ministry of Justice  
National Assembly  
NEPAD Nigeria  
NLC / TUC  
Relevant CSOs  
NBA |
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<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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<tr>
<td>Support study of election administration as a professional Programme</td>
<td>Improved funding of INEC’s National Electoral Institute &amp; Programmes or Election Administration in the Universities</td>
<td>National Electoral Institute, established by INEC already exists and patronises Election Administration programme in 3 Universities</td>
<td>INEC The 3 Universities</td>
<td>NEPAD Nigeria</td>
<td>INEC The 3 Universities Political parties</td>
<td>2009-2012</td>
<td></td>
<td></td>
<td>50,860</td>
<td>INEC NUC NEPAD Nigeria</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>MONITORABLE INDICATORS</td>
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<tr>
<td>Re-educate and retrain Security Agencies (NPF, Armed Forces, SSS, NSCDC, etc) to accept civil authority in a democracy 7-Point Agenda</td>
<td>Re-orientate through a large scale programme of re-training the security agencies that are critical to the security of democracy</td>
<td>Well-trained Security Agencies imbued with appropriate values for defending the new Democracy</td>
<td>The Armed Forces and NPF organised periodic seminars and operating in a democracy and respecting human rights 7-point Agenda</td>
<td>Presidency, NPF, Armed Forces, SSS, NSCDC, etc</td>
<td>Presidency, NPF, Armed Forces, SSS, NSCDC, etc</td>
<td>2009-2012</td>
<td>Well trained, disciplined security Agencies fitted for operating within a democracy with politeness, patriotism and respect for human rights 7-point Agenda</td>
<td>Well trained, disciplined security Agencies fitted for operating within a democracy with politeness, patriotism and respect for human rights</td>
<td>365,000</td>
<td>Presidency, The Security Agencies, Mass Media, NBA, NLC, TUC, Relevant CSOs, Media</td>
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<td></td>
<td>Respect human rights and adopt friendliness towards citizens</td>
<td>Raise the minimum entry qualification for NPF and other Security Agencies from GCE/SSCE to National Diploma/NCE</td>
<td>Educating citizens of their rights in relation to the police</td>
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<td>Actualization of the 7-point Agenda</td>
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<tr>
<td>Enhance the independence and effectiveness of the judiciary</td>
<td>Ensure adequate &amp; independent funding of the Judiciary</td>
<td>Well funded and fearless Judiciary</td>
<td>Statutory Allocation from the Consolidated Revenue Fund to the Judiciary</td>
<td>National Assembly, Federal Ministry of Finance, National Judicial Council, Ministry of Justice</td>
<td>Ministry of Justice, NJC, NBA</td>
<td>2009-2012</td>
<td>Adequately funded Judiciary</td>
<td>A well funded and truly independent Judiciary</td>
<td>30,500</td>
<td>National Judicial Council, NBA, HR Organizations</td>
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<td>IMPLEMENTING AGENCIES</td>
<td>TIME-FRAME</td>
<td>ESTIMATED COST ANNUAL ('000 US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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<td>Modernize court processes and procedures in order to enhance the speed of operation of Judges and other court personnel</td>
<td>Ministry of Justice NIC</td>
<td>2009-2012</td>
<td>60,450</td>
<td>Ministry of Justice NIC</td>
<td>Quick dispensation of justice enhanced by modernized court processes</td>
<td>On-going activities</td>
<td></td>
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<tr>
<td>Computerization of court administration / processes</td>
<td>Ministry of Justice NIC, NBA</td>
<td>2009-2012</td>
<td>40,600</td>
<td>Ministry of Justice NIC, NBA</td>
<td>Computerized court processes</td>
<td>On-going activities</td>
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<tr>
<td>Technological assistance to facilitate note taking by Judges</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>On-going activities</td>
<td>On-going activities</td>
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<tr>
<td>Training and re-training of the Bench and the Bar in the critical role of the Judiciary in Democracy</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>Well-trained judicial personnel</td>
<td>On-going activities</td>
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<tr>
<td>Effectively and impartially facilitate note taking by Judges</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>Well-considered judgments</td>
<td>On-going activities</td>
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<tr>
<td>Insulate the Judiciary from executive interference and ensure general effectiveness of the Judiciary system</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>Timely delivered judgments</td>
<td>On-going activities</td>
<td></td>
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<tr>
<td>Establish Administration and Reform of the Judiciary</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>A reformed judiciary that promotes Rule of Law, enhances Nigeria's investment and strengthens democracy</td>
<td>On-going activities</td>
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<tr>
<td>Effect general reform of the Judiciary within the 7-point Agenda</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>A reformed judiciary that competently promotes Rule of Law, enhance Nigeria’s investment and strengthens democracy</td>
<td>On-going activities</td>
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<tr>
<td>Various executive Bills aimed at strengthening the Judicial System &amp; the 7-Point Agenda</td>
<td>National Assembly NBANASS</td>
<td>2009-2012</td>
<td></td>
<td>National Assembly NBANASS</td>
<td>A reformed judiciary based on Rule of Law</td>
<td>On-going activities</td>
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<tr>
<td>Establish of Presidential Commission on the Reform of Administration of Justice (PCRAJ) to effect general reform of the Judiciary within the 7-point Agenda</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
<td></td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>A reformed judiciary based on Rule of Law</td>
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<td>National Assembly NBANASS</td>
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<td>Various executive Bills aimed at strengthening the Judicial System &amp; the 7-Point Agenda</td>
<td>Ministry of Justice NIC, NBA, NASS</td>
<td>2009-2012</td>
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<td>Ministry of Justice NIC, NBA, NASS</td>
<td>A reformed judiciary based on Rule of Law</td>
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<td>Ministry of Justice NIC, NBA, NASS</td>
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<td>2009-2012</td>
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<td>Ministry of Justice NIC, NBA, NASS</td>
<td>A reformed judiciary based on Rule of Law</td>
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<tr>
<td>Strengthen National and State Assemblies in order to control powers</td>
<td>National &amp; State Assemblies, National Assembly Research Office (NABRO), Ministry of Finance General, Ministry of Justice</td>
<td>Full control over Budgetary &amp; expenditures processes of the Legislature</td>
<td>Effect to Enforce the Rule of Law and Due Process and take an effective strategy for ensuring the enforcement of the constitution by citizens</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>NEPAD Nigeria</td>
<td>National &amp; State Assemblies, Ministry of Finance &amp; Accountant-General, Ministry of Justice, National &amp; State Assemblies, National Assembly Budget &amp; Research Office (NABRO)</td>
<td>2009-2012</td>
<td>21,000</td>
<td></td>
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<tr>
<td>Organize training programmes for National &amp; State Assembly Members on their Role &amp; Responsibilities</td>
<td>National &amp; State Assemblies</td>
<td>Funding of the National Assembly and State Assemblies from consolidated revenue fund</td>
<td>Efforts to enhance the NABRO</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies, Ministry of Finance General, National Assembly Research Office (NABRO)</td>
<td>2009-2012</td>
<td>650,000</td>
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<tr>
<td>Strengthen the National and State Assemblies in order to uphold separation of powers</td>
<td>National &amp; State Assemblies, National Assembly Research Office (NABRO), Ministry of Justice</td>
<td>Financial autonomy for NASS through National Assembly Budget &amp; Research Office (NABRO)</td>
<td>Enforce the Rule of Law and Due Process and take an effective strategy for ensuring the enforcement of the constitution by citizens</td>
<td>Higher compliance with court orders</td>
<td>National &amp; State Assemblies, Ministry of Justice, National Assembly Budget &amp; Research Office (NABRO)</td>
<td>2009-2012</td>
<td>4,376,000</td>
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<td>Organize training programmes for National &amp; State Assembly Members on their Role &amp; Responsibilities</td>
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<td>Effect to Enforce the Rule of Law and Due Process and take an effective strategy for ensuring the enforcement of the constitution by citizens</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies, Ministry of Finance General, National Assembly Research Office (NABRO)</td>
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<td>Strengthen National and State Assemblies in order to control powers</td>
<td>National &amp; State Assemblies, National Assembly Research Office (NABRO), Ministry of Justice</td>
<td>Financial autonomy for NASS through National Assembly Budget &amp; Research Office (NABRO)</td>
<td>Enforce the Rule of Law and Due Process and take an effective strategy for ensuring the enforcement of the constitution by citizens</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies, Ministry of Finance &amp; Accountant-General, Ministry of Justice, National &amp; State Assemblies, National Assembly Budget &amp; Research Office (NABRO)</td>
<td>2009-2012</td>
<td>21,000</td>
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<td>Organize training programmes for National &amp; State Assembly Members on their Role &amp; Responsibilities</td>
<td>National &amp; State Assemblies</td>
<td>Funding of the National Assembly and State Assemblies from consolidated revenue fund</td>
<td>Efforts to enhance the NABRO</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies, Ministry of Finance General, National Assembly Research Office (NABRO)</td>
<td>2009-2012</td>
<td>650,000</td>
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<td>Strengthen the National and State Assemblies in order to uphold separation of powers</td>
<td>National &amp; State Assemblies, National Assembly Research Office (NABRO), Ministry of Justice</td>
<td>Financial autonomy for NASS through National Assembly Budget &amp; Research Office (NABRO)</td>
<td>Enforce the Rule of Law and Due Process and take an effective strategy for ensuring the enforcement of the constitution by citizens</td>
<td>Higher compliance with court orders</td>
<td>National &amp; State Assemblies, Ministry of Justice, National Assembly Budget &amp; Research Office (NABRO)</td>
<td>2009-2012</td>
<td>4,376,000</td>
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<tr>
<td>Organize training programmes for National &amp; State Assembly Members on their Role &amp; Responsibilities</td>
<td>National &amp; State Assemblies</td>
<td>Funding of the National Assembly and State Assemblies from consolidated revenue fund</td>
<td>Efforts to enhance the NABRO</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies, Ministry of Finance General, National Assembly Research Office (NABRO)</td>
<td>2009-2012</td>
<td>21,000</td>
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<td>Strengthen National and State Assemblies in order to control powers</td>
<td>National &amp; State Assemblies, National Assembly Research Office (NABRO), Ministry of Justice</td>
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<td>Enforce the Rule of Law and Due Process and take an effective strategy for ensuring the enforcement of the constitution by citizens</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies, Ministry of Finance &amp; Accountant-General, Ministry of Justice, National &amp; State Assemblies, National Assembly Budget &amp; Research Office (NABRO)</td>
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<tr>
<td>Establish a Programme of Mandate Projection</td>
<td>Capacity building for Mandate Projection for Relevant CSOs, Security Agencies particularly NPF, NSCDC</td>
<td>Sensitization programmes, strategy sessions &amp; mobilization towards electoral mandate protection</td>
<td>CSOs have successfully mobilized to protect electoral mandates in some States</td>
<td>Judiciary NPF SSS NSCDC &amp; other security Agencies NBA Democracy advocacy groups Political parties Elections candidates NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Citizen &amp; institutional respect for implementation of electoral mandate on the part of Government, political parties, judiciary, etc An enlightened &amp; assertive citizenry ready to defend its rights and its votes</td>
<td>Respect for the implementation of electoral mandate on the part of Government, political parties, judiciary, etc An enlightened &amp; assertive citizenry ready to defend its rights and its votes</td>
<td>40,100</td>
<td>Judiciary NBA Relevant / CSOs NLC / TUC NANS Democracy Advocacy groups NEPAD Nigeria</td>
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<td>ACTIVITY BY OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>IMPLEMENTING AGENCIES</td>
<td>TIME FRAME</td>
<td>EXPECTED OUTPUT</td>
<td>ESTIMATED COST PER ANNUM ('000 US$)</td>
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<tr>
<td>Enhance understanding &amp; culture of democracy and democratic practices</td>
<td>Establish &amp; fund an Institute for the teaching &amp; propagation of the values, ideals &amp; practices of democracy</td>
<td>Bills for establishment of Institute of Democratic &amp; Legislative Studies passed by National Assembly &amp; awaiting President's assent</td>
<td>Presidency, National Assembly State Houses of Assembly, Political parties</td>
<td>2009-2012</td>
<td>A functioning Institute for Democratic Legislative studies</td>
<td>120,000</td>
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<td>Establishment of funding of an Institute for the study, dissemination of democracy values and practices</td>
<td>Presidency, National Assembly</td>
<td>2009-2012</td>
<td>A functioning Institute for Democratic Legislative studies</td>
<td>80,000</td>
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<tr>
<td>Ensure that all candidates for &amp; winners of elections under the proposed IDLS courses &amp; retreats at the proposed Institute for Democratic Legislative studies (IDLS)</td>
<td>Ensure that all candidates for &amp; winners of elections under the proposed IDLS courses &amp; retreats at the proposed Institute for Democratic Legislative studies (IDLS)</td>
<td>None</td>
<td>Presidency, National Assembly</td>
<td>2009-2012</td>
<td>Disciplined &amp; well informed political class &amp; better-run political parties</td>
<td>30,700</td>
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<tr>
<td>Ensure that all officials of political parties undergo periodically courses &amp; retreats at the proposed IDLS</td>
<td>Ensure that all officials of political parties undergo periodically courses &amp; retreats at the proposed IDLS</td>
<td>None</td>
<td>Presidency, Proposed IDLS</td>
<td>2009-2012</td>
<td>Disciplined &amp; well informed political class &amp; better-run political parties</td>
<td>30,700</td>
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<td>Activity by APRM Objective</td>
<td>Required Action</td>
<td>Monitorable Indicators</td>
<td>On-going Activities</td>
<td>Implementing Agencies</td>
<td>Key Stakeholders</td>
<td>Time-frame</td>
<td>Expected Output</td>
<td>Expected Outcome</td>
<td>Estimated Cost per Annum ('000 US$)</td>
<td>Monitoring &amp; Evaluation Agencies</td>
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<td>Public Complaints Commission</td>
<td>NBA</td>
<td>2009-2012</td>
<td>Security Agencies that respect Human Rights</td>
<td>NPC</td>
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<td>NNU</td>
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<tr>
<td>Capacity building for Judges</td>
<td>Training workshops, provision of research and ICT facilities for Judges, provision of devices that ensure electronic note-taking</td>
<td>Number of Research resources, ICT facilities refreshed, courses held</td>
<td>The existence of National Institute for training of Judges</td>
<td>Human Rights Commission</td>
<td>Human Rights Commission</td>
<td>2009-2012</td>
<td>Judges knowledgeable in ICT facilities and researches</td>
<td>Judges knowledgeable in ICT facilities and researches</td>
<td>100,000</td>
<td>Ministry of Justice</td>
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<td></td>
<td>Public Complaints Commission</td>
<td>CSOs</td>
<td>2009-2012</td>
<td>Well informed judgments delivered without undue delay</td>
<td>Federal Judicial Service Commission</td>
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<td></td>
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<td>CSS</td>
<td>Public</td>
<td>2009-2012</td>
<td>Speedy note-taking by Judges resulting in efficiency</td>
<td>NJC</td>
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<td>Mass Media</td>
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<td>Ministry of Justice</td>
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<tr>
<td>Promote Public awareness of social economic and cultural rights, civil, &amp; political rights 7- point Agenda</td>
<td>Sensitization workshops, awareness campaigns by relevant Agencies</td>
<td>Frequent workshops, IEC materials and strategy</td>
<td>CSOs, NHRC, Mass Media propagate awareness of rights INEC</td>
<td>CSOS Human Rights Commission</td>
<td>CSOS Human Rights Commission</td>
<td>2009-2012</td>
<td>Citizens sensitized and ready to fight for their rights</td>
<td>Sensitized citizens ready to fight for their rights</td>
<td>85,340</td>
<td>Human Rights Commission</td>
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<td>INEC Human Rights Commission</td>
<td>Ministry of Justice</td>
<td>2009-2012</td>
<td>Government Security Agencies well positioned to respect citizens rights</td>
<td>Relevant CSOs / NGOs</td>
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<td>Political Parties</td>
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<td>NLC / TUC</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
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<td>ESTIMATED COST PER ANNUM (’000 US$)</td>
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<td>Empowerment of Human Rights Commission</td>
<td>Expand the monitoring unit of the Commission</td>
<td>Reported cases of Human rights abuses</td>
<td>The existence of Human Rights Commission’s monitoring unit in six zonal offices</td>
<td>Human Rights Commission</td>
<td>Ministry of Justice, Human Rights Commission, CSOs, NBA, NEPAD Nigeria, NLC/TUC</td>
<td>2009-2012</td>
<td>Comprehensive reports on and successful treatment of reported cases of human rights abuses</td>
<td>Speedy treatment of reported cases of human rights abuses</td>
<td>61,620</td>
<td>Human right Commission, Ministry of Justice, Relevant CSOs, NEPAD Nigeria, NLC / TUC, NPC, Media</td>
</tr>
<tr>
<td>Empowerment of Public Complaints Commission</td>
<td>Review of the Public Complaint Commission Act</td>
<td>Effort to amend the Public Complaint Commission Act</td>
<td>Govt. addressing weak and ineffective enforcements of Public complaints due to institutional weakness of the Commission</td>
<td>Ministry of Justice, NASS, Public Complaints Commission, Ministry of Justice</td>
<td>Ministry of Justice, NASS, Public Complaints Commission, CSOs, Public Service Staff Unions, NLC / TUC</td>
<td>2009-2012</td>
<td>New Act streamlining appointments to the Commission and enhance penalties and enforcements</td>
<td>Appointments streamlined by the Commission, Enhancement of penalties and enforcements of the regulations</td>
<td>72,500</td>
<td>The Presidency, National Assembly, NEPAD Nigeria, NPC, Media</td>
</tr>
<tr>
<td>Improved quality of service delivery and policy implementation</td>
<td>Enhance economic empowerment and development of the citizenry</td>
<td>Number and impact of Government empowerment policies / schemes</td>
<td>SERVICOM Due Process</td>
<td>Federal &amp; States Ministries, Departments and Agencies (MDAs), Local Governments</td>
<td>Federal, States and Local Governments, MDAs, Private Sector, CSOs / NGOs, NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Enhanced Service Delivery and Policy Implementation Quality</td>
<td></td>
<td>116,400</td>
<td>The Presidency, Federal, States and Local Governments, MDAs, Relevant CSOs / NGOs, NPC, NEPAD, Media</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
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<td>Restoration of Value Re-orientation</td>
<td>Respect for Rule of Law</td>
<td>SERVICOM Due Process Political Reform</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments</td>
<td>Federal, States and Local Governments MDAs Private sector Citizenry NEPAD/APRM NWG Traditional Institution FBOs CBOs CSOs</td>
<td>2009-2012</td>
<td>Enhanced Service Delivery and Policy Implementation Quality</td>
<td>Enhanced Service Delivery and Policy Implementation Quality</td>
<td>91,700</td>
<td>Relevant CSOs / NGOs NPC NBA Civil Service Union The Electorates NEPAD Media</td>
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<tr>
<td>Consolidate the reform of Federal Inland Revenue Service (FIRS) and financial management framework</td>
<td>Strength of redesigned revenue framework</td>
<td>Transparent Budget and Revenue allocation process</td>
<td>The Presidency Ministry of Finance Office of the Acct. General Office of the Auditor General FIRS NPC</td>
<td>Federal, States and Local Governments MDAs Citizenry Private NPC Sector CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Improved and more transparent revenue Generation and Allocation Mechanism</td>
<td>Improved and more transparent revenue Generation and Allocation Mechanism</td>
<td>176,400</td>
<td>The Presidency Federal, States and Local Governments MDAs Private Sector Relevant CSOs NPC / NGOs NEPAD Media</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<td>Capacity building of the Legislature to perform oversight functions</td>
<td>Establish and strengthen National Assembly Budget and Research Office (NABRO)</td>
<td>Functioning National Assembly Budget and Research Office</td>
<td>A bill is pending before the National Assembly for the establishment of a National Assembly Budget and Research Office</td>
<td>The Presidency National Assembly</td>
<td>National Assembly Budget Office of the Federation Ministry of Finance NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Act establishing the National Assembly Budget and Research Office</td>
<td>A well established NASS Budget Office</td>
<td>80,000</td>
<td>National Assembly Relevant CSOs / NGOs NEPAD Nigeria P.12 7-Point Agenda</td>
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<tr>
<td>Enhanced Policy Analysis Capability of Legislative Aides and Staff of National Assembly and State Assemblies</td>
<td>Train Legislative Aides including National Assembly Staff and State Assemblies</td>
<td>Training Programmes for member Staff and Legislative Aides of both National and State Assemblies</td>
<td>A Policy Analysis and Research Project in the National Assembly for research and training</td>
<td>National Assembly CSOS Policy Analysis and Research Project (PARP)</td>
<td>National Assembly State Assemblies Members and Staff and Legislative Aides Policy Analysis and Research Project NPC NEPAD CSOs</td>
<td>2009-2012</td>
<td>Trained Staff and Legislative Aides to support members of the National Assembly and State Assemblies</td>
<td>Well trained Legislative aides of the NASS</td>
<td>105,000</td>
<td>National Assembly State Assemblies NEPAD Nigeria Democracy Advocacy groups Relevant CSOs / NGOs P.12 7-point Agenda Media</td>
</tr>
<tr>
<td>Enhancement of independence of the Judiciary</td>
<td>Conduct inquiry into nature and causes of Executive interference with Judiciary</td>
<td>Public hearings; nature and causes of Executive interference with Judiciary</td>
<td>There is a National Judicial Council which recommends appointments and discipline of senior Judges</td>
<td>Ministry of Justice National Judicial Council Federal Judicial Service Commission</td>
<td>Ministry of Justice National Judicial Council Federal Judicial Service Commission NPC</td>
<td>2009-2012</td>
<td>Codification of rules to enhance judiciary’s independence</td>
<td>Lesser interference in judicial processes by the executive</td>
<td>64,000</td>
<td>Ministry of Justice National Judicial Council Relevant CSOs NEPAD Nigeria NPC Media</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
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<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
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<td>Enhancement of quality of elected officials</td>
<td>Conduct awareness campaign on the importance of electing good quality representatives</td>
<td>IEC materials, workshops, seminars</td>
<td>Political Parties advocate selection of good candidates</td>
<td>National Orientation Agency EFCC</td>
<td>National Orientation Agency CSOs Political Parties EFCC ICPC NEPAD Nigeria APRM - NWG NPC</td>
<td>2009-2012</td>
<td>Enlightened citizenry electing good quality candidates</td>
<td>Well enlightened elected politicians</td>
<td>60,000</td>
<td>EFCC INEC ICPC Relevant CSOs Political Parties Democratic Advocacy groups NEPAD Nigeria Constituencies NPC Media</td>
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<tr>
<td>Enhance capacity of the judiciary</td>
<td>Training Programmes for the judiciary</td>
<td>Number of judicial staff trained</td>
<td>There is a National Judicial Institute for the training and disciplining of judicial officers</td>
<td>National Judicial Institute Federal Judicial Service Commission Nigerian Bar Association APRM - NWG CSOs</td>
<td>National Judicial Institute Federal Judicial Service Commission Relevant CSOs</td>
<td>2009-2012</td>
<td>Capable Judiciary to meet challenges</td>
<td>Judiciary that is capable of meeting challenges</td>
<td>34,000</td>
<td>National Judicial Council Federal Judicial Service Commission Relevant CSOs NEPAD Nigeria Mass Media</td>
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## Objective 5: Ensure Accountable, Efficient and Effective Public Office Holders and Civil Servants

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<tr>
<th>Activity by APRM Objective</th>
<th>Required Action</th>
<th>Monitorable Indicators</th>
<th>On-going Activities</th>
<th>Implementing Agencies</th>
<th>Key Stakeholders</th>
<th>Time-frame</th>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Estimated Cost Per Annum (’000 US$)</th>
<th>Monitoring &amp; Evaluation Agencies</th>
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<tbody>
<tr>
<td>Provision of adequate resources for equipping the Public Service</td>
<td>Advocacy for adequate funding for overheads and infrastructure for the Federal Civil Service</td>
<td>Adequate budget provision for overheads and capital infrastructure in the Federal Civil Service Periodic Report</td>
<td>MTEF is being implemented together with other accountability measure</td>
<td>Office of Head of Service of the Federation Bureau of Public Service Reform Budget Office of the Federation Ministry of Finance NEPAD Nigeria APRM – NWG CSOs</td>
<td>Office of Head of Service of the Federation Bureau of Public Service Reform Budget Office of the Federation Ministry of Finance NEPAD Nigeria APRM – NWG CSOs</td>
<td>2009-2012</td>
<td>Well equipped Federal Civil Service</td>
<td></td>
<td>49,753</td>
<td>Office of Head of Service of the Federation Bureau of Public Service Reform Budget Office of the Federation NEPAD Nigeria Relevant CSOs</td>
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<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
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<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
<td>EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM (’000 US$)</td>
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<td>Ethical re-orientation of public servants to facilitate patriotism and improve efficiency</td>
<td>Training Workshops, Seminars, Retreats, periodic review of Wages, Salaries &amp; other conditions of service</td>
<td>Number of workshops, Seminars, Retreats and Participants</td>
<td>Publications of Service Charters and establishment of Anti-Corruption Units by MDAs</td>
<td>SERVICOM National Orientation Agency Bureau of Public Service Reform MDAs NEPAD Nigeria ICPC / EFCC</td>
<td>SERVICOM National Orientation Agency Bureau of Public Service Reform TUC NLC CSOs ASCON NEPAD Nigeria APRM - NWG</td>
<td>2009-2012</td>
<td>Achievement of ethical re-orientation in the Public Service Improved service delivery and reduction in corruption</td>
<td>Public Service That is guided by ethics and service delivery Mechanism</td>
<td>140,230</td>
<td>SERVICOM Federal Civil Service Commission NEPAD Nigeria Relevant CSOs NLC / TUC Media NPC</td>
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<td>Enhancement of the capacity of accountability in institutions/units</td>
<td>Improved on the training of Auditors in the Federal Civil Service</td>
<td>Number of Training Workshops and Participants Periodic Reports</td>
<td>New accountability measures being introduced under budget and due process reforms</td>
<td>Auditor-General’s Office NEPAD Nigeria</td>
<td>Office of Auditor-General / Accountant-General MOF NEPAD Nigeria APRM - NWG</td>
<td>2009-2012</td>
<td>Well trained Auditors Enhance rate of deductions of curtailing irregular / corrupt practice in MDAs</td>
<td>Well trained Auditors Enhance rate of deductions of curtailing irregular / corrupt practice in MDAs</td>
<td>65,000</td>
<td>Auditor-General’s Office Federal Civil Service Commission NEPAD Nigeria Relevant CSOs NPC</td>
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<td>Enhance capacity of the ICPC</td>
<td>Review of ICPC Act to make it more effective</td>
<td>Amendments to the ICPC Act Quarterly Report</td>
<td>A new leadership in the ICPC is trying to re-strategize Reviewing of the Act is on-going in the NASS</td>
<td>The Presidency ICPC National Assembly Ministry of Justice</td>
<td>The Presidency ICPC National Assembly CSOs EFCC NEPAD Nigeria APRM - NWG</td>
<td>2009-2012</td>
<td>Revised ICPC Act that will make the Agency more effective</td>
<td>Revised ICPC Act that will make the Agency more effective</td>
<td>60,000</td>
<td>IPC National Assembly Relevant CSOs Mass media NEPAD Nigeria Movement against Corruption</td>
</tr>
<tr>
<td>Establish State Branches of the ICPC</td>
<td>State Branches established</td>
<td>The ICPC has Zonal Offices</td>
<td>The Presidency ICPC National Assembly</td>
<td>The Presidency ICPC National Assembly CSOs APRM - NWG NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Established State Branches of ICPC</td>
<td></td>
<td></td>
<td>110,000</td>
<td>The Presidency ICPC NEPAD Nigeria Relevant CSOs Movement against Corruption</td>
</tr>
<tr>
<td>Enhance capacity of the EFCC</td>
<td>Mobilise public support for EFCC Amendment of the EFCC Act to make it independent</td>
<td>Awareness campaigns Quarterly Report</td>
<td>The National Assembly has amendments the EFCC Act to make it independent of the Executive</td>
<td>EFCC National Orientation Agency</td>
<td>EFCC National Orientation Agency CSOs National Assembly NEPAD Nigeria APRM - NWG NLC / TUC NBA</td>
<td>2009-2012</td>
<td>Supportive Public collaborating with EFCC</td>
<td></td>
<td>77,000</td>
<td>EFCC NOA Relevant CSOs Mass Media Populace NEPAD Nigeria NLC / TUC NBA Movement against Corruption</td>
</tr>
<tr>
<td>ACTIVITY BY OBJECTIVE</td>
<td>IMPLEMENTING AGENCIES</td>
<td>EXPECTED OUTPUT</td>
<td>TIME-FRAME</td>
<td>KEY STAKEHOLDERS</td>
<td>ESTIMATED EXPENDITURE (US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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<tr>
<td>Training of EFCC Staff</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Independence from Executive interference</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>40,000</td>
<td>EFCC, Training Institutions, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Training of Staff to meet current challenges</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Staff that respect the Law while discharging their duties</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>110,000</td>
<td>EFCC, Training Institutes, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Some cases of breach of Legal processes in prosecutions</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Enforcement of anti-corruption laws</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>110,000</td>
<td>EFCC, Training Institutes, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Training of Staff</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Increased Budget for anti-corruption activities</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>110,000</td>
<td>EFCC, Training Institutes, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Protect Whistleblowers</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Adequate funding of anti-corruption agencies</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>110,000</td>
<td>EFCC, Training Institutes, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Mechanism for the protection of whistleblowers</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Increased Budget for anti-corruption activities</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>110,000</td>
<td>EFCC, Training Institutes, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Adequate funding of anti-corruption agencies</td>
<td>EFCC Training Institutes, NEPAD Nigeria</td>
<td>Adequate funding of anti-corruption agencies</td>
<td>2009-2012</td>
<td>EFCC, ICPC, CSOs, National Assembly, APRM-NWG</td>
<td>110,000</td>
<td>EFCC, Training Institutes, NEPAD Nigeria, Relevant CSOs</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
<td>EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM ('000 US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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<tr>
<td>Enhance the capacity of the Code of Conduct Bureau</td>
<td>Provide logistics Support to the Code of Conduct Bureau</td>
<td>Verification of Logistics and other available resources Quarterly Report</td>
<td>The Code of Conduct Bureau has offices in 36 states and FCT but lack adequate logistics support</td>
<td>The Presidency Ministry of Finance Code of Conduct Bureau</td>
<td>The Presidency Min. of Finance NASS Code of Conduct Bureau CSOs NEPAD NWG</td>
<td>2009-2012</td>
<td>Effective Logistics for Code of Conduct Bureau</td>
<td>Effective Logistics for Code of Conduct Bureau</td>
<td>100,000</td>
<td>The Presidency Min. of Finance NASS CCB Relevant CSOs NEPAD NPC</td>
</tr>
<tr>
<td>Training of Staff of Code of Conduct Bureau</td>
<td>Training in the areas of ICT and other areas of need</td>
<td></td>
<td>Code of conduct Bureau</td>
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<td></td>
<td></td>
<td></td>
<td>80,000</td>
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</table>
### Objective 7: Promotion and Protection of the Rights of Women

<table>
<thead>
<tr>
<th>Activity by APRM Objective</th>
<th>Required Action</th>
<th>Monitorable Indicators</th>
<th>On-going Activities</th>
<th>Implementing Agencies</th>
<th>Key Stakeholders</th>
<th>Time-frame</th>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Estimated Cost per Annum (’000 US$)</th>
<th>Monitoring &amp; Evaluation Agencies</th>
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</thead>
<tbody>
<tr>
<td>Sensitisation of society towards gender equality as part of the 7-point Agenda</td>
<td>Sensitise and re-orient Society and its institutions on Gender Equality</td>
<td>Frequent Awareness campaigns directed at relevant institutions of society</td>
<td>The Ministry of Women Affairs is promoting gender equality. Federal Government promotes Women participation in Government through appointment to the cabinet and other public institutions.</td>
<td>Ministry of Women Affairs National Orientation Agency</td>
<td>Ministry of Women Affairs National Orientation Agency NCWS Relevant, CSOs NEPAD Nigeria APRM – NWG NLC / TUC</td>
<td>2009-2012</td>
<td>Nigerian Society and institutions sensitized to Gender Equality</td>
<td>Nigerian Society and institutions sensitized to Gender Equality</td>
<td>63,000</td>
<td>Ministry of Women Affairs National Orientation Agency NCWS Relevant CSOs NEPAD Nigeria NLC / TUC NPC Media</td>
</tr>
<tr>
<td>Provision for Affirmative Action for Women and the Girl child</td>
<td>Amend the Constitution to provide for Affirmative Action in appointment to public offices for the child in the area of access to school/skills</td>
<td>Amendment to the Constitution providing for Affirmative Action for Women and Girl Child More Women and girls in public appointments and schools respectively Regular update of Statistics on women Biennial Report</td>
<td>CEDAW Bill in the NASS and other Gender related Policy</td>
<td>Ministry of Education Women Affairs States and Local Governments</td>
<td>Ministry of Education Women Affairs National Council for Women Society CSOs Faith-based organizations NEPAD Nigeria APRM – NWG NLC / TUC NCWS NPC</td>
<td>2009-2012</td>
<td>Affirmative Action of 30% for Women participation in governance is achieved in appointment to public offices, and later 50% ultimate goal Educational Girl Child opportunities etc.</td>
<td>Affirmative Action of 30% for Women participation in governance is achieved in appointment to public offices, and later 50% ultimate goal Educational Girl Child opportunities etc.</td>
<td>80,000</td>
<td>Ministry of Education Women Affairs National Council for Women Society Relevant CSOs Faith-based organizations NEPAD Nigeria NLC / TUC NPC Media</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
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<tr>
<td>Enlarge opportunities for Girl child education</td>
<td>Establish more girl-based educational/Vocational institutions</td>
<td>Existence of More girl-focused schools Placing more emphasis on civic education areas</td>
<td>Ministry of Education is promoting girl child education</td>
<td>Ministry of Education Ministry of Women Affairs States and Local Government</td>
<td>Ministries of Education Women Affairs States and Local Government CSOs NCWS National, State and Local Gov PTAs NEPAD Nigeria APRM - NWG</td>
<td>2009-2012</td>
<td>Increased enrolment of girls in schools as part of outcome of the establishment of more schools for Girls</td>
<td>Increased enrolment of girls in schools generally</td>
<td>144,474</td>
<td>Ministry of Education Ministry of Women Affairs States and Local Government Relevant CSOs National Women Council NEPAD Nigeria</td>
</tr>
<tr>
<td>Encourage parent through incentives to send their female children to schools</td>
<td>More girl-children in schools in culturally sensitive</td>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Increased awareness of parents of girl children</td>
<td>Higher Girl Child enrolment in all govt. schools</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>Promotion of girl child education using role models</td>
<td>Motivate young girls to aspire to achieve their goals</td>
<td>Campaigns, IEC materials Quarterly quantitative progress report on the Girl Child</td>
<td>The Ministry of Education has a programme to use role models to motivate young girls</td>
<td>Ministry of Education Women Affairs States and Local Government</td>
<td>Ministry of Education Women Affairs States and Local Government CSOs NCWS NEPAD Nigeria APRM - NWG</td>
<td>2009-2012</td>
<td>Motivated Young Girls who take to schooling and excel</td>
<td>Motivated Young Girls who take to schooling and excel</td>
<td>40,000</td>
<td>Ministry of Education Ministry of Women Affairs Relevant CSOs NCWS NEPAD Nigeria</td>
</tr>
</tbody>
</table>
### OBJECTIVE 8: PROMOTION AND PROTECTION OF THE RIGHTS OF CHILDREN AND YOUNG PERSONS

<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
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<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM (000 US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform the electoral system to enhance women’s participation and representation</td>
<td>Level of women’s participation in decision-making processes</td>
<td>Submitted women’s position document to Electoral Reform Commission</td>
<td>Ministry of Women Affairs, INEC</td>
<td>Women, Ministries of Justice, State Governments</td>
<td>2009-2012</td>
<td>Ministry of Women Affairs</td>
<td>Compliance with the 30% affirmative for women in decision-making positions</td>
<td>Compliance with the 50% ultimate space for women in politics</td>
<td>30,000</td>
</tr>
</tbody>
</table>

**OBJECTIVE 8:**

- **Activity:** Reform the electoral system to enhance women’s participation and representation
- **Monitoring & Agencies:** Ministry of Women Affairs, NCWS, INEC, Relevant CSOs, NEPAD Nigeria, States, NPC, Media
- **Monitoring & Evaluation Agencies:** APRM - NWG

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<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>MONITORABLE INDICATORS</th>
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<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM (000 US$)</th>
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</thead>
</table>

**OBJECTIVE 8:**

- **Activity:** Domestication of the Child Rights Act in all States
- **Monitoring & Agencies:** Ministry of Youths, Justice, Women Affairs, States, Relevant Groups, Religious and Community Leaders, NEPAD Nigeria, NPC, Media
- **Monitoring & Evaluation Agencies:** APRM - NWG
<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full implementation of the Universal Basic Education Scheme, 7-point Agenda</td>
<td>Provision of Infrastructure in deprived areas, and upgrading of existing infrastructure</td>
<td>Adequate and well equipped institutions for basic education</td>
<td>A 10-year Development Plan for Education There is a Basic Education Commission</td>
<td>Min of Education Basic Education Commission State Min. Education Local Governments</td>
<td>Min. of Education Basic Education Commission States Local Govs CSOs NWG PTAs NEPAD</td>
<td>2009-2012</td>
<td>Adequate and well equipped schools</td>
<td>Adequate and well equipped schools</td>
<td>180,000</td>
<td>Ministry of Education Basic Education Commission States Local Governments Relevant CSOs NEPAD NPTA NPC Media</td>
</tr>
<tr>
<td>Full implementation of the School Feeding Programme</td>
<td>Provide school meals to all primary school pupils Implementation of World Prog. Of Action for Youths adopted by UN General Assembly</td>
<td>Number of Schools and Children on Programme None</td>
<td>There is an ongoing pilot programme of school feeding</td>
<td>Ministry of Education Universal Basic Education State and Local Governments Federal, States &amp; Local Govts The Judiciary</td>
<td>Ministry of Education Universal Basic Education States &amp; Local Governments CSOs NEPAD Nigeria APRM - NWG PTA</td>
<td>2009-2012</td>
<td>Functional School Feeding Programme Producing Youths who will emerge as leaders of tomorrow</td>
<td>Functional School Feeding Programme capable of producing Youths who will emerge as leaders of tomorrow</td>
<td>62,200</td>
<td>Ministry of Education Universal Basic Education States &amp; Local Governments Relevant CSOs NEPAD Nigeria NPTA</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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</table>
| Formulation of a policy for protecting people displaced by internal conflicts | Conduct stakeholder workshops to adopt policy on internally displaced persons  
Ratification of all outstanding conventions and domestication | Policy on Protection of internally displaced persons | The National Emergency Management Agency (NEMA) offers assistance to victims of internal displacement | Ministries of Interior, Health, Women Affairs, Youth Development, (Federal, States, & Local Govts.)  
NEMA | Ministries of Interior, Health, Women Affairs, Youth Development  
Vulnerable groups  
NEMA  
NEPAD | 2009-2012 | Programme of Protection of Internally Displaced Persons | Protection programme of Internally Displaced Persons actually in operation | 100,137 | Ministry of Interior  
Relevant CSOs  
NEMA  
HRC  
NEPAD Nigeria |
| Conduct a comprehensive vulnerability assessment | Carry out a study of extent of vulnerability nationwide | Periodic Report on Vulnerable groups | Ministry of Interior | Ministry of Interior  
Ministry of Health  
Ministry of Youth Affairs  
Ministry of Women Affairs  
CSOs | 2009-2012 | Knowledge-based vulnerability assessment | Quantitative data of the vulnerable persons in existence | 76,000 | Ministry of Interior  
Rep of the Vulnerable groups  
Relevant CSOs  
HRC  
NEPAD Nigeria  
NEMA |
| Agencies for vulnerabilities | Review the Fed. Character Comm. Act to cater for the disabled and vulnerable groups | Progress Report on the Review process of the FCRMC Act as it affects the disabled and vulnerable groups | The Presidency  
Ministry of Interior | Ministries of Interior, Health, Women Affairs and Youths Devt.  
NEMA  
NEPAD Nigeria  
NASS | Fed. Character Comm. Act to be reviewed to cater for the Disabled and Vulnerable groups | Fed. Character Comm. Act be reviewed to cater for the Disabled and Vulnerable groups | 50,737 | Min. of Interior, Health, Women, Affairs and Youth Development  
Relevant CSOs  
Rep of the vulnerable group and Youths  
NCWS  
HRC  
NEPAD  
NPC  
Media |
### Economic Governance and Management

**Objective 1: Promote Macroeconomic Policies That Support Sustainable Development**

<table>
<thead>
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<th>Estimated Cost per Annum (‘000 US$)</th>
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<tbody>
<tr>
<td>Maintain low levels of inflation 6.5%</td>
<td>Central Bank of Nigeria (CBN)</td>
<td>Harmonisation and prudent management of monetary and fiscal policies</td>
<td>MOF, CBN, Banks &amp; Financial Institutions, Investors, OP, Consumers, CSOs, NASS, Presidency, NBS, NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Stable macro-economic environment for high real growth rates</td>
<td>Stable consumer prices and improved standard of living for citizens</td>
<td>270,000</td>
<td>Ministry of Finance, CBN, NPC, Rel. CSOs, NBS, NEPAD Nigeria, OPS</td>
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<td>Annual GDP growth rate of 10%</td>
<td>Maintain a stable exchange rate</td>
<td>Continuous monitoring of exchange rate by CBN and undertaking strategic measures to ensure exchange rate stability</td>
<td>CBN, Organized Private Sector (OPS), Executive</td>
<td>2009-2012</td>
<td>A stable and appreciating exchange rate</td>
<td>Increased productivity in quantifiable form</td>
<td>135,000</td>
<td>CBN, MOF, OP, NEPAD Nigeria, Relevant CSOs, NPC</td>
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<tr>
<td>Maintain low and stable interest rate</td>
<td>Treasury Bill and the Commercial Bank rates &amp; Monetary Policy Rate</td>
<td>Controlled Government domestic borrowing and inflation at all levels</td>
<td>CBN</td>
<td>Investors</td>
<td>2009-2012</td>
<td>Competitive interest rates for borrowing</td>
<td>Competitive interest rates for borrowing</td>
<td>130,000</td>
<td>CBN, MOF, NPC &amp; OPS, NEPAD, Nigeria, NPC, Relevant CSOs / NGOs, NBS</td>
<td></td>
</tr>
<tr>
<td>Achieve and maintain sustainable debt position</td>
<td>Public Debt as a % of revenue</td>
<td>1. Restructuring domestic debt</td>
<td>MOF</td>
<td>MOF / CBN</td>
<td>2009-2012</td>
<td>Sustainable levels of public debt</td>
<td>Reduction of public debt</td>
<td>125,000</td>
<td>MOF, CBN, NPC, NEPAD, Nigeria, DMO, NPC</td>
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</tr>
<tr>
<td>Maintain low levels of fiscal deficit</td>
<td>Ratio of budget deficit to GDP</td>
<td>FRB</td>
<td>MOF</td>
<td>Budget Bureau</td>
<td>2009-2012</td>
<td>Overall fiscal deficit to remain at no more than 3%</td>
<td>Overall fiscal deficit that is less than 3%</td>
<td>100,000</td>
<td>MOF, Budget Bureau, Relevant CSOs, NEPAD, AGF, CBN</td>
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<tr>
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<tr>
<td>Increase budgetary allocations to the social sectors, especially health and education</td>
<td>Budgetary allocation to the social sectors as % of current/capital expenditure to GDP</td>
<td>Health financing as a % total expenditure increase, Infant / mortality rate, life expectancy, immunization coverage, awareness about HIV</td>
<td>PHCDA, NACA, MOH</td>
<td>Practitioners in health and education, MOF, MOH, CSOs / NGOs, NPC, NASS, NPC</td>
<td>2009-2012</td>
<td>Reduced morbidity and mortality rates, Higher Literacy rate, Better qualitative education</td>
<td>Reduced morbidity and mortality rates, Higher Literacy rate, Better qualitative education</td>
<td>280,000</td>
<td>MOF, MOE, MOH, NEPAD Nigeria, Relevant CSOs / NGOs, NPC</td>
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<tr>
<td>Social Sector... (contd)</td>
<td>Comparative analysis of budgetary allocation to the social sectors as % of current/capital expenditure to GDP</td>
<td>Implementation of major Education restructuring in the country including civic education, Increase of literacy rate, Structural and Institutional Reforms</td>
<td>MOE, UBEC, NUC, NBTE</td>
<td>Students, Parents, MOE, MOF, NPTA, NBTE, NUC, NASS, NPC, CSOs / NGOs, NPC</td>
<td>2009-2012</td>
<td>Increased access to all levels of quality education</td>
<td>Increased access to all levels of quality education</td>
<td>150,000</td>
<td>MOF, MOE, NEPAD Nigeria, Rep. of NPTA, NBTE, NUC, NPC, Relevant CSOs / NGOs, NPC</td>
<td></td>
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<tr>
<td>Enhance and Intensify Tax Administration Reforms</td>
<td>% of tax revenue to GDP</td>
<td>1. FIRS Reform to enhance performance including increase use of ICT, ETR and SIMBA system. 2. Expenditure prioritisation under Sectoral plans and MTEP</td>
<td>FIRS, MOF</td>
<td>MOF, FIRS, Tax payers, CSOs, CBN, NEPAD Nigeria, NOA</td>
<td>2008-2011</td>
<td>Creating more awareness &amp; enlightenment on payment of taxes, Achieve optimal revenue collection</td>
<td>Creation of more awareness &amp; enlightenment of the public on payment of taxes, Improved optimal revenue collection</td>
<td>180,000</td>
<td>MOF, FIRS, NPC, Relevant CSOs / NGOs, NBS, NEPAD Nigeria, NPC, Media</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
<td>ESTIMATED COST PER ANNUM (US$)</td>
<td>EXPECTED OUTCOME</td>
<td>EXPECTED OUTPUT</td>
<td>TIME-FRAME</td>
<td>KEY STAKEHOLDERS</td>
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<tr>
<td><strong>Review of Monetary Policy</strong></td>
<td>- Improve monetary policy framework</td>
<td>- Study efficiency and effectiveness of credit markets</td>
<td>- Reforms being undertaken by CBN, NPB, MOF, NPC, NEPAD, Nigeria, CBN for meaningful checks &amp; balances</td>
<td>- CBN, MOF, NPC, Financial Institutions</td>
<td>- CSOs, SMEDAN, NPC, NUBIFI, EF BOR, NRC</td>
<td>235,000</td>
<td>Improved understanding of credit markets &amp; access to finance</td>
<td>Improved macroeconomic projections</td>
<td>2008-2011</td>
<td>Banking &amp; Financial Institutions</td>
</tr>
<tr>
<td><strong>Structural Reform of Financial System</strong></td>
<td>- Develop sectoral models</td>
<td>- Review reports of credit market</td>
<td>- Reforms being undertaken by CBN, NPB, MOF, NPC, NEPAD, Nigeria, CBN for meaningful checks &amp; balances</td>
<td>- CBN, MOF, NPC, Financial Institutions</td>
<td>- CSOs, SMEDAN, NPC, NUBIFI, EF BOR, NRC</td>
<td>158,000</td>
<td>Less Variations in macro-economic forecasts contained in the budget and used by stakeholders</td>
<td>Improved performance of sectors</td>
<td>2008-2011</td>
<td>Economic &amp; Financial Institutions</td>
</tr>
<tr>
<td><strong>CBN Monetary Policy Statements</strong></td>
<td>- Improve existing models</td>
<td>- Improve macroeconomic projections</td>
<td>- Improve existing models</td>
<td>- CBN, MOF, NPC, Financial Institutions</td>
<td>- CSOs, SMEDAN, NPC, NUBIFI, EF BOR, NRC</td>
<td>133,000</td>
<td>Improved performance of sectors</td>
<td>Improved performance of sectors</td>
<td>2008-2011</td>
<td>Economic &amp; Financial Institutions</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Develop a macro model for the Central Bank</td>
<td>Central Bank Macro &amp; model</td>
<td>Development of the Macro model for the Central</td>
<td>CBN FMF</td>
<td>MOF CBN NPC NBS NPC</td>
<td>2008-2011</td>
<td>Transparent, predictable monetary policy indicators</td>
<td>Transparent, predictable monetary policy indicators</td>
<td>135,000</td>
<td>CBN NPC FMF NEPAD Nigeria</td>
<td></td>
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<tr>
<td>Increase Private Investment and savings</td>
<td>Provide an enabling environment for business development and growth</td>
<td>Savings rate Credit to the private sector % of GDP Bank lending rate Reduction in impediments to private sector participation at the sectoral level Private Investment % of GDP</td>
<td>Privatisation and divesture Reviewing the regulatory law and institutional arrangements for doing business One-stop Investment centre Restoring and expanding infrastructure</td>
<td>Ministry of Commerce/Industry MOF CBN Other government line Ministries BPE NIPC MOJ Presidency</td>
<td>MOF CBN Affected Line MDA OPS The informal Sector SMEDAN MSMEs Development partners BPE NIPC MOJ Presidency</td>
<td>2008-2011</td>
<td>Increased private investment and savings</td>
<td>Increased private investment and savings</td>
<td>130,000</td>
<td>CBN NSA OPS MOF NEPAD Nigeria MAN NASSI NPC</td>
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<td>ACTIVITY OBJECTIVE</td>
<td>REQUIRED ACTION</td>
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<td>Improve transparency and effectiveness in administrative legislative and fiscal entities</td>
<td>Enforce anti-corruption and Economic Crimes Act (2002)</td>
<td>No of prosecution./ Conviction of guilty persons</td>
<td>Many EFCC investigations and prosecutions</td>
<td>EFCC, Min of Justice, Courts of Law, Police, FIU, ICPC, CCB, NASS</td>
<td>MOE, CBN, AG Office, OPS</td>
<td>2008-2011</td>
<td>Timely and improved audited accounts</td>
<td>Timely and improved audited accounts</td>
<td>200,000</td>
<td>AGO, MOE, MOJ, NEPAD Nigeria N400,000 NPC</td>
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<td></td>
<td>Establishment and enhancement of ministerial anti-corruption units</td>
<td>Court records</td>
<td>Capacity Building/ Remuneration and Strengthening of AGO / EFCC</td>
<td>MOE, Auditor-General’s Office</td>
<td>MOE AGO, Min of Justice</td>
<td>2008-2011</td>
<td>Enhanced effectiveness and transparency of NASS</td>
<td>Enhanced effectiveness and transparency of NASS</td>
<td>100,000</td>
<td>MOE, AGO, MOJ, NEPAD Nigeria NPC</td>
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<td>Strengthen Audit Office</td>
<td>Publication of budgets</td>
<td>Capacity Building / Remuneration of civil servants of NASS</td>
<td>National Assembly Service Commission, MOF, MOE, NPC</td>
<td>NASS CSOs, MOF Line Ministries</td>
<td>2008-2011</td>
<td>Functional M&amp;E framework in the system</td>
<td>Functional M&amp;E framework in the system</td>
<td>100,000</td>
<td>MOE, MOJ, NEPAD Nigeria NPC</td>
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<td>Strengthen Parliamentary Oversight</td>
<td>Transparency Int'l rating/Tracking of payroll transparency</td>
<td>MTE Framework budgetary process have been increasing participation</td>
<td>NPC, MOF, CSOs, OPS</td>
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<td>Improve implementing capacity in MDA and all levels of governments</td>
<td>Conduct comprehensive review of project implementation in the NEEDS 11 &amp; 7-Point Agenda</td>
<td>OPS inputs into budget and policies</td>
<td>Involvement of NESG &amp; OPS ongoing</td>
<td>NPC, Presidency, OPS,</td>
<td>OPS</td>
<td>2008-2011</td>
<td>MTEF Budgets</td>
<td>Higher measurable performance of the NEEDS 11 &amp; 7-Point Agenda execution</td>
<td>237,000</td>
<td>NPC, MOF, NESG, NEPAD Nigeria</td>
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<td></td>
<td>Encourage bottom-up budgeting</td>
<td>Consultative meetings held and Progress reports</td>
<td>Capacity enhance of AGF &amp; Snegry with the Senate</td>
<td>NPC, MOF, CSO, OPS</td>
<td>2008-2011</td>
<td>Better informed stakeholders</td>
<td>237,000</td>
<td>NPC, NOA, NEPAD Nigeria</td>
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<td></td>
<td>Improve public/private partnership</td>
<td>IEC Strategy paper</td>
<td>Consultations with stakeholders</td>
<td>NEPAD Nigeria</td>
<td>2008-2011</td>
<td>Higher measurable performance of the NEEDS 11 &amp; 7-Point Agenda execution</td>
<td>237,000</td>
<td>NPC, MOF, NEPAD Nigeria</td>
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<td>Formulate a national IEC Strategy</td>
<td>Quantitative Review of Reports on implementation of NEEDS &amp; 7-Point Agenda</td>
<td>Institutionalisation of Macro-Economic system</td>
<td>MOF, NPC, CSOs, NEPAD Nigeria</td>
<td>2008-2011</td>
<td>Higher measurable performance of the NEEDS 11 &amp; 7-Point Agenda execution</td>
<td>237,000</td>
<td>NPC, MOF, NEPAD Nigeria</td>
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<td>Increase stakeholders participation in policy, planning and budgeting at all levels of government</td>
<td>Improve implementing capacity at local government level</td>
<td>No. of LGA with Audited Accounts and Budget Committee Reports</td>
<td>More stringent requirements to get funds released LEEDS encouraged</td>
<td>MOF, NPC</td>
<td>2008-2011</td>
<td>Well designed LG Budgets and enhanced capacity &amp; project implementation</td>
<td>Well enhanced capacity of LGA personnel that can implement budgets</td>
<td>135,000</td>
<td>Min of LG &amp; CA, NPC, MOF, NOA, NULGE, Relevant CSOs, Media</td>
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<td>Strengthen LGA in decision making on resource use and allocation</td>
<td>Publication/enlightenment on details of fund allocation</td>
<td>Ensure judicious use of previous allocation</td>
<td>Min of LG &amp; CA, MOF, NPC</td>
<td>2008-2011</td>
<td>M &amp; E of projects</td>
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<td>Enhancing Capacity Building</td>
<td></td>
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<td>NULGE, State House of Assemblies, Min. of Local Govt. &amp; Chieftaincy Affairs</td>
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<td>OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT</td>
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<td><strong>EXPECTED OUTCOME</strong></td>
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<td>Promote sound public management</td>
<td>De-link government expenditure from current oil revenue</td>
<td>Oil Market Price</td>
<td>Adopting of oil-/non-oil priced based fiscal rule</td>
<td>Fed. MOF</td>
<td>MOF, NPC, NASS, OPS, CSO</td>
<td>2008-2011</td>
<td>Fiscal stability and savings</td>
<td>A well diversified economy that is not dependent on oil alone and that encourages local manufacturing industries.</td>
<td>400,000</td>
<td>MOF, NPC, NEPAD Nigeria</td>
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<tr>
<td>Aggressive development of the non-oil sector</td>
<td></td>
<td>% of non-oil to GDP</td>
<td>MTEF adopted, MDAs required to develop plans</td>
<td>NPC, MARD, MSMD, M in. of C &amp; Ind., MOF, Min. of Mines &amp; Steel</td>
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<td>Strengthen the link between budgeting and planning</td>
<td></td>
<td>MTEF Budget allocations and MDA Plans</td>
<td>Bill in NASS for passage</td>
<td>Budget Office and MDA, FIRS</td>
<td>MOE, NPS, MDA and NSA, CSOs NASS, State Govts.</td>
<td>2008-2011</td>
<td>Improved and Rational expenditure by all levels of government</td>
<td>Equitable Derivation principle</td>
<td>39,000</td>
<td>MOF, NPC, NEPAD Nigeria, Relevant CSOs</td>
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<tr>
<td>Improvement in IGR</td>
<td></td>
<td>Quarterly publication of Allocations</td>
<td>Publication already in process</td>
<td>MOE, NPC Federal, States, and Local Govts.</td>
<td>MOE, NPC, NASS, NSA Federal, States, and Local Govts., NRMAFC NPC</td>
<td>2008-2011</td>
<td>Visible improvement in service delivery</td>
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<td>Fiscal Responsibility Act</td>
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<td>Equitable Derivation principle</td>
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<td>Activity by APRM Objective</td>
<td>Required Action</td>
<td>Monitorable Indicators</td>
<td>On-going Activities</td>
<td>Implementing Agencies</td>
<td>Key Stakeholders</td>
<td>Time-frame</td>
<td>Expected Output</td>
<td>Expected Outcome</td>
<td>Estimated Cost per Annun (’000 US$)</td>
<td>Monitoring &amp; Evaluation Agencies</td>
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<td><strong>Enhance capacity, effectiveness and efficiency of the ICPC</strong></td>
<td>Review of ICPC Act make the Commission more effective</td>
<td>Amendment to the ICPC Act</td>
<td>The ICPC is under a new Leadership which is poised to reposition the Commission</td>
<td>The Presidency ICPC National Assembly MOJ &amp; Communications</td>
<td>The Presidency ICPC National Assembly CSOs EFCC</td>
<td>2009-2012</td>
<td>Revised ICPC Act Strengthen Auditors General Offices</td>
<td>Strengthened Auditor General Offices</td>
<td>23,000</td>
<td>ICPC National Assembly Relevant CSOs Media NEPAD Nigeria</td>
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<td></td>
<td>Strengthen the independence of ICPC</td>
<td>No of convictions, and prosecutions Restructuring of ICPC</td>
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<td>Establish State Branches of the ICPC</td>
<td>The ICPC has Zonal Offices</td>
<td></td>
<td>The Presidency ICPC National Assembly</td>
<td></td>
<td>2009-2012</td>
<td>State Branches of ICPC</td>
<td>Increased effectiveness of the Agency in the fight against corruption</td>
<td>Effective ICPC branches in the states</td>
<td>202,000</td>
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<td>Establish/ enhance ministerial anti-corruption units</td>
<td>State Branches/Units established Publication of periodic progress reports</td>
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<td><strong>Enhance capacity, effectiveness and efficiency of the EFCC</strong></td>
<td>Mobilise public support for EFCC Prosecution of defaulters</td>
<td>Awareness campaigns Amendment of EFCC Act</td>
<td>Restructuring of EFCC The Senate has passed an amendment to make the EFCC independent of the Executive</td>
<td>EFCC National Orientation Agency</td>
<td>The Presidency ICPC National Assembly CSOs Nigerian Citizens</td>
<td>2009-2012</td>
<td>Public support and collaboration with EFCC to fight corruption to zero tolerance level</td>
<td>Public support and collaboration with EFCC to fight corruption to zero tolerance level</td>
<td>23,000</td>
<td>EFCC NOA Relevant CSOs / NGOs NEPAD Nigeria Rep. of Human Rights Org Media</td>
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<td></td>
<td>Strengthen the independence of EFCC</td>
<td>No of convictions and Prosecutions Periodic progress Reports</td>
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<td></td>
<td>Protect Whistle Blowers</td>
<td>No of convictions, and prosecutions Mechanism for the protection of Whistle Blowers</td>
<td></td>
<td>EFCC ICPC CCB CSOs Police</td>
<td>EFCC ICPC CCB EITI CSOs National Assembly</td>
<td>2009-2012</td>
<td>Policy &amp; strategic framework on protection of Whistle Blowers</td>
<td>Policy &amp; strategic framework on protection of Whistle Blowers</td>
<td>23,000</td>
<td>EFCC ICPC Relevant CSOs / NGOs NEPAD Nigeria Media</td>
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<td>Activity by APRM Objective</td>
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<td>Adequate funding of anti-corruption agencies</td>
<td>Increased Funding of EFCC and ICPC (for training, equipment, public awareness, infrastructure, etc.)</td>
<td>Budget provision</td>
<td>EFCC and ICPC receive funds in Budget Appropriations and from donors</td>
<td>EFCC ICPC CSOs Fed. Min. of Finance NASS</td>
<td>EFCC ICPC CSOs Fed. Miin. Of Justice NASS HRC Human Rights Organizations</td>
<td>2008-2011</td>
<td>Well Funded EFCC and ICPC Strengthen Auditors General Offices</td>
<td>Well Funded EFCC and ICPC Strengthen Auditors General Offices</td>
<td>23,000</td>
<td>EFCC ICPC National Assembly Relevant CSOs NEPAD Nigeria Media</td>
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<td>Strengthen Anti-Money Laundering Posture</td>
<td>Improve legal framework against money laundering</td>
<td>Laws passed to curb money laundering</td>
<td>Nigeria has ratified anti-money laundering codes and standards</td>
<td>MOJ MOF NASS EFCC Police FIU</td>
<td>Public Sector Private Sector CSO</td>
<td>2008-2011</td>
<td>Enhanced image of Nigeria and better confidence in financial institutions</td>
<td></td>
<td>46,000</td>
<td>MOF NPC NEPAD Nigeria</td>
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<tr>
<td>Improve Banking System</td>
<td>No. of money laundering cases reported and prosecuted</td>
<td>Nigeria has ratified all relevant codes banking regulations is being tightened</td>
<td>CBN EFCC Police MOJ</td>
<td>Financial inst. NSA Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN) NFIU</td>
<td></td>
<td>2008-2011</td>
<td>Improved public sector; sanitize the banking &amp; other financial institutions</td>
<td></td>
<td></td>
<td>Relevant CSOs Media CBN MOF NPC NEPAD Nigeria</td>
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### OBJECTIVE 5: ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONISATION OF MONETARY, TRADE AND INVESTMENT POLICIES

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
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<th>ESTIMATED COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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<tbody>
<tr>
<td>Accelerate Regional Integration</td>
<td>Strengthen membership of Reg. integration unions (e.g. ECOWAS, AU)</td>
<td>Trade Flows, Convergence Criteria status</td>
<td>Reduction of tariffs to achieve CET Trade liberalisation initiatives</td>
<td>Min. of Com and Ind., MOF, MFA and Regional Integration</td>
<td>ECOOWAS member nations; African Union; Fed. Min. Foreign Affairs and Regional Integration; Fed. Min. C &amp; Tourism; NEPC; Private Sector Research Institutions</td>
<td>2009-2012</td>
<td>Increased value and volume of Trade (E&amp;M)</td>
<td>Increased value and volume of Trade (E&amp;M)</td>
<td>35,000</td>
<td>Ministries of Commerce, Foreign Affairs, Finance; NEPAD Nigeria; Relevant CSOs / NGOs</td>
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<td></td>
<td>Promote Techn. adoption &amp; innovation, and enhance international competitiveness</td>
<td></td>
<td>Improved macroeconomic variables</td>
<td>NPC</td>
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### CORPORATE GOVERNANCE

### OBJECTIVE 1: PROMOTE AN ENABLING ENVIRONMENT AND EFFECTIVE REGULATORY FRAMEWORK FOR ECONOMIC ACTIVITIES

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<tr>
<td>Increase commitment to infrastructure development especially energy supply, transportation, Water Supply telecommunications</td>
<td>Complete the ongoing reforms in the Power, Oil &amp; Gas Sectors</td>
<td>Existence of relevant laws</td>
<td>Establishment of National Integrated Power Plants (NIPPS)</td>
<td>Ministries of Energy, Transportation, Agric. &amp; Water Resources, Science &amp; Technology</td>
<td>Oil &amp; Gas Companies; IPP Coys</td>
<td>2009-2010</td>
<td>Effective and Consistent supply of Electricity (10,000 MW)</td>
<td>Effective and Constant supply of Electricity up to 10,000 MW</td>
<td>42,930</td>
<td>NERC; PPPRA; NEC; NUPENG; PENGASSAN; NACCIMA; PERMA; Min. of Agric. &amp; Water Resources; Relevant CSOs, CBOs, NBS, CBN</td>
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<td></td>
<td>Expedit action on the development of the National Gas Policy</td>
<td>No. of companies in the sector</td>
<td>Privatisation and Unbundling of NEPA / PHCN</td>
<td>National Energy Council (NEC); National Electricity Regulatory Commission</td>
<td>Oil &amp; Gas Companies; IPP Coys; Ministries of Energy, Transportation, Agric. &amp; Water Resources, Science &amp; Technology; PENGASSAN; NUPENG</td>
<td></td>
<td>Decreased dependence on imported Petroleum Products to less than 20%</td>
<td>Less importation of Petroleum Products (20%)</td>
<td>21,460</td>
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<td></td>
<td>Addressing teething issue of Electricity</td>
<td>Improved services</td>
<td>Oil &amp; Gas Sector Reform Implementation Committee inaugurated</td>
<td>NNPC</td>
<td></td>
<td></td>
<td>IPPs Completed and Functioning</td>
<td>IPP projects Completed</td>
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<td>Quarterly progress report on the development of each of the infrastructure</td>
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<td>Overhaul of Roads sub-sector and establish an autonomous highway authority and funding of Roads Construction &amp; Maintenance</td>
<td>Number of roads constructed, maintained or repaired per year by each level of government</td>
<td>Development of Masterplan for Integrated Transport Infrastructure (MITI) National Transport Policy Government is Considering the Establishment of a Road Fund Agency Establishment of Infrastructure Concession Regulatory Commission (ICRC) - a public-private partnership</td>
<td>Ministry of Transport National Institute of Transport Technology National Council on Transportation</td>
<td>MDAs National Association of Road Transport Owners (NAR To) National Union of Road Transport Worker (NURTW) States and Local Government Private Sector NITT MAN Nat. Assoc of Small-Scale Industries (NASSI) NACCIMA, etc.</td>
<td>2009-2012</td>
<td>Number of newly constructed roads by all levels of government Number of roads repaired / maintained</td>
<td>Good infrastructure (especially roads) put in place to safeguard the economy and human life</td>
<td>107,325</td>
<td>Min. of Transport NBS Nat. Assoc. of Small- &amp; Medium Scale Entrepreneurs (NASME) MAN NACCIMA FERMA State Road Maintenance Agencies NEPAD NPC</td>
<td></td>
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<tr>
<td>Expedite action on Railway Revitalization Programme</td>
<td>No. of Passenger-miles per year Qty of Cargo-miles annually</td>
<td>US$8.3bn Nigeria-China Railway Modernization Project</td>
<td>Min. of Transport Nigerian Railway Corporation (NRC) The Presidency</td>
<td>Min. of Transport Min. of Commerce MARD NACCIMA MAN State Governments</td>
<td>2009-2012</td>
<td>Increase in Passenger- and Cargo-miles Reduction of heavy duty trucks on the roads</td>
<td>Revitalized Railway system that will reduce the overburden on the roads.</td>
<td>42,930</td>
<td>NPC Min of Transport NBS OPS NPC NEPAD</td>
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<td>Consolidate liberalisation of the aviation sub-sector</td>
<td>No of functional airlines</td>
<td>Recapitulation of Airlines</td>
<td>Min. of Transportation NCAA &amp; other MDAs in the aviation sector.</td>
<td>MDAs in the sector Airline Operators Airline Cargo Operators Foreign Airlines Cargo, Handling Companies Courier Companies, etc.</td>
<td>2009-2012 Increased air passenger and air cargo</td>
<td>Improved aviation service delivery</td>
<td>42,930</td>
<td>Min of Transportation International Civil Aviation Organization (ICAO) NCAA NAMA FAAN NPC NBS</td>
<td></td>
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<tr>
<td>Expedite development of the Fibre-Optic Backbone &amp; Broadband Infrastructure</td>
<td>No. of complaints from consumers received by NCC</td>
<td>Privatization of NITEL Laying of fibre-optic cables nationwide Development of 3.5 G networks National Rural Telephony Programme Interactive Learning Network (ILN) Project</td>
<td>Min of Information &amp; Communications Min of Sc. &amp; Tech NCC National Carriers &amp; PTOs</td>
<td>MOE ECOWAS, State &amp; Local Govt CSOs OPS</td>
<td>2009-2012 Improved service of GSM Operators Reduced cost of services, improved speed &amp; data handling capability</td>
<td>42,930</td>
<td>Ministry of Science and Technology NCC NBS NPC NEPAD OPS</td>
<td></td>
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<tr>
<td>Review enabling laws and strengthen public agencies: CAC, SEC, CBN, NDIC, NPC, SON, NAFDAC, DPR, Land Registries, etc.</td>
<td>Number of enabling laws / regulations reviewed &amp; agencies streamlined and strengthened Cost / time of land transactions</td>
<td>CBN internal reforms, CAC re-engineering, other SERVICOM initiatives</td>
<td>MDAs OPs Banks Insurance Companies Other operators in the financial sector State and Local Govts</td>
<td>2009-2012 Improved delivery of service faster in handling of issues Lower cost of doing business Improved competitive environment for business</td>
<td>Enhanced performance of Regulatory Agencies that translate into better output.</td>
<td>87,570</td>
<td>SEC NPC NESG</td>
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<tr>
<td>Encourage professional bodies to strengthen their regulatory roles - ICAN, NSE, COREN NBA, etc.</td>
<td>Encourage professional bodies to strengthen their regulatory roles - ICAN, NSE, COREN NBA, etc.</td>
<td>No of professional bodies instituting improved internal reforms</td>
<td>Ongoing consolidation in the finance sector is inducing reforms in professional institutions</td>
<td>Relevant Professional bodies &amp; Private institutions e.g. Nigerian Society of Engineers (NSE)</td>
<td>OPS SMEs MAN NACCIMA Investors &amp; International agencies</td>
<td>2009-2012</td>
<td>Better self regulation</td>
<td>More transport business climate</td>
<td>75,060</td>
<td>OPS NSEG International agencies e.g. World Bank, World Economic Forum, Investors, NPC</td>
</tr>
<tr>
<td>Rationalise &amp; streamline various incentives for investment and entrepreneurship</td>
<td>Rationalise &amp; streamline various incentives for investment and entrepreneurship</td>
<td>Level of abuse of incentives No of new &amp; effective incentive schemes</td>
<td>Ongoing judicial reforms</td>
<td>NIPC NEPC SMEDAN Min of C &amp; I</td>
<td>MDAs SMEs Investors, etc.</td>
<td>2009-2012</td>
<td>Increased investment flows and competitiveness</td>
<td></td>
<td>87,570</td>
<td>NIPC NPC NSEG, etc.</td>
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<tr>
<td>Strengthen judicial process for faster commercial dispute resolution</td>
<td>Strengthen judicial process for faster commercial dispute resolution</td>
<td>Establish six commercial courts Quicker and less costly settlement of commercial cases</td>
<td>Ongoing judicial reforms</td>
<td>Judiciary NBA CSOS Devt partners</td>
<td>MDAs Judiciary States OPS Investors, etc.</td>
<td>2009-2012</td>
<td>Reduced cost of doing business</td>
<td>Judicial process that is strengthened to deliver quicker judgment.</td>
<td>125,100</td>
<td>NIPC NPC NBS NSEG Other economic &amp; investment think-tanks</td>
</tr>
<tr>
<td>Enhance training &amp; facilities for judges</td>
<td>Enhance training &amp; facilities for judges</td>
<td>Quicker and less costly settlement of commercial cases</td>
<td>Ongoing judicial reforms</td>
<td>Judiciary NBA CSOS Devt partners</td>
<td>MDAs Judiciary States OPS Investors, etc.</td>
<td></td>
<td>Reduction in delay of justice</td>
<td>Reduction in delay of justice</td>
<td>75,060</td>
<td>NIPC NPC NBS NSEG Other economic &amp; investment think-tanks</td>
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<tr>
<td>Promote alternative dispute resolution procedures &amp; multi-doors</td>
<td>Quicker cost-effective settlement of commercial disputes without resorting to litigation</td>
<td>Some state are introducing Alternative Dispute Resolution (ADR) processes and multi-door courts</td>
<td>Judiciary</td>
<td>OPS</td>
<td>2009-2012</td>
<td>More attractive business environment increased investment flows</td>
<td>Quicker cost-effective settlement of commercial disputes without resorting to litigation</td>
<td>50,040</td>
<td>NIPC NPC NBS NESG Other economic &amp; investment think-tanks</td>
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<tr>
<td>Promote the migration of entrepreneurs from the informal to the formal sector of the economy</td>
<td>Raionalize and strengthen agencies involved in the promotion of MSMEs</td>
<td>Better coordination of MSMEs development activities for increased synergy between agencies</td>
<td>New National Policy on SMEs launched</td>
<td>Bank of Industry (BOI) CBN NAPEP SMEDAN</td>
<td>Nigerian Association of Small Scale Industries (NASSI) MAN NEG Devt partners, Business Development Service (BDS) Providers SMEs, etc.</td>
<td>2009-2012</td>
<td>Increasing no. of successful growth diversification</td>
<td>Promotion and integration of the informal sector into the main economy</td>
<td>100,080</td>
<td>NPC NESG NBS NEPAD Nigeria</td>
</tr>
<tr>
<td>Expand &amp; enhance access to credit for MSMEs</td>
<td>No. of MSMEs able to access credit</td>
<td>CBN Policy on microcredit banks, SMEEIS, NAPEP &amp; various States’ Entrepreneurship Dev. Schemes</td>
<td>CBN BOI SMEDAN State Govts Banks, etc. MDG office</td>
<td>NASME NASSI MAN Devt. Partners NGOs CSOs NACRDB, etc.</td>
<td>CBN MEDAN State Govts Banks, etc. MDG office</td>
<td>2009-2012</td>
<td>Increasing growth of the SME sector Higher employment, higher productivity Poverty reduction Increased revenue to Govts.</td>
<td>Easy access to credit facilities to enhance business of the SMEs</td>
<td>100,080</td>
<td>NPC MDG office NEPAD Nigeria NBS NESG Devt. Partners SMEDAN NASSI</td>
</tr>
<tr>
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<td>Enhance linkage between MSMEs and large industries</td>
<td>Better integration of industries across value chasm</td>
<td>NESG Nucleus Estate Initiative promoting linkage between large operators and small producers</td>
<td>NESG Nucleus Estates</td>
<td>SMEs, various operators across value chasm</td>
<td>2009-2012</td>
<td>Higher productivity among both small &amp; large companies</td>
<td></td>
<td></td>
<td>50,040</td>
<td>NESG Devt. Partners Relevant CSOs / NGOs CBOs</td>
</tr>
<tr>
<td>Increase awareness of capital market/ Government’s Efforts to provide enabling environment for economic activities among Nigerians</td>
<td>Publicise activities of capital market agencies Organise workshops, Conferences and seminars</td>
<td>Number of agencies with information outlets (bulletins, etc)</td>
<td>Ministry of Finance National Planning Commission Bureau for Public Enterprises</td>
<td>Nigerian Stock Exchange Securities and Exchange Commission</td>
<td>2009-2012</td>
<td>Greater capital market awareness among Nigerians and relevant stakeholders Creation of enabling environment</td>
<td>Most Nigerians investing in the capital market arising from greater awareness</td>
<td></td>
<td>50,118</td>
<td>NSE, SEC NPC, NEPAD BPE</td>
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<td>Check abuse of Government’s incentives by corporations</td>
<td>Number of seminars workshops / Conferences to promote public awareness</td>
<td>Corporate Affairs Commission National Orientation agency One stop investment Centre (OSIC) NPC</td>
<td>Non-stakeholders NOA NPC CAC</td>
<td>2009-2012</td>
<td>Greater public awareness of government efforts to provide enabling environment for economic activities Reduced abuse of official incentives by corporations reported to regulatory agencies Increased FDI</td>
<td>Greater public awareness of government efforts to provide enabling environment for economic activities Regulatory Agencies seen to be checking abuses</td>
<td></td>
<td>15,354</td>
<td>NPC NEPAD NOA Media</td>
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</table>
### Objective 2: Ensure that Corporations act as Good Corporate Citizens with regards to Human Rights, Social Responsibility and Environmental Sustainability

<table>
<thead>
<tr>
<th>Activity by APRM Objective</th>
<th>Required Action</th>
<th>Monitorable Indicators</th>
<th>On-Going Activities</th>
<th>Implementing Agencies</th>
<th>Key Stakeholders</th>
<th>Time Frame</th>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Estimated Cost Per Annum (’000 US$)</th>
<th>Monitoring &amp; Evaluation Agencies</th>
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<tr>
<td>Promote the adoption of Good Corporate Citizenship and CSR practices with regards to human rights, labour relations and environmental protection</td>
<td>Domesticate ILO and other Conventions &amp; laws to protect labour, environment and human rights</td>
<td>Number or aspects of labour laws enacted or reviewed</td>
<td>Establishement of Global compact Network in Nigeria with 35 companies</td>
<td>Ministry of Labour</td>
<td>Nigeria Labour Congress</td>
<td>2009-2012</td>
<td>Revised laws and new legislation</td>
<td>Domestication of laws and conventions as they affect human rights and the environment</td>
<td>43,300</td>
<td>Ministry of Labour / NLC / TUC / Relevant CSOs / NGOs / Min of Environment / Devt. Partners / Rep. of Traditional Rulers / Relevant CSOs / NGOs / CBOs / Rep. of the Youths</td>
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<td>Enforce compliance with all laws &amp; regulations e.g. NSE &amp; Employment regulations</td>
<td>Reduction in no. &amp; frequency of breaches of regulations</td>
<td></td>
<td></td>
<td>Min of Labour</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99,950</td>
<td>Min of Labour / NLC / TUC / NBA / HRC / NECA / Relevant CSOs / NGOs / NCWS / NPC / Media</td>
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<td>Promote good industrial relations practices and clean environment</td>
<td>No. of labour disputes Identification of areas of deforestation and desertification</td>
<td>IACS Min of Labour NLC TUC</td>
<td></td>
<td>CSOs Human Rights Organizations NECA Labour unions Min. of Labour &amp; Environment</td>
<td></td>
<td>2009-2012</td>
<td>Improved industrial relations and productivity, clean and more friendly environment and better sanitation</td>
<td>Enthronement of good industrial relations that will as well promote higher productivity</td>
<td>63,300</td>
<td>NLC TUC Relevant CSOs / NGOs NECA NBS Min. of Labour &amp; Environment HRC Rep. of the Youths</td>
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<tr>
<td>Encourage strong and better relationship, especially with Oil companies in the Niger Delta of Good CSR with respect to their host communities and environment</td>
<td>Increase in level of harmony &amp; stability in the Niger Delta</td>
<td>Increasing awareness and participation in Good CSR initiatives among companies in Nigeria</td>
<td></td>
<td>Traditional Rulers Youths Relevant organized bodies Development Partners Private sector</td>
<td></td>
<td>2009-2012</td>
<td>Peaceful coexistence</td>
<td></td>
<td>49,950</td>
<td>State Min. of Environment Rep. of youth NECA Relevant CSOs NGOs NPC</td>
</tr>
<tr>
<td>Encourage communities (especially Niger Delta) to dialogue with both corporations and Government in securing their rights and participating in the implementation of Good CSR programmes</td>
<td>No of joint company/community programmes implemented</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2009-2012</td>
<td>Adopting dialogue to resolve issues/ conflicts instead of otherwise</td>
<td></td>
<td>116,550</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
<td>EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM (000 US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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<tr>
<td>Promote the adoption of Good CG practices with regards to business ethics &amp; anticorruption initiatives</td>
<td>Review, update and encourage the adoption of sound CG codes by private and public companies</td>
<td>Domestication of standards &amp; codes and No. of companies adopting them</td>
<td>CBN’s new CG initiatives for the banking sector Ongoing review of SEC regulations Improvement of NSE processes including CSCS and electronic trading CAMA review EFCC/CBI partnership Restructuring of EFCC and ICPC</td>
<td>SEC CBN NSE CAMC EFCC ICPC CCB Min. of Justice</td>
<td>NIPC OPS NBA ICAN IST MDAs ICPC CCB NFIU Investors and Devt. Partners NASS Judiciary</td>
<td>2009-2012</td>
<td>More effective legal and regulatory environment for business Increased adoption of Good CG and moral ethics in business practices by companies Improved environment for healthy competition</td>
<td>Enthronement of good corporate governance in business environment</td>
<td>67,600</td>
<td>SEC NBS MOF IST NSE NIPC MOJ MOC Relevant CSOs / NGOs FBOs Prof Bodies</td>
</tr>
<tr>
<td>Strengthen economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices Commission (ICPC), to extend their activities to the private sector, Penalty against defaulters</td>
<td>EFCC’s capacity to prosecute to investigate and prosecute private sector crimes No of successful prosecutions</td>
<td>Federal Government</td>
<td>Federal Govt. The Police NASS EFCC ICPC HRC</td>
<td></td>
<td></td>
<td>2009-2012</td>
<td>Increased investment flows Enhanced performance of anti-corruption agencies</td>
<td>Strengthened EFCC, ICPC, and CCB that can extend their activities to the private sector, and institute penalty against defaulters</td>
<td>117,200</td>
<td></td>
</tr>
<tr>
<td>Enhance value re-orientation programmes and encourage the private sector to embrace these programmes</td>
<td>No of companies participating in value re-orientation programmes</td>
<td></td>
<td>NOA MAN NACCIMA SMEDAN NASSI</td>
<td></td>
<td></td>
<td>2009-2012</td>
<td></td>
<td></td>
<td>58,600</td>
<td>NPC NOA NEPAD Relevant CSOs / NGOs</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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</table>
| Encourage companies to participate actively in anti-corruption initiatives both locally and globally
Convention for Business Integrity (CBI), Resist Extortion and Solicitation in International Sales Transactions (RESIST), Partnering Against Corruption Initiative and the UN Global Compact | No of companies joining anti-corruption initiatives
No of companies and people prosecuted
Reduction of corruption rate | Federal Govt.
EITI
EFCC
ICPC
CCB | EFCC
ICPC
NEITI
CAMA NASS
Min. of Com. And Industry & Justice | 2009-2012 | Broad-based participation in fighting corruption to tolerance level
Institutionalisation of broad-based participation in fighting corruption in Nigeria | 58,600 | Rep. of Human Right Org.
Relevant CSOs / NGOs
FBOs
Rep. of Traditional Rulers
NASB
Media |

**OBJECTIVE 4: ENSURE THAT CORPORATIONS TREAT ALL THEIR STAKEHOLDERS (SHAREHOLDERS, EMPLOYEES, COMMUNITIES, SUPPLIERS AND CONSUMERS) IN A FAIR AND JUST MANNER**

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDERS</th>
<th>TIME-FRAME</th>
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<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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</table>
| Promote adoption of good CG practices with regards to stakeholder roles & responsibilities | Strengthen legal safeguards for protection of stakeholders - CAMA, Investment laws, SEC and other regulations reviewed
Promote adoption of good CG practices with regards to stakeholder roles & responsibilities | CAMA, Investment laws, SEC and other regulations reviewed
Ongoing NSE reforms
Financial Institution reforms | NSE
SEC
CAC
NASS
CBN
National Assembly
Ministry of Justice | Shareholders Associations
OPS
NSE
Chambers of Commerce
Dev. Partners
SON | 2009-2012 | Legal safeguards provided and strengthened
Improved governance of companies
Attractive investment climate, More vibrant stock market
Increased investment flows | Legal safeguards provided and strengthened
Improved governance of companies
Attractive investment climate, More vibrant stock market
Increased investment | 101,600 | SEC
NSE
CBN
Relevant CSOs / NGOs
Dev. Partners
CPC
SON |
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<th>EXPECTED OUTCOME</th>
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<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
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</thead>
<tbody>
<tr>
<td>Encourage the adoption of improved CG codes with regard to the structure, powers and functions of Boards of Directors</td>
<td>No of companies adopting functioning boards of Directors</td>
<td>Professional bodies – ICAN, IoD, CIT</td>
<td>Improved accountability of organizations Adoption of improved CG codes with regard to the structure, powers and functions of Boards of Directors</td>
<td>50,800</td>
<td>SEC Relevant CSOs / NGOs CAC NPC NOA Media Rep. of Professional bodies</td>
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<tr>
<td>Regulate the activities of shareholders’ associations to ensure more active awareness and protection of shareholder rights Protection of Employees with HIV/AIDS</td>
<td>Availability of clear guidelines for the formation and operation of shareholder associations No. of employees discriminated against for contacting HIV/AIDS</td>
<td>NACCIMA SEC / NSE NOA Shareholders Associations NSE SEC CAC</td>
<td>Increased shareholders activism Higher level of awareness of stakeholders rights Protection of victims of HIV/AIDS</td>
<td>101,765</td>
<td>NASB NPC NOA NEPAD</td>
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**OBJECTIVE 5: PROVIDING FOR ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS**

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<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
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<tbody>
<tr>
<td>Promote Good CG practices with regard to accountability and disclosure of information</td>
<td>Domesticate and update standards &amp; codes of accounting and auditing practice</td>
<td>Number of auditing standards / codes domesticated and / or updated</td>
<td>CBN review of Codes of Corporate Governance in the Financial Sector Ongoing legislation on Financial Reporting Council</td>
<td>SEC NSE NASB ICAN / ANAN</td>
<td>CBN NASB ICAN / ANAN IoD OPS Chambers of Commerce</td>
<td>2009-2012 Auditing and accounting / standards that are in line with International Best Practices as well relevant to peculiar conditions in Nigeria</td>
<td>Domestication and updating of all outstanding standards and codes relating to Accounting and Auditing practices</td>
<td>126,960</td>
<td>SEC NSE NASB ICAN ANAN Institute of Directors (IOD)</td>
<td></td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
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<td>EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM (‘000 US$)</td>
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<tr>
<td>Encourage the adoption of international best practices in internal Audit function</td>
<td>No of companies using international standard in auditing practice</td>
<td>SECPNSENASBICAN / ANAN</td>
<td>SEC</td>
<td>SEC</td>
<td>NSE</td>
<td>NASB</td>
<td>ICAN / ANAN</td>
<td>2009-2012</td>
<td>Auditing and Accounting Standards that are in line with Int’l Best Practices relevant to peculiar conditions in Nigeria</td>
<td>Auditing and Accounting Standards that are in line with Int’l Best Practices relevant to peculiar conditions in Nigeria</td>
</tr>
<tr>
<td>Empower stakeholders with access to information on corporate activities</td>
<td>Signing the Freedom of Information (FOI) Bill into law and full implementation of the Act</td>
<td>Passage &amp; Signing of FOI Bill into law</td>
<td>The Presidency National Assembly Ministry of Information &amp; Communications</td>
<td>CSOs / NGOs Ministry of Information Shareholders Associations NUJ</td>
<td>2009</td>
<td>An Act for Freedom of Information in Nigeria Improved Accountability by corporations</td>
<td>Established for Freedom of Information ACT in Nigeria Improved Accountability by corporations</td>
<td>52,900</td>
<td>CSOs / NGO Ministry of Information NEPAD NPC NUJ</td>
<td></td>
</tr>
<tr>
<td>Encourage the adoption of International Best Practices in corporate reporting</td>
<td>No. of companies submitting corporate reports of International Standards</td>
<td>Companies are increasingly adopting Global Reporting Initiative, other International Reporting Standards</td>
<td>NASBSSECAC</td>
<td>Workers Unions Shareholders’ Associations Other stakeholders</td>
<td>2009-2010</td>
<td>Corporate Reports that meet International standards</td>
<td>Corporate Reports meet International standards</td>
<td>130,200</td>
<td>NASBSECICAN / ANAN Workers Unions Other stakeholders NPC</td>
<td></td>
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<td>ACTIVITY OBJECTIVE</td>
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<tr>
<td><strong>Consolidate the implementation of the NEITI in the extractive industries</strong></td>
<td>Full implementation of NEITI in the Oil &amp; Gas Industry</td>
<td>Regular and accurate information on revenues and expenditures in the Oil &amp; Gas Industry</td>
<td>Undergoing legislative process</td>
<td>Min of Energy NNPC DPR</td>
<td>Min of Energy NNPC IPC EFCC OPS Oil-producing communities Oil &amp; Gas Companies FIRS State Governments</td>
<td>2009-2012</td>
<td>All Oil &amp; Gas Companies signed on to NEITI</td>
<td>Full implementation of NEITI in the Oil &amp; Gas Industry</td>
<td>148,120</td>
<td>Presidency Min of Energy Relevant CSOs FIRS RMAFC MOF Development Partners NPC</td>
</tr>
<tr>
<td><strong>Auditing of NNPC, Oil and Gas Companies.</strong></td>
<td>Regular audit of NNPC and Oil &amp; Gas companies’ operations</td>
<td>Level of transparency Regular and accurate information on revenues and expenditures on NNPC and Oil and Gas Companies</td>
<td>Presidency Min. of Energy NEITI office Relevant Auditing firms</td>
<td>Oil &amp; Gas companies ICAN / ANAN FIRS RMAFC State Governments</td>
<td></td>
<td>2009-2012</td>
<td>Accurate &amp; regular reports on NNPC and Oil &amp; Gas revenues expenditure</td>
<td>Accurate &amp; regular reports on NNPC and Oil &amp; Gas revenues expenditure</td>
<td>63,480</td>
<td>Min of Energy MOF ICAN / ANAN FIRS RMAFC Relevant CSOs Development partners</td>
</tr>
<tr>
<td><strong>Ensure application of NEITI to the Solid Mineral Sector</strong></td>
<td>Availability of accurate information on the Solid Mineral Sector Biennial Report</td>
<td>Ongoing reforms in the Solid Mineral Sector</td>
<td>MSMD NEITI office</td>
<td>Prospective Investors State and Local governments, including host communities CSOs</td>
<td></td>
<td>2009-2012</td>
<td>Regular &amp; accurate reports on the opportunities, and/or prospects in the Solid Minerals Sector</td>
<td>Regular &amp; accurate reports on the opportunities, and/or prospects in the Solid Minerals Sector</td>
<td>30,200</td>
<td>MSMD NEITI office Relevant CSOs NPC CBN</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Enhance and strengthen credible education and training of Directors</td>
<td>Regular and effective training of Directors including staff of NASB</td>
<td>Number of directors trained in one year</td>
<td>No of women appointed as Directors.</td>
<td>Institute of Directors</td>
<td>CAC, SEC</td>
<td>2009-2012</td>
<td>Regular and effective training of Directors of Companies</td>
<td>Ensuring that more women are in decision-making position</td>
<td>71,000</td>
<td>Institute of Directors / Institute of Corporate Governance</td>
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<td>FITC</td>
<td>NSE</td>
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<td>NBS, NASB</td>
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<td>Nigeria Capital Market Institute (NCMI)</td>
<td>FITC</td>
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<td>CAC, NCWS</td>
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<td>CMD</td>
<td>NASB</td>
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<td>CAC</td>
<td>Shareholders</td>
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<td>ICAN / ANAN</td>
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<td>SEC</td>
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**SOCIO-ECONOMIC DEVELOPMENT**

**OBJECTIVE 1: PROMOTION OF SELF-RELIANCE IN DEVELOPMENT AND CAPACITY FOR SELF-SUSTAINING DEVELOPMENT**

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<tbody>
<tr>
<td>Institutionalize Socio-economic growth through public private partnership (PPP) strategy as encapsulated in NEEDs with the intent of broad-based participation</td>
<td>Consult widely for adequate preparation and implementation of NEEDs 1 1, Integration of 7 -Point Agenda</td>
<td>Number scope and impact of outreach Programmes Conducted</td>
<td>Broad-based stakeholder consultation in the six geo-political zones in the country</td>
<td>Federal &amp; States Ministries, Departments and Agencies (MDAs), Local Governments, National Planning Commission (NPC)</td>
<td>Key Government MDAs, Private Sectors, CSOs, NPC, NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Effective Stakeholder Ownership of National Development Programmes to Enhance growth</td>
<td>Effective Stakeholder Ownership of National Development Programmes through wide consultation at all times that can enhance growth</td>
<td>106,000</td>
<td>National and States Planning Commissions, Federal and States Ministries of Finance &amp; Development, Private Sector Relevant CSOs, NEPAD</td>
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<td>Enhance institutional capacity for effective implementation of NEEDS, SEEDS, LEEDS and CEEDS</td>
<td>Number of Training Workshops conducted and their output</td>
<td>Retreat for Core Drafting Team</td>
<td>Federal &amp; States Ministries, Departments and Agencies (MDAs), Local Governments</td>
<td>Key Government MDAs, Private Sector CSOs, NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Effective Stakeholder Ownership of National Development Programmes to Enhance growth Improved Human Capacity</td>
<td>Enhanced institutional capacity for effective implementation of NEEDS, SEEDS, LEEDS and CEEDS</td>
<td>418,500</td>
<td>National and States Planning Commissions, Relevant CSOs, NGOs, NEPAD, NBS, CBN, Media</td>
<td></td>
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<tr>
<td>Enhance the capacity of the informal sector and SMEs with the provision of enabling environment</td>
<td>Rate of growth of SMEs and level of linkage and input to medium and large scale manufacturing industries</td>
<td>Review and reform of the economic sector</td>
<td>NASSI, NACCIMA, NAFCB, NARDNB, NPC, Federal, States Ministries, Departments, (MDAs) and LGAs, NDDC and State Development Agencies, Oil companies</td>
<td>The Informal sector, Organized private sector, Government SMEDAN, NAPEP, NASSI, NACCIMA, NDDC, State Oil Prod. Devt, Comm.</td>
<td>2009-2012, 2013-2020</td>
<td>Effective linkage of SMEs with large manufacturing industries as engine of growth of the economy</td>
<td>Effective linkage of SMEs with manufacturing industries as engine of growth of the economy</td>
<td>100,000</td>
<td>NASSI, NACCIMA, Rep. of Unions of Artisan groups, Relevant CSOs / NGOs, NDE, NBS, NDDC and State Development Agencies, Oil companies, CBN, CBN</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<td>Enhance stakeholder participation in Monitoring and Evaluation</td>
<td>Number of monitors deployed and their output</td>
<td>Strategy framework Setting sectoral targets in place</td>
<td>Federal &amp; States Ministries and Agencies (MDAs)</td>
<td>Federal States and Local Governments Private Sector CSOs NCWS NEPAD / APRM NWG</td>
<td>Federal States and Local Governments Private Sector CSOs NCWS NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Effective Stakeholder Ownership of National Development Programmes to enhance growth</td>
<td>Establishing and institutionalizing Monitoring and Evaluation mechanism into all projects carried out</td>
<td>358,500</td>
<td>National Planning Commission and State Min. of Fin. &amp; Econ. Planning Relevant CSOs, NEPAD / APRM NBS CBN</td>
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<tr>
<td>Improve coordination of development management</td>
<td>Measures taken to sustain ownership of development programmes</td>
<td>Privatization Programme of the Government establishments</td>
<td>BPE Federal Ministries and Parastatals involved Banks</td>
<td>BPE Federal and States Governments Private Sector Professional Associations BPE CSOs NEPAD / APRM NWG</td>
<td>BPE Federal and States Governments Private Sector Professional Associations BPE CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Effective Stakeholder Ownership of National Development Programmes that will enhance socio-economic growth</td>
<td>Full effective Stakeholder participation and Ownership of National Development Programmes that will enhance socio-economic growth</td>
<td>106,000</td>
<td>National Planning Commission Federal and States Ministries of Finance &amp; Econ. Planning National and States Assemblies NEPAD</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
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<td>Self-sustained Socio-economic Development, based mainly on Human and material resources</td>
<td>Allocate and utilize resources Appropriated</td>
<td>Increased size of budgetary appropriation</td>
<td>Government implementing Poverty Reduction Programmes such as NDE &amp; NAPEP, Skill Acquisition Centres</td>
<td>The Presidency Ministries of Commerce &amp; Industry, Finance, and Labour</td>
<td>NAPEP</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>121,600</td>
<td>NAPEP, NEPAD, MDAs, States and LGAs, Relevant CSOs / NGOs, NBS, CBN</td>
</tr>
<tr>
<td>Build capacity at all levels for effective development &amp; management</td>
<td>No of Training W/ shops conducted and their impact; NDE, NAPEP, Skill Acquisition</td>
<td>Govt implementing Poverty Reduction Prog. such as NDE &amp; NAPEP, Skill Acquisition Centres</td>
<td>The Presidency Min. of Comm &amp; Ind., Fin., Labour</td>
<td>NAPEP</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Enhanced human capacity for better service delivery in actualization of programmes and projects</td>
<td>243,600</td>
<td>NDE, NAPEP, NEPAD, Relevant CSOs / NGOs, NPC</td>
<td></td>
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<tr>
<td>Change attitude to ensure inter regime continuity and sustainability of laudable programmes</td>
<td>Level of continuity of laudable programmes by successive regimes and success factors</td>
<td>National Orientation Agency (NOA) Fed. Ministry of Information and Communications</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments NOA</td>
<td>The Presidency Key Government Ministries, Departments and Agencies (MDAs) CSOs CBOs States and National Assemblies Judiciary NPC NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Better orientation of Nigerians on matters that affect their human existence Buying-in Nigerians through continuity and sustenance of people-centred programmes</td>
<td>121,600</td>
<td>The Presidency MDAs Relevant CSOs / NGOs CBOs Media NPC</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Coordinate efforts of all tiers of govt. effectively</td>
<td>Number of assessment meetings and workshops</td>
<td>National Council of states National Economic Council NOA</td>
<td>The Presidency NPC NOA</td>
<td>All Tiers of Government NOA NPC NEPAD / APRM NWG</td>
<td></td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>81,600</td>
<td>NPC NOA Relevant CSOs / NGOs CBOs NEPAD</td>
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<tr>
<td>Sustain stakeholder advocacy and awareness activities at all levels</td>
<td>Number of outreach programmes conducted and their impact</td>
<td>NOA NDE Media programmes</td>
<td>NAPEP NDE Ministry of Agric &amp;WR, Commerce &amp; Industry SMEDAN NOA</td>
<td>The Presidency CSOs SMEDAN Fed. Ministry of Commerce NOA NEPAD / APRM NWG</td>
<td></td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Improved quality of life for the Nigerian Citizens through the spread of development programmes that will awake the people</td>
<td>121,600</td>
<td>NOA NAPEP NDE Relevant CSOs / NGOs NEPAD</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Ensure sustenance of integrated development in the Niger Delta</td>
<td>Commitment to the provisions in the NDDC Act, Level of infrastructural development in the Niger Delta, Quarterly Progress Report as part of Statistical Audit</td>
<td>The Niger Delta Development Master Plan (NDRDMP), NDDC Projects, increase in allocation to states and LGAs in the region, dialogue Committee on state and non state stakeholders in the region</td>
<td>Federal &amp; States Ministries, Departments and Agencies (MDAs), Local Governments, Communities, NDDC, Oil Companies</td>
<td>Federal &amp; States Ministries, Departments and Agencies (MDAs), Local Governments, Communities, NASS, NDDC, Oil Companies, Private Sector, NGOs, CSOs, CBOs, Traditional Institutions, NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Improved Infrastructure and Socio-economic life in the Niger Delta</td>
<td>Improved Infrastructure and Socio-economic life in the Niger Delta</td>
<td>226,400</td>
<td>Federal &amp; States and Local Governments (MDAs) NDDC Private Sector Relevant CSOs / NGOs NEPAD NPC</td>
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<tr>
<td>Intensify Campaign and implement measures against desertification and soil erosion</td>
<td>Increase in afforestation and reduced degradation of soil</td>
<td>Environmental Protection Agencies Programmes</td>
<td>Federal and States Ministries, Environmental Protection Agencies Programmes</td>
<td>Federal and States Ministries of Agriculture and Environment, NESREA</td>
<td>2009-2012</td>
<td>Reclaimed and Secured environment for enhanced productivity</td>
<td>Decent environment devoid of environmental degradation, soil erosion and deforestation</td>
<td>206,400</td>
<td>Federal and States Ministries of Agriculture and Environment NESREA Private Sector NGOs CSOs CBOs Traditional Institutions NEPAD</td>
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<td>Mainstream poverty alleviation into budget process</td>
<td>Level of budgetary allocation to poverty alleviation Quarterly Progress Report as part of Statistical Audit</td>
<td>NAPEP NDE NARDB</td>
<td>Fed. And States Ministries of Finance NARDB NPC</td>
<td>Presidency States and LGCs CSO CBN Commercial Banks NPC NEPAD / APRM NWG</td>
<td></td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Reduction of poverty to the barest minimum that will guarantee improved quality of life</td>
<td>101,600</td>
<td>CBN NASS NPC NEPAD / APRM NWG CSOs</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td><strong>OBJECTIVE 3: STRENGTHENING POLICIES, DELIVERY MECHANISM AND OUTCOME IN KEY SOCIAL DEVELOPMENT AREAS</strong></td>
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<td>Improved quality of service delivery and policy implementation</td>
<td>Enhance economic empowerment and development of the citizenry</td>
<td>Number and impact of Government empowerment policies/schemes</td>
<td>SERVICOM Due Process</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Enhanced Service Delivery and Policy Implementation Quality</td>
<td>Enhanced Service Delivery and Policy Implementation hinged on Quality</td>
<td>206,400</td>
<td>The Presidency Federal, States and Local Governments MDAs CSOs NEPAD</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Restoration of Value Re-orientation</td>
<td>Respect for Rule of Law</td>
<td>SERVICOM Due Process Political Reform</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments</td>
<td>Federal, States and Local Governments MDAs Citizenry NEPAD / APRM NWG Traditional Institution FBOs CBOs CSOs</td>
<td>2009-2012</td>
<td>Enhanced Service Delivery and Policy based on quality implementation</td>
<td>Restoration of moral ethics and value Re-orientation in the country</td>
<td>91,700</td>
<td>CSOs NEPAD CBOs NBA The Electorates NEPAD</td>
<td></td>
</tr>
<tr>
<td>Consolidate the reform of Federal Inland Revenue Service (FIRS) and financial management framework</td>
<td>Strength of redesigned revenue framework</td>
<td>Transparent Budget and Revenue allocation process</td>
<td>The Presidency Min. of Finance Office of the Accountant General Office of the Auditor General FIRS NPC</td>
<td>Federal, States and Local Governments MDAs Citizenry Private NPC Sector CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Transparent and improved method of revenue Generation and Allocation Mechanism</td>
<td>Improved methods of generating tax revenue and better management of the revenue.</td>
<td>206,400</td>
<td>The Presidency Federal, States and Local Governments MDAs Private Sector CSOs NEPAD</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Priority on educational issues, Advocacy on Education programmes, Girl child education, vulnerable group, increase funding</td>
<td>Level of school curricula reformation at all levels</td>
<td>Institutional Reform in the Education Sector; girl child education</td>
<td>The Presidency Ministry of Education at all levels</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs Fed. Ministry of Education Vulnerable groups NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Increased number of Literate population esp. women and quality of graduates at all levels.</td>
<td>Increased number of Literate population esp. women and quality of graduates at all levels.</td>
<td>206,400</td>
<td>Federal, States Ministry of Education LGAs Key and relevant CSOs / NGOs UNESCO UNICEF NCWS NEPAD NBS NUC NPTC</td>
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<tr>
<td>Priority to be on Health issues, increase funding</td>
<td>Capacity building, Overhauling of the health sector, New Employment, Equipping health institutions</td>
<td>Institutional Reform of the health sector Periodic review of activities in the health sector and progress made over time</td>
<td>The Presidency Ministry of Health at all levels</td>
<td>Federal, States and Local Governments MDAs Vulnerable groups Private Sector CSOs CBOs Fed. Ministry of Health Donor Agencies NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Improvement on quality of healthy life of Nigerian citizens; drastic reduction rate of HIV/AIDS victims and Malaria rate. Full under-fives immunization</td>
<td>Longer life span; higher quality of healthy life of the citizens; drastic reduction rate of HIV/AIDS victims and Malaria rate. Full under-fives immunization.</td>
<td>103,200</td>
<td>Federal, States Min. of Health and MDAs Local Governments Private Sector Key and relevant CSOs WHO UNICEF CBOs NEPAD</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Invest in Research and Development (R &amp; D)</td>
<td>Invest in Research and Development (R &amp; D)</td>
<td>Degree of compliance with International benchmark on spending on R&amp;D as set for Developing Countries by UNESCO</td>
<td>National Raw Material Research and Development Council, Research Institutes.</td>
<td>The Presidency States and Local Governments MDAs, Private Sector CSOs, NEPAD / APRM NWG Development Partners</td>
<td>2009-2012</td>
<td>Strengthen capacity to develop, implement and monitor socio-economic development issues</td>
<td>Promotion of Research and Development that can facilitate quicker development in all facets</td>
<td>206,400</td>
<td>The Presidency Federal, States and Local Governments MDAs, Private Sector Relevant CSOs / NGOs NEPAD NPC</td>
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<tr>
<td>Sustain Implementation of the National Policy on HIV/AIDS in the workplace</td>
<td>Sustain Implementation of the National Policy on HIV/AIDS in the workplace</td>
<td>Number of cases of discrimination against people living with HIV/AIDS in Public and Private Sector Quarterly &amp; biennial Report</td>
<td>NACA SACALACA Building of health institutions to combat HIV/AIDS</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs FBOs Traditional Institutions NACA NEPAD / APRM NWG Devt. Partners</td>
<td>2009-2012</td>
<td>Improved Quality of life and enhanced productivity</td>
<td>Absorption of victims of HIV/AIDS into their immediate society with discrimination.</td>
<td>91,700</td>
<td>The Presidency States and Local Governments MDAs, Private Sector Relevant CSOs / NGOs NACA NEPAD WHO UNICEF</td>
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<td>Overhaul all obsolete policies and laws</td>
<td>Overhaul all obsolete policies and laws</td>
<td>Number of obsolete laws Privatisation &amp; Monetisation Policies</td>
<td>National and states Assemblies Federal &amp; States Ministries Departments and Agencies (MDAs)</td>
<td>Ministry of works FERMA NOC CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>All obsolete laws reviewed</td>
<td>121,600</td>
<td>National and States Assemblies BPE Relevant CSOs / NGOs NEPAD</td>
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<td>Improve funding mechanism</td>
<td>Level of budgetary allocation and Public Private Sector Partnership</td>
<td>National Economic Summit</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs)</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs NPC NESG NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Increased Service Delivery in the Socio-economic sphere</td>
<td>Adequate funding for public private partnership projects.</td>
<td>91,700</td>
<td>The Presidency States and Local Govts MDAs Private Sector Relevant CSOs / NGOs NESG NPC NEPAD</td>
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</table>

**OBJECTIVE 4: ENSURING AFFORDABLE ACCESS TO WATER, SANITATION, ENERGY, FINANCE (INCLUDING MICRO FINANCE), MARKETS, ICT, SHELTER AND LAND TO ALL CITIZENS, ESPECIALLY THE POOR**

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
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<tr>
<td>Institute a virile financial sector and improved access to affordable house mortgage finance, ICT, water</td>
<td>Provide incentive to encourage greater private sector participation</td>
<td>Degree and impact of incentive offered</td>
<td>Liberalised Telecommunications Sector admitting more operators Oil and fertilizer subsidies</td>
<td>The Presidency NPC Ministries of information &amp; communications, Finance, Agriculture &amp; Water Resources, Housing &amp; Urban Development, Commerce &amp; Industry and Federal Ministry of Energy</td>
<td>Federal, States and Local Governments MDAs NPC NESG Private Sector CSOs Small and Medium scale Enterprises Mortgage Banks NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Enhanced Private Sector Participation</td>
<td>Government providing enabling environment to allow for greater private sector partnership and participation</td>
<td>191,000</td>
<td>Federal, States and Local Governments NPC MDAs Private Sector Relevant CSOs / NGOs Small and Medium scale Enterprises NEPAD</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>Institute appropriate Legal and regulatory frameworks</td>
<td>Regulatory reforms in ICT resulting in Increased Teledensity</td>
<td>The Presidency National and States Assemblies Fed. and states Ministries of Justice, Information and Communications</td>
<td>Federal, States and Local Governments MDAs States Assemblies Private Sector CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Institution of all appropriate legal and regulatory frameworks</td>
<td>Institution of all appropriate legal and regulatory frameworks</td>
<td>89,000</td>
<td>Federal, States and Local Governments MDAs Private Sector Relevant CSOs / NGOs NEPAD</td>
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<tr>
<td>Institute a virile public sector infrastructure</td>
<td>Improve transport Infrastructure to reduce cost of business Roads Rail Navigable Waterways Air transport</td>
<td>On-going Reform of the transport infrastructure</td>
<td>The Presidency Ministries of Works, Transportation, and Environment</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs Small and Medium scale Enterprises NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Increased access to good transportation in all parts of the country</td>
<td>Overhauled transport infrastructure development</td>
<td>181,000</td>
<td>Federal, States and Local Governments MDAs Private Sector Relevant CSOs NEPAD NPC</td>
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<tr>
<td>Institute a virile and improved access to affordable water good sanitation, and healthy environment</td>
<td>Policy on Dams, and Treatment plants National Environmental Standards Regulations Enforcement Agency</td>
<td>Federal, States, and LGAs Min. of Agric. &amp; Water Res. Health, &amp; Environment</td>
<td>Federal, States, LGAs Private sector CSOs / NGOs NEPAD Devt. Partners</td>
<td>2009-2012</td>
<td>Affordable and increased access to good sanitation &amp; healthy environment</td>
<td>Accessibility to good sanitation and healthy environment by all Nigerian citizens</td>
<td>103,200</td>
<td>NPC NIPP SMEDAN CBN NACCIMA NBS Relevant CSOs / NGOs Media</td>
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<td>ACTIVITY OBJECTIVE</td>
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<td>Institute a virile financial sector and improved access to energy supply and credit facilities</td>
<td>Approval of Gas Master Plan and implementation of Energy Reform</td>
<td>Fed. Min. of Energy, NIPPP, States, Private Donor Agencies</td>
<td>Federal, States, and LGAs, NIPPP, CSOs, NACMA, NEPAD</td>
<td>2009-2012</td>
<td>Generation, transmission and distribution of energy to all Nigerians and businesses connected to National Grid</td>
<td>Media</td>
<td>Promote the generation, transmission, and distribution of energy to all citizens</td>
<td>30,000</td>
<td>A nation where energy is generated and distributed to enhance business, and industrial growth and good living</td>
<td></td>
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<tr>
<td>Establish the construction of facilities for credit and economic growth</td>
<td>Reviewing the Energy Reform</td>
<td>The Presidency, Ministries of Finance &amp; Commerce, &amp; CBN</td>
<td>Federal, States and Local Govts, CSOs, MEA, SME, REAP</td>
<td>2009-2012</td>
<td>Number and adequacy of banks and micro-financial institutions operating well</td>
<td>SMEs, CSOs, CBN</td>
<td>Gov’t policy on micro-financial institutions for socio-economic development</td>
<td>201,000</td>
<td>Improved access to funds for socio-economic development</td>
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<tr>
<td>Reform the Land Use Act to liberalize access to land</td>
<td>Reform the Land Use Act to liberalize access to land for housing, agriculture, industries, and other development purposes</td>
<td>The Presidency, Ministries of Justice, Agric &amp; WR</td>
<td>Federal, States, and Local Govts, MEA, SME, NIPPC</td>
<td>2009-2012</td>
<td>Easy availability of land for agriculture, industries, and other development purposes</td>
<td>NEPAD / APRM</td>
<td>Liberalization of the Land Use Act and accessibility to land for development</td>
<td>30,000</td>
<td>A country where land and housing are available to the people without difficulty</td>
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<td>Provision of decent and affordable houses</td>
<td>Percentage increase in number of people having access to decent houses at affordable cost</td>
<td>Adoption by Government of a new National Housing Policy in 2002</td>
<td>Federal Housing Authority, Federal Mortgage Bank, Private Sector, Estate Developers, Housing Agencies, Primary Mortgage Institutions, Secondary Mortgage Banks, Bond and Capital Markets, Federal States and Local Governments</td>
<td>Federal States and Local Governments, MDA, Private Sector, CSOs, NECF, AFRM</td>
<td>2009-2012</td>
<td>Housing deficit significantly reduced</td>
<td>Housing deficit significantly reduced</td>
<td>Federal States and Local Governments, MDA, Private Sector, CSOs, NECF, AFRM</td>
<td>201,000</td>
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<td>Strengthen physical development / planning authorities</td>
<td>Existence of microfinance fund although with limited access</td>
<td>The Presidency, National and State Planning Commissions, Ministries of Works, Energy, Information and Communications, and Finance</td>
<td>Federal Housing Authority, Federal Mortgage Bank, States and LGCs Housing Agencies, Private Sector, Bond and Capital Markets, Secondary Mortgage Markets, Federal States and Local Governments, MDAs, Private Sector, CSOs, NECF, AFRM</td>
<td>Federal States and Local Governments, MDA, Private Sector, CSOs, NECF, AFRM</td>
<td>2009-2012</td>
<td>Easy access to service</td>
<td>Strengthened physical development in planning authorities that perform effectively and efficiently</td>
<td>Federal States and Local Governments, MDA, Private Sector, CSOs, NECF, AFRM</td>
<td>181,000</td>
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<tr>
<td>Improve access to credit for SMEs and informal sector</td>
<td>Number of people provided with soft loans</td>
<td>SMEDAN Bank of Industries Micro-Finance Banks</td>
<td>The Presidency Ministry of Commerce &amp; Industry CBN and Commercial Banks Micro-Finance Banks</td>
<td>Federal, States and Local Govts MDAs NPC Private Sector CSOs Small and Medium scale Enterprises Banks NASSI NWG NEPAD CBN</td>
<td>2009-2012</td>
<td>Increased participation in Business</td>
<td>Easy access to micro-finance, SMEs through designated financial institutions.</td>
<td>191,000</td>
<td>Federal, States and Local Govts MDAs NPC Private Sector NASSI SMEs SMEDAN NEPAD Relevant CSOs CBN</td>
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<td>Development of Markets Liberalise access to land</td>
<td>No of new markets built Number of land allocations to groups and individuals</td>
<td>Federal, States and Local Governments Land Allocation Committees (AGIS)</td>
<td>States and LGCs The Presidency Min. of Housing &amp; Urban Devt. States LGCs</td>
<td>Farmers Traders States LGCs Federal, States and Local Govts Min. of Lands, and FCT AGIS Private Sector NEPAD NWG</td>
<td>2009-2012</td>
<td>Accessibility to markets</td>
<td>Accessibility to markets Enhanced provision of housing to citizens</td>
<td>89000</td>
<td>States LGCs NPC NEPAD Federal, States and Local Govts MDAs Private Sector Relevant CSOs NEPAD NPC</td>
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<td>Improve access to safe drinking Water</td>
<td>Percentage of people having access to safe drinking water, and enjoying better sanitation</td>
<td>Federal, States and Local Govs</td>
<td>Federal, States and Local Governments</td>
<td>Federal, States and Local Govts</td>
<td>2009-2012</td>
<td>Enhanced quality of life of Nigerian citizens</td>
<td>Provision of potable and safe water human and industrial consumption</td>
<td>101,000</td>
<td>Federal, States and LGAs NEPAD Donor Agencies Private sector Relevant CSOs FBOs NPC</td>
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**OBJECTIVE 5: PROGRESS TOWARDS GENDER EQUALITY, PARTICULARLY ACCESS TO EDUCATION FOR THE GIRL CHILD ACCORDING TO THE UN TREATY**

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<tr>
<td>Full Integration of women in critical facets of life</td>
<td>Scale up gender empowerment measures currently adopted in a few states to cover all outstanding State Gender Affirmative Action</td>
<td>Ratio of women in decision Making positions and key socio-economic activities in all the states Biennial Report with updated statistical information</td>
<td>Gender empowerment measures instituted in some states CEDAW Bill in the NASS</td>
<td>The Presidency States and Local Governments</td>
<td>2009-2012</td>
<td>Increased political commitment to promotion of gender equality</td>
<td>Increased political commitment to promotion of gender equality</td>
<td>29,3000</td>
<td>Federal, States and Local Governments MDAs National and states Assemblies NCWS NHRC MDAs Private Sector Relevant CSOs / NGOs NBS NEPAD NPC NBS</td>
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<td>Gender Affirmative Action Plan to promote gender equality (35% of women in decision-making) similar to the Federal Character provision of the Constitution</td>
<td>Stakeholder involvement in Action Plan Formulation Level of mainstreaming gender into all programmes Quarterly progress report on gender status</td>
<td>Increased number of women appointed into public offices Most political parties have women caucuses to promote to promote participation</td>
<td>National and states Assemblies All tiers of Government Political Parties</td>
<td>Federal, States and Local Governments MDAs National and states Assemblies NCWS NHRC CSOs Private Sector</td>
<td>2009-2012</td>
<td>Increased political commitment to the promotion of gender equality</td>
<td>Increased sexual gender affirmative commitment to the promotion of gender equality</td>
<td>106,000</td>
<td>Federal, States and Local Governments National and states Assemblies NCWS NHRC Relevant NGOs / CSOs Private Sector Political Parties NEPAD NPC</td>
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<tr>
<td>Adequately fund women based promotional institutions</td>
<td>Level of resource mobilization and allocation Biennial progress report on funding</td>
<td>Office established at Federal level to enforce legislation against child labour and trafficking, but evident high rate of child labour NAPTIP</td>
<td>The Presidency Ministries of Finance, and women affairs NAPTIP</td>
<td>Federal, States and Local Govts MDAs NASS and states Assemblies NCWS NHRC CSOs NPC Private Sector</td>
<td>2009-2012</td>
<td>Increased funding to ensure gender equality</td>
<td>Adequate funding of women based promotional institutions and programmes</td>
<td>200,000</td>
<td>Federal, States and Local Govts NPC NASS &amp; states Assemblies NCWS NHRC Relevant CSOs Private Sector</td>
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<td>Include gender sensitization in school curricula</td>
<td>Level of gender issues in school curricula Percentage of female to male teachers at institutions on state basis.</td>
<td>Female-based unity school established across the country, Gender Policy Bill in the NASS</td>
<td>The Presidency Min. of Education at Federal and states and of Women Affairs</td>
<td>Ministry of Education at Federal and States NASS NCWS NHRC CSOs / NGOs NEPAD / APRM NWG NPC</td>
<td>2009-2012</td>
<td>Gender issues imbied early: Ensuring (100%) full enrolment and completion at pry school level</td>
<td>Promotion of gender curricula in schools</td>
<td>96,000</td>
<td>Federal, States and Local Govs National and states Assemblies NCWS NHRC Relevant CSOs / NGOs NEPAD NPC</td>
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<tr>
<td>Massive public enlightenment to promote gender sensitivity</td>
<td>Public education and sensitization conducted</td>
<td>NCWS, CSOs, NGOs on the crusade</td>
<td>The Presidency Ministries of women affairs, Information &amp; communications National Orientation Agency</td>
<td>Ministry of Education NCWS NHRC CSOs / NGOs Youths NEPAD / APRM NWG NPC</td>
<td>2009-2012</td>
<td>Gender equality awareness to ensure Egalitarian society</td>
<td>Gender equality awareness to ensure Egalitarian society</td>
<td>106,000</td>
<td>Federal, States and Local Govts. National and states Assemblies NCWS NHRC Relevant CSOs / NGOs Private Sector NEPAD NPC</td>
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<tr>
<td>Provide Scholarship Scheme to support girl child education to the tertiary level</td>
<td>Number of females awarded scholarship Quarterly progress report</td>
<td>NONE</td>
<td>The Presidency Ministries of Education and of Women Affairs</td>
<td>Ministry of Education NCWS NHRC CSOs NEPAD / APRM NWG NPC Youths Disabled group</td>
<td>2009-2012</td>
<td>Disparity / gap in girl-child education bridged</td>
<td>Provision of Scholarship Scheme to support girl child education up to the tertiary level</td>
<td>293,000</td>
<td>Federal, States and Local Govs National and states Assemblies NCWS NHRC Relevant CSOs / NGOs Youths Private Sector NEPAD NPC</td>
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<td>Involve all stakeholders in all facets of development</td>
<td>Formulate Action Plans for involving stakeholder in every Local Government Area in the Country</td>
<td>Number and impact of Action Plan components</td>
<td>ALGON Security Projects, International Donors Projects</td>
<td>The Presidency National and States Planning Commissions Ministries of Information &amp; communications, Local Government and Chiefaincy Affairs National Orientation Agency</td>
<td>Federal, States and Local Governments MDAs NPC Private Sector CSOs CBOs NEPAD / APRM NWG NPC Media</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level</td>
<td>127,000</td>
<td>Federal, States and Local Govts National and states Assemblies NCWS NHRC Relevant CSOs / NGOs Private Sector NEPAD NPC</td>
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<tr>
<td>Train Community based Organisations in participatory and community mobilization skills</td>
<td>Number and output of workshops and seminars conducted Quarterly and Biennial Report</td>
<td>Government Training programmes for stakeholders at all facets of development</td>
<td>The Presidency National and States Planning Commissions Ministries of Information &amp; communications, Local Government and Chiefaincy Affairs National Orientation Agency</td>
<td>Federal, States and Local Govts MDAs Min. of Women Affairs NPC Youths Private Sector CSOs NGOs CBOs National Planning Comm Disabled NEPAD / APRM NWG Media</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level</td>
<td>Broad-based stakeholder participation particularly at local govt. level</td>
<td>205,000</td>
<td>Federal, States and Local Govts States Planning Commissions NCWS NHRC Relevant CSOs / NGOs NEPAD Media</td>
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<td>Actively involve the National Orientation Agency (NOA) in sensitisation programme for broad-based participatory development</td>
<td>Number and output of workshops and seminars conducted</td>
<td>Level of awareness</td>
<td>NOA propagates Government programmes although not adequately funded</td>
<td>The Presidency National and States Planning Commissions Ministries of Information &amp; communications National Planning Comm NCWS Disabled CBOs CSOs / NGOs NGOs</td>
<td>NOA Ministries of Information &amp; communications National Planning Comm NCWS Disabled CBOs CSOs / NGOs</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level</td>
<td>Sensitisation of all stakeholders on programmes and projects for effective participation</td>
<td>127,000</td>
<td>Federal, States and Local Governments National and states Planning Commissions NCWS NHRC Relevant CSOs NGOs NEPAD Media</td>
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<td>Constant advocacy visit to stakeholders by all tiers of governments to support mobilization programme</td>
<td>Number of visits</td>
<td>Visit media houses to solicit support</td>
<td>Federal and states government (MDAs) including FCT, NOA, NPC, Federal Ministries of Women Affairs, Information and Communications</td>
<td>State MDAs NPC NOA Private Sector CSOs CBOs Youths Disabled group NEPAD / APRM NWG Media</td>
<td></td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level through constant advocacy</td>
<td>127,000</td>
<td>Federal, States and Local Gvs MDAs States Ministries of Information NOA NPC Relevant CSOs / NGOs CBOs NCWS NEPAD Media</td>
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<td>Organise periodic stakeholder meetings by state to discuss and prioritise development issues</td>
<td>Number of meetings held</td>
<td>Public hearing organized by National and States Assemblies for inputs in law making and development issues</td>
<td>Federal and states government (MDAs) including PCT, NOA, NPC</td>
<td>State MDAs Private Sector CSOs CBOs Disabled group Youths National Planning Comm NEPAD / APRM NWG Media</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level through periodic meetings</td>
<td>121,000</td>
<td>Federal, States and Local Govts MDAs States Ministries of Information NOA NPC Relevant CSOs / NGOs CBOs Youths NCWS NEPAD Media</td>
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<tr>
<td>Make clear guidelines for stakeholder participation</td>
<td>Clarity of guidelines made and level of compliance</td>
<td>Stakeholder database introduced</td>
<td>Presidency Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments NOA National Planning Commission</td>
<td>Federal, States and Local Govts MDAs National and States Assemblies Private Sector CSOs CBOs Disabled group Youths National Planning Comm NEPAD / APRM NWG Media</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level through appropriate guidelines</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level through appropriate guidelines</td>
<td>100,000</td>
<td>The Presidency National and states Planning Commissions Federal and States Mn. of Information NOA NCWS Relevant CSOs / NGOs NEPAD Media</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM (’000 US$)</td>
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<td>Build capacity of CSOs, CBOs</td>
<td>Number and impact of workshops and seminars conducted</td>
<td>Workshops and seminars organized</td>
<td>Presidency NPC Federal and States ministries including FCT, MDAs, NOA</td>
<td>Federal, States and Local Governments MDAs NPC Private Sector CSOs CBOs Disabled group Youths NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. level</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level through capacity building</td>
<td>48,500</td>
<td>The Presidency NPC Federal, States and Local Governments MDAs Private Sector Relevant CSOs NCWS CBOs NBS NEPAD</td>
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ANNEXURE III

REPORT ON THE PEER REVIEW OF NIGERIA
I. INTRODUCTION

1. The peer review of Nigeria was conducted in two sessions:
   

   ii) The first Extraordinary Session of the APR Forum held on 29 October 2008 in Cotonou, Benin.

II. NINTH SUMMIT OF THE APR FORUM, SHARM EL-SHEIKH, EGYPT, 29 JUNE 2008

Introduction

2. The ninth Summit of the APR Forum was held on the margins of the eleventh Ordinary Session of the Heads of State and Government of the African Union (AU). His Excellency Meles Zenawi, prime minister of the Federal Democratic Republic of Ethiopia and chairperson of the APR Forum, presided over the meeting.

3. The following heads of state and government attended the summit:

   i) His Excellency Abdelaziz Bouteflika, president of the People’s Democratic Republic of Algeria.

   ii) His Excellency Thomas Yayi Boni, president of the Republic of Benin.

   iii) His Excellency Blaise Compaoré, president of the Republic of Burkina Faso.

   iv) His Excellency Hosni Mubarak, president of the Arab Republic of Egypt.

   v) His Excellency Meles Zenawi, prime minister of the Federal Democratic Republic of Ethiopia.

   vi) His Excellency Pakalitha Mosisili, prime minister of the Kingdom of Lesotho.

   vii) His Excellency Amadou Toumani Touré, president of the Republic of Mali.
viii) His Excellency Umaru Musa Yar‘Adua, president of the Federal Republic of Nigeria.

ix) His Excellency Paul Kagame, president of the Republic of Rwanda.

x) His Excellency Thabo Mbeki, president of the Republic of South Africa.

xi) His Excellency Omar al-Bashir, president of the Republic of Sudan.

xii) His Excellency Faure Gnassingbé, president of the Republic of Togo.

xiii) His Excellency Yoweri K Museveni, president of the Republic of Uganda.

4. His Excellency Jean Ping, chairperson of the AU Commission, also attended the summit.

5. The heads of state and government of Angola, Cameroon, Djibouti, Gabon, Ghana, Kenya, Malawi, Mali, Mauritania, Mauritius, Mozambique, the Republic of Congo, São Tomé and Príncipe, Senegal, Tanzania and Zambia were represented.

6. Four members of the African Peer Review Mechanism Panel of Eminent Persons (APR Panel) were present:

   • Professor Adebayo Adedeji, chairperson of the APR Panel.
   • Ambassador Bethuel Kiplagat, lead panellist for Nigeria.
   • Professor Mohammed Seghir Babès, lead panellist for Burkina Faso.
   • Professor Dorothy Njeuma.

**Presentation of the Country Review Report on Nigeria**


8. Ambassador Kiplagat began by noting that the assessment of governance in Nigeria is understood within the context of a number of issues:

   i) *The diversity of the country:* Nigeria is one of the most diverse countries in the world, with a population of 140 million, 250 ethnic groups and about 510 spoken languages. Nigerians ascribe to at least one of the three major religions (Christianity, Islam
and traditional African religion). In an attempt to manage these diversities, Nigeria has adopted a federal system of government. Key population statistics are as follows:

- Life expectancy – 46.5 per cent.
- Growth rate – 3.2 per cent.
- Poverty incidence – 54.4 per cent (population living below the poverty line of about US$1 per day).

i) **The impact of the military**: The military dominated the affairs of the state in Nigeria for approximately 30 years after independence. This dominance has resulted in, amongst others, the centralisation of power and intrastate conflicts for the control of resources, notably land and oil. The conflict in the Niger Delta region is a case in point in this regard. Indeed, Nigeria has about 3 million internally displaced persons due to internal conflict.

ii) **Oil dependency and its ancillaries**: Nigeria is one of the leading oil producers in the world, with an output of up to 40 billion barrels per day. However, about half the country’s population wallow in abject poverty. Income from oil contributes almost 85 per cent of the budget. This has led to the neglect of other sectors, notably agriculture. Oil has affected federalism in that power and the control of resources are centralised. States generally have a limited capacity to generate their own income. There is an attempt to address this through a constitutional arrangement known as the revenue-sharing formula, but there is contestation in particular by oil-producing states on their share.

9. Ambassador Kiplagat informed the meeting that the APR Panel also raised in the CRR the issue of the Excess Crude Account that stands at about US$54 billion. The question posed is whether this amount can be used for development, particularly the improvement of infrastructure.

10. Ambassador Kiplagat’s presentation also identified some other issues covered in the CRR, notably:

i) Ineffective implementation of policies and poor delivery of social services.

ii) Management of elections and electoral reforms.

iii) Discriminatory gender practices and the slow pace of the advancement of women to key public-sector positions.

11. Ambassador Kiplagat noted the importance of knowledge management in the context of Nigeria’s film industry, Nollywood.

12. In accordance with the African Peer Review Mechanism (APRM) mandate to reinforce best practices, Ambassador Kiplagat commented on some of Nigeria’s best practices as identified by the review, in particular:
i) Nigeria’s role in conflict resolution and peacebuilding, particularly in the West Africa subregion, and its promotion of the Economic Community of West African States (ECOWAS).

ii) The Council of the State, which consists of former leaders in Nigeria and which advises the president on request.

iii) President Yar’Adua’s declaration and publication of assets as a signal of his commitment to good governance.

iv) The Technical Aid Corps (TAP) programme, which exports Nigerian technical aid to other African countries.

v) The Extractive Industries Transparency Initiative (EITI). Nigeria was the first African country to adopt the EITI and has enacted legislation to enhance the operation of this initiative in the country.

13. Ambassador Kiplagat concluded by informing the meeting that the government of the Federal Republic of Nigeria has indicated that it is committed to taking full advantage of the opportunities for deepening sustainable good governance through diligent implementation of the National Programme of Action (NPoA). The estimated annual budget for implementing the APRM, through Nigeria’s NPoA, is US$20 billion.

**Full text of response by President Yar’Adua**

I am glad for the opportunity to address Your Excellencies, members of the African Peer Review Forum which was established, through our collective will, to enthrone good governance in our continent. The NEPAD policy framework of which the African Peer Review Mechanism is an integral part is a grand strategy for the renewal and re-birth of Africa, through broad based development strategies that are aimed at poverty reduction.

The exercise we are undertaking today is an affirmation of our resolve to rededicate ourselves through periodic reviews of policies and practices, to achieve mutually agreed goals and to comply with the adopted political, economic and corporate governance values which can lead to the sustainable development of our continent. Today Nigeria has chosen to voluntarily submit to be reviewed in accordance with these guidelines enunciated under the APRM, believing, as we do, that Nigeria cannot walk away from any enterprise involving the healthy development of Africa. We share in the belief that governance issues must be addressed comprehensively and across all sectors of our societies.

Developments in the pioneer countries of APRM have clearly testified to the positive value of APRM in accurately pointing out the challenges of governance and development. In one or two countries where the review has been conducted and problems identified, lack of speedy response rather than failure of the Review process appears to be responsible for not quickly addressing the weaknesses that were so eloquently addressed.
in the Country Reports. We in Nigeria appreciate the thoroughness of the process and the audit exercise of governance that was carried out in our country. There was credibility and integrity in the process. We reaffirm our commitment to continue to strive to deepen ownership of the National Programme of Action (NPoA) through better social and political buy-in so as to engender public trust in governance for a better Nigeria and indeed, a better Africa.

I hereby seek your indulgence to use this opportunity to share with Your Excellencies a few challenges that have emerged from the self-assessment exercise on Nigeria and our responses to them.

**MANAGEMENT OF DIVERSITY**

As it is well known, Nigeria is a vast multi-ethnic, multi religious, multilingual and multi cultural society, woven into one federal system. This pluralism is one of the most fundamental challenges of the country, the governance challenges of which has seen us undergo a civil war and intermittent civil strifes which cannot be easily explained by single issues. Indeed, our experience will suggest that a complex society such as ours cannot always be managed smoothly or cheaply in the face of this reality, and our response has been to adopt some creative arrangements to ensure inclusiveness and participation in the affairs of our nation by all our federating units and citizens through the establishment of appropriate institutions to respond to emerging and evolving challenges.

The context is our adoption of a Federal system of government that gives expression to our motto of unity in diversity. As the APR Panel correctly noted, the federal system of governance has worked reasonably well in Nigeria, even though not completely satisfactorily to all stakeholders. As I have earlier alluded, the Nigerian federal system is not only dynamic, but it is also adaptable to changing circumstances. It is a system which is constantly modified either through constitutional reviews or adjusted through operational rules in order to deal with contentious issues as they arise. Indeed, federal institutions such as the Federal Character Commission and the National Council of State are good examples of the creativity of our people in search of ways of deepening integration of the multiple communities within the federation.

The Federal Character Commission was established in 1996 to coordinate, monitor and enforce compliance with the “federal character” principle in the appointments into public offices or the distribution of socio-economic amenities. The Constitution stipulates that “The composition of the Government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and to promote national unity. For public institutions to command national loyalty, such agencies must ensure that there shall be no predominance of persons from a few States or from a few ethnic or other sectional groups in that Government or in any of its agencies”. A similar provision is in force in the States and their agencies”. Thus, the Federal Character Commission works out an equitable formula for
the distribution of all posts in the public services of the Federation and the States, including all security agencies and public corporations. The Commission not only monitors compliance with such formula, but it also sanctions defaulters. Thus, the FCC provides a robust legal framework for accommodating unity in our diversity and has functioned well as an Agency for ensuring inclusive, integrated public services at the federal and State levels.

The Council of State is another unique structure that has proved useful in mediating and mitigating major national issues. The Council of State consists of the President, the Vice President, all former Heads of the Government of the Federation, all former Chief Justices of Nigeria, President of the Senate, Speaker of the House of Representatives, all the Governors of the States of the Federation; and the Attorney –General of the Federation. Its membership is non-partisan and has the mandate to advise the President on issues of policy, maintenance of public law and order within the Federation, and such other matters on which the President may seek its advice. I wish to point out that the idea of Council of State arose from our conviction that national leaders, whether in or out of office, remain repositories of experience, serving as rallying points for national cohesion and development and therefore they have important contributions to make towards better governance. Nigeria commends this institution to brother African nations bearing in mind that institutions are best nurtured and sustained by strict observance of the two essential values of good governance: the rule of law and the due process of rules and regulations.

**ELECTORAL REFORMS**

Electoral Reforms have also been highlighted in the self-assessment Report as another challenge we must address in Nigeria. As Your Excellencies are aware, credible elections constitute the bedrock of sustainable democracy which is best benchmarked by the sanctity of the electoral system. Regrettably, the conduct of elections in many of the countries on our continent have not only been called into question by our own people, but often the deficiencies in the electoral machineries that we have put in place have tended to undermine our determination to ensure that the outcome of elections reflect the true choice of our people. Even in Nigeria, National and Regional elections have been trailed by controversies because historically they have been adjudged by Nigerians and foreign observers alike, of not entirely conforming with acceptable standards of transparency. To underscore our commitment to enhance the credibility of future elections in Nigeria, We have inaugurated an Electoral Reform Committee to review the country’s electoral system and the roles of institutions, agencies and stakeholders in the Nigerian elections process. The Committee will also examine comparative electoral systems around the world and identify best practices for adoption. The Commission will also make general and specific recommendations regarding the establishment of a truly Independent Electoral Commission capable of conducting transparent, free and fair elections the outcome of which shall enjoy universal acceptability and thereby minimising post-election tensions.
Our Government reaffirms its commitment to continuously engage issues that can ensure the sanctity of elections as a credible method of assuring the people’s participation in governance.

CORRUPTION

It is hardly possible these days to talk of governance and development without reference to corruption. We are conscious of the fact that many African countries are listed in the top ranks of the league of corrupt nations by transparency advocates and social analysts. Notwithstanding the methodology or the indices they use to compute their league tables, we must acknowledge that corruption is a criminal act committed by individuals, corporations or companies, and institutions in collaboration with officials holding public or corporate trust. We cannot deny the reality of pervasive corruption and its debilitating consequences on national development and the quality of life of our people. Our response to corrupt practices is to establish and empower anti-corruption institutions that have the mandate to take the battle both to the grassroots and across international boundaries. The Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) are two institutions with specific mandates to tackle the menace of corruption.

I am glad to say that in the short time of their existence, these two institutions have recorded encouraging results. Our Administration is further encouraged, as attested to in the Country Review Report, that there is much popular support for the fight against corruption in Nigeria; thus confirming that corruption is neither the result of general moral degeneracy nor a way of life of the population. We have no intention to blunt anti-corruption war. There will be no official protection for those found guilty in accordance with the law and due process and they will be punished accordingly. Our government will continue to show a demonstrable will and commitment to fight and eradicate corruption and corrupt practices in all facets of our economic and social life.

GENDER INCLUSIVENESS

One other area I need to highlight is the role of women in governance and development. The National Gender Policy which was adopted in 2006 contains strategies for ensuring that women take their rightful footing with their male counterparts. We will implement the Policy effectively to redress the imbalance in opportunities available to men and women.

Nigeria shares the views of the APR Panel that discriminatory clauses against women in our Constitution should be removed. The on-going process of constitutional review affords us a good opportunity to do this. Similarly, all laws and judicial procedures which tend to discriminate against women will also be referred to the Law Reform Committee for appropriate action. We will work within our Party to actualize the recommendation that at least 30% of all public appointive positions at the federal, state and local government levels should be assigned to women.
Our government commits itself to these targets because of the actual and potential contributions of our women to our development. The promotion and protection of women’s rights cannot be divorced from the rights granted to the citizenry as a whole.

**NIGERIA’S ROLE IN AFRICA**

I assure you that Nigeria shall not shirk in playing its due role on the continent. More than ever before, Africa needs determined and credible member states to help navigate the continent through the rough waters of globalization and liberalization. Accordingly, even as we reach out to the rest of the world, Africa shall continue to remain the centerpiece of our foreign policy we will continue to focus on the unity and prosperity of our peoples, the peaceful settlement of disputes and the economic integration of our continent. We shall continue to give support to needy African countries within the limits of our resources as well as put in place appropriate mechanisms and institutions that can share and distribute our endowment for the benefits of other African countries. As it is with individuals, so it is with nations: relationship thrive best when they are built on the basis of reciprocal trust and confidence.

In this context, I believe that the time has come for an honest dialogue between ourselves. First, there should be an internal conversation amongst citizens of our countries to find a common ground on the strategy to forge the unity and development of our continent through popular participation. Our experience of governance since the return to democratic rule in Nigeria demonstrates that creating space for public participation in policy formulation and implementation indeed deepens the quality of policies. It has increased public support behind such policies and thus imbue them with greater legitimacy through ownership.

Secondly, there is a need for cross-boundary conversation and engagement between African countries, not just as a simple matter of the routine of diplomatic relations among nations, but among the different peoples of our continent through effective partnership; not just about ethnic identities, but about freedom of Africans as a people. We are a continent of migrants but adaptable people who demonstrate our humanity by sharing our challenges and endowments. Nigeria will continue to give strong support and commitment to issues of regional integration and development. In our contemporary world, no African country, no matter how richly endowed, can go it alone without such meaningful partnerships.

I wish to end these remarks on a note of gratitude. On behalf of the Government and people of Nigeria, I offer our profound gratitude to the distinguished sons and daughters of Africa that made up the panel who steered Nigeria through the processes of the peer review. There is nothing to be lost, but everything to be gained, by the forensic audit of governance in Nigeria by such eminent Africans. The Report has strengthened our collective resolve to permeate the African space with good governance values, and we are encouraged to work harder at making Nigeria a good example on the continent. Nigeria owes particular gratitude to the
Lead Panel Member, Ambassador Bethuel Kiplagat, for his leadership, commitment and perseverance. To Your Excellencies as well as eminent members of the APR Panel, to the other distinguished African brothers and sisters who participated in all the country Review Mission to Nigeria, and to our fellow Africans everywhere, we reaffirm our determination to march forward together with you in brotherhood, unity and progress.

I thank you all.

**Peer review discussions**

14. **His Excellency Yoweri Museveni**, president of Uganda, noted that, since his country had recently discovered oil, he was interested in understanding the challenges regarding the refinement of oil and increasing domestic capacities for adding value to the exported product.

15. **His Excellency Omar al-Bashir**, president of Sudan, commented on corporate social responsibility (CSR), an issue highlighted in the CRR and which is relevant particularly for the oil-producing regions, such as the Niger Delta states. He praised Nigeria for signing up to the EITI, which seeks the review and audit of proceeds of the oil and gas sector. He highlighted several examples from Sudan of CSR projects embarked on by companies working in the region on issues such as the environment, safety, security, relief projects, agriculture and farming, water and sanitation, electricity, schools and so forth.

16. **His Excellency Thomas Yayi Boni**, president of Benin, noted that being from the ECOWAS region, his country had taken into account the regional integration issues in the CRR. He highlighted the political will in the region for developing infrastructure so as to deepen this integration.

**Postponement of the meeting**

17. Due to time constraints, a decision was made to stand over all uncovered agenda items to an extraordinary meeting of the APR Forum, the date of which would be communicated by the chairperson of the APR Forum after consultations.

**III. FIRST EXTRAORDINARY SESSION OF THE APR FORUM, COTONOU, BENIN, 29 OCTOBER 2008**

18. The peer review of Nigeria was concluded at the first Extraordinary Session of the APR Forum held on 29 October 2008 in Cotonou, Benin. The meeting was chaired by His Excellency Meles Zenawi, prime minister of Ethiopia and chairperson of the APR Forum.

19. Other heads of state and government in attendance included:
• His Excellency Thomas Yayi Boni, president of Benin.
• His Excellency Blaise Compaoré, president of Burkina Faso.
• His Excellency Kgalema Motlanthe, president of South Africa.
• His Excellency Faure Gnassingbé, president of Togo.
• His Excellency Bernard Makuza, prime minister of Rwanda.
• His Excellency Didjob Divungi Di Ndinge, vice president of Gabon.

20. The heads of state and government of Algeria, Angola, Cameroon, Djibouti, Egypt, Ghana, Kenya, Lesotho, Mali, Mauritius, Mozambique, Nigeria, the Republic of Congo, São Tomé and Príncipe, Senegal, Tanzania and Uganda were represented.

21. The chairperson of the AU Commission was represented by the commissioner for political affairs.

22. Four members of the APR Panel were in attendance:
• Professor Adebayo Adedeji, chairperson of the APR Panel.
• Ambassador Bethuel Kiplagat, lead panellist for Nigeria.
• Professor Mohammed Seghir Babès, lead panellist for Burkina Faso.
• Professor Dorothy Njeuma.

23. In introducing the peer review of Nigeria, the chairperson recalled that deliberations on the CRR had already commenced at the ninth Session of the APR Forum held in Sharm el-Sheikh, Egypt, on 29 June 2008. At that session, the CRR of Nigeria was presented by Ambassador Bethuel Kiplagat, the lead panellist for the country. President Yar’Adua had also delivered the official response of the government of Nigeria. The current session was to continue with comments and observations on the CRR of Nigeria.

24. The chairperson further informed the meeting that President Yar’Adua had expected to be in attendance, but was not in the meeting due to unavoidable circumstances. The chairperson ruled that since President Yar’Adua had been in session previously and had delivered his response, and had also given the compelling reasons for his absence, the peer review would proceed. President Yar’Adua would be represented by his minister of foreign affairs, Ojo Maduekwe, who would convey the deliberations of the meeting to President Yar’Adua. However, the minister could not respond or contribute to the meeting as this was a discussion among peers.

25. **His Excellency Didjob Divungi Di Ndinge, vice president of Gabon**, expressed concern about the recurring social and economic instability
in the Niger Delta region, and that solutions to this instability were not proffered in the CRR - either for the short term or the future.

26. **His Excellency Meles Zenawi, prime minister of Ethiopia**, noted that the CRR was comprehensive and highly analytical, and that it provided an objective, if critical, assessment of the governance situation in Nigeria. He raised a series of observations on the findings of the CRR on some issues:

i) **Corruption**: Prime Minister Zenawi argued that while corruption was a major problem, he was of the view that the greatest problem was how to undertake the transformation of the political economy of Nigeria.

ii) **The tripod structure and ethnic dominance**: Prime Minister Zenawi was of the view that it is the elite rather than the people who are in competition for political supremacy. He also raised the question: In a country with over 250 ethnic groups, what is the role of the leadership of each group?

iii) **The greatest strength of the country**: Nigeria’s greatest asset is its human rather than its natural resources. The potential of the latter can and must be better utilised by the former.

27. **His Excellency Bernard Makuza, prime minister of Rwanda**, was emphatic on the existing best practices in Nigeria, particularly the advisory role of the Council of the State. He also commended President Yar’Adua for publicly declaring and publishing his assets upon assuming office. He commended this practice to his colleagues and to all Africans who have a responsibility for financial management.

28. **His Excellency Blaise Compaoré, president of Burkina Faso**, noted that the NPoA will sufficiently address and respond to the issues raised regarding Nigeria’s overdependency on the revenue from oil and gas, and suggested the need to tap the revenue from taxation. He also called for greater attention to the role that Nigerians in the diaspora can play in attracting investments to the country. More importantly, he urged the government to continue with the reform in the banking sector, which has resulted in Nigerian banks operating in Burkina Faso. This is a good example of economic integration and the demand for leadership from Nigeria.

**Response by lead panellist**

29. Ambassador Kiplagat agreed, in the main, with the observations of Prime Minister Zenawi. He also alluded to the contradiction of prevailing poverty in the midst of the richness of natural resources, the latter having been a source of pain rather than a blessing. He wondered whether the experience of India, which shared many similarities with Nigeria, could serve some useful purpose, especially in the areas of service delivery and promoting domestic investment.
Conclusion of the peer review

30. The APR Forum concluded the review of Nigeria by commending once again the uniquely candid, analytical and comprehensive report. The observations would be shared with President Yar’Adua by the attending minister of foreign affairs. The necessary improvements would also be reflected in the CRR prior to its publication.

31. On behalf of the APR Forum, the chairperson also commended Nigeria for the successful peer review, and urged the government of Nigeria to start implementing the NPoA forthwith.