AFRICAN PEER REVIEW MECHANISM

COUNTRY REVIEW REPORT
FEDERAL REPUBLIC OF NIGERIA

JUNE 2008
COUNTRIES PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APRM) AND PANEL OF EMINENT PERSONS

APRM Participating Countries

As of May 2008, the following are the 28 APRM Participating Countries:

*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 Principe, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Uganda and Zambia*

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*(Lead Panel Member for Nigeria)*

Prof. Mohammed Seghir Babès, from Algeria, representing North Africa
*(Member)*

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

Prof. Dorothy Njeuma, from Cameroon, representing Central Africa
*(Member)*

Mme. Marie-Angélique Savané, from Senegal, representing West Africa
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*(Member)*

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The APR Panel commends the Government and the People of Nigeria for reaching this stage of the process. Nigeria is not only one of the five initiating countries of the New Partnership for Africa’s Development but was also a key architect and one of the first countries to accede to the African Peer Review Mechanism. The Panel lauds the Government and People of Nigeria for staying the course, thereby enabling the country to finalise the self-assessment and review stage of the process. The Panel is especially grateful to HE President Umaru Musa Yar’Adua for the support and resources made available to the national process so as to facilitate its effective finalisation. The Panel further recognises the contribution of HE Former President Olusegun Obasanjo to the continental and national processes.

Gratitude is expressed to Amb. Bethuel Kiplagat, an eminent panel member who rose to the challenge of leading the Nigerian review process. The Panel also acknowledges the contribution of HE Ahmad Tejan Kabba, the Former President of Sierra Leone, who participated in the mission as a high-level resource person and observer.

The mission would not have been successful without the support of the various national structures. In this regard the Panel notes the contribution of Amb. Baba Gana Kingibe, APRM Focal Point for Nigeria, Chief Mrs. Chinyere Asika, the Chairperson of the National Working Group and Amb. Tunji Olagunju, the Adviser to the President on NEPAD and the APRM. Gratitude is also expressed to the Governors and people of various states that hosted the mission - Adamawa, Akwa-Ibom, Anambra, Bayelsa, Benue, Borno, Edo, Ekiti, Imo, Katsina, Kwara, Lagos, Ogun, Plateau, Sokoto and the Federal Capital Territory Abuja. The participation of stakeholders from the following states at the centres is most sincerely appreciated: Abia, Bauchi, Cross River, Delta, Enugu, Ebonyi, Gombe, Nasarawa, Jigawa, Kaduna, Kano, Katsina, Kebbi, Kogi, Niger, Ondo, Osun, Oyo, Rivers, Taraba, Yobe, Yola, and the Zamfara States. The APR Panel especially wishes to thank all the non-state 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, AfDB, the UNDP Regional Bureau for Africa and UNECA have continued to support the mechanism since its inception. The Panel acknowledges the personal commitment of the respective heads of these institutions, Messrs Donald Kaberuka, Gilbert Fossoun Houngbo and Abdouli Janneh. The Panel notes the useful contribution of the representatives from these institutions who participated in the various APRM missions.

Special mention is made of the African experts who participated in the mission and assisted in drafting the report: independent consultants (Dr David Abdulai, Ms Khadijah Alia Bah, Dr Bernard Dasah, Prof. Shadrack Gutto, Amb. Tesfaye Habisso, Prof. Mbaya Kankwenda, Dr John Karimu, Ms Sara Longwe, Prof. Wafula Masai, Ms Laura Nyirinkindi, Prof. Olewe Nyunya, Dr Shekou Sesay and Dr Byron Tarr); strategic partners (Ms Tonaina Ngororano (AfDb) and Messrs Bartholomew Armah, Kojo Busia and Adam ElHiraika, all of UNECA); and the APRM Secretariat (Ms Evelynne Change, Ms Nana Boateng and Mr Ferdinand Katende).
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POLITICAL MAP OF NIGERIA
| **Location** | Lies in the extreme eastern part of West Africa. Border Countries: Niger and Chad (North), Cameroon (East), Benin (West). Also borders on the Bight of Benin/Atlantic Ocean on the West. |
| **Total Area** | 923,768 sq. km |
| **Terrain** | Ranges from southern coastal swamps to tropical forests, open woodlands, grasslands and semi-desert in the far North. The highest regions are Jos Plateau, which is 1200-2400 metres above sea level and the mountains along the border with Cameroon. |
| **Climate** | Climatic regions are Sub-equatorial, Tropical and Sahel. Dry and wet (rainy) seasons. Annual rainfall ranges from 381 cm along the coast to 64 cm or less in the far North. |
| **Drainage** | Major Rivers are Niger, Benue, Sokoto, Kaduna, Hadejia, Gongola, Ogun, Osun, Osse, Imo and Cross River. |
| **Population Characteristics** | Total: 140,003,542 (2006 census estimate)  
Male: 71,709,859 (51.22%)  
Female: 68,293,683 (48.78%)  
Life Expectancy 46.5 years  
Average Growth Rate: 3.2%  
Density (Persons/ sq km): 150  
Poverty Incidence: 54.4%  
Population below Poverty Line ($1 a day): 76,161,927  
Adult literacy rate: 69.1%  
Human Development Index (2007/8): 0.470  
HDI ranking (2007/8): 158 / 177  
Tele density (2006): 38 million  
Unemployment rate (2006): 11.9% (excluding structural unemployment) - urban 10.1%, rural (12.3%) |
| **Administrative** | Capital (Abuja), Commercial (Lagos) |
| **Independence** | October 1, 1960; Republic in 1963. |
| **Constitution** | Federal Constitution promulgated May 29, 1999 (the 10th since independence, largely based on the 1979 Constitution) |
| **Government** | Presidential system  
Three tier structure: (Federal, State, Local Government)  
6 Geo-political zones (North Central; North East; North West; South East; South South; and South West Zones)  
36 States and Federal Capital Territory (FCT), Abuja  
774 Local Government Areas and 6 Area Councils within the FCT  
109 Senatorial Districts, 360 Federal Constituencies, 990 State Constituencies  
Total Government Budget (2006 budget $14 billion)  
Defense (4.5% of budget) |
| **Elections** | Independent National Election Commission established August 1998  
50 Registered Political Parties  
| **Currency** | Naira and Kobo (₦1.00 = 100 Kobo). |
| **Major Indigenous Languages** | Hausa-Fulani, Yoruba, Igbo. |
| **Official Language** | English |
| **Main Religions** | Christianity, Islam, Traditional. |
| **ECONOMY** | Mineral Resources  
Hydrocarbons (petroleum and gas), Coal, Tin, Columbite, Limestone, Gold, Quartz Sand, Dolomite, Iron ore, Aluminium, Nickel, Granite. |
| **Main Commercial/Industrial Cities** | Lagos, Kano, Ibadan, Port Harcourt, Kaduna, Jos, Onitsha, Maiduguri, Abu, Enugu, Benin City, Ilorin, Gusau, Bauchi, Osogbo, Nnewi, Calabar, Katsina, Sango Ota, Owerri |
| **Iron and Steel** | Ajaokuta, Aladja-Warri, Oshogbo, Jos, Katsina |
| **Refineries and Petrochemicals** | Port Harcourt, Elesa Eleme, Warri, Kaduna |
| **Liquefied Natural Gas** | Bonny |
| **Energy Thermal and Gas** | Hydro-Electric: Kainji, Jebba, Shiroro, Egbin (Ikorodu-Lagos), Afam Ughelli, Sapele |
| **Electricity Production** | Generation Installed Capacity (2005): 6,130 MW.  
Energy Produced: 24,208.92 GWH (2004); 20,635.74 GWH (2005) |
Aluminium Smelter | Ikot Abasi, Port Harcourt
---|---
Fertilizer | Onne- Port Harcourt, Kaduna, Minna, Kano
Main Sea Ports | Lagos (Apapa, Tin-can Island, Roro), Port Harcourt, Warri, Onne Deep Sea and Hub Port, Calabar (EPZ)
Main Airports | Lagos, Kano, Abuja, Port Harcourt, Enugu, Kaduna, Jos, Owerri, Calabar, Maiduguri, Ilorin, Yola, Sokoto.

### International Trade (2005)

<table>
<thead>
<tr>
<th></th>
<th>Exports</th>
<th>$59 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Exports</td>
<td>Crude and refined oil, and distillation products, tin, columbite, nickel, aluminium, sulphur, salt and other minerals, cocoa, rubber, plastics, crustacean, mollusc, food, cassava, raw hides and skins, leather.</td>
<td></td>
</tr>
<tr>
<td>Major Export Partners</td>
<td>Main USA (58.4%), Others (U.K, Germany, France, Italy, South Africa, West African Countries, Netherlands, Belgium, China, Taiwan, Saudi Arabia)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>$25 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Imports</td>
<td>Manufactured goods, machinery and transport equipment, vehicles, aircraft, chemicals, mineral products, computer and accessories, fuels, oils and products, photographic and cinematographic goods, spirits, tobacco, textiles, telecommunications.</td>
<td></td>
</tr>
<tr>
<td>Major Import Partners</td>
<td>China (10.6%) USA (8.3%), Netherlands (5.9%), UK (5.7%). Others (Japan, Germany, France, Brazil, Belgium, Argentina, India, Canada, Denmark, South Africa, Korea, Thailand, Taiwan, Russia, Switzerland, Saudi Arabia, Greece, Spain, Israel, UAE, Scandinavian countries</td>
<td></td>
</tr>
</tbody>
</table>

### MACRO-ECONOMIC INDICATORS

| Nominal GDP (2007 est.) | $175 billion |

<table>
<thead>
<tr>
<th>Sectoral Contribution to GDP(%) / Growth Rate</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 Petrol. &amp; 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>Industry</td>
<td>Growth rate (%)</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
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<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Solid Mineral</td>
<td></td>
<td>0.26</td>
<td>0.27</td>
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<td></td>
<td></td>
<td>10.85</td>
<td>9.53</td>
</tr>
<tr>
<td>Telecommunications &amp; Post</td>
<td></td>
<td>1.20</td>
<td>1.45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28.97</td>
<td>28.81</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td>3.68</td>
<td>3.79</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10.00</td>
<td>9.61</td>
</tr>
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Source: National Bureau of Statistics, Abuja (Adapted from the CSAR)
<table>
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<tr>
<th>Macro-Economic Indicators</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 (%)</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 (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non- Oil Sector (%)</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 (%) 12 months 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(%), 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$ M)</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>No 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>
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<tr>
<td>Manufacturing capacity utilisation (%)</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>
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<tr>
<td>External debt (US$'B)</td>
<td>28.04</td>
<td>28.27</td>
<td>28.35</td>
<td>30.99</td>
<td>32.97</td>
<td>35.94</td>
<td>20.48</td>
<td>3.54</td>
</tr>
<tr>
<td>Domestic debt (US$'B)</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>
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<tr>
<td>Total debt (US$'M)</td>
<td>36.65</td>
<td>37.11</td>
<td>37.44</td>
<td>40.63</td>
<td>43.2</td>
<td>46.26</td>
<td>32.31</td>
<td>17.35</td>
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<tr>
<td>Gross national savings (% of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Gross fixed capital formation(% of GDP)</td>
<td>12.2</td>
<td>8.8</td>
<td>10.2</td>
<td>8.6</td>
<td>11.9</td>
<td>12.2</td>
<td>12.6</td>
<td></td>
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<tr>
<td>Crude oil production (mbpd)</td>
<td>2</td>
<td>2.2</td>
<td>2.3</td>
<td>2.1</td>
<td>2.3</td>
<td>2.5</td>
<td>2.5</td>
<td>2.4</td>
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<td></td>
<td>18</td>
<td>28.6</td>
<td>24.5</td>
<td>25</td>
<td>29.2</td>
<td>38.5</td>
<td>55.4</td>
<td>66.4</td>
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<tr>
<td>Average crude oil price (US$/ B)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Federal Government Finance (% of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<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>
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<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>
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<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>
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</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>
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</tr>
<tr>
<td>External debt stock/ GDP (%)</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>
<tr>
<td>Money and Credit (Growth Rate %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<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>Overall balance (% of GDP)</th>
<th>6.9</th>
<th>0.4</th>
<th>-7.1</th>
<th>-1.6</th>
<th>9.7</th>
<th>9.3</th>
<th>9.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account balance (% 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>
</tr>
<tr>
<td>Capital and financial account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance (% 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>
</tr>
<tr>
<td>Average Official Exch. 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>
</tr>
</tbody>
</table>

### Average Bureau de Change Exchange Rate

<table>
<thead>
<tr>
<th>₦ / US$</th>
<th>99.2</th>
<th>111.1</th>
<th>133</th>
<th>137.8</th>
<th>142</th>
<th>140.8</th>
<th>141.8</th>
<th>137.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>All 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 mkt. capitalisation/GDP (%)</td>
<td>7.2</td>
<td>9</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>
</tr>
<tr>
<td>M2/GDP (%)</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 Govt. (52.68%); State Govt. (26.72%); Local Government Councils (20.6%). 13% Derivation to Oil Producing States.

### Facts on Agriculture in Nigeria

| Research Institutes (include Agriculture, Forestry, Fisheries, 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 by 2006 | Cocoa (production raised to 600,000); Oil palm (209,200); Rubber (259,600); Cotton seed (631,500); Cotton Lint (536,00); Rice (paddy) (4.2 million); Coffee (235,000); Cassava (39.7 million); Cashew nuts (22,000); Maize (11.1 million); Millet (7.9 million); Sorghum (11.2 million); Yam (30.3 million); Cocoyams (2.6 million); Sugarcane (2.4 million). |
## SOCIAL INDICATORS

### Education statistics – primary schools

<table>
<thead>
<tr>
<th>Primary School Data</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 primary 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 (6-11yrs)</td>
<td>19,263,53</td>
<td>19,881,68</td>
<td>25,772,04</td>
<td>21,575,17</td>
<td>22,267,40</td>
<td>27,543,63</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>Teacher/pupil 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>

### JUNIOR SECONDARY SCHOOL

<table>
<thead>
<tr>
<th>School Enrolment/Gender / 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</td>
<td>2,580,16</td>
<td>2,950,73</td>
<td>3,684,64</td>
<td>3,507,92</td>
<td>3,634,16</td>
<td>3,695,64</td>
</tr>
<tr>
<td>Male</td>
<td>1,431,63</td>
<td>1,746,90</td>
<td>2,083,69</td>
<td>1,972,63</td>
<td>1,984,38</td>
<td>2,040,36</td>
</tr>
<tr>
<td>Female</td>
<td>1,148,53</td>
<td>1,203,82</td>
<td>1,600,94</td>
<td>1,535,29</td>
<td>1,639,77</td>
<td>1,655,28</td>
</tr>
<tr>
<td>Gender ratio</td>
<td>M: 55.49%</td>
<td>M: 59.20%</td>
<td>M: 56.55%</td>
<td>M: 56.23%</td>
<td>M: 54.60%</td>
<td>M: 55.21%</td>
</tr>
<tr>
<td></td>
<td>F: 44.51%</td>
<td>F: 40.80%</td>
<td>F: 43.45%</td>
<td>F: 43.77%</td>
<td>F: 45.40%</td>
<td>F: 44.79%</td>
</tr>
<tr>
<td>No of Jun. Sec. 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>Students/teacher Ratio</td>
<td>18</td>
<td>18</td>
<td>20.4</td>
<td>23</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>----</td>
<td>----</td>
<td>------</td>
<td>----</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>Teachers/school ratio</td>
<td>23</td>
<td>24</td>
<td>17</td>
<td>14</td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td>SENIOR SECONDARY SCHOOL</td>
<td>2001</td>
<td>2002</td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>Total</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</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</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>M: 55.19%</td>
<td>M: 55.27%</td>
<td>M: 55.86%</td>
<td>M: 56.54%</td>
<td>M: 56.21%</td>
<td>M: 56.30%</td>
</tr>
<tr>
<td></td>
<td>F: 44.81%</td>
<td>F: 44.73%</td>
<td>F: 44.14%</td>
<td>F: 43.46%</td>
<td>F: 43.79%</td>
<td>F: 43.70%</td>
</tr>
<tr>
<td>No. of senior sec. 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>Students/teacher ratio</td>
<td>14</td>
<td>13.31</td>
<td>15.70</td>
<td>18</td>
<td>17.41</td>
<td></td>
</tr>
<tr>
<td>Teachers/school ratio</td>
<td>23</td>
<td>24</td>
<td>17</td>
<td>14</td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td>Grand Total</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**
- 72 – Federal (21), State (41), Private (9), Military (1)
- Other NCE awarding Institutions (3)
- Student enrolment for the 2006/7 Academic Year (354, 387)
- Student enrolment gender ratio (male 51%, Female 49%)
- No. of Academic staff 11, 256
| Polytechnic and Monotechnic institutions | Monotechnic -Federal 32, State (12), Private (6)  
Politechnic 52 – Federal (21), State (25), Private (6).  
Student enrolment, Polytechnics/Monotechnics for 2006/7  
Academic Year: 360,535  
Student enrolment ratio: male 59%, female 41%  
No. of academic staff: 12, 938 |
### University

<table>
<thead>
<tr>
<th>92 – Federal (27), State (31), Private (34)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student enrolment for 2006/2007 academic year: 1,096,312,</td>
</tr>
<tr>
<td>Student enrolment gender ratio: Male 64%: Female 36%.</td>
</tr>
<tr>
<td>No. of academic staff: 30,452</td>
</tr>
</tbody>
</table>


### Healthcare statistics, 2006

<table>
<thead>
<tr>
<th>Total Fertility rate (TFR- 15 to 49 years):</th>
<th>5.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antenatal attendance:</td>
<td>47%</td>
</tr>
<tr>
<td>Contraceptive prevalence rate (CPR):</td>
<td>8%</td>
</tr>
<tr>
<td>HIV/AIDS prevalence rate:</td>
<td>4.8%</td>
</tr>
<tr>
<td>Neonatal mortality rate (NMR):</td>
<td>53/1000 live births</td>
</tr>
<tr>
<td>Infant mortality rate (IMR):</td>
<td>113/1000 live births</td>
</tr>
<tr>
<td>Under 5 mortality Rate:</td>
<td>201/1000 live births</td>
</tr>
<tr>
<td>Maternal mortality rate (MMR):</td>
<td>1000/ 100,000 live births</td>
</tr>
<tr>
<td>Deliveries at health facilities:</td>
<td>33%</td>
</tr>
<tr>
<td>Deliveries at home:</td>
<td>67%</td>
</tr>
<tr>
<td>Hospitals:</td>
<td>Total number 23,641 (2004); 24,522 (2005); 24, 753 (2006)</td>
</tr>
<tr>
<td></td>
<td>No of hospital beds 73,680 (2004);85,523 (2005); 86, 235 (2006)</td>
</tr>
<tr>
<td>Statistical data for key health personnel (2007):</td>
<td></td>
</tr>
<tr>
<td>Dentists (2007) 2571 (M: 66.90%, F: 33.10%);</td>
<td></td>
</tr>
<tr>
<td>Dental Technologists (2007) 462 (M: 80.09%, F: 19.91%);</td>
<td></td>
</tr>
<tr>
<td>Dental therapists (2007) 1002 (M: 42.42%, F: 57.58%);</td>
<td></td>
</tr>
<tr>
<td>Pharmacists (2007) 14,199 (M: 69.53%, F:</td>
<td></td>
</tr>
</tbody>
</table>
Under 5 Immunisation results, 2006 & 2007:

<table>
<thead>
<tr>
<th>Vaccination</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCG (against tuberculosis):</td>
<td>44%</td>
<td>53%</td>
</tr>
<tr>
<td>OPV3 (against poliomyelitis, paralysis):</td>
<td>67%</td>
<td>62%</td>
</tr>
<tr>
<td>TT2 (against tetanus):</td>
<td>64%</td>
<td>50%</td>
</tr>
<tr>
<td>HEP B3 (against hepatitis, cancer, liver diseases):</td>
<td>38%</td>
<td>51%</td>
</tr>
<tr>
<td>DPT3 (against diphtheria, whooping cough, tetanus)</td>
<td>75%</td>
<td>70%</td>
</tr>
<tr>
<td>Measles (against measles):</td>
<td>*112% (2006); 85%</td>
<td></td>
</tr>
<tr>
<td>Yellow Fever (against yellow fever):</td>
<td>39%</td>
<td>53%</td>
</tr>
<tr>
<td>Malaria intervention rate:</td>
<td></td>
<td>46%</td>
</tr>
<tr>
<td>Routine immunization rate:</td>
<td></td>
<td>70%</td>
</tr>
</tbody>
</table>

* Coverage higher than target population.


**Nutrition Data**

<table>
<thead>
<tr>
<th>Health Indicators</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of infants with low birth weight, 2006</td>
<td>14</td>
</tr>
<tr>
<td>% of children (2006) who are: exclusively breastfed (&lt;6 months)</td>
<td>17</td>
</tr>
<tr>
<td>% of children (2006) who are: breastfed with complementary food (6-9 months)</td>
<td>64</td>
</tr>
<tr>
<td>% of children (2006) who are: still breastfeading (20-23 months)</td>
<td>34</td>
</tr>
<tr>
<td>% of under-fives (2006) suffering from: underweight, moderate &amp; severe</td>
<td>29</td>
</tr>
</tbody>
</table>
% of under-fives (2006) suffering from: underweight, severe 9

% of under-fives (2006) suffering from: wasting, moderate & severe 9

% of under-fives (2006) suffering from: stunting, moderate & severe 38

Vitamin A supplement coverage rate (6-59 months) 2005 at least one dose (%) 73

Vitamin A supplement coverage rate (6-59 months) 2005 full coverage (%) 73

% of households consuming iodized salt 2006 97


<table>
<thead>
<tr>
<th>Commercial Banks</th>
<th>Formerly 89, consolidated by December 31 2005 to 25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>Total Standard Hotels (2005): 1,880, 2006, 1, 974</td>
</tr>
<tr>
<td></td>
<td>No of hotel beds 40, 814</td>
</tr>
<tr>
<td></td>
<td>Growth rate hotels and restaurants: 12.91 (2006)</td>
</tr>
<tr>
<td>Source/Location</td>
<td>Pipe borne Treated Water (%)</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>National</td>
<td>11.9</td>
</tr>
<tr>
<td>Urban:</td>
<td>25.5</td>
</tr>
<tr>
<td>U. Poor</td>
<td>15.7</td>
</tr>
<tr>
<td>Rural:</td>
<td>5.0</td>
</tr>
<tr>
<td>R. Poor:</td>
<td>0.9</td>
</tr>
<tr>
<td>North Central</td>
<td>15.9</td>
</tr>
<tr>
<td>North East</td>
<td>6.4</td>
</tr>
<tr>
<td>North West</td>
<td>11.2</td>
</tr>
<tr>
<td>South East</td>
<td>6.6</td>
</tr>
<tr>
<td>South South</td>
<td>3.9</td>
</tr>
<tr>
<td>South West</td>
<td>21.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Foot note: In each of the types of water supply data on the supplier add up to 100%.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Govt.</th>
<th>Comm.</th>
<th>Donor agency</th>
<th>Private</th>
<th>Rel. bodies</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80.5</td>
<td>51.2</td>
<td>35.7</td>
<td>10.2</td>
<td>17.1</td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>1.8</td>
<td>4.7</td>
<td>4.4</td>
<td>15.4</td>
<td>36.3</td>
<td>8.8</td>
</tr>
<tr>
<td></td>
<td>1.3</td>
<td>8.5</td>
<td>2.4</td>
<td>0.3</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>16.0</td>
<td>35.3</td>
<td>55.0</td>
<td>73.3</td>
<td>45.1</td>
<td>28.4</td>
</tr>
<tr>
<td></td>
<td>0.1</td>
<td>0.0</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>0.2</td>
<td>0.3</td>
<td>2.1</td>
<td>0.6</td>
<td>0.9</td>
<td>61.4</td>
</tr>
<tr>
<td></td>
<td>0.8</td>
<td>7.1</td>
<td>2.3</td>
<td>7.1</td>
<td>21.7</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td>9.3</td>
<td>3.6</td>
<td>0.6</td>
<td>1.6</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>19.3</td>
<td>85.8</td>
<td>19.3</td>
<td>85.8</td>
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<tr>
<td>MDAs</td>
<td>Ministries, departments and agencies</td>
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<td>MDGs</td>
<td>Millennium development goals</td>
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<tr>
<td>MFI</td>
<td>Micro finance institutions</td>
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<tr>
<td>MITI</td>
<td>Master Plan for an Integrated Transport Infrastructure</td>
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<td>MPs</td>
<td>Members of Parliament</td>
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<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>MTFF</td>
<td>Medium Term Fiscal Framework</td>
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<td>MW</td>
<td>Megawatts</td>
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<tr>
<td>NACB</td>
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<tr>
<td>NACCIMA</td>
<td>Nigeria Association of Chambers of Commerce, Industry, Mines and Agriculture</td>
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<tr>
<td>NAFCB</td>
<td>Nigerian Agricultural Finance and Cooperative Bank</td>
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<tr>
<td>NAFDAC</td>
<td>National Agency for Food and Drug Administration and Control</td>
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<tr>
<td>NAPEP</td>
<td>National Poverty Eradication Programme</td>
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<tr>
<td>NAPTIP</td>
<td>National Agency for the Prevention of Trafficking in Persons</td>
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<td>NASB</td>
<td>Nigerian Accounting Standards Board</td>
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<td>NASS</td>
<td>National Assembly</td>
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<td>NASSI</td>
<td>Nigerian Association of Small Scale Industrialists</td>
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<td>NBA</td>
<td>Nigerian Bar Association</td>
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NBCI  Nigerian Bank for Commerce and Industry
NCC  Nigerian Communications Commission
NCMI  Nigerian Capital Market Institute
NCP  National Council on Privatisation
NCW  National Commission for Women
NDDC  Niger Delta Development Commission
NDE  National Directorate of Employment
NDHS  Nigeria Demographic and Health Survey
NDIC  Nigeria Deposit Insurance Corporation
NECA  Nigerian Employers’ Consultative Association
NEEDS  National Economic Empowerment and Development Strategy
NEITI  Nigerian Extractive Industry Transparency Initiative
NEMA  National Environment Management Agency
NEPA  National Electric Power Authority
NEPAD  New Partnership for Africa’s Development
NEPC  Nigerian Export Promotion Council
NEPZA  Nigeria Export Processing Zones Authority
NERFUND  National Economic Reconstruction Fund
NFIU  Nigeria Financial Intelligence Unit
NGOs  Nongovernmental Organisations
NHIS  National Health Insurance Scheme
NIC  National Insurance Commission
NIDB  Nigerian Industrial Development Bank
NIS  Nigeria Industrial Standards
NITEL  Nigerian Telecommunications Ltd
NLC  Nigeria Labour Congress
NNPC  Nigerian National Petroleum Company
NOA  National Orientation Agency
NPoA  National Programme of Action
NRDCS  Natural Resources Development and Conservation Scheme
NSC  National Savings Certificate
NSE  Nigerian Stock Exchange
NSPFS  National Special Programme for Food Security
NSSA  Nigerian Shareholders Solidarity Association
NSWG  National Stakeholders Working Group
NU  Northern Union
NUPENG  National Union of Petroleum and Natural Gas Workers
NURTW  National Union of Road Transport Workers
OAU  Organisation of African Unity
ODA  Official Development Assistance
OECD  Organisation for Economic Co-operation and Development
OFN  Operation Feed the Nation
OMO  Open Market Operations
OPEC  Organisation of Petroleum Exporting Countries
OPS  Organised Private Sector
OSIC  One-Stop Investment Centre
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>PAP</td>
<td>Poverty Alleviation Programme</td>
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<tr>
<td>PAYE</td>
<td>Pay As You Earn</td>
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<tr>
<td>PBN</td>
<td>People’s Bank of Nigeria</td>
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<td>PDP</td>
<td>Peoples Democratic Party</td>
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<td>PFAs</td>
<td>Pension Fund Administrators</td>
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<tr>
<td>PHCN</td>
<td>Power Holding Company of Nigeria</td>
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<tr>
<td>PIN</td>
<td>Personal identification number</td>
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<tr>
<td>PLWHAs</td>
<td>Persons Living with HIV/AIDS</td>
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<tr>
<td>PRS</td>
<td>Poverty Reduction Strategy</td>
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<td>PSDP</td>
<td>Public Service Delivery Programme</td>
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<tr>
<td>PTA</td>
<td>Parents and Teachers Association</td>
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<tr>
<td>PWC</td>
<td>PricewaterhouseCoopers</td>
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<tr>
<td>PWDs</td>
<td>Persons with Disabilities</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<td>RECs</td>
<td>Regional Economic Communities</td>
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<tr>
<td>RIDS</td>
<td>Rural Infrastructure Development Scheme</td>
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<tr>
<td>ROSC</td>
<td>Report on the Observance of Standards and Codes</td>
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<tr>
<td>SANE</td>
<td>South Africa, Algeria, Nigeria and Egypt</td>
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<tr>
<td>SAP</td>
<td>Structural Adjustment Programmes</td>
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<tr>
<td>SBMC</td>
<td>School-Based Management Committees</td>
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<tr>
<td>SBPSR</td>
<td>State Public Service Reforms</td>
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<tr>
<td>SCSC</td>
<td>State Civil Service Commission</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
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<tr>
<td>SED</td>
<td>Socio-Economic Development</td>
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<tr>
<td>SEEDS</td>
<td>State Economic Empowerment and Development Strategies</td>
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<tr>
<td>SERVICOM</td>
<td>Service Compact</td>
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<tr>
<td>SGBP</td>
<td>Statement of General Business Principles</td>
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<td>SGs</td>
<td>State Governments</td>
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<td>SHA</td>
<td>State Houses of Assembly</td>
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<tr>
<td>SMEDA</td>
<td>Small and Medium Enterprises Development Agency</td>
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<tr>
<td>SMEEIS</td>
<td>Small and Medium Enterprises, Equity Investment Scheme</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SOEs</td>
<td>State-owned enterprises</td>
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<td>SON</td>
<td>Standards Organisation of Nigeria</td>
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<td>SOWESS</td>
<td>Social Welfare Service Scheme</td>
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<td>SPDC</td>
<td>Shell Petroleum Development Company</td>
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<tr>
<td>STIs</td>
<td>Sexually Transmitted Diseases</td>
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<td>TB</td>
<td>Tuberculosis</td>
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<td>TI</td>
<td>Transparency International</td>
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<td>TV</td>
<td>Television</td>
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<tr>
<td>UBE</td>
<td>Universal Basic Education</td>
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<tr>
<td>UDHRR</td>
<td>Universal Declaration of Human Rights</td>
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<tr>
<td>UEMOA</td>
<td>Customs and Monetary Union of West African States</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UN</td>
<td>United Nations</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children's Fund</td>
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<td>USD</td>
<td>United States Dollars</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
<td>VCT</td>
<td>Voluntary Counseling and Testing</td>
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<tr>
<td>VSAT</td>
<td>Very Small Aperture Terminal</td>
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<tr>
<td>VVF</td>
<td>Vesico Vaginal Fistula</td>
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<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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<tr>
<td>WASME</td>
<td>World Association for Small and Medium-sized Enterprises</td>
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<td>WB FSAP</td>
<td>World Bank Financial Sector Assessment Programmes</td>
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<td>WHO</td>
<td>World Health Organisation</td>
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<td>WOFEE</td>
<td>Women’s Fund for Economic Empowerment</td>
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<td>WSSD</td>
<td>World Summit on Sustainable Development</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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<tr>
<td>YES</td>
<td>Youth Empowerment Scheme</td>
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</table>
LIST OF NIGERIAN STATUTES REFERRED TO

Advance Fee and other Related Offences Act of 1995
Arbitration and Conciliation Act 1998
Banks and Other Financial Institutions Act (BOFIA) No. 25 of 1991
Company and Allied Matters Act of 1990
Central Bank of Nigeria (Amendment) Act No. 37 of 1998
Compulsory, Free, Universal Basic Education Act of 2004
Corrupt Practices Decree No. 38 of 1975
Economic and Financial Crimes Commission (EFCC) Act of 2002 (repealed)
Economic and Financial Crimes Commission (EFCC) Act of 2004
Failed Banks and Financial Malpractices in Banks Act of 1994
Federal Child Rights Act of 2003
Federal Environmental Protection Agency Decree No 58 of 1988
Federal Environmental Protection Agency (Amendment) Decree, No 59 of 1992
Independent Corrupt Practices and Other Related Offences Act (ICPC) 2000
Investments and Securities Act (ISA) No. 45 of 1999
Labour laws-National Minimum wage (Amendment) Act
Land Use Act of 1978
Maritime Labour Act of 2003
Money Laundering Act of 1995
Money Laundering (Prohibition) Act of 2004
National Health Insurance Scheme (NHIS) Act No 35 in 1999
National Human Rights Commission Act of 1995
National Minimum Wage (Amendment) Act of 2000
Nigeria Accounting Standards Board Act of 2003
Penal Code (1959)
Pension Reform Act of 2004
Public Enterprises (Privatisation and Commercialisation) Act of 1988
Public Enterprises (Privatisation and Commercialisation) Act No. 28 of 1999
Public Procurement Act of 2007
Securities and Exchange Commission Act of 2003
Trade Malpractices Act of 1995
Trade Union (Amendment) Act of 2005
Universal Basic Education Act of 2004
EXECUTIVE SUMMARY

1. THE APRM PROCESS

1.1 Origin and purpose of the African Peer Review Mechanism

1.1 The New Partnership for Africa’s Development (NEPAD) was adopted by the African Union 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”. 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 A centrepiece of the NEPAD good governance initiative is the African Peer Review Mechanism (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. A lot of goodwill and buy-in result from the understanding that the APRM provides an African voice for African problems. Implemented effectively, 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 widely heralded as the jewel of the NEPAD crown.

1.3 Assessment of governance and development performance under the APRM is based on the codes, standards and objectives that are referenced in the Declaration on Democracy, Political, Economic and Corporate Governance that was adopted at the 6th Summit of the NEPAD Heads of State and Government Implementation Committee meeting held in Abuja, Nigeria on 9 March 2003. 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 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, namely Ghana, Rwanda, Kenya, South Africa, Algeria and Benin, have been peer-reviewed and are currently implementing their National Programmes of Action (NPOA). In addition to Nigeria, two other countries, Burkina Faso and Uganda, have recently received a country review mission and expect to be
peer reviewed in July 2008. Six countries: Lesotho, Mali, Mauritius, Mozambique, Tanzania and Zambia, have received a country support mission. The remaining 14 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 6th meeting of the NEPAD Heads of State and Government Implementation Committee held in Abuja, on 9 March 2003. In fact, the then 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 until his departure from office in May 2007.

1.6 Following Nigeria’s accession to the APRM, the country designated the Secretary to the Government of the Federation (SGF), Chief UG Ekaette, CFR, mni, as the National Focal Point (NFP). The country also put in place a 22 member National Steering Committee (NSC) and a 31 member Working Group to oversee the implementation of the APR national process.

1.7 Once the national structures had been established, the APR Panel’s Country Support Mission (CSM) was fielded to Nigeria from 21-24 March 2005. However, the Nigerian APRM process ran into problems, particularly those relating to 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. In the end, five Lead Research Organizations (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 undertaking the national self-assessment process, the APRM Master Questionnaire was domesticated and four research instruments Desk Research, Mass Household Survey, Elite/Decision Maker and Focus Group Discussions, were used. The draft CSAR and NPOA were collated by the end of 2006.

1.9 Nigeria held elections in April 2007 and the result was the replacement of President Olusegun Obasanjo by the President–elect, Umaru Yar’Adua. The new administration ushered in changes in the management and administrative structure of the APRM at national level, including the replacement of Chief Ekaette by the new OSGF Amb. Baba Gana Kingibe, the National Focal Point. The National Working Group was expanded to 240 members.

1.10 The country also embarked on a nationwide validation of the CSAR which included hosting stakeholder workshops, the serialisation of 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.
1.11 The preparation of the NPoA began with a 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 on 3 to 11 December 2007, in Abuja. These workshops culminated in a National Dialogue on the CSAR and NPoA, held on 11 December 2007, under the chairmanship of President Umaru Musa Yar’Adua. The outcome of the named events was taken into account in the preparation of a four-year NPoA (2009 – 2012). The costed NPoA and the updated CSAR were endorsed by the National Working Group and the Federal Executive Council (the highest decision-making organ 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 fielding of the CRM from the 3rd of February to the 2nd of March 2008. The Mission of 24 was led by Ambassador Bethuel Kiplagat, Member of the African Peer Review Mechanism’s Panel of Eminent Persons (APR Panel). HE Alhaj Tejan Kabba, Former President of Sierra Leone, also participated as a high-level observer and African statesman. In line with the requirements of the Base Document, the mission was composed of African experts, in this case reflecting 10 African nationalities.

1.13 The Country Review Mission 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 the 6th of March 2008, with a public launch attended by His Excellency President Umaru Yar’Adua. The mission spent the first week interacting with Federal Structures as well as non-state actors in Abuja.

1.14 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. The CRM visited a total of 16 centres, including Abuja (Federal Capital Territory) and met with representatives from all the 36 states of the Federation. The mission interacted with representatives of state and non-state groups, including the executive, legislature and judiciary and non-governmental organisations, civil society organisations, the private sector, media, academia, labour organisations, professional bodies and traditional rulers.

2. BACKGROUND

2.1 Nigeria attained Independence in 1960 but is still considered a young democracy, given its erratic political evolution and development since casting off the yoke of colonialism. Years of despotic and debilitating military rule rendered the country vulnerable to arbitrary and often poor governance, lack of transparency and accountability, lawlessness, underdevelopment, economic instability and human rights violations of a severe magnitude. The negative consequences of arbitrary military rule accompanied by the ousting of the
Executive Summary

The current democratic dispensation began on 29 May 1999 with a new constitution and Chief Olusegun Obasanjo as President. Inheriting a dysfunctional bureaucracy, collapsed infrastructure, a break-down in the rule of law and a highly militarised political system, Obasanjo’s administration articulated solutions aimed at reversing the previous negative trends and repositioning Nigeria for stability, broad-based growth, development and prosperity for all. This was enunciated in the National Economic Empowerment and Development Strategy (NEEDS). Obasanjo is also lauded for embarking on a war against corruption and anti-money laundering and for the campaign to recover funds said to have been looted by the late military dictator, General Sani Abacha. The rejection by the National Assembly of the third term bid by President Obasanjo in May 2006 was a breakthrough victory for Nigerian democracy.

The elections held in May 2007, although marred by irregularities, marked a record eight years of continuous elected civilian rule in the country since 1960. It was also the first time that there was a transfer of power from one civilian government to another. To sustain and deepen the reforms, the in-coming administration of President Umaru Musa Yar’Adua launched a Seven-Point Agenda. This is an articulation of policy priorities that are intended to strengthen the reforms and build the economy, so that the reform outcomes 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 list of priorities derived from the Agenda address: sustainable growth in the real sector of the economy, physical infrastructure – power, energy and transportation, agriculture, human capital development – education and health, security, law and order, the combating of corruption, and Niger Delta development.

The main challenge that continues to plague Nigeria is the paradox of poverty in the midst of plenty. Why does the greatest oil producer in sub-Saharan Africa have the world’s third largest concentration of poor people? Nigeria also faces the challenge of reversing value and attitudinal practices acquired during its military history. These include issues such as promoting transparency and accountability in governance systems, tackling implementation problems and policy reversals. Key among these are stemming 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

Nigeria is endowed with a wealth of rich and varied dynamic human resources in the political, sociocultural and economic spheres. In spite of these
endowments, Nigeria’s political leadership has yet to satisfactorily solve democracy and political governance problems as well as reconcile conflicting ethno-regional interests. It also faces the recurrent challenge of managing the process and benefits of economic development to ensure equitable distribution and growth in the country.

3.2 The country has ratified a number of major international treaties. Nonetheless, these treaties must further undergo complex federal and state legislative procedures prior to becoming effective, which is a time-consuming process. Some key treaties that would guarantee personal freedoms for individuals have yet to be ratified. In addition, most Nigerians seem unaware of international conventions, whether ratified or signed by the government.

3.3 Nigeria has excelled in promoting the peaceful settlement of disputes in the ECOWAS region and has also been instrumental in containing African conflicts in several African countries, namely Angola, Chad, Congo, Cote D’Ivoire, Gambia, Guinea Bissau, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania and Zimbabwe. Nigeria has contributed logistics to the liberation movements that led to the independence of African countries such as Namibia, Mozambique and South Africa. 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, and is in the process of effecting the handover.

3.4 However, Nigeria has been embroiled in military and intra-state civil wars, the most notable of which was the Biafra civil war. These civil conflicts have partly retarded the emergence of political democracy and economic development within Nigeria. The major causes of intra-state conflicts include pervasive social and economic inequality and wealth distribution (especially regarding petroleum resources), religious intolerance, and political manipulation and representation. Issues of identity and ethnicity have their own dynamics which contribute to such conflicts. In the absence of an effective Early Warning System, the effectiveness of conflict resolution interventions at the national and inter-state levels is limited.

3.5 The year 1999 saw a return to civilian rule and the promulgation of Nigeria’s current Constitution, which is the bedrock of Nigerian democracy. Since then Nigeria has held three presidential and parliamentary elections, namely in 1999, 2003 and 2007. This has contributed to an enabling environment for the promotion of constitutional democracy in the country. However, an overconcentration of power is vested in the central government and this inhibits true federalism. The principle of separation of powers with its inherent checks and balances is also 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.

3.6 Since 1999, several reforms in the public/civil service have been undertaken by the government. However, these have not resulted in the desired effect of an effective, accountable and efficient civil service. Demoralising
characteristics, including poor pay, political patronage, a slow response to the adoption of technological change and modern organisational methods; corruption and gross indiscipline characterise the civil service, resulting in declining efficiency, effectiveness and productivity. Multifaceted strategies are required to bring about standardisation, as well as the adoption of appropriate staff development policies 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 way of life in Nigeria. Although institutions, namely, the EFCC and ICPC, are actively engaged in fighting corruption, they are under-resourced and are sometimes perceived to be influenced by the Chief Executive. Corruption, especially the use of money in politics, is a great hindrance to the development of constitutional democracy in Nigeria. The electoral process is corrupted by the use of money in politics, which undermines the principles of good governance.

3.8 Although Nigeria is a party to CEDAW, Nigerian women, like women in most traditional societies in Africa, are discriminated against and marginalised as a result of negative cultural practices and beliefs. Women are largely underrepresented in elective and non-elective 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 that would enable women’s issues to be put on the national development agenda.

3.9 The rights of children are not yet well established in Nigeria despite the country’s having signed the CRC. The failure of over 25 states to domesticate the relevant standards and codes contributes to this state of affairs. Some traditional practices such as Female Genital Mutilation (FGM), early forced marriages and other forms of child abuse violate children’s rights. There are still unacceptable rates of infant and child mortality, child labour, trafficking, rape and sexual harassment, lack of quality education, gender inequality and children living on the streets. There is a need for a holistic and multisectoral effort by all concerned actors at all levels to address the plight of children.

3.10 Over the past years, the plight of vulnerable groups, including the disabled and the poor, was left to the attention of kin without government intervention. The rights of Persons with Disabilities (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 protect these rights. There is no law or policy currently that specifically addresses the rights of PWDs. Nigeria has signed but has yet to ratify the Convention on the Rights and Dignity of Persons with Disabilities. There are internally displaced persons and refugees within Nigeria but inadequate services are extended to them. Refugee camps are overcrowded and their accessibility to courts of law is poor. Nigeria is urged to deliberately put in
place legal and policy frameworks to protect the rights of these vulnerable people.

3.11 Nigeria has made great strides in building a democratic society since 1999. Several initiatives are still required to consolidate what it has so far achieved. 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. Overall, the country has the potential to build a prosperous economy, reduce poverty significantly, and provide the basic social and economic services its population needs. However, over 30 years of military misrule, erratic and distorted policies, public sector dominance in production and consumption as well as unbridled corruption and rent seeking have left the country with high incidences of poverty, high unemployment rates, poor infrastructure, low growth rates and widespread insecurity and crime despite the abundance of rich natural resources.

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 and with the continuing discovery of new oil wells, reserves are expected to increase to about 40 billion barrels. As might be expected, the country’s economic strength is derived largely from its oil and gas wealth, which contributes 95 per cent of export revenues, 78 per cent of government revenues and 38.8 per cent of GDP (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 such as: substantial surpluses on the current account of the balance of payments, enabling the country to increase its foreign reserves and reduce its foreign debt; increases in the tax revenue of Government, which have provided much-needed scope for the management of the Budget; and expanded liquidity in the financial sector, facilitating extensive reforms, consolidation and rationalisation. However, the over-reliance on oil has also had a number of disadvantages, notably neglect of certain other important sectors of the economy such as agriculture and manufacturing, an increased vulnerability to external shocks (in the oil market); dereliction in the collection and administration of other forms of taxation, and negative environmental consequences.

3.15 The Obasanjo administration, which brought back democratic rule in 1999, took bold steps towards economic rehabilitation through an economic reform programme – the National Economic Empowerment and Development
Strategy (NEEDS). This strategy was aimed at accelerating economic growth, reducing poverty and achieving the Millennium Development Goals (MDGs). NEEDS has been consolidated further in the current government through the introduction of the Seven-Point Agenda for Nigeria’s development in the context of a broader vision, namely to position the country as one of the 20 most developed economies globally by 2020.

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

3.17 There was inadequate official information on standards and codes to enable documentation of the dates of signing, accession and ratification under the EGM pillar. 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. This includes adoption of Guidelines for Public Debt Management, Code of Good Practices on Transparency in Monetary and Financial Affairs and Core Principles for Effective Banking Supervision and the IMF Code of Good Practices and Fiscal Transparency.

3.18 Current macroeconomic policies are driven by the NEEDS framework, to stabilise the economy in the short run, achieve internal balance in the medium term, and move the economy towards attainment of external balance in the medium to long term. Macroeconomic management is directed at achieving a high and sustained non-inflationary 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 a conducive environment for robust private-sector development.

3.19 The Government has made efforts to contain budget deficits by limiting them to no more than 3 per cent of GDP and reduce 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, including strong non-oil sector growth of about 8 per cent. Public debt has also been kept at sustainable levels since the receipt of debt relief under the Multilateral Debt Relief Initiative (MDRI). This has improved Nigeria’s sovereign credit rating enormously.
EXECUTIVE SUMMARY

3.20 Despite these positive developments, macroeconomic policy remains constrained by a low revenue base due to high levels of tax evasion; the slow progress in the diversification of the economy, the slow pace in employment creation 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), Medium Term Sector Strategy (MTSS) and the Fiscal Strategy Paper (FSP). The budget has also progressively 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 prudent management of public finances. However, performance levels at state and local government levels remain inadequate so far.

3.23 Corruption and fraudulent practices are rampant in Nigeria, and remain a cause for concern for most stakeholders. Corruption in the public sector is believed to be very high. The incidence of money laundering is also perceived to be high. Fighting these economic ills seems to have been a priority for the Federal Government since 1999, as evidenced by the introduction of numerous legislative reforms and initiatives to combat corruption and money laundering. However, anti-corruption agencies are hampered by significant capacity constraints in their attempts to tackle these problems effectively. Moreover, the challenge remains to take the anti-corruption war to the state and local government levels.

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

3.25 There have undoubtedly been notable achievements by Nigeria since 1999 in the areas of macroeconomic stabilisation and growth. But challenges remain. The APR Panel recommends that Nigeria consolidate its efforts towards: diversification of the economy to reduce the impact of shocks, encourage private sector-led development, improve infrastructure to create a conducive environment for business development, reduce youth unemployment, right-size and transform the civil-service and combat corruption more decisively and aggressively.
3.3 Corporate governance

3.26 At first glance, Nigeria’s vast size, abundant resources, large population, strong human resource base and significant wage earning class would appear to present opportunities for private sector development. In reality, Nigeria reflects the commonality of many African countries in that systemic governance problems, capacity constraints and ineffective implementation of laws have led to limited economic growth and transformation. The Nigerian economy is highly uncompetitive and characterized, among others, by a large informal economy, high levels of unemployment, high cost of doing business and significant idle capacity. Despite its rich mineral resource base, Nigeria hosts the third largest concentration of poor people in the world.

3.27 Nigeria has unequivocally declared commitment to free enterprise capitalism but weaknesses inherent in its reliance on resource distribution rather than wealth creation undermine private sector growth. According to the Nigerian Economic Empowerment and Development Strategy (NEEDS), the private sector is dominated by a few large multinationals that are heavily dependent on imports and operate largely as enclaves and have no linkage to the large segment of small and medium-size enterprises 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. Without improving corporate governance, sustainable wealth creation would be difficult and poverty alleviation impossible.

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, in 2003, the Committee on Corporate Governance of Public Companies in Nigeria (CCGPCN) was formed with a mandate to “identify weaknesses in... corporate governance practice in Nigeria and fashion out necessary changes that will improve [Nigeria’s] corporate governance practices, such as the enhancing of corporate discipline, transparency and accountability”.

3.29 The CCGPM promulgated the Nigeria Code of Corporate Governance, which aspires to inculcate principles of corporate governance enshrined in international standards, notably the OECD Guidelines, the Cadbury and the King’s Reports. In addition, the 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 in the banking sector. In spite of the progress made, corporate governance issues are not yet of regular concern in Nigeria – only 40 per cent of companies have adopted the available corporate governance codes. There is still much to be done to achieve strict adherence to international codes, standards and principles.
The primary constraints on sound corporate governance in Nigeria include incompatible legal regimes, outdated statutes and the absence of sufficient domestic application and 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 brought up to date. Notably, the penal code does not recognise corruption as a crime. The CAMA is in need of amendment, in particular with regard to penalties for violation. Whistleblower, freedom of information and consumer legislation have not been enacted and the legislative process is protracted.

The CRM also noted problems with commercial dispute resolution. The normal court system is too protracted and unsatisfactory to serve as the primary recourse option of businessmen. Particularly at state level, archaic recording and filing systems result in a backlog of cases. Capital market disputes are adjudicated by the Investment and Securities Tribunal, an independent body with the same status as the High Court. However, the capacity of the Tribunal needs to be improved in respect of both its jurisdiction and mandate and in human and technological terms.

There are weaknesses in oversight functions, including overlapping regulatory powers/conflicting jurisdictions. There seems to be a need for a better supervisory legal framework for the capital market. Regulatory frameworks for retirement benefits and the safety, environmental and energy sectors are not very effective. Other problems relate to political problems and interference with the autonomy of oversight bodies. The CSAR has also identified an alarming dearth of capacity and lack of appropriate skills for regulatory oversight. A related issue is seemingly multiple taxation as mandates of different tiers of government are not effectively reconciled and demarcated on some matters relating to licensing and registration of businesses.

As part of the effort to reposition the economy and accelerate the process of rapid 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, including the electricity, oil and gas, telecommunications and transport sectors. Other efforts by Nigeria to promote investment include the use of incentives such as tax holidays, deductions and concessions. Nigeria also re-engineered its Export Processing Zones Authority and the Export Promotion Council for the effective implementation of its export promotion. Another key investment promotion initiative was the establishment of the One Stop Investment Centre – an investment facilitation mechanism designed to shorten and simplify administrative procedures for the issuance of business approvals, permits and licenses and company incorporation with 13 agencies now participating.

Despite the foregoing, investment promotion is constrained by poor infrastructure, especially roads and electricity supply. Poor policy implementation limits access to funds, quite apart from the very high cost of capital. There is also a need to improve the business environment in terms of
security of life and property. Festering political instability, kidnapping and hostage taking in the oil producing Niger Delta region, and contract killings with unfruitful investigations by the police are of particular concern.

3.35 A key developmental challenge is how to deal with the large and expanding informal sector and to boost the growth of small and medium enterprises whose problems include access to finance and a dearth of skills. The CBN undertakes a number of development activities through the following programmes: the Agricultural Credit Guarantee Scheme, the Commodity Surveillance programme, the Micro-finance programme, the Small and Medium Enterprises, Equity Investment Scheme (SMEEIS), and the Refinancing and Discounting, and Agricultural Credit Support Scheme. However, efforts to improve access to funding by the informal sector should go beyond the creation of institutions; they ought to focus on improving the effective implementation of existing statutes and schemes to enable SMEs to really access funding for small enterprises as well as to foster an enabling environment for SME operation.

3.36 Economic and financial crimes such as Advance Fee Fraud (419) and Money Laundering have had severe negative consequences for Nigeria, including decreased foreign direct investment. Fighting such crimes relies on laws like the Independent Corrupt Practices and other Related Offences Act, the EFCC Act, the Money Laundering Act and the Money Laundering (Prohibition) Act. These laws contain comprehensive provisions proscribing the laundering of the proceeds of a crime or an illegal act and provide appropriate penalties. Observers believe that implementation is ineffectual. Nigeria continues to be hampered by systemic corruption and its debilitating ancillaries—bribery, graft, advanced fee fraud, and nepotism. To improve the situation, it is important to ensure that all necessary safeguards, including a whistleblower protection safeguard, be put in place. This will facilitate the exposure of unethical and corrupt business practices. The media also have a role to play but have not been an effective watchdog because of overconcentration on politics and limited expertise and/or lack of interest in investigative and feature reporting.

3.37 Nigeria is making increased demands on big business organisations for greater social responsibility. Stakeholders are of the view that corporations are not doing enough in terms of social investment. Awareness and implementation of CSR is generally low, within corporations on the one hand, and would-be beneficiary communities on the other. Corporations’ understanding of good corporate citizenship and the practice of Corporate Social Responsibility is largely based on philanthropic and altruistic concepts. A lot of focus in Nigeria on CSR tends to be on multinationals and the big oil producing companies. There is a critical role that SMEs and other home-grown companies can play. CSOs could play an active role in sensitising communities and advocating for CSR, although there are perceptions that national NGOs, CBOs and CSOs are weak; lack internal democracy and themselves demonstrate limited transparency and accountability. The use of Public-Private Partnerships as a vehicle for delivering development is underutilised in Nigeria.
3.38 Nigeria was the first African country to sign up for EITI in 2003. The Nigerian EITI is aimed at due process and achieving transparency in payments by extractive industry 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 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 Since oil was discovered in Nigeria in the 1950s, the country has consistently suffered the negative environmental consequences of oil development. 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 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 sensitize companies and communities on environmental issues, and fully support the adherence to principles for better protection of the environment.

3.40 The labour laws of the country are deemed sufficiently strong, although there are substantial challenges in the area of implementation. With poverty and unemployment so acute, the effective implementation of minimum wage law is not an attainable 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 than they are effectively implemented. Other relevant labour issues requiring attention include casualisation of staff, access to information by employees, sexual harassment and gender discrimination and policies on HIV/AIDS in the workplace.

3.41 Nigeria’s movie and film industry – Nollywood – forms part of the emerging knowledge economy in Africa. 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 copyright infringement, including in the case of books. It is important for Nigeria to enhance and strengthen its IPR regime to help grow its new creative industries such as Nollywood.

3.42 It has been observed that, 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 International Standards on Auditing (ISA), although this is not mandatory. There is inadequate adherence to auditing standards and professional ethics. Furthermore, ethical codes for auditors in Nigeria are not in line with international requirements. Nigerian accounting firms are not precluded from providing auditing and consultancy services to the same client, flouting potential conflict of interest. The mechanisms for enforcement and compliance at the 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’ report, but the CAC rarely applies any sanctions.

3.44 The level of governance which exists today in Nigeria provides an inadequate check on boards of directors. Nigerian companies are perceived as failing 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, reporting by companies, understatement of profit so as to evade tax liabilities; and overstating of the financial viability and liquidity of corporations to sustain investor confidence unjustifiably, even when the corporations are failing. There was general agreement among participants that the incidence of quacks in some professions 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 appointment of directors in the public sector is low in comparison with the private sector. Corporations in the public sector are largely influenced by current political trends fused in geographical zoning. The managements of many listed companies do not establish organisation and support functions for the monitoring, organisation, briefing and notification of corporate policies and procedures to the staff. Weaknesses in strategic management describe the situation in the corporate sector in Nigeria. There is also a need to advance more women 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, but also with plentiful mineral deposits such as coal, gold and sulphur. With a real GDP of $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 GDP per capita is only about US$752, and poverty is widespread, with about 54 per cent of the population living on less than one dollar 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, with agriculture, which is predominantly peasantry with low and declining productivity, accounting for 42 per cent of GDP, followed by crude oil (22 per cent), while the secondary sector, especially manufacturing, has stagnated at 3.7-3.8 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 commodity price volatility. This, in turn, has had far-reaching consequences for macro-stability and socioeconomic development.

3.48 Not surprisingly, Nigeria ranks low on human development indices. In its Human Development Report for 2007/8, the UNDP ranked Nigeria at 157 out of 177 countries – down from 148 out of a total of 173 in 2003. The country’s Human Development Index (HDI) at 0.453 in 2005 is lower than the average HDI 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 represent the largest overall segment of the poor and suffer greatly where public service delivery is concerned.

3.49 In an attempt to address the numerous challenges facing the country, especially the high poverty levels, the Federal Government of Nigeria has come up with one of the most comprehensive strategies to combat poverty and stimulate growth in Africa – the National Economic Empowerment and Development Strategy (NEEDS). The NEEDS strategy is designed to improve the living conditions of Nigerians.

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

3.51 Within the framework of NEEDS, Nigeria has devised a number of programmes to fight poverty. The most notable of these is NAPEP. The programme is expected to achieve the goals of NEEDS in line with the MDG of halving the proportion of people living in extreme poverty by 2015 by increasing the demand of the poor for education, basic health, and engaging in income-generating activities.

3.52 Despite the reported decline in poverty to 54 per cent today, Nigeria’s economy is struggling to leverage the country’s vast wealth in fossil fuels in order to reduce the endemic poverty that affects many people. Large numbers of Nigerians are trapped in chronic, long-term poverty that is transmitted from generation to generation. Economists refer to the coexistence of vast natural resource wealth and extreme personal poverty in developing countries like
Nigeria as the “resource curse”. Worse still, the country does not have any guidelines to measure poverty, as some other countries do.

3.53 Agriculture, the main source of livelihood, remains neglected in spite of Nigeria’s vast amount of arable land. Although the CRM acknowledges the recent efforts that the Federal Government is making to promote agricultural development, such as the institutionalisation of farming skills acquisition in 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 Millennium Development Goals (MDGs), including the commitment to halve poverty, by 2015, the outcome is mixed. According to the 2004 Progress Report on MDGs, Nigeria has made progress towards achieving several goals but fallen short on others.

3.55 In education, Nigeria adopted free universal primary education (UPE) as a national policy in the 1970s, which led to a massive increase in primary school enrolment. In recent years, the Government has, in line with NEEDS policy objectives, undertaken structural and institutional reforms to enhance service delivery. The Government introduced Universal Basic Education (UBE) under the Universal Basic Education Act of 2004, to revise UPE. Although UBE is tuition-free, the high cost of school-related expenses, as well as the opportunity costs to parents of sending children to school (notably their labour), is keeping many school-age children out of school.

3.56 Similarly, Nigeria’s healthcare system is very challenged and greatly constrained in providing quality healthcare to all Nigerians, especially the unemployed and poor. Contrary to its stated tenet, the NHIS coverage appears not to be very inclusive. The coverage mostly provides for the healthcare needs of the formally employed. Consequently, it excludes the majority of Nigerians, who are either unemployed or earn their living in the informal sector. The health sector is characterised by a low life expectancy of 46.5 years, along with a high resurgence of tuberculosis and malaria.

3.57 The 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 which 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 requisite 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 domesticated some international standards and codes. This is highly commendable. However, evidence of the standards and codes
that have been signed by Nigeria and when and whether they have been ratified and domesticated has been difficult to find. The principal reason is that the Federal Ministry of Justice, which is charged with 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 ratified or even domesticated 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 limited to the elite and to decision makers.

3.61 Although Nigeria’s national gender policy aims at the full integration of women into all areas of life through the principle of equality, minimal progress has been made towards the promotion of 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, although in both cases gender gaps still remain unacceptably high. One major reason for this is that the national gender policy has failed to achieve its main and preliminary goal of domesticating 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 civil society organisations that are implementing programmes in areas such as FGM, VVF and early marriages; to provide 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 elite level. This has created a strong public perception of lack of transparency in government’s allocation of public funds, which appears to be unduly influenced by such factors as godfatherism, 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 constitutes a serious and fundamental limitation in democratic governance in Nigeria.

4. GOOD AND BEST PRACTICES

Overall

- Nigeria’s role in Africa since independence, the mainstay of Nigeria’s foreign policy, has been a focus on Africa and on some basic principles that include the continent’s unity, independence, peaceful settlement of disputes and regional economic cooperation and development.
Democracy and political governance

- Nigeria’s role in conflict resolution and peace building, particularly in the West Africa subregion
- Council of State, consisting of former leaders in Nigeria, advises the President on request.
- Federal Character principle, working on equitable formula of resources and development.
- President Yar’Adua’s declaration and publication of assets as a signal of commitment to good governance
- National Agency for the Prohibition of Traffic in Persons (NAPTIP).

Economic governance and management

- Technical Aid Programme (TAP): This is the exportation of Nigerian technical aid to other African countries.
- Bank consolidation and financial sector reforms
- Efforts to improve public finance management by introducing due process in procurement
- Establishment of EFCC and ICPC institutions to enhance efforts to tackle corruption

Corporate governance

- EITI Extractive Industries Transparency Initiative (EITI). Nigeria was the first African country to adopt EITI and has enacted legislation to enhance the operation of this initiative in the country.

Socioeconomic development

- Example of gender Affirmative Action in Kebbi State

5. OVERARCHING AND SPECIAL ISSUES

5.1 The Country Review for Nigeria has identified certain issues as deserving further treatment. These issues are grouped into two categories:

i. Overarching issues are those matters that have been identified in more than one thematic area of governance and that deserve a holistic approach in view of the wider impact that they have on the quality of governance in the country. They are deemed unique and important enough for isolation so as to inform as well as facilitate prioritisation, firstly by the Heads of
State during peer review and then by the country in the implementation of the NPOA. The overarching issues for Nigeria include the following:

- Managing diversity and promoting nation building within the framework of the Federation;
- Dependence on oil/gas and lack of economic diversification;
- The scourge of corruption;
- Ineffective policy and programme implementation and poor delivery of services;
- The informal sector;
- Slow gender progress and limited advancement of women;
- Land reform policy;
- The role of the traditional rulership in governance;
- Diaspora and remittances; and,
- Social indiscipline, disorder and value re-orientation.

ii. **Special Issues** are those that are unique to the context of Nigeria. They include the following:

- The Lagos megalopolis; and,
- Economics of the 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 through the diligent implementation of the National Programme of Action. The estimated budget for implementing the APRM of Nigeria’s NPoA is in the region of an aggregate value of US$20b. The implementation of the NPoA will be shared 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 National Working Group, which is to work in collaboration with the Joint Monitoring and Evaluation Committee.
7. **CONCLUSION**

**Key strengths and challenges**

*Strengths*

_Natural Resource Base_

7.1 Nigeria’s greatest strength is its natural resource base. 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, give the country the potential to build a prosperous economy, reduce poverty significantly, and provide the basic social and economic services that its population needs.

_Population, Manpower and Human Resources_

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

_Nigeria, a regional and global power house_

7.3 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 the West African regional and in 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 anti-money laundering_

7.5 Corruption—political and economic—primarily explains poverty in Nigeria. Corruption has held back economic growth and development and frustrated incentives to align budgetary allocations with development priorities.

_Dependency on oil and conflicts over resources_

7.6 Over-reliance on oil and by extension dependency on the centre accompanied by resource struggles such as those in the Delta pose challenges to the federation.
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**Ineffective implementation of policies and laws**

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

**Value reorientation, attitudinal issues and impunity**

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

**Future prospects for Nigeria**

7.9 By virtue of population size, ethnic diversity, resource endowment, the “can-do” spirit of its peoples, 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 peace-building, Nigeria has the potential to occupy a leading position on the continent and even in the world. However, to achieve this aspiration and its own declared objective to become one of the 20 Emerging Economies by 2020, Nigeria requires visionary and transformative leadership at all levels of society. A leadership with commitment that is willing to sacrifice personal aggrandisement for collective good.
1. INTRODUCTION: THE APRM PROCESS AND ITS IMPLEMENTATION IN NIGERIA

Objectives of the 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 socio-economic development codes and standards, as outlined in the Declaration on Democracy, Political, Economic and Corporate Governance.”

APRM Base Document, Paragraph 15

1.1 Origin and purpose of the African Peer Review Mechanism

1. The New Partnership for Africa’s Development (NEPAD) was adopted by the African Union Heads of State and Government Summit held in Lusaka, Zambia, in July 2001. NEPAD is a strategic policy framework for Africa’s renewal and re-birth. 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 policymaking and management; effective partnerships; and domestic ownership and leadership.

3. A centrepiece of the good governance initiative is the African Peer Review Mechanism (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 for 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 the most innovative aspect and widely heralded as the jewel of 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. Assessment of governance and development performance under the APRM is based on the codes, standards and objectives that are referenced in the Declaration on Democracy, Political, Economic and Corporate Governance that was adopted at the 6th Summit of the NEPAD Heads of State and Government Implementation Committee meeting held in Abuja, Nigeria on 9 March 2003. The adopted codes, standards and objectives take into account successive decisions of OAU and AU Summits aimed, 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 all countries are not at the same level of development given their different historical and political contexts. 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 each other through an exercise of constructive peer dialogue and persuasion where necessary 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 Documents; the “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 and Table 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 the operationalisation of the agreed parameters for good governance across the four thematic areas.
CHAPTER ONE: INTRODUCTION: THE APRM PROCESS AND ITS IMPLEMENTATION IN NIGERIA

Figure 1.1: APRM Geographical Coverage


Table 1.1: Countries that have joined the APRM between March 2003 and May 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Africa (4)</td>
<td>Cameroon, Gabon, Republic of Congo, Rwanda</td>
</tr>
<tr>
<td>East Africa (5)</td>
<td>Djibouti, Ethiopia, Kenya, Tanzania, Uganda</td>
</tr>
<tr>
<td>North Africa (3)</td>
<td>Algeria, Egypt, Sudan</td>
</tr>
<tr>
<td>Southern Africa (7)</td>
<td>Angola, Lesotho, Malawi, Mauritius, Mozambique, South Africa, Zambia</td>
</tr>
</tbody>
</table>
Chapter One: Introduction: The APRM Process and Its Implementation in Nigeria

11. Of the 28 member countries, six countries (Ghana, Rwanda, Kenya, South Africa, Algeria and Benin) have been peer-reviewed and are currently implementing their national programmes of action. In addition to Nigeria, two other countries, Burkina Faso and Uganda, have recently received a country review mission and expect to be peer-reviewed in July 2008. Six countries (Lesotho, Mali Mauritius, Mozambique, Tanzania and Zambia) have received a country support mission. The remaining 14 countries have yet to formally launch the APRM process.

1.2 The country reviews and the programme of action

12. APRM reviews are conducted under the leadership of the APR Panel and consist of five inter-related 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:

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 preliminary Programme of Action, and the submission of these to the APR Secretariat.

14. The country’s self-assessment is a broad-based consultation and survey process conducted against the standard APRM Questionnaire. It is structured in line with 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 come up with clear time-bound commitments in the form of a National Programme of Action (NPOA). According to the APRM Base Documents, “The primary purpose of the NPOA is to guide and mobilize the country’s effort in implementing the necessary changes to improve its state of governance and socio-economic 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. As the country prepares its CSAR and NPOA, the APR Secretariat prepares a comprehensive background document on the country. The preparation of the document draws on up-to-date information from national, subregional, regional and international sources.

| West Africa (9) | Benin, Burkina Faso, Ghana, Mali, Mauritania, Nigeria, São Tomé and Principe, Senegal, Sierra Leone |

17. Based on the CSAR, NPoA and 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 need reinforcement
- Issues that have been understated or inadequately addressed
- Issues identified in the past but which continue to present serious problems with implementation
- Issues missed completely by the CSAR
- Areas of discrepancy or divergence (as is evident from cross-checking against the background paper)

18. In **Stage two** the Country Review Mission (CRM) visits the country to interact with stakeholders. The CRM must carry out the broadest possible consultations with all stakeholders: the government, judiciary, political parties, national assemblies, civil society organisations (CSOs), the media, women, youth, people with disabilities, trade unions, religious bodies, professional bodies, corporate entities and organisations (both 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, and to clarify the issues identified in the Issues Paper and build consensus on how any outstanding problems should be tackled.

20. **Stage three** is the drafting of the report by the CRM. The Country Review report is informed principally by the CSAR and NPoA submitted by the country. In addition, the Country Review report reflects information made available to the CRM through the background paper and issues paper as well as the views gathered in the wide-ranging consultations with stakeholders in the course of the country review visit.

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

22. **Stage four** is the submission of the CRM’s report to the APR Secretariat and the APR Panel. The Panel considers the report and makes any additional recommendations thereon.

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

24. Stage four also involves the submission by the Panel of the Country Review report to the APR Forum for peer review and, subsequently, for implementation according to the APR Forum’s mandate. If the country shows a demonstrable will to rectify identified shortcomings, it becomes incumbent on 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 worthy of mention that the APRM provides for four types of reviews:

- 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 that 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 country review report after it has been considered by the APR Forum. Key regional and subregional structures 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 should have the report tabled before them.

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 9 to 12 months. Countries have, however, typically taken longer than this but it is hoped that as the process continues to unfold, this duration 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 political governance**

- Preventing and reducing intra- and inter-country conflicts
Fostering constitutional democracy, that is periodic political competition and opportunity for choice, the rule of law, a Bill of Rights and the 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 separation of powers, including protecting the independence of the judiciary and that of an effective parliament

Ensuring accountable and efficient public officeholders 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 objectives**

- 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 the participating states

**Corporate governance objectives**

- Providing an enabling environment and 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 objectives**

• 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 HIV, Aids and other communicable diseases)

• Ensuring affordable access to water, energy, finance (including microfinance), markets, and information and communication technology (ICT) to 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 6th meeting of the NEPAD Heads of State and Government Implementation Committee held in Abuja, on 9 March 2003. Indeed, the then 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 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:

• Designation of the Secretary to the Government of the Federation (SGF), Chief UG Ekaette, CFR, mni, as the National Focal Point (NFP).

• Establishment of a 22 member National Steering Committee (NSC) to oversee the implementation of the APR national process

• Establishment of a National Working Group (NWG) as the equivalent of the National Commission/Council. The NWG at the time was comprised of 31 members representing the following sectors: government, civil society, the media, the legislature, academia, the trade unions, women’s groups and the private sector.
• Appointment of ten (10) technical research institutes (TRIs) spanning the six geopolitical zones in the country to spearhead the self-assessment exercise.

1.5 Country Support Mission

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

32. Deliberations during the CSM focused mainly on the national structures and sensitisation and mobilisation of the public. Following discussions, both sides agreed that the National Working Group be expanded to include more civil society groups and that a non-state functionary should be appointed as Chairperson of this group.

33. The Nigerian APRM process ran into problems, however, particularly relating to 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 report. From this report and other desktop research and supplementary interviews, the other four LROs produced reports on the following APRM thematic areas:

• Democracy and 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 and Marketing Services Ltd (RMSL))
1.6 **Methodology used to prepare the country self-assessment report**

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

- Desk research for the review of relevant documentation on the thematic areas from 1960, date of independence, to 2007.

- Mass household survey (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. It captured the views of a national sample size of 22,200 households in 1,110 enumeration areas across 111 local government areas in all the 109 senatorial districts of the 36 states of the Federation and the Federal Capital Territory.

- 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 to reflect Nigeria’s geographical, political and social diversities from among the three arms and tiers of government, professional and occupational groups, civil society organisations, non-governmental organisations, labour and trade unions, gender, ethnocultural/religious orientations and 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 of issues on 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 (i.e. it has 36 states, a federal capital territory, and 774 local government areas/area councils, in addition to the central government).

- The technicality of the recommended methodology and instruments for 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 of oversight institutions in the legislature and judiciary arms of government.
Complex problems were encountered regarding economic development and 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, Prof Alex Gboyega, Prof 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

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

- Amb. Baba Gana Kingibe was designated Secretary to the Government of the Federation and APRM National Focal Point, taking over from Chief Ufot G. Ekaette.

- Amb. 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 National Working Group 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 they relate to their 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 APRM 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 stakeholders’ workshops, serialisation of 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 distribution of 40 million copies of the simplified version of the executive summary of the CSAR in Nigeria’s main languages of Hausa, Igbo and 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.

- Reviewing 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 - Democracy and political good governance; Institute for Development Research - Economic governance and management; The Nigeria Economic Summit Group - Corporate governance; and the Centre for Advanced Social Science – Socioeconomic development.

- Dispatching the expanded working group in four teams to fourteen (14) clustered centres, where all the 36 states and the FCT participated actively.

- Holding validation sessions with non-stakeholders at the Federal Capital Territory, Abuja, and with the ministries, departments and agencies and finally with the President, where ministers, heads of parastatals and agencies, governors, chairmen of local governments and traditional rulers were in attendance;

<table>
<thead>
<tr>
<th>Box 1.1: Innovations in the Implementation of the APRM in Nigeria</th>
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<tbody>
<tr>
<td>(i) Emplacement of broad-based National Coordinating Organs (NCOs), comprising a National Focal Point (NFP); a 50-member (later expanded to 240 broad-based representatives in the National Working Group (NWG): a 14-member National Steering Committee (NSC); and a functional NFP Secretariat. Some states also put in place state working groups equivalent to the National Working Group.</td>
</tr>
<tr>
<td>(ii) Commissioning of five Lead Research Organisations (LROs) to conduct the country self-assessment exercise in the APRM four thematic areas, using the assessment instruments of Desk Research, Elite/Decision-Maker Interviews, Focus Group Discussions and Mass Household Survey and outsourcing three experts to collate the report.</td>
</tr>
<tr>
<td>(iii) 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:</td>
</tr>
<tr>
<td>- establishment of a website <a href="http://www.aprnigeria.org">www.aprnigeria.org</a></td>
</tr>
<tr>
<td>- production and airing of jingles in the electronic media</td>
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<tr>
<td>- production and placement of adverts and features articles in the print media; production and installation of billboards</td>
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<tr>
<td>- production and dissemination of an APRM flyer</td>
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<td>- production and distribution of APRM-branded T-shirts and face caps</td>
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<tr>
<td>- participation in the electronic media interactive programmes; visits to media houses</td>
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CHAPTER ONE: INTRODUCTION: THE APRM PROCESS AND ITS IMPLEMENTATION IN NIGERIA

• hosting stakeholder workshops etc

(iv) Undertaking a validation exercise that entailed

(i) 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

(ii) printing and distribution of 40 million copies of the simplified version of the executive summary of the CSAR in Nigeria's main languages of Hausa, Igbo and 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

(iii) peer review of the report by an independent expert organisation in order to provide objective assessment that enables the filling up of the necessary gaps

(iv) dispatching the expanded Working Group in four teams to fourteen (14) clustered centres where all the 36 states and the FCT participated actively.

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

Source: Adapted from Nigeria CSAR, January 2008.

1.8 Preparation of the programme of action

42. The preparation of the NPoA began with the two-phase nationwide validation of the CSAR and draft NPOA in 19–30 November 2007 in 14 centres covering the 36 states of the Federation and on 3–11 December 2007 in Abuja. These workshops culminated in a National Dialogue on the CSAR and NPoA, which was held on 11 December 2007, under the chairmanship of President Umaru Musa Yar'Adua. The outcome of the named 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, drawn from the non-state stakeholder and state stakeholder groups. The Committee was chaired by the National APRM Director and comprised representatives of:

• The Nigerian Economic Summit Group (NES-G)
• The National Planning Commission
• The National Assembly (Senate)
• The National Assembly (House of Representatives)
• The Federal Ministry of Finance
• The National Council of Women’s Societies
• The Ministry of Foreign Affairs
• The Federal Ministry of Justice
• The National Bureau of Statistics
• The Nigerian Labour Congress
• The Centre for Budget Assessment & Accountability,
• NEPAD Nigeria

44. The Committee discharged its assignment in two phases. **Phase 1** focused on the review and update of the contents of the draft NPoA, and **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 National Working Group and the Federal Executive Council (the highest decision-making organ of the Executive Arm of the Federal Government) on 28 December 2007 and 9 January 2008, respectively.

### 1.9 Country Review Mission

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 2f March 2008.

47. The Mission was led by Ambassador Bethuel Kiplagat, Member of the African Peer Review Mechanism’s Panel of Eminent Persons (APR Panel).

48. HE Alhaj Tejan Kabba, Former President of Sierra Leone, also participated as a high-level observer and African statesman.

49. In line with the requirements of the 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 Congo, Ethiopia, Ghana, Kenya, Liberia, Sierra Leone, South Africa, Sudan, Uganda and Zambia.

**Independent technical consultants**

*Democracy and political governance*

• Prof. Shadrack Gutto (Professor and Chair of African Renaissance Studies at the University of South Africa)

• Amb. 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, formerly, lecturer in International Law and International and Regional Human Rights Law at Kampala International University, Uganda)

• Prof. Olewe Nyunya (Associate Professor of Political Science and International Relations, University of Nairobi, Kenya)

• Dr Shekou Sessay (Former Senior Adviser, UNDP, UN Habitat, former MP and Minister Economic Development and Planning and Presidential Affairs, APRM and EITI Focal Point, Sierra Leone)

Economic governance and management

• Dr John Karimu (former Commissioner-General of the National Revenue Authority (NRA) and former Minister of Finance, Development & Economic Planning, Sierra Leone)

• Prof. 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, Principal Consultant, Development Consultants)

• Dr David Abdulai, (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, former NEPAD Adviser on MDGs)

• Dr Bernard Dasah (CEO, Bendas Development Consultants)

• Prof. 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 AfDB)

• Ms Tonaina Ngororano (Socioeconomist, Governance Division AfDB)

• Dr Kojo Busia (Chief, APRM Unit and Senior Development Management Officer, UNECA)
1.10 Activities undertaken during the CRM

50. The Country Review Mission to Nigeria entailed a month-long validation of the CSAR by the country review 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) while in the Federal Capital Territory and by the State Governors during the state visits. The National APRM Secretariat provided administrative and logistical support to the review team.

51. Following an internal working session of the CRM and preliminary meetings with the National Focal Point and National APRM Secretariat, the CRM formally began on 6 March 2008, with a public launch attended by His Excellency President Umaru Yar’Adua.

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

53. From 11-28 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 (Federal Capital Territory), meeting representatives from all the 36 states of the Federation as stakeholders from adjoining states congregated in the centres to participate in the review (see map below).

55. Team 1 covered the eastern part of Nigeria and visited the following 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 non-state 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. The participation in stakeholder meetings was remarkable given the large numbers that attended the sessions. Additionally, the CRM were impressed with the levels of participation by women, youth and the physically challenged.
Figure 1.2: Map of Nigeria – Team 1 and 2

**Movement – Team 1:**

**Movement – Team 2:**
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 APRM CSAR Chapter 2

2.1 Introduction

58. Nigeria attained Independence in 1960, but is still considered a young democracy, given its erratic political evolution and development since casting off the yoke of colonialism. Years of despotic and debilitating military rule rendered the country vulnerable to arbitrary and often poor governance, lack of transparency and accountability, lawlessness, underdevelopment, economic instability and human rights violations of a severe magnitude. 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, 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 heard to date. Through the years, Nigerians have held on to the ideals of democratic participation, inclusion and equity. In the past eleven years, continuous civilian rule -- although not without its fragilities and
setbacks as a consequence of tenuous institution building and crystallisation of democratic norms -- has offered a vital core around which the norms and imperatives of good governance are being established. Nonetheless, inevitably the task of nation building and reconstruction, as well as mobilising the national psyche towards unity and development, still poses a formidable challenge to 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 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, increasingly, Nigerian governments have undertaken 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 four hundred 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 and at times
the practice of Sharia in the North has been a source of contestation when juxtaposed with the freedoms in the Constitution.

66. Administratively, Nigeria has 36 states grouped into six geopolitical zones and 774 Local Government Areas. In addition, there is the Federal Capital Territory 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. Estimates put the population of Lagos at almost 20 million persons. Abuja has about 452,000 residents. Other major cities with estimated populations of about 9 million include Kano and Ibadan.

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. 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-Fulani and the Yoruba. In the south-west 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 inlands 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: 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, the Northern, Western and Eastern provinces, each with augmented powers and autonomy. This marked the beginning of regionalism, which was further enhanced by the 1951 McPherson’s Constitution, 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 between the three dominant ethnic groups, namely the Hausa-Fulani, Igbo and Yoruba. The amalgamation of these historically autonomous ethnic communities to form the single federal state of Nigeria without their consent resulted in an artificial fusion of disparate cultures, religious 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 between them in a triangular contest for power on an ethno-regional 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 allied 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 altered its relationship with the United Kingdom by proclaiming itself a Federal Republic and promulgating 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 inter-regional, 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. In 1976, the states increased to 19, then to 21 states in 1987, and 30 states in 1991. By 1996 the present-day number of 36 states was constituted.

77. 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, and the Federal Capital Territory Abuja was created.

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

79. The First Republic lasted just over five years and was overthrown on 15 January 1966 by a small group of army officers led by Maj Gen JTU Aguyi-Ironsi. The federal prime minister and the premiers of the northern and western regions were assassinated.

80. Mar Gen Aguyi-Ironsi was overthrown within six months in a coup led by Gen Yakub Gowon because Aguyi-Ironsi’s government 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, Gowon’s military government divided the four regions into 12 states.

81. The creation of new states did not assuage the strong Igbo secessionist sentiment that continued to fester in the South-East. Ultimately, in May 1967 the military governor of the Eastern Region, Lt Col 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 in which about one million persons died.

82. The third military coup was staged on 29 July 1975 by Gen Murtala Muhammad against Gen 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.

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

84. 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 Gen. 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. SMC's third-ranking member, Army Chief of Staff Maj Gen 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 23 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 South-West. 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. After cancelling the presidential elections, Abacha installed a military government. 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 September 1992 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 Gen 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 and the imprisonment of Abiola, the alleged coup plotters and other agitators for transition such as the Ogoni 19, and the general oppressiveness of the Abacha regime -- increased disenchantment among Nigerians and stirred up 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. President 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, ushering in a new democratic dispensation, took over a country that faced many problems, including a breakdown in 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 2003-7. 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. The NEEDS Strategy 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 towards 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 include the Independent Corrupt Practices and Other Related Offences Act (ICPC) 2000) and the Money Laundering (Prohibition) Act of 2004. The authorities also established the Economic and Financial Crimes Commission (EFCC) through the EFCC Act of 2004. Other initiatives include the creation of the Due Process Organisation (DPO) and the Bureau of Public Enterprise (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 non-cooperating 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 $6 billion said to have been looted by Gen 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. There have also been allegations of unethical practices against Obasanjo following his departure from office.

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 grassroots 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, HE 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.

101. To sustain and deepen the reforms, the incoming administration of President Umaru Musa Yar’Adua launched a 7-point agenda, an articulation of policy priorities that will strengthen the reforms and build the economy, so 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 and transportation, agriculture, human capital development – education and health, security law and order, combating corruption, and Niger Delta development.

102. Yar’Adua is arguably the only president of Nigeria who not only declared his assets, but 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. 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

103. 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 between the central government, the state and the Local Government Authorities (LGAs) which make up the federal system.

104. 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.

105. Further the numerical and hegemonic strength of three ethnic groups (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, with the ethnic minorities being forced to form a bewildering array of alliances around each of the three dominant ethnicities.

106. 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 versus civic citizenship at the national level has been a major source of conflict in communities throughout Nigeria. In this situation, often the rights of an indigene of a state are recognised to the exclusion of those of others in a state, regardless of how long they have been resident, and they are often referred to as ‘‘non-indigenes’’ or ‘‘settlers’’. The 1979 Constitution directed state and local government agencies to recognise the diversity of peoples 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 is an indigene 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, ethno-distributive 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 was itself a consequence of several years of monopolisation of power by a military oligarchy using a monolithic oil-based economy that accounts for 80 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 resource and distributive largesse. From the perspective of the centre, however, ethno-distribution is a political strategy designed to channel resources to competing communal or ethno-territorial interests that constantly seek access to Nigeria’s abundant resources controlled by the centre. The pressures arising from distributive strategy are heightened by the existence of large centralised resources, thereby creating a struggle for a share in the ‘national cake’ and representation 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 other 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 -- has led 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 second, 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 patrimonial networks. It is this oligarchic control of 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 continents, 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 of over-centrally 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 a particular individual or groups.

116. Another feature of oligarchic rule in Nigeria is its exclusionary nature. The patronage system excludes most citizens from effective participation or 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 of economic development, institutional reforms and needed public goods are not provided.

2.4 Nigeria’s democratic milestones

Nigeria as a nation and the Federal Character Principle

117. The survival of Nigeria as one nation almost half a century since independence despite of 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 and guaranteed access and opportunities to 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, 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, police, 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 governments 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-transitional 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 non-state actors

121. Similarly, there has been an expansion of the political space and the growing voice of civil society over a long period that 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 CSOs were conceived in opposition to oppressive and arbitrary rule. Today there is a plethora of human rights and women’s NGOs who 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 the massive electoral fraud, especially at the state levels, several electoral tribunals were set up to investigate the many petitions of irregularities and malpractices of the 2007 elections. Significantly, the courts reversed or ordered for a re-run of many of the state electoral victories. Some of the losers in the electoral court decisions have vowed to appeal their cases to the Supreme 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, affirmation of the freedom of the Press and the 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 Act that has been pending before the legislature for sometime.

**Efforts to fight corruption**

**124.** Concerted efforts to fight rampant corruption and graft through the establishment of ant-corruption institutions, notably the Independent Corrupt Practices and other related offences Commission (ICPC), the Economic and Financial Crimes Commission (EFCC), and the Nigerian Financial Intelligence Unit (UFIC) etc are also milestones in their own right. In this regard, successful prosecution of prominent political leaders and public figures by the anti-corruption 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 GDP. It is endowed with considerable mineral and agricultural resources. These include oil and gas, coal, iron, tin, 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 2.4 million barrels of crude oil. 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.

127. Nigeria’s economy is highly dependent on the capital-intensive oil and gas industry. In 2006, crude oil accounted for 21.93 per cent of GDP, followed by agriculture (41.77 per cent), and the wholesale and retail trade (14.7 per cent). Manufacturing, on the other hand, contributes relatively little (3.79 per cent) to GDP (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 contributes about 42 per cent of the GDP. But 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 non-oil products. Indeed, in recent years real GDP growth has been led by developments in the non-oil sector where growth averaged 8.3 per cent over the period 2004-2006 compared to 0.23 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 long, Nigeria’s military rulers were resistant to initiating greater transparency and accountability in managing the multi-billion 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 the successive governments have exploited the natural resources in the region without benefiting the surrounding communities and at the expense of environmental degradation, health risks 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 anti-colonial 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 contributed logistics to the liberation movements that led to the independence of some African countries such as Namibia, Mozambique and South Africa.

131. Since 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, AU, ECA, AfDB and more recently NEPAD and the African Peer Review Mechanism. 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, Humanities and Arts, Law, Agriculture, Mining, Medicine, Manufacturing, Industries, Nuclear Science, Energy, Mineral Resources development, Transport, Information and Communication technology. 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, and peace and security on the continent. Nigeria was at the forefront of the continental struggle against apartheid in South Africa. Nigeria continues to play important roles in the African Union and the United Nations 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 Congo. Nigeria was instrumental in containing conflicts through peaceful mediation and conciliation measures in Angola, Chad, Congo, Cote 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. Nigeria participated in the activities of the UN peacekeeping force in Lebanon (UNFIL) in 1978. By 2007, Nigeria had sent about 2000 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 ECOMOG – to end the war and bring about peace in the subregion. As of 2007, 4000 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 and demonstrated strong leadership and willingness to make sacrifices and 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 at AfDB as a soft lending window to Least Developed Countries in Africa.

137. Nigeria was one of the five founding member countries of the New Partnership for Africa’s Development (NEPAD), with President Olusegun Obasanjo serving as the first Chairman of the NEPAD Heads of States and Governments 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, which put into motion the African Peer Review Mechanisms (APRM).

138. Nigeria has joined the ranks of a handful of African countries that have led the process of implementing the novel mechanism of APRM. It signed the APRM Accession Memorandum of Understanding 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 counted among the first ten countries that have already successfully gone through the process and will be implementing its recommendations. 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 G-8 Summit gatherings of the world’s richest and most powerful nations or meetings of the G-77 bloc of influential developing nations, Nigeria has represented Africa’s interests and promoted its new development strategy of NEPAD.
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 OPEC, the security situation in the Niger Delta area where over $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 as well as energy multinational 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 Delta crisis is engendered, the global volatility in energy prices will continue.

<table>
<thead>
<tr>
<th>Best Practice 2.1: Nigeria’s Role in Africa</th>
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<tbody>
<tr>
<td>• Since independence, the central plank of Nigeria's foreign policy has been a focus on Africa and on some basic principles that include the continent's unity, independence, peaceful settlement of disputes and regional economic cooperation and development.</td>
</tr>
<tr>
<td>• Nigeria was central to the pan-African struggle and assisted several African liberation movements, including SWAPO (Namibia), ZANU-PF (Zimbabwe) and was active in Africa and at the UN in the struggle against Apartheid.</td>
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<tr>
<td>• Since 1960 Nigeria has contributed to several UN and OAU/AU peacekeeping forces.</td>
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<tr>
<td>• Generally speaking, Nigeria has good relations with its West African neighbours and has contributed to the containment and resolution of conflict in the region - Cote-d'Ivoire, Guinea, Liberia, Sierra Leone, Togo etc. Over the past 10 years Nigeria has spent over US$15b on the rebuilding of Sierra Leone and Liberia.</td>
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<tr>
<td>• Nigeria’s handling of the long-standing border dispute with Cameroon over the potentially oil-rich Bakassi Peninsula – a dispute which is ongoing -- has been exemplary.</td>
</tr>
<tr>
<td>• Nigeria is a champion of regional and economic cooperation in West Africa and the region. It is a pivotal state in ECOWAS which has its headquarters in Abuja. Nigeria has also offered to host the proposed Africa Investment Bank of the AU.</td>
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<tr>
<td>• Nigeria has also invested in Africa’s development. It established a Trust Fund at Afdb for lending to LDCs. Nigeria also established a Technical Aid Programme for the transfer of technical assistance to African countries.</td>
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<tr>
<td>• The African Union has benefited from the commitment of Nigeria, which offered to contribute the ceiling rate of 15 per cent of the regular budget of the Union. Nigeria, together with Libya, Nigeria, Algeria, South Africa and Egypt, provides 75 per cent of the AU budget (AU_EX.CL/192 (VII), Assembly/AU/Dec.88(V)).</td>
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<tr>
<td>• Nigeria was one of the founding fathers of NEPAD/APRM and remains a key contributor to the budgets of these organisations. Former President Olusegun Obasanjo served as Chairman of the NEPAD Heads of State Implementation Committee and the APR Forum from 2001 to 2007.</td>
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Sources: Adapted from (www.dtca.ng.org, Nigeria CSAR January 2008, Ebere Onwudiwe APRM Background Paper on Nigeria 2007, CRM findings)
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 the Western African regional and in 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 belief in the supremacy of kinship and brotherhood. Widely considered a pace-setter in these areas, Nigerian culture has been emulated and adopted in several African states.

Natural resource base

142. Nigeria’s greatest strength lies its natural resource base. Nigeria is the largest oil producer in Africa and the seventh largest in the world. Nigeria’s 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 above 100 years. This stock of natural resources as well as the fertile soils and pleasant climate give 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.

Population, manpower and human resources

143. In addition to the natural resources, 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 of the African continent. The wage-earning capacity and potential of its personnel, within and outside the country, place Nigeria, firmly on the path to being the next world super power.

Nigeria, a regional and global powerhouse

144. Nigeria is at the forefront Pan Africanism and the African Renaissance and the country most known for articulating African problems on the global stage. From fighting colonialism and apartheid 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 Africa level, the country is also prominent in the AU, NEPAD and the APRM. Also to be noted is Nigeria’s contribution to peace keeping 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 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 intra- and inter-urban 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—political and economic—primarily explains poverty in Nigeria. Corruption has held back economic growth and development and frustrated incentives to align budgetary allocations with development priorities. Former World Bank President Paul Wolfowitz noted that Nigeria has lost 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. 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 were available. Globally, Nigeria ranked 142 out of 164 countries. Without the eradication of corruption, Nigerians will continue to be poor and the country will not meet its target to be 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 Nigeria nation state, the over-reliance on oil and by extension dependency on the centre pose challenges to the federation. Pronounced regional and economic disparities and resource struggles have led to growing micro-nationalism 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 pose 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, over-dependence on oil and unmitigated rent-seeking behaviour. The 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 population size and diversity, resource endowment, the “can-do” spirit of its peoples, 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 peace-building, 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 over-reliance 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 de-concentrating 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 overturning 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 and thus remove federalism, which has proved unproductive, destructive and divisive. 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 Nigeria Federation clearly indicate that this is what the majority of citizens at the grassroots level expect from the state.

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<tr>
<th>Box 2.1: Notable achievements by Nigerians and persons of Nigerian Origin</th>
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<tbody>
<tr>
<td><strong>Arts and literature</strong></td>
</tr>
<tr>
<td>• Prof. Akinwande Oluwole Soyinka (Nobel Prize for Literature (1986))</td>
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<tr>
<td>• Prof. Albert Chinualumogu Achebe (father of African Literature. author of <em>Things Fall Apart</em> in 1958 (translated into 50 languages). Man Booker International Award (2007))</td>
</tr>
<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>
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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 won the 1994 Grammy Award for Best R&amp;B Performance by a Duo or Group for &quot;No Ordinary Love&quot;.</td>
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<tr>
<td>• Ms Sophia Okonedo won the Black Reel Award , 2005 for Best Actress in a Drama: Hotel Rwanda.</td>
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<tr>
<td><strong>Science and technology</strong></td>
</tr>
<tr>
<td>• Prof. Adeoye Lambo (First western-trained African psychiatrist. Deputy Director-General, WHO 1980-88).</td>
</tr>
<tr>
<td>• Prof. Bartholomew Nnaji (Founder and Director of the Automation and Robotics Laboratory at the University of Massachusetts, 1984) has received numerous awards and research grants for robotic studies. Received the US Secretary of State’s Distinguished Public Service Award.</td>
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</table>
Mr Philip Emeagwali (Gordon Bell Prize for his work on an application of CM-2 massively parallel computer for oil-reservoir modelling by the Institute of Electronics and Electrical Engineers. 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/second; IBM to manufacture its $134.4 million supercomputer, which had a peak speed of 3.1 trillion calculations/second. He is the recipient of several other awards including the World Bank-IMF Africa Club Prize.

Brigadier-General (Dr) Oviemo Ovadje (Medical scientist and inventor. Best African Scientist (1995) and first African to win the World Health Organisation Sasakawa Award in the year 2000.

Mr David Olajide Ladipo (Scientific Achievements Award (1990) for “Clonal Selection and Development of a Predictive Model for early branching in Obeche Triplochiton scleroxylon”, by the International Union of Forestry Research Organizations (IUFRO); the only African recipient of the award since its inception in 1971.

NIGCOMSAT (Nigerian Communication satellite. Launched in May 2007, it is the third Nigerian satellite to be placed in orbit and the first African geosynchronous communications satellite.

Diplomacy/International Affairs/Administrative
Several Nigerians have headed key international organisations, including

Chief Emeka Anyaoku (Secretary-General, Commonwealth, 1990-2000; President, WWF)

Prof. Adebayo Adedeji (Executive Secretary, ECA, 1975-1991; UN Under-Secretary-General from 1978 to 1991)

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)

Prof. Ibrahim Gambari (UN Under-Secretary-General and current Special Envoy to Myanmar)

Dr Dora Akunyili (Director-General, National Agency for Foods, Drugs Administration and Control. Time Magazine Award 2006 (“One of the eighteen heroes of our time”) - Time Magazine Inc. Integrity Award 2003 - Transparency International

Sport

Ms Chioma Ajunwa: Gold Medal in Long Jump, at 1996 Olympic games at Atlanta, USA.

Green Eagles (Under 23): Gold Medal in Soccer, at 1996 Olympic Games in Atlanta, USA

Green Eaglets (Under 16): World Cup, 1985, Saudi Arabia.

Green Eaglets (Under 17): World Cup, 1993, World Cup, 2007, Korea

Mr Hogan Bassey, MBE: World Featherweight Boxing Champion, 1957-59

Mr Dick Ihetu Tiger, CBE: World Middleweight and Light-heavy weight Boxing Champion, 1962, 1965
• Mr Samuel Peter: BBC World Heavyweight Boxing Champion, March 2008

• Mr Hakeem Abdul Olajuwon: Basketball player. Listed in NBA 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 NBA history to win the NBA's Most Valuable Player (MVP), Defensive Player of the Year, and Finals MVP awards in the same season. In 1996, Olajuwon assisted in the gold medal-winning performance of the United States national team, dubbed “The Dream Team” and was selected as one of the 50 Greatest Players in NBA History.

Source: Compiled for the CRM by the Nigeria National Secretariat April 2008.
3. DEMOCRACY AND GOOD POLITICAL GOVERNANCE

“...the NEPAD 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/HSGIC-03-2003/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 Two of the Report. One key factor in this regard is the colonial legacy and the ethno-regional 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 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, 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 branches of government.

156. 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. 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, and even by the elected President, HE Umaru Musa Yar’Adua, himself, 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 military 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 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 party 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 inter-ethnic 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), Action Congress (AC) and All Nigeria People’s Party (ANPP) - are vast multi-ethnic coalitions, which augurs well for Nigerian integration as a nation.

- Similarly, the political space has been expanding and the growing voice of civil society becoming 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 were conceived in opposition to oppressive and arbitrary rule. Today there is a plethora of human rights and women’s 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 seeking to engage 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 their 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 and the Presidency accepted the outcome. State assemblies have also had their occasional moments of independence, but overall they have been far less frequent than at the national level.

- Nigeria has historically enjoyed very visible and strong institutions of traditional leadership and some religious leaders who sometimes exercise extra-constitutional 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 their roles 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 under the Federal Character Principle. Subsequently, the Federal Character Commission 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, 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 both the 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 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 non-state 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 indigineship” 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 non-indigenes 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 non-indigenes equal rights, while simultaneously guaranteeing all citizens freedom of discrimination and 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, 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 and 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. Through an informal network of power-based relations, pragmatic alliances, financial deals, monopolising information and a patronimonal distribution of patronage sustain corruption at the federal, state and local levels. To maintain power, the system of patronage composed of self-serving politicians, businesspersons, political fixers and godfathers trade offices, co-opt rivals, distribute 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, 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” 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 to protect persons with disabilities constitute a major violation of the human rights of a significant part of the population of Nigeria. Although they form about 10 per cent of the country’s population, the rights of Persons with Disabilities (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 federal government 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 people with disabilities would suffice.

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:

(i) Reform/review of the 1999 Constitution, including revisiting aspects of the broadly worded immunity from prosecution from criminal acts that is enjoyed by those holding political office, and recognition and delineation of the role of traditional rulers

(ii) Reform of the electoral system, including the strengthening of the independence and capacity of electoral management bodies
(iii) Enactment of pending pieces of legislation such as the Freedom of Information Bill and amendments to the National Human Rights Commission Act to make its decisions enforceable

(iv) Efforts to revamp the capacities and independence of the institutions for combating corruption and financial crimes

(v) 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

(vi) Combating impunity, with possible re-consideration of immunity laws

162. There are other areas that would require similar attention. These include the need to improve prison conditions and the justice system for children and 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 legislatures; 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

163. The CSAR acknowledges that Nigeria has signed many international agreements (treaties, conventions, charters, codes etc) and has ratified or acceded to some (see Table 3.1.1). 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 further 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 CRM has indicated in Table 3.1 below the standards that do not require ratification or accession.
### Table 3.1: International standards and codes signed, ratified and domesticated by Nigeria in the area of Democracy and Political Governance

<table>
<thead>
<tr>
<th>S/No</th>
<th>International Standards and Codes</th>
<th>Date of signature</th>
<th>Date of accession/ratification</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Charter of the United Nations (all objectives)</td>
<td>7 October 1960</td>
<td>Domesticated through the Constitution</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Universal Declaration on Human Rights (all objectives)</td>
<td>7 October 1960</td>
<td>A non-treaty that does not require ratification or accession</td>
<td>Domesticated through the Constitution</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>
<td></td>
</tr>
<tr>
<td>4</td>
<td>International Covenant on Economic, Social and Cultural Rights (objective 3)</td>
<td>29 July 1993</td>
<td>Domesticated through the Constitution</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Optional Protocol to the International Covenant on Civil and Political Rights (objective 2)</td>
<td></td>
<td>Domesticated through the Constitution</td>
<td></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>
<td>Domesticated through the Constitution</td>
</tr>
<tr>
<td></td>
<td>International Convention on the Elimination of All Forms of Racial Discrimination (objectives 2 and 3)</td>
<td>16 October 1967</td>
<td>Domesticated through the Constitution</td>
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<tr>
<td>9</td>
<td>Convention on the Political Rights of Women (objective 7)</td>
<td></td>
<td></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>
<td></td>
</tr>
<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>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Declaration on the Elimination of Violence Against Women (Objective 7)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>Declaration on the Elimination of all Forms of Discrimination Based on Religion or Belief (Objectives 2 and 3)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>14</td>
<td>Declaration on Fundamental Principles Concerning the Contribution to the Mass Media Strengthening Peace and International Understanding, to the Promotion of Human Rights and to Countering Racism, Apartheid and Incitement to War (Objectives 2 and 3)</td>
<td></td>
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<tr>
<td>15</td>
<td>UN GA Resolution 1325 on Women in Conflict (Objective 1)</td>
<td></td>
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<tr>
<td>No.</td>
<td>Declaration/Convention /Protocol</td>
<td>Date of Adoption/Notification</td>
<td>Date of Ratification/Notification</td>
<td>Domestication Status</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>
<td></td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
</tr>
<tr>
<td>17</td>
<td>International Convention on the Protection of Rights of all Migrant Workers and Members of their Families (objectives 3 and 9)</td>
<td></td>
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</tr>
<tr>
<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>
<td></td>
</tr>
<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>
<td></td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
</tr>
<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></td>
<td>Domesticated under the Human Rights Chapter of the Constitution</td>
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<tr>
<td>No.</td>
<td>Title</td>
<td>Date</td>
<td>Domestication</td>
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</tr>
<tr>
<td>23</td>
<td>Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment/Punishment (objective 2)</td>
<td></td>
<td>Domesticated under the Human Rights Chapter of the Constitution</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (objective 2, 3, and 8)</td>
<td>25 September 2003</td>
<td>Domesticated under the Trafficking in Persons (Prohibition) Law Enforcement and Administration Act, 2003</td>
<td></td>
</tr>
<tr>
<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 non-treaty that does not require ratification or accession</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Convention Relating to the Status of Refugees (objective 9)</td>
<td>23 October 1967</td>
<td>Domesticated by the Cap. 244, Laws of the Federation</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Protocol Relating to the Status of Refugees (objective 9)</td>
<td>2 May 1968</td>
<td>Domesticated by the Cap. 244, Laws of the Federation</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Declaration on the Rights of Disabled Persons (objective 9)</td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
<td></td>
</tr>
<tr>
<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>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### OECD Convention on Combating Bribery of Public Officials
- Does not require ratification or accession because Nigeria is not a member of the OECD

### United Nations Convention against Corruption
- Ratified on 9 December 2003
- Accession date: 14 December 2004

### Convention on the Protection of Rights of Migrant Workers (came into force on 1 July 2003) (objective 3)
- Non-treaty that does not require ratification or accession

<table>
<thead>
<tr>
<th>Regional</th>
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</thead>
<tbody>
<tr>
<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>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Durban Declaration on Principles Governing Democratic Elections in Africa (2002) (objective 2)</td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>AU Declaration on Democracy, Political, Economic and Corporate Governance (objectives 2 and 6)</td>
<td>26 September 2006</td>
<td>A non-treaty that does not require ratification or accession</td>
<td>Covered by ICPC Act, EFCC Act, Criminal Code Act and Penal Code Act</td>
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</tr>
<tr>
<td>7</td>
<td><strong>AU Peace and Security Protocol (objective 1)</strong></td>
<td>5 July 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td><strong>African Platform on the Rights to Education</strong></td>
<td>A non-treaty that does not require ratification or accession</td>
<td></td>
<td>Domesticated through The Compulsory, Free, Universal Basic Education Act, 2004</td>
</tr>
<tr>
<td>10</td>
<td><strong>OAU Refugee Convention of 1969</strong> (objective 9)</td>
<td></td>
<td></td>
<td>Domesticated by the Cap. 244, Laws of the Federation</td>
</tr>
<tr>
<td>11</td>
<td><strong>Protocol on the Rights of Women in Africa</strong> (2203) (objective 7)</td>
<td>16 December 2003</td>
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<tr>
<td>12</td>
<td><strong>Cairo Declaration on the Establishment, within the OAU, of the Conflict Prevention, Management and Resolution (1993)</strong> (objective 1)</td>
<td></td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
</tr>
<tr>
<td>13</td>
<td><strong>Memorandum of Understanding (MOU) of the Conference on Security, Stability, Development and Cooperation in Africa (CSSDCA) Solemn Declaration</strong> (2000) (objective 2)</td>
<td></td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
</tr>
</tbody>
</table>
### 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 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 Constitution provides for domestication of international agreements of a treaty nature through their enactment into law by the Federal 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 House of Assembly, the State Houses of Assembly of each of the 36 States must further pass law 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 (for example the Convention on the Rights of the Child, where a Child Rights law was passed at the Federal Level) but remains inapplicable within approximately two-thirds of the states.

166. Some treaties have also faced undue delay in receiving the necessary domestication by the National House of 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. Non-ratification 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 relating to Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field, Amelioration of the Condition of the Wounded, Sick and Shipwrecked Members of Armed Forces at Sea, Treatment of Prisoners of War
- Additional Protocols I and II of the Geneva Conventions
- The Convention against Genocide of 1948
- The Rome Statute on the International Criminal Court of 1998
- Convention on People with Disabilities
- Protocol to the African Charter on the Rights of Women in Africa

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 Federal 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, many times these legal advisers are 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 (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 Ministry of Justice and that such a repository will be regularly up-dated.

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 non-state 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 that 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 the Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

iii. **Recommendations**

171. The Panel recommends that:

- Nigeria undertake the ratification of several key international and African regional instruments, especially those in the field of human and peoples’ 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, Amelioration of the Condition of the Wounded, Sick and Shipwrecked Members of Armed Forces at Sea, and the Treatment of Prisoners of War
  - Additional Protocols I and II to the Geneva Conventions
  - The Convention against Genocide of 1948
  - The Rome Statute on the International Criminal Court of 1998
  - Convention on People with Disabilities
  - Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa
  - Protocol on the Establishment of the African Court on Human and People’s Rights

  *(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 *(Federal Ministry of Justice and federal and state governments and legislatures)*

- Efforts be made to streamline the treaty ratification/accession processes at the federal and states level and to ensure that public awareness and popularisation be initiated *(Attorney-General and Federal and State Ministry of Justice, Information and Communication and federal and state governments and legislatures)*

- Nigeria to report to treaty monitoring mechanisms it has subscribed to in a timely manner and to disseminate such reports at national level. *(Ministry*
3.3 **Assessment of performance on APRM objectives**

**Objective 1: Reduction of Intra- and Inter-State Conflicts**

### i. **Summary of the CSAR**

**Conflict and their causes**

172. Nigeria has witnessed a number of intra-and inter-state conflicts since independence. The most significant example of intra-state conflict is the Biafra civil war that broke out from 1967 to 70. 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 the need to continue efforts at nation-building.

173. Nigerian polity is one of the most complex ethno-linguistic 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 identify 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 geo-political zones in Nigeria. With regard to causes of conflicts, economic inequality and wealth distribution rank highest, followed by petroleum resource control and religious intolerance. These perceptions also differ from one geo-political 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 intra-state conflicts in the last two decades or so have created areas that have become flashpoints 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 the
legacy of colonialism in reversing previous patterns of autonomy of small communities. The post-colonial state inherited a federal system of government from the British that the ruling elites have repeatedly manipulated 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 intra-state and communal violence plaguing Nigeria.

The Niger Delta

177. The Niger Delta, which accounts for Nigeria’s oil and gas deposits from which about 80 per cent of Nigeria’s foreign exchange is derived annually, 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 worsening environmental consequences of oil production that is 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 inter-communal 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/day, 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.

Inter-state conflicts

180. The CSAR reports that Nigeria has not been involved in inter-state conflicts since independence. The only conflict involving Nigeria and the Republic of the 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. Since the determination of the dispute, the area still remains under joint local administration by Cameroon and Nigeria.
Mechanisms for preventing, reducing and managing intra- and inter-state conflict

181. Regarding intra-state conflict in Nigeria, the CSAR reports on the different state and non-state 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; non-governmental organisations, including faith-based organisations, have provided relief during conflicts. In an effort to promote better attitudes towards 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 ranging from 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 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 they have addressed the socio-economic grievances of the people and the pervasive poverty in the region and, on the other hand, deployed security forces to restore law and order to the region.

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

ii. Findings of the CRM

Intra-state 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 socio-political aspirations of the various ethnic identities in Nigeria are not only different but are also sharply antagonistic, there is little evidence of a collectivising ethos freely binding the peoples of Nigeria together.
185. Throughout public consultations at the national and state levels, the majority of stakeholders confirmed the structural and immediate causes of intra-state conflicts, as eloquently elaborated 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 ethno-religious and regional diversities have been manipulated politically by elites to serve their own selfish interests. The causes of conflict in Nigeria, according stakeholders, were summarized 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 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, Nasarwa, 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 reinterpreting the contradictions in the national constitution. Indeed, in Niger State, the state has sought to reverse the application of the Federal Character Principle, which has historically emphasised indigenity 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.
Although structural in nature, some conflicts have also manifested themselves in the form of religious intolerance between Muslims and Christians, especially in the North-eastern, North-central and North-western parts of Nigeria. In Borno State, for example, the CRM was informed that a religious upheaval in 2006 resulted from the publication of a cartoon depiction of the Prophet Mohammed in Denmark. 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.

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, Borno, etc, had fully established Islamic law. The imposition of strict Islamic law in multi-faith communities has attracted much debate and criticism in a country already considered a hotbed of religious conflicts.

Closely linked to the issue of social inequalities and poverty is the issue of youth unemployment, delinquency and alienation that ultimately create opportunities for abuse by political elites and business interests. During elections, disgruntled and abandoned youths are recruited by unscrupulous politicians who practice “sit-tight” politics 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 for 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 led to the privatisation of public security.

Elections and conflicts

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 pre-selected 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 South East 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 re-runs.

The Niger Delta

194. By far the most prominent intra-state 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 Delta.

195. However, although they are rich in mineral resources worth billions of dollars, these ethnic communities suffer extreme neglect as 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. Because oil slicks and blow-outs occur regularly, plants, aquatic 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 south-eastern 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

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1 Contains information gathered from the CRM, as well as Special Issues Background Paper prepared for the APRM review by Dr. Austin Tam-George.
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 anti-globalization 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 Delta region. Hostage-taking by militant groups to draw attention to the Delta crisis has now turned into a lucrative, criminally driven enterprise. Increasingly, in a desperate bid to force oil companies and the state to meet their social and corporate obligations to oil-producing communities, workers in Nigeria’s oil industry, particularly the expatriate staff, continue to be seized by militants as hostages whose release may sometimes 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 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 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 the global oil output and forced the price of oil in the global market up to $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 voltage 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 area 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, “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 situation is worsened by the fact that key state institutions such as the army, the police and the 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 impede 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 and 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 mission learnt of an innovative structure in Nigeria known as the Council of State which may be useful in the context of management of diversity and resolution of issues of national importance. The Council of State consists of the following persons: The President, who is the Chairman; the Vice President, who is the Deputy Chairman; All former Presidents of the Federation and 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.

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An excellent quality of the Council of State is its broad based composition incorporating the elite leadership of Nigeria, in a non partisan 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 etc. Decisions based on the advice of the Council of State could be viewed generally as credible.

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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 compilation, publication and keeping of records and other information concerning the same; prerogative of mercy; award of national honours; the Independent National Electoral Commission (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 advise 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.

Inter-state 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 views expressed by stakeholders, apparently Cameroon has 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 her troops from the Bakassi Peninsula. This has created resentment in several circles, including the Bakassi communities, some of whom threatened secession over the transfer, while others have instituted lawsuits over the matter. Although most stakeholders believe that Nigeria has played an exemplary role in reducing inter-state 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 would 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 Peace Keeping in the Context of ECOWAS

- As the predominant regional power, Nigeria demonstrated strong and committed leadership in the ECOWAS Peace Monitoring Group (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 Sao Tome and Principe, 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 African Union, the President of Togo, Gnassingbe Eyadema died, and his son Faure Eyadema was installed in his place. President Olusegun 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 Olusegun 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 over the potentially oil-rich Bakassi Peninsula, although this is currently under debate in Nigeria.

Source: (CRM field notes February 2008)

iii. Recommendations

211. The Panel recommends that:

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

- Early warning mechanisms be developed to detect potential conflict situations at all levels of government. (Federal and States Governments, National Emergency Management Agency, Traditional Leaders).
CHAPTER THREE: DEMOCRACY AND GOOD POLITICAL GOVERNANCE

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

- The Federal Character Commission 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. (*Federal Character Commission*)

- 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 National Orientation Agency (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, including by the security forces, in local communities for development. (*National Orientation Agency, federal and local government educational system, civil society and cultural institutions.*)

- The government redouble its effort to strengthen and reinforce its program of national value re-orientation and the need to inculcate sociocultural and religious tolerance among different communities in Nigeria. (*The federal and state governments; National Christian Association and the JEMA.*)

Objective 2: 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.
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

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 because 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 the Independent National Electoral Commission (INEC) but also the credibility of the electoral system. To his credit, President Umaru Musa 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 promised electoral reforms following contestation by the opposition.

Traditional rulers

As has already been indicated in the Report, the role of the 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

Since the return to civilian rule in 1999 the two successive civilian governments have accorded civil control of the security sector high priority. 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 has more than trebled since 1999, with massive investment in equipment and training.

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 in 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 to 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 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 about 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 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 states 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. States executives have, in many instances unlawfully or without proper authority, diverted significant amounts of funds meant for local governments’ use to provide necessary basic services. The EFCC has been investigating several current governors and former governors on 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 the local governments’ failing to meet the expectations of the people to whom they are closest.

**Electoral system in need of reform**

222. Electoral processes and outcomes in Nigeria were widely viewed as flawed by stakeholders, and many of the outcomes received with scepticism. Several elections conducted for members of the executive and the legislatures at state land federal level were contested in court, and over time the Elections Petitions 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 intra-party 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 between 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 between internal constituent members or with other parties. Intra-party 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 agenda.

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 of the 2007 general elections. Significantly, some of the judgments by the election petition tribunals that were rendered during the CRM included Kogi, Anambra, Adamawa and Rivers states in which the courts reversed electoral victories or ordered a re-run of the elections. These were illustrative of the recklessness in the administration of the 2007 election process. Some election results such as those for the presidency were, however, upheld. When the CRM left 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. Consequently there was no dominant party. And in any case, no political part had a long history because 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 and 2003 and the upcoming one in 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. It 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. Because many would-be political parties did not meet these criteria, only three political parties (the People’s Democratic Party, the All Nigerian People’s Party and the Alliance for Democracy) competed for the presidency and the national assembly that year. But 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, 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 to 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 Election Tribunal upheld President Musa 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 provides 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 non-partisan cultural roles. Although many are 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 non-state 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 grassroots, especially the rural community. Therefore, traditional rulers are well placed to help improve communication between citizens and the 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 Panel recommends as follows:

- Review of the electoral system and process be prioritised on the government agenda. In particular, the granting of financial autonomy from the executive to INEC as well as streamlining the appointments of persons to 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, National Assembly)

- 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. \textit{(Government, 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. As they are funded from public funds, they should be made accountable. \textit{(Traditional leaders, federal and state government) }

| Objective 3: Promotion and Protection of Economic, Social and Cultural Rights, and Civil and Political Rights |

\section*{Objective 3: Promotion and Protection of Economic, Social and Cultural Rights, and Civil and Political Rights}

\textbf{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 report 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 non-justiciability of aspects of economic, social and cultural rights is also noted as a hindrance to the protection of the 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. The non-treaty standards such as the Universal Declaration of Human Right are also recognised and considered to be applicable.

238. The CSAR acknowledges the existence of inter-communal conflicts and some incidence of kidnappings 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, starting with chapter IV 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, notably 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 mitigate 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 are 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, 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, resources 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. Under 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 non-state and state sectors in centres such in Jos, Maiduaguri, Murkandi, 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 CRT 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 of the 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 state. The only allusion to the possibility of a national commitment to providing housing or shelter to the needy is the provision in the constitution of “public assistance in deserving cases or conditions of need”. Testimony in non-state 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 seem 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 does also not have meaningful unemployment benefits.
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**

Equality and non-discrimination 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, non-governmental organisations and community-based organisations does attest to wide enjoyment of freedom of association.

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.

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.

The dynamic spirit of the Nigerian press has been an invaluable asset to the strengthening of democratic culture in Nigeria, particularly in 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.

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, 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.

Access to justice where violations of rights occurs 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 to the CRM that the court fees payable are not prohibitive and do not pose a deterrent to access to justice, nonetheless more has to be done to ensure access to justice, particularly for the indigent, women and the rural populations. This may include 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**

Every individual in Nigeria has a 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 non-state actors. Key among these are political assassinations; such as the 2006 killing of Ayodeji Daramola, the candidate for the office of governor, Ekiti, and Funsho Williams, the candidate for the office of governor of Lagos in 2006. 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 highprofile crimes promotes impunity.

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.

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 Commission on Human Rights. Only rarely have citizens won cases against police brutality.

The activities of non-state actors in “conflict” areas also require attention where they result in the curtailment or violation of rights. Such non-state
violators seem to hide behind political claims or unsanctioned religious and cultural practices.

260. Testimony was given that congestion in prisons, especially by the awaiting-trial-prisoners, undermines the dignity of those incarcerated. The juvenile justice system is compromised by 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 Panel recommends that:

- Extrajudicial killings by the Police and other Law Enforcement agencies stop immediately. *(Police, Attorney-General, Ministry of Justice)*

- Investigations be enhanced with regard to unresolved crimes to ensure that the perpetrators are brought to book. *(Police, Attorney-General, 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 federal government and states)*

- A level of legislative reforms, speedy enactment of the Freedom of Information Bill and the proposed Bill to amend the National Human Rights Commission Act 1995 and the Other Matters Connected be effected. *(National Assembly and federal government and states)*

- Nigeria ratify the Optional Protocol to the International Covenant on Civil and Political Rights. *(Ministry of Justice, and 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 to citizens the whole range of economic and social rights. *(Federal government and private sector)*

- Nigeria pay special attention to rehabilitating the children/juvenile justice system and to improving prison conditions, with clear delineation of responsibilities between the federal and state governments.
• Legal aid to the needy in civil and criminal cases be put in place. *(Federal government, states and CSOs)*

• Law enforcement agencies be trained on human rights standards and codes relating to the administration of justice

| Objective 4: Upholding the Separation of Powers Including the Protection of the Independence of the Judiciary |

### 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 Court of Appeal, the Chief Judge of the Federal high court and the Chief Judge of the High Court of the Federal Capital Territory, subject to confirmation by the senate. The President also appoints the Grand Kadhi of the Sharia Court of Appeal of the Federal Capital territory 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, and other judges of the state high courts, the Kadhi of Sharia Court of Appeal of the state courts and the President of the Customary Court of Appeal of the State, upon the advice of the House of Assembly of the State.

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 that 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 for judicial independence has remained mainly theoretical.
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 its operating budget. Exacerbated by corruption and inefficiency, the slow administration of justice often leads up to a denial of due process and prolonged periods of pretrial detention.

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 chairmen, the registration of political parties, state control over natural resources, and the management of the Federal Account, among others. In the on-going determination of election disputes, the courts have also demonstrated independence through the 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

Although the provisions of the 1999 Constitution give the legislature sufficient powers to enable it 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.

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

Findings of the CRM

Relations between the executive and the legislature

The CRM learnt that separation of powers is not adequately achieved in Nigeria because 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. But according to stakeholders, Nigerian legislatures do not have this power. In addition, legislative control over key accountability institutions like the Auditor-General
and the 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 House of Assembly has made important strides towards exercising some leverage over the executive. In the absence of financial leverage to bargain with the executive, the 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 to almost succeed 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 non-state 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 absurd “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.

**The judiciary**

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 cases that interpret the Constitution, and which 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 s 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 judges 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 top-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 Panel recommends that:

- The judiciary and legislature manage their own budget to enhance their financial autonomy. The funding should derive directly from the Federal Consolidated Account to the judiciary without interference by the
executive, in line with the constitutional stipulations (Judiciary, National Assembly, Ministry of Finance, 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 Judicial Service Commission or the legislature. (Judiciary, Ministry of Justice, 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 to the judiciary to facilitate the speedy administration of justice (Judiciary, Ministry of Justice, 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 on expenditure by 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: Ensuring 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 the civil servants. This is due to the time factor and the inability of the Federal Civil Service Commission to effectively play its critical role in the de-militarisation 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 “right sizing”, 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 practicing ethno-religious favouritism in the promotion and appointments of the civil servants.

281. According to the CSAR, the 1999 reforms were designed principally to “downsize” or “right size” the public sector and change its role to make the private sector the engine of growth and development. Other key aspects of the reform include the Public Procurement Act (2007), the Financial
Responsibility Act (2007), the Service Compact with 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 reform has been undermined by the slowness of the bureaucracy at the federal, state and local governments (LGS) 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 officers are often accused of extorting money from private and commercial vehicle operators even after 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 non-state 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, 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 public/civil 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, and 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 “Federal Character” which obliges the Federal Character Commission 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 the States, the armed forces, the Nigeria police force and other security agencies, bodies corporate owned by the federal or the state government and extra-ministerial departments and parastatals of the federation and states; to promote, monitor and enforce compliance with the principle of proportional sharing of all bureaucratic, economic, media and political posts at all levels of government; socioeconomic services, amenities and infrastructural facilities, etc.

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<th>Best Practice 3.3: Federal Character Principle</th>
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<td>This constitutional principle is aimed at promoting national unity and ethnic equality and commanding national loyalty, thereby safeguarding the multi-ethnic and federal character of the nation and ensuring that there should be 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 passing a special tribunal that provides 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.</td>
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<td>Source: The Constitution of the Republic of Nigeria</td>
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290. Ensuring 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 states 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 Federal Civil Service Commission (FCSC), the civil service at state and local government level 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 downwards, accountable to the people at grassroots levels do not exist in Nigeria. There are no institutional mechanisms that could provide public fora 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 non-state stakeholders throughout the states revealed that many CSOs, especially at the rural grassroots 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 for changes at national level) on the one hand, and rural-based, community-based organisations (CBOs), which often lack the capacity to participate effectively in decision-making processes at local levels, on the other hand, 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 two hundred United States dollars (US$200). Also, the gap in salaries between the public and private sector is 300–500 per cent. Even within the public sector, the salaries of civil servants are very low. For example, “the least paid staff of the Central Bank of Nigeria earns higher 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 of that of his/her equivalent in the Nigerian National Petroleum Company (NNPC)”.

Regulating the civil/public service

295. Regarding the exercise of disciplinary control of the public/civil servants, although there are disciplinary regulations, rules and procedures for the Federal Civil Service Commission 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 its pleases, in contravention of the 1999 Constitution. For instance, when Auditor-General Vincent Azie 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 Federal Civil Service Commission or the Senate, as required by the 1999 Constitution.

296. The constitutional powers of the Federal Civil Service Commission and the Senate appear to have been usurped and even nullified by such unilateral measures by 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 ethno-religious tensions and conflicts.

297. MPs and councillors are accused of having bought or bribed their way into office, often funded by wealthy businessmen, so-called “god-fathers” who expect reciprocal rewards and benefits from these “elected” representatives, and therefore lack accountability to the electorate, in addition to illegally channelling public funds to their financiers (the “god-fathers”). 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 election season.

iii. Recommendations

298. The Panel recommends that:

- The Federal Civil Service should utilise competitiveness, federal character and merit on recruitment exercise and personnel requirements should be
developed to match position classification in the public service. \[FCSC, SCSC\]

- Professional examination bodies and professional organisations should be involved in the recruitment exercises in order to bring about standardisation, uniformity and transparency. \[FCSC, SCSC\]

- The number of Federal Character Commissioners and federal civil service commissioners should be increased with the establishment of zonal and state offices. \[FCSC, FCC\]

- The Federal Character Implementation Tribunal Bill initiated by the House of Representatives should be passed both by the National Assembly and the State Houses of Assemblies as soon as possible. \[Senate, House of Representatives, state legislatures\]

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

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

- Coordination mechanisms between anti-corruption units in all government ministries, departments and agencies (MDAs) and within anti-corruption agencies be reinforced. \[NA, ICPC, EFCC, FCSC, SCSC\]

- The capacity of the Auditor-General’s and the Attorney-General’s offices be strengthened. Corruption and misconduct of such public office holders must be appropriately punished. \[Federal Government, National Assembly\]

- Further research be conducted into the reliability and validity of employee selection instruments in the civil/public service. \[FCSC, SCSC\]

- 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 \(Federal, state and local governments, civil society.\)

**Objective 6: Fighting 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, rule of law and poverty eradication. It damages Nigeria’s international image and stifles the inflow of foreign direct investment. Political corruption undermines democratic and economic well-being 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 anti-corruption 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 to eliminate corruption. The CSAR implies that it has perhaps only been the Buhari regime that has expended serious efforts to curb 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 Independent Corruption Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) were established by President Obasanjo early in his tenure of office. Although these anti-corruption agencies
were designed to extirpate corruption in Nigeria, at the operational level, several constraints are being encountered, due mainly to insufficient coordination of anti-corruption 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 effort 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 Independent National Elections Commission (INEC) was established by law to manage all aspects of the national elections process and 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 INEC’s management of elections is flawed and deemed to be non-credible, lacking in transparency and impartiality. It can easily be reduced to a weak pawn in the hands of a dominant political party and over-ambitious 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 against the 2011 elections to ensure a credible outcome and a mandate truly reflective of Nigeria’s popular will.

305. The ICPC and the 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 anti-corruption crusade. For the first time in the history of post-colonial Nigeria, the fight against hydra-headed corruption is yielding significant results. High profile public officials like ministers, governors, presidents of Senate etc 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 both at the Federal and State and Local Government levels, noted wide-ranging perceptions of corruption among both non-state and state stakeholders. A small minority of views, mainly by state stakeholders, indicated a positive appreciation of national efforts to combat and eradicate corruption. The vast majority of stakeholders, mainly from the non-state 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 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 process has been a bane in 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 that will strengthen the electoral process so as to give no room to the rigging epidemic that prevailed in the 2007 elections.

Spheres of corruption

309. Newspaper reports, including commentaries, radio and TV 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. 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, 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.
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 Senate and the National Assembly, including the Speaker and the Deputy Speaker of the federation, members of state houses of assembly and the Speakers and Deputy Speakers, governors and commissioners – section 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 liable to corruption than the bureaucracy 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 perhaps the principal cause of the deterioration in ethical conduct and behaviour among the political actors in Nigerian. The INEC is widely blamed for the perceived flawed elections of 2007.

314. The structure and operations 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” deprive 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 view 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 daily impacted 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 of the EFCC is said to be due to its committed leadership and
fearless efforts in bringing to book high profile personalities accused of corruption.

318. The Code of Conduct Bureau (CCB) deals with assets declaration of public officials, with the ICPC and EFCC complementing its work. The penalty for none or 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 thus often makes the Bureau impotent in dealing with legislators in particular, who fail to declare their assets.

319. Very few stakeholders raised the issue of assets 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, were mentioned as examples of sources 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 towards 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 corruptions 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 “big government” and its attendant proliferation of large numbers of public officials, including nepotism in recruitment and promotion practices
- Lack of disclosure of funding sources of political parties 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 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 consolidated Federal 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 to facilitate information on public expenditures. (*Auditor-General, Federal Government and State*)

- The operations of the ICPC and EFCC be extended beyond Nigeria to cover, in particular the West African subregion, 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, ECOWAS*)

- Government consider the establishment of a Political Parties Registration Commission to regulate the activities of political parties. (*National Assembly and Government*)

- The Code of Conduct Bureau be equipped to conduct verification of assets and liabilities (*The legislatures, INEC and similar anti-corruption and ethics bodies*)

- Specialised “Corruption Courts” be set up to speedily try all corruption cases. The AGs 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 anti-corruption 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. (*Government*)

- 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 the ICPC and the EFCC do not act *ultra vires* the Constitution, as has been alleged by some observers. (*Government, ICPC and EFCC*)

- Amend or expunge the immunity clause which provides for immunity for the President, Vice President and Governors and their Deputy Governors. (*NA and Government*)
• Nigeria domesticate and implement the UN Anti-Corruption and the AU Conventions on Preventing and Combating Corruption. The two conventions provide a solid framework in the areas of prevention, criminalisation, international cooperation, assets recovery etc. (Government, National Assembly, ICPC and IFCC)

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

• Undertake programmes in civic education emphasising the values of integrity, honesty, discipline, punctuality, diligence, time keeping etc. (Public officials and Office holders)

| Objective 7: 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 the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW) and the African Charter on Human and Peoples’ Rights. The 1999 Constitution contains non-discrimination provisions, and Nigeria has a National Gender Policy that seeks to promote gender equity. The National Economic Empowerment and Development Strategy (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, dominance of money in politics, and the masculine orientation of politics as violence is a principal instrument in the process of acquisition of power. In addition, women aspirants are labelled “cultural deviants” 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 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 for 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 socio-cultural 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 rights in the civil, political, economic, social and cultural rights are inadequately protected or promoted. Nonetheless, in the past ten years, institutional and policy frameworks at the federal and state level 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 do not enjoy rights on an equal basis to men, neither 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 states. It is also considering ratifying and domesticating the Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa. CEDAW obligates Nigeria as a signatory to not only adopt laws but undertake other measures to modify or abolish all laws, regulations, customs and practices that constitute discrimination against women. CEDAW also makes it incumbent on states 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 sexes 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 the passing of the Women’s law. 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 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>
<thead>
<tr>
<th>Political position</th>
<th>Number of available positions</th>
<th>1999</th>
<th>2003</th>
<th>2007</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>
</tbody>
</table>

Table 3.2: Percentage of Political Positions Occupied By Women
CHAPTER THREE: DEMOCRACY AND GOOD POLITICAL GOVERNANCE

<table>
<thead>
<tr>
<th>Local government chairpersons</th>
<th>774</th>
<th>1.2</th>
<th>0</th>
<th>*</th>
</tr>
</thead>
<tbody>
<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*

Sources: 1999 and 2003: Nigeria Gender Statistics Digest, Federal Ministry of Women’s Affairs
2007; Oby Nwanko, Women and Power and decision making, unpublished 2008

335. Nonetheless, there were indications that over the past ten 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 level and federal level.

336. 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 CRT 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 under-represented in appointments to parastatal bodies at state and federal level, and ambassadorial appointments.

337. The issue of indigeneship comes into play in 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 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, persons with disabilities (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.
338. Rights of residency for married women who live away from their state of origin are also in 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 pre-marital state or local government area are often viewed as “outsiders” rather than Nigerian citizens with a right to stand for public office anywhere.

339. 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 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.

340. Strong women’s lobby groups are evident at the federal Level, and these have pushed for constitutional reforms for women’s rights. They have helped to raise awareness on women’s rights and to integrate women’s issues into national discourses and into 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.

341. 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 socio cultural reasons. The result is that women contribute to their exclusion from the public sphere.

342. 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 are widely viewed as a male preserve with a male organisational culture. Elections are often associated in many places with violence and acts of thuggery, all of which have tainted the way politics are perceived. The involvement of women outside certain parameters is viewed as deviant behaviour and is often frowned upon by men and women alike.
343. Some female politicians informed the CRM that they are often branded as wayward and consequently stigmatised, which serve 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.

344. 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 PPD 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 are 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.

345. Stereotypes on the superiority of one gender over the other have manifested 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”.

346. In this regard, it was also emphasised, however, 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 numbers of female candidates to begin with, this has had the effect of reducing the numbers of women participating in elections. Additionally, it reinforces negative stereotypes that men are superior to women in the political sphere.

**Right to education**

347. 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 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

348. Gender based violence is prohibited under the UN Declaration on Violence against Women, which attributes manifestations of such acts to unequal power relations between men and women. The Protocol to the African Charter 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 cutting, rape and sexual harassment in educational institutions as well as the workplace. Husbands are allowed under the Penal Code to correct wives by physically chastisement as long as it falls short of grievous bodily harm, which legalises domestic violence. The National Gender Policy notes that many states have enacted laws to abolish harmful traditional practices against women such as those protecting widows, outlawing FGM, girl child marriage, domestic violence and maltreatment of women. A law on Sexual Offences and Sexual Harassment is in the offing.

349. There is a high rate of non-reportage 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 forms. 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 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 the boy child 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 puts 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 under these circumstances. Lack of employment opportunities for women within their communities also cause 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.

Prohibition Law Enforcement Administration Act of 2003 established the National Agency for the Prevention of Trafficking in Persons (NAPTIP), a multidisciplinary law enforcement agency.

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

354. However, from 2004 to date, despite the magnitude of the problem, the NAPTIP has only successfully prosecuted 13 cases, while 52 are pending in courts. This is attributed to procedural requirements relating to the conduct of investigations across international borders, and 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, 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 decréd 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 eighteen years and in the same breath, 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 on the same basis as men, including land. 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. Female Genital Mutilation (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 NGOs to raise awareness on the problem of FGM, and this practice has been criminalised. Tribal marks and scarification that were commonly practiced in the past are dying out.

360. Polygamy in Nigeria is practised under 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. Additionally, the inability of women to negotiate safe sexual practices in some polygamous unions tends to aggravate the spread of HIV/AIDS.

361. In many regions and especially at grassroots 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/AIDS is health based, while the pandemic has social-cultural 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 this important institution can influence the communities to adopt progressive practices of 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 task 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. In that regard, assumptions are made when planning for women, in the absence of evidence-based programmes. The result is an 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 non-formal 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 non-attachment 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 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 needs against capital inputs into their businesses have forced some to apply monies borrowed to non-commercial activities.

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

369. The Panel recommends that:

- The revision process 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 socio-economic 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. *[Legislature at all levels, 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. *[Legislature at all levels, CSOs]*

- A law protecting the rights of women in accordance with CEDAW be passed. *(Law Reform Commission, Ministry of Justice and Women’s Affairs and Social Development, 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 be found to encourage movement of women from the informal to the formal sector. *[Government, 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 be created in the police and other law enforcement agencies to handle gender-based and domestic violence. *[Government, Ministry of Justice and Home Affairs]*

- The Ministry of Women’s Affairs and Social Development undertake awareness raising programmes at state level to promote knowledge of the rights of women. All efforts 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, CEDAW, the Protocol to the African Charter on Human and people’s Rights on the Rights of Women in Africa and recent developments in progressive developments in jurisprudence regarding equality and non-discrimination are amended to the extent of inconsistency.*[Government,*
Civic education and awareness programmes be implemented targeting the abolition of cultural practices that are discriminatory and harmful to women. ([Ministry of J Women’s Affairs and Social Development, CSOs]

Objective 8: Rights of Children and Young Persons

i. Summary of 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 definition of the 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 eighteen years. The various Children and Young Persons Acts enacted by the former Eastern, Western and Northern Regions variously see the child as a “person under the age of fourteen years”, while “young person” means a person who has attained the age of fourteen years and is under the age of seventeen years. Because of this contestation in the definition of a child in Nigeria, some states have not even passed the Child Act. It has therefore been passed in only 11 states out of the 36 states as at 2006.

373. The legal definitions of the child have neither supplanted nor transcended the intuitive definitions offered by 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 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 CRM

Domesticating the rights of children

375. Although Nigeria has signed and ratified the Convention on the Rights of the Child, and even passed the Child Act in 2003 at the national level, at the level of states only 16 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, children are still being caned in the name of discipline.

376. The Child Rights Acts 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; and the abduction and removal of children from abusive parents, although its implementation is very limited. Although the Child Act was passed by the National Assembly in 2003, the CRM heard that, like other Nigerians, the majority of Nigerian children are ignorant of their rights in life, and of government policies, projects and programmes. The children are unable to apply the law in the protection of their rights. Children are not only ignorant of the Child Act but at the same time ignorant of other human rights instruments, already signed and ratified by Nigeria.

377. Although the Child Act was passed by the National Assembly in 2003, it has only been passed 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 fourteen years. This conflict of definitions has either infringed or denied the rights of Nigerian children. The definition of the child in Nigeria should therefore be in line with the international definition, and states that have not passed the Child 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. Youth in employment are underpaid, for instance, a graduate is paid a monthly salary of 14,000 Naira (approximately US $120) in some states. In addition, 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 youth. 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, included instability in the home, poverty, hunger, abuse and violence by parents, and displacement caused by clashes in the community. HIV/Aids also has 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 for forced begging by religious teachers, forced street hawking, and labour exploitation in agriculture, mining, stone quarries, and as domestic labour.

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<th>Best Practice 3.5: National Agency for the Prevention of Trafficking in Persons</th>
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<td>NAPTIP, in collaboration with security agencies, has apprehended perpetrators of human trafficking and prosecuted them. NAPTIP has served as the point of contact for immigration and police officials when victims were found, and 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 established a hot line for victims and anyone seeking or wanting to provide information regarding trafficking. The hot line received an estimated 500 calls during the year 2006. NAPTIP has organised seminars to raise awareness of the dangers of trafficking, legal protections, and available resources. In addition, NAPTIP has established an anti-child trafficking network within and outside Nigeria to fight human trafficking. NAPTIP has adopted collaborative strategies among countries and international agencies such as International Organization of Immigration, UNICEF, the United Nations African Institute for the Prevention of Crime and Treatment of Offenders (UNAFRI), 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](http://www.naptip.gov.ng))

**Education for children and 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 education offered in those schools 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 the poor parents.
The rich and affluent parents take their children to private schools and abroad for better education. As a result, the poor children trained in public schools are semi-educated 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, there are also significant gender inequalities that result in lower enrolment and higher drop-out rates for females. Cultural and traditional practices impact negatively in 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 social-economic affairs**

385. In a bid to domesticate the Convention on the Rights of the Child, Nigeria established the Federal Ministry of Women’s Affairs and Social Development, Information and National Orientation with the Child Rights Information Bureau, Health, Education and other related departments geared towards the development and survival of the Child. The National Assembly of Nigeria passed the Universal Basic Education Act, and the Government of Nigeria is pursuing the World Programme of Action for Youths adopted by the United Nations 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 commitment 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 Parliament provides sustainable and meaningful opportunities for children aged between 9 and 18 years to engage in local, national and international democratic processes. It 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 parliament to inform and educate other children and adults, including their parents, teachers and representatives of the private sector, officers of local and state governments, and local and national politicians about their issues and concerns. Although this 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. The Children’s Parliament has been inaugurated in 12 states and this
parliament was instrumental in passing the Child Act into law in eleven states, and is continuing to campaign in the remaining states to pass the Child 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 room 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 needed to be heard but did 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. There were credible reports 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 Panel recommends that:

- Nigeria make a deliberate effort to finalise the domestication of the Convention on the Rights of the Child 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. *(Ministries of Education and Women’s Affairs and Social Development).*

- The Universal Basic Education Act be fully implemented *(Ministry of education)*

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

• The government make a greater effort to substantially increase funding to Human Rights Agencies such as the Nigerian Human Rights Commission and the 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, the judiciary).

• The states that have not introduced a children’s parliament do so. (State legislatures)

| Objective 9: Promotion and Protection of the Rights of Vulnerable Groups Including the Disabled and the Poor, Internally Displaced Persons and Refugees |

i. Summary of 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 neo-liberal 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 poor, has come into bolder relief.

391. The number of internally displaced has risen dramatically since the return to civil democratic rule in 1999. As noted under Objective 1 above, the phenomenon of internally displaced persons (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 government came to power in 1999.

392. Land disputes have created displacements. This varies from one place to another. Plateau State in the Middle-Belt of Nigeria has experienced many ethno-religious 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 non-indigenes, especially from Southern Nigeria.

393. In Numan, Adamawa State, Muslims’ opposition of the location of a new church resulted in violence which led to the destruction of the entire village
and the dislocation of more than the 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 infringement of grazing land has turned the area into a theatre of conflict, leading about 17,000 of the people to take refuge in Cameroon, from which they are currently being repatriated to Nigeria by the United Nations High Commissioner for Refugees (UNHCR) and the Federal Government of Nigeria.

395. The Ife-Modakeke conflicts in Osun State arose over inter-generational 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 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 have been displaced as a result of the conflict.

397. Internal displacements arising from natural disasters abound in Nigeria. In the 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, the IDPs have been displaced as a result of disasters that occur through:

- 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
- Desertification

ii. Findings of the CRM

Protecting the rights of persons with disabilities

398. The CSAR did not offer adequate information on the plight of persons with disabilities, 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 persons with disabilities (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’s 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 and Dignity 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 or 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 or laws to address this. In the education sector, even with the advent of 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 to get free education at all levels. A number of universities have also passed administrative decisions to reserve certain quotas for learners with special needs. Some universities have taken the initiative to build structures that are physically accessible by learners with disabilities.

404. Few persons with disabilities 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, some PWDs have benefited from microfinance schemes. In Ekiti, it is proposed to reserve a 2 per cent quota of employment in any government establishment for PWDs. If this beneficial practise 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 Jidawa, 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 non-disabled 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 that most PWDs live in lacks basic ramps or elevators, transportation systems and various public facilities. During the consultative process, the CRM heard that people with disability are not able to work in high-rise buildings without functioning elevators. Additionally, 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 in 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 internally displaced persons

408. Natural and human-made disasters in the form of conflict, floods and landslides have resulted in internally displaced persons (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 on 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. The National Environment Management Agency (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 the 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 on Refugees. To that end, a National Commission for Refugees was set up to deal with the needs of refugees in 1989. The government of Nigeria, in conjunction with 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 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 Congo, Sudan, Rwanda, Cameroon, Niger and the Ivory Coast. More recently, Chadians fleeing conflict have been living at Ngala Refugee camp. 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 the IDPs in camps.

Other vulnerable groups

417. Elderly persons in Nigeria are an invaluable human resource as they bear invaluable institutional memory. Unfortunately, the majority 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 pension due to them. Widows also often fail to access the pension accruing to the estate of their late husband, which affects their and their family’s wellbeing. Access to adequate health care is not guaranteed to the elderly in many instances.

418. The Nigeria 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 the enjoyment of their 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 Panel recommends that:

- An Equal Opportunities Commission be created to handle complaints of groups that are socially excluded or marginalised or vulnerable. Equal opportunities be availed to 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 and Dignity 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, legislature at all levels]

- PWDs be included in all development programmes and their concerns and interests 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, 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 accessible format should be guaranteed to all categories of PWDs. [Government, Private Sector, CSOs]

- Early warning systems be put in place to detect and prevent intrastate conflict. In that regard, the technical capacity of NEMA to detect and handle disasters should be reinforced. [Government, CSOs, NEMA, Refugee Commission, states and state relief agencies]

- Post conflict resolution measures are required in order for those returning to their homes to be able to have sustainable incomes and also to rehabilitate victims. (Government, CSOs, NEMA, Refugee Commission, 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, 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 GDP of $175 billion in 2006, Nigeria is one of the four largest economies in Africa and 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. In global terms, Nigeria constitutes 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. Endowed with a rich stock of natural and human resources, Nigeria’s current economic strength derives largely from its oil and gas wealth, which contributes about 95 per cent of export revenues, 78 per cent of government revenues (2007), and about 21.93 per cent of GDP (2006).

422. It is currently the largest oil producer in Africa and the seventh largest in the world. Nigeria’s known 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 known and probable oil and gas reserves are estimated to be able to last for more than 50 years, and possible reserves for well above 100 years. The Delta (30 per cent), Akwa Ibom (22 per cent), Bayelsa (18.2 per cent) and Rivers (18.20) states contribute the bulk of oil revenue to Nigeria’s economy. In addition to its vast oil reserves, the country has a rich stock of natural and human resources.

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 (e.g. infrastructure) services its population needs. However, several years of military rule, poor public expenditure management, over-dependence on oil and unmitigated rent-seeking behaviour to amass wealth from the oil and gas industry have conspired to undermine the country’s development.
424. The growing importance of oil has brought with it many advantages, which are referred to throughout this report. These advantages 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 APRM. Some of the major benefits for the economy deriving from the increased oil revenues include:

- Substantial surpluses on the current account of the balance of payments, enabling the country to increase its foreign reserves and reduce its foreign debt
- Increases in the tax revenue of Government, providing much-needed scope for the management of the budget
- Expanded liquidity in the financial sector, facilitating extensive reforms, consolidation and rationalisation

425. Over-reliance on oil has, however, also brought in its wake a number of disadvantages pointed out in the various sections of this report. These include:

- A neglect of other important sectors of the economy such as agriculture and manufacturing
- An increased vulnerability to external shocks (in the oil market)
- Dereliction in the collection and administration of other forms of taxation
- Adverse environmental consequences

426. Nigeria is emblematic of the “oil curse” or failure to utilise oil wealth prudently. Despite earning a cumulative revenue estimated at about US$350 billion over a 35-year period, Nigeria continues to rank low on all development indicators, with an alarming increase in the incidence of poverty, which has seen Nigeria become the host to about 6 per cent of the core poor in the world. The country scores below the sub-Saharan average on several socioeconomic indicators, including GNI per capita (US$620 in 2006), infant mortality, access to improved water and sanitation services and life expectancy. Nigeria unfortunately provides some of the most egregious examples of rent-seeking and corruption that undermine good governance and has become a reference point globally for the irresponsible management of oil wealth.

427. The advantages flowing from the increased oil revenue seem to have contributed more to the improvement of the internal and external financial position of the economy than to real economic activity, particularly in sectors not directly linked to the oil extraction and export business. Communities in general feel that they do not share proportionately in the additional wealth created by the oil boom. Indeed, Chapter six of this Report which covers socioeconomic development focuses on the “paradox of endemic poverty in the midst of plenty”.
Ironically, the discovery and subsequent mismanagement of the nation’s oil reserves have been instrumental in undermining the nation’s developmental progress by: reorienting resources towards oil production to the detriment of other sectors, fuelling excessive spending, inflation and debt; and undermining domestic revenue mobilisation.

Prior to the discovery of oil in 1958, the economy depended on a number of agricultural products - particularly palm oil, cotton, cocoa, rubber and groundnuts, which constituted the dominant export commodities and leading sources of income and foreign exchange earnings. With the commencement of oil and gas exports in 1958, the contribution of agriculture and other non-oil exports to GDP declined while crude oil exports progressively increased from 4.8 per cent in 1966, to 61.2 per cent in 2006, accounting for approximately 90 per cent of budget revenue.

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

With the dominance of crude oil came increased vulnerability to commodity price volatility. Like a pendulum, Nigeria’s fortunes oscillated with the fluctuations of crude oil prices. This in turn had far-reaching consequences for macro-stability and socio-economic development. Oil dependence narrowed opportunities for employment growth as non-oil sectors contracted and resources were increasingly channelled to the relatively more capital-intensive oil and gas industry; a virtual enclave with limited direct linkages with the rest of the economy.

Oil dependence also resulted in volatility in key macro-economic variables. Inflation soared, the trade deficit widened and foreign reserves were drained as a result of poor expenditure management. Macro-instability in turn soured the investment outlook and undermined private sector investment. Also contributing to volatility was unsustainable spending resulting in large government deficits financed by monetary growth.

The adoption of Fiscal Federalism by the 1999 constitution further challenged fiscal policy since 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 unbridled expenditures by state and local levels especially during periods when there was an oil boom. The result was an incoherent and uncoordinated fiscal policy characterised by high levels of inflation. What was lacking was a mechanism to coordinate fiscal spending across the three tiers of government in a manner consistent with national macro-stability.
434. Furthermore, the macro and regulatory environment was not conducive to private sector development, being marked by frequent policy reversals and unpredictable government reactions to domestic and international events. The public service, on which government relied for policy implementation, was bloated, incompetent, disoriented and weak. Corruption and economic crime were rife both in and out of government. Thus, just before the return to democratic rule in May 1999, Nigeria was faced with the risk of becoming both a failed state and a failed economy. This obliged Nigerians to leave the country in large numbers.

435. Nonetheless, Nigeria has always had the potential and resources to reverse its socioeconomic misfortunes. Indeed, since 1999, many of the distressing trends are reversing as a result of the implementation of comprehensive economic reforms aimed at enhanced wealth creation, employment generation, poverty reduction and value reorientation through empowering people, promoting private enterprise and changing the way government does business.

436. The economic strategy under the Obasanjo administration (1999-2007) consisted of two phases. The first four years were characterised by unstructured reforms, while the second term dating from mid-2003 to May 2007 witnessed the adoption of comprehensive economic reforms that are referred to as the National Economic Empowerment and Development Strategy (NEEDS). President Umaru Musa Yar’Adua subsequently, introduced the Seven-Point Agenda for Nigeria’s development in the context of a broader vision to position the country as one of the 20 most developed economies globally by 2020. This third period is built on the foundation of the preceding two periods and the associated “national consensus” on the need to deepen democracy and the rule of law, build an economy driven primarily by the private sector, display zero tolerance for corruption and restructure and staff government to ensure efficiency and good governance.

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

438. Macro-economic reforms are intended to address Nigeria’s over-reliance on oil revenues, stabilise key macro-economic indicators, particularly prices, exchange rates and interest rates, strengthen budget planning and implementation and reverse low levels of savings and the large debt overhang. To improve debt management, the government negotiated a debt relief package through the Multilateral Debt Relief Initiative to reduce its external debt burden and floated bonds to manage its domestic debt. To minimise fiscal overruns and external price shocks, the government created the “excess crude account” and improved budget implementation by introducing: a Medium Term Expenditure Framework; a Cash Management Committee; Medium Term Sector strategies; a Due Process mechanism; and Budget Implementation Reports.
439. Cash Management Committees are designed to ensure that government agencies and departments respect spending limits; the Due Process mechanism minimises public sector fraud through intense scrutiny of the use of public funds, particularly in the area of procurement and the award of contracts; the Budget Implementation Report ensures transparency in the budgetary process and more effective tracking of public expenditure; and the MTEF, in part, promotes longer term financial planning and alignment of public sector expenditures with national priorities and objectives.

440. Structural reforms are centred on reversing the poor domestic investment climate, strengthening the weak and fragmented banking subsector and reengineering the nation’s complex and often incoherent trade policy regime. This is to be achieved by: dismantling unnecessary regulatory barriers and red tape, thereby minimising unwarranted private sector transaction costs; embarking on a comprehensive bank consolidation programme; reducing tariff barriers and rationalising the tariff regime by adopting the ECOWAS Common External Tariff; and streamlining the role of the state through strategic privatisation and outsourcing of non-core state functions and institutions.

441. Building on the initiatives of the Obasanjo regime, the Yar’Adua administration 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 assumption of office on May 29, 2007 in the hope that it will put the economy back on track. The agenda focuses inter alia on:

- adequate power supply for the modernising economy
- food security (by revolutionising the agricultural sector, leading to a five to ten fold increase in yield and production)
- wealth creation (through diversified production in agriculture and the solid minerals sector)
- transport sector development (through rehabilitation and modernisation of railways and roads)
- land reforms (through release of land for commercial farming and other large-scale business by the private sector)
- security (through physical policing, military security and honest dialogue between the people and the government) and education (through a massive financial injection into the education sector to ensure minimum acceptable international standards of education and acquisition of skills in science and technology for future innovators and industrialists).

442. There are tangible signs that these initiatives are yielding positive outcomes, particularly in terms of their impact on growth and macro-economic stability.
Inflation is in single digits and is declining (5.9 per cent in 2007 as against 8.5 per cent in 2006); foreign reserves have increased substantially and are equivalent to twelve months’ imports cover; economic growth is on the rise, although still short of the 7 per cent required to achieve the MDGs declaration; the incidence of poverty has also moderated, declining from 65.6 per cent in 1996 to 53.4 per cent in 2004.

443. Furthermore, both the external and the domestic debt stock have declined, thereby reducing debt service claims on the budget. Debt relief coupled with the application of oil proceeds to repay most external debt has substantially reduced the external debt. The US$750 million fiscal space created by the debt relief has been allocated for the achievement of the MDGs and poverty reduction. The Budget classification has been amended to help monitor and track MDG expenditures.

444. Government has also made significant progress in the restructuring of state enterprises. For this, a strategy of commercialisation and privatisation of key enterprises has been vigorously implemented. In cases where privatisation was not implemented, enterprises were restructured to make them more commercially oriented. The privatisation exercise has yielded substantial revenue which could be channelled into social development programmes.

445. There is evidence of resuscitation of the non-oil sectors which could over time reverse the dominance of oil in the Nigerian economy. Despite the substantial share of oil in the GDP, Nigeria’s recent growth is driven largely by the non-oil sector, which averaged almost 10 per cent (9.96 per cent) over the 2004-2008 period compared to 0.54 for the oil sector. Indeed, revised estimates of the national accounts series (for 1981-2006) reveal that the share of the oil sector in the GDP is lower than previously estimated. In 2006, the oil sector accounted for 21.93 per cent of GDP and not 48 per cent as previously estimated (IMF Article 4 Consultations, 2008).

446. The introduction and implementation of several structures and legislative frameworks (e.g. the MTFF, the Fiscal Responsibility Act, the Public Procurement Act and Due Process) have helped to improve public finance management. In particular, the decision to distribute oil revenue on the basis of a “budget oil price” (which is below the market price) has improved public expenditure management by: facilitating the creation of an “excess crude account” funded by excess oil revenue; and de-linking fiscal spending at all tiers of government from oil revenue fluctuations. In effect, there is a conscious attempt to save a portion of oil windfall gains and minimise the macro-destabilising 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 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 contributed to improvements in the country’s BB sovereign rating by Fitch
and Standard and Poor’s.

448. Several challenges remain, however. Notwithstanding improvements in public
expenditure management, coordination of fiscal policy across the three tiers of
government remains a challenge. The newly introduced Fiscal Responsibility
Act is only legally binding at the federal level, hence fiscal responsibility at
the subfederal level has yet to be institutionalised. 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 required to resist such
pressure. Furthermore, a collective understanding of the benefits of preserving
a balance between intergenerational resource transfers and meeting the
immediate socioeconomic needs of the economy is imperative. Such an accord
is only possible if the leadership is perceived to be credible, effective and
acting in the collective interests of the Nigerian people.

449. Moreover, crude oil production remains below potential owing to disruptions
in drilling activities stemming from civil unrest in the Niger Delta. The
contentious issue of revenue sharing and particularly of gaining consensus on
the relative weight of derivation in the revenue formula remains unresolved.
Yet, this subject has a direct bearing on ensuring peaceful coexistence with
minority (e.g. Ogoni and Ijaw) ethnic groups whose lands generate the bulk of
oil resources. 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. Besides, unemployment continues to worsen, aggravated by
underemployment, particularly in the informal sector. Apparently, growth has
yet to translate into broad-based employment generation. This in part reflects
regulatory and infrastructural constraints to investment. Notwithstanding oil
windfall gains, Nigeria still suffers from a large infrastructure gap. The roads
network (km per 1,000 inhabitants), rail systems and electricity generation
(kilowatt hours per inhabitant) are well below the figures for peer countries
such as Indonesia and South Africa. Addressing these shortfalls is critical for
the country’s success in assuming its rightful role as a middle-income country.

451. Like most developing countries, Nigeria’s liberation from underdevelopment
requires visionary leadership, commitment and a willingness to sacrifice
personal aggrandisement for the collective good. There is obviously enough
wealth to satisfy the needs of the people. Initiating change, however, requires
bold, credible and selfless leadership.

452. The APR Panel has taken note of the creation of the Excess Crude Account
managed by the BON. It is understood that the main purpose of this account is
to stabilise revenue from oil exports, and that funds in the account are
employed mainly outside the country. This account nevertheless provides
evidence of the awareness on the part of government of a need for pro-active
management of the oil bonanza. However, in the CSAR and CRM findings
little further information is available on the application of the increased tax
Economic governance and management

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 levels could make an important contribution to a better understanding of how the country in total benefits from the economic windfall of the high oil price.

453. The following sections review 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. The first section appraises Nigeria’s position with respect to 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 CRM based on discussions with state and non-state stakeholders. Each objective concludes with specific recommendations for improved economic governance. For each recommendation, relevant lead institutions are identified.

4.2 Implementation of standards and codes

i. Summary of the CSAR

454. Compliance with EGM standards and codes provides assurances of transparency and predictability of government actions and policies, and contributes to the creation of a stable macroeconomic environment. African heads of state and government adopted about 16 standards and codes for economic governance and management.

455. The CSAR assessed the level of adoption of these international standards and codes. It also highlighted other codes and standards that are applicable or are being implemented in Nigeria’s economic governance context, including those developed at the national level.

456. Although Nigeria has signed and ratified and implemented, directly and indirectly, the relevant standards and codes to promote economic governance and management in the country, there was inadequate official information to enable the accurate documentation of the dates of signature, accession and ratification of the various standards and codes. Similarly, the extent of domestication and compliance is not clearly documented.

457. An indication of the status and dates of signature and ratification of EGM Standards and Codes as provided by the CSAR is presented in Table 4.1 below.

458. 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 International Monetary Fund (IMF) and World Bank. This is also valid in relation to her efforts to promote
economic cooperation and integration in the ECOWAS subregion and Africa. Guidelines for Public Debt Management, Code of Good Practices on Transparency in Monetary and Financial Affairs and Core Principles for Effective Banking Supervision, IMF Code of Good Practices on Fiscal Transparency, are among the standards and codes developed and monitored by the World Bank and the IMF and signed by all member countries of both the World Bank and the IMF. It is in this context that the country adheres to the above-mentioned standards and codes.

Table 4.1: Status and dates of signature and ratification for EGM Standards and Codes

<table>
<thead>
<tr>
<th>Standard and Code</th>
<th>Date of signature</th>
<th>Date of ratification</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Guidelines for Public Debt Management</td>
<td>March 2001</td>
<td></td>
</tr>
<tr>
<td>4 International Standards in Auditing</td>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>5 International Accounting Standards</td>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>8 Best Practices for Budget Transparency</td>
<td>2001</td>
<td></td>
</tr>
<tr>
<td>10 Convention on the Suppression of the Financing of Terrorism</td>
<td>9 December 1999</td>
<td>28 April 2003</td>
</tr>
<tr>
<td>11 ECOWAS</td>
<td>28 May 1975</td>
<td>June 1975</td>
</tr>
<tr>
<td>12 Code of Good Practices on Transparency in Monetary and Financial Affairs</td>
<td></td>
<td>A non-treaty that does not require ratification or accession</td>
</tr>
</tbody>
</table>
### Principles for Payment Systems

A non-treaty that does not require ratification or accession

### Code of Good Practices on Fiscal Transparency

A non-treaty that does not require ratification or accession

### Principles for Payment Systems

A non-treaty that does not require ratification or accession

### Core Principles for Security and Insurance Supervision and Regulations

A non-treaty that does not require ratification or accession

### Dakar Plan of Action

A non-treaty that does not require ratification or accession


#### ii. Findings of the CRM

460. There was inadequate official information to enable accurate documentation of the dates of signing, accession and ratification of most of the standards and codes under the EGM pillar. This imply that there is inaccurate record-keeping of the standards and codes in relevant government departments, and that Federal and State Governments’ roles in respect of standards and codes are not clearly defined and coordinated. The mission was informed that efforts are being made to establish a central repository for standards and codes signed by Nigeria.
461. For some codes and standards such as the International Standards on Accounting and Auditing and Guidelines for Public Debt Management, and the OECD Best Practices for Budget Transparency, signature and ratification are not required but once the codes or standards have been adopted, efforts have to be made to ensure compliance.

462. Generally, the mission found that there is weak monitoring and reporting on implementation of standards and codes by government agencies and other stakeholders. There is also limited awareness about the existence of these standards and codes by stakeholders and this hampers their effective implementation. This partly explains why concerned ministries, departments and agencies (MDA), are often unable to follow through with the ratification and domestication procedures. A well-crafted strategy for domesticating the standards and codes is essential for effective operationalisation.

463. Below are brief CRM highlights relating to budgetary activities and processes, Nigeria’s debt management, good practices on transparency in monetary and financial policies; bank supervision and banking system restructuring; fighting corruption and money laundering, regional integration, and general data standards are covered.

**Budgetary activities and processes**


**Nigeria’s debt management**

465. Nigeria’s management of public debt (both internal and external) has improved considerably and is in line with standards defined in Guidelines for Public Debt Management. As a member of the IMF and World Bank, Nigeria signed and acceded to these Guidelines, and after many years of turbulence, the management of public debt has now become stable in Nigeria.

**Good Practices on Transparency in Monetary and Financial Policies**

466. The principles under the Code of Good Practices on Transparency in Monetary and Financial Policies emphasise desirable transparency practices for the Central Bank and other financial institutions. Legal, policy, institutional, economic and information-related frameworks are defined that should lead to public availability of information and accountability and assurance of integrity. Relevant elements of compliance in this regard are discussed under Objectives Two and Three.

**Bank supervision and banking system restructuring**

467. The CRM considers that Nigerian authorities and particularly the CBN have taken steps to address the gaps and shortcomings identified by the IMF/WB FSAP Mission, in relation to banking subsector consolidation, introduction of
risk-based supervision, capacity building for supervision, and revision of prudential regulations. It is on these accounts that the consolidated banking subsector shows prospects of stability and hopefully, in the near future, better access and efficiency.

**Fighting corruption and money laundering**

468. Nigeria has adopted many United Nations declarations, conventions and codes against corruption, bribery, money laundering and transnational organised crime, among others.

469. In July, 2004, the country adopted, at the Third Ordinary Session of the AU, the OAU Convention on the Prevention and Combating of Terrorism, which is relevant to economic governance inasmuch as it has a bearing on terrorist financing.

470. The resolve of the Nigerian government to stamp out corruption and money laundering prompted the ratification of all standards and codes relating to the vices. The Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC) and other agencies of government that deal with corruption and money laundering have been at the spearhead of efforts to attain compliance with relevant international standards and codes.

471. 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), the investigative arm of the OECD on 23 June 2006 removed Nigeria from its list of countries and territories that are non-cooperative in the global effort to fight money laundering and terrorist financing.

472. Under Objective Four, there are indications of compliance with the relevant standards and codes in terms of confiscation, reporting of suspicious transactions, dissuasive sanctions, and approaches to dealing with natural and legal persons in regard to corruption, as well as money laundering and terrorist financing as defined by the Financial Action Task Force (FATF).

**Regional integration**

473. Nigeria has signed and ratified most of the standards and codes relating to regional integration. These include the Abuja treaty establishing the African Economic Community (1991), the Constitutive Act of the African Union (2000), NEPAD Framework Document (2002) and the other treaties, conventions and protocols of regional economic communities. Nigeria was one of the 14 West African nations that signed the treaty establishing the Economic Community of West African States (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 for
the elimination of trade barriers within the ECOWAS subregion and for the promotion of regional economic communities in Africa.

**General data standards**

474. Adequacy and reliability of macroeconomic statistics continue to be suspect with mix-ups and discrepancies in released data. Nigeria subscribes to the *General Data Dissemination Standards* of the IMF and the UN *Fundamentals of Official Statistics*. But the IMF, in its assessment of Nigeria’s national accounts statistics in the context of the *Reports on the Observance of Standards and Codes* (ROSC), highlighted a serious deterioration in data quality. This necessitated the revamping of the Nigeria Bureau of Statistics for better statistical data management in the country. Issues of capacity development, funding, and infrastructure development are currently being addressed through the revamping exercise

### iii. Recommendations

475. The Panel recommends the following:

- A detailed principle-by-principle or article-by-article assessment of compliance with each standard and code under EGM be undertaken for a better understanding of the extent of ratification, domestication and compliance. (*Ministry of Justice, Ministry of Finance, the National Assembly*)

- All pertinent standards and codes which are neither signed and ratified nor 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, the National Assembly*)

- The ratification and domestication processes for standards and codes be simplified. As part of this endeavour, the process be fast-tracked by the National Assembly. (*Ministry of Justice, the National Assembly*)

- The standards and codes be popularised through public discussions by stakeholders. (*Ministry of Justice, Ministry of Finance, the National Assembly, state governments, civil society organisations*)

- The National Assembly, Civil Society Organisations (CSOs) and the mass media to provide oversight and monitoring, in regard to accession, domestication, and compliance with standards and codes as well as reporting obligation where applicable. (*National Assembly, Civil Society Organisations and Umbrella Bodies of the Mass Media*).
4.3 Assessment of performance on APRM objectives

| Objective 1: Macroeconomic Framework and Sustainable Development |

i. Summary of the CSAR

476. The CSAR articulates the perspectives and perceptions of stakeholders on the following aspects of Nigeria’s macro-economic framework and sustainable development programmes: the soundness of the macroeconomic policy framework and its effectiveness in supporting sustainable development; credibility of macroeconomic projections; effectiveness of sectoral microeconomic policies for economic growth and sustainable development (agriculture and food policy, industry policy, financial sector, trade policy); measures taken to target gender equality; progress towards sustainable development; effectiveness of domestic resource mobilisation measures; and vulnerability to internal and external shocks.

**Soundness of macroeconomic policy framework and its support of sustainable development**

477. Overall, the CSAR is of the view that Nigeria’s recent macroeconomic policies have been moderately effective in ensuring stability. However, while acknowledging government’s compliance with budgeting requirements, good progress in achieving fiscal sustainability and compliance with due process requirements in procurement, the CSAR expresses concern about the recent surge in the rate of inflation and continued volatility in the exchange rate. Most importantly it underscores the fact that macro-stability has not visibly improved the living conditions of the masses. This is evidenced by the double digit unemployment rates coupled with the modest decline in the poverty rate.

478. Highlights from the CSAR of some of the indicators of macroeconomic development in Nigeria are presented below for the period 2001–2005:

- The average trend in the inflation rate was 13.92 per cent.
- The average real GDP per capital was N81, 275.00 or $642.16.
- The average debt servicing ratio to revenue was 5.10 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 the Gross Domestic Product (GDP) was 10.07 per cent.
The average fiscal deficit to the Gross Domestic Product (GDP) was 1.75 per cent.

The average share of fiscal deficit financed by the Central Bank of Nigeria (CBN) was 13.20 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 to the private sector was 27.8 per cent.

The average credit to the public sector was 32.38 per cent.

Formulation of macroeconomic projections

479. The CSAR is critical of the government’s capacity to formulate credible macroeconomic projections. It attributes poor macro-forecasting to the practice of benchmarking macroeconomic variables on volatile oil and gas revenues as well as poor macroeconomic management by previous regimes.

480. Over the 2001-2005 period, the majority of the government’s projections were off target (See Table 4.2). The economy overestimated real GDP and unemployment growth rates and underestimated the performance of the non-oil sector. Consequently, improved oil revenue price forecasting is advocated to improve government’s macroeconomic projections.

Table 4.2: Selected Macroeconomic Projections vis-à-vis Actual

<table>
<thead>
<tr>
<th>Macroeconomic variables</th>
<th>Projections</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth rate</td>
<td>10.00</td>
<td>10.20</td>
</tr>
<tr>
<td>Growth in non-oil sector</td>
<td>3.30</td>
<td>7.30</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>10.00</td>
<td>9.00</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>5.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

481. The CSAR advocates higher oil revenue price forecasting to improve government’s macroeconomic projections.

*Sectoral microeconomic policies for economic growth and sustainable development*

482. Nigeria has adopted and implemented several sectoral policies and programmes in support of sustainable development. Major sectoral policies include those for agriculture, industry, trade, and finance.

*a) Agriculture and food policy*

483. With respect to agriculture, the CSAR notes with concern the sector’s declining role in Nigeria’s development. Given its importance as a source of food security and economic livelihood for the majority of the population, the CSAR urges government to implement measures aimed at revitalising the sector.

484. In the 1960s, agriculture provided over 80 per cent of the export earnings and employment, about 65 per cent of total output or gross domestic product (GDP) and about 50 per cent of government revenue. However, as oil revenues assumed overwhelming importance in the national economy in the 1970s, agriculture was neglected and rural incomes declined severely thereby broadening as well as deepening poverty. By the turn of the century, Nigeria was importing food to the value of about $2 billion annually.

485. While commending recent initiatives to revitalise the agricultural sector (e.g. Presidential Initiative on Cassava Production, Processing and Export; Vegetable Oil Development Programme; National Special Programme for Food Security (NSPFS), and Presidential Initiatives on Rice Production, Processing and Export) as well as improvements in agricultural growth rates, the CSAR calls on government to address threats to the sector posed by climate change, limited access to credit and weak agriculture-related infrastructure.

*b) Industrial policy*

486. The CSAR lauds newly introduced measures to improve access to financing for industrial development. Key initiatives include the establishment of the Bank of Industry (BOI), the Small and Medium Industries Equity Investment Scheme (SMIEIS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).

487. The 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 scale industries.
The SMIEIS is a fund directed at promoting the SMEs. It is financed by contributions from commercial and merchant banks. Beneficiaries are subject to a number of conditions and benefits including: tax relief during the first five years of operation; lower duties on imported raw materials by small and medium scale businesses; lower tariffs on industrial machinery and spare parts; and relatively higher duties on competing imported finished goods to discourage dumping goods in Nigeria.

The SMIEIS is coordinated by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), which ensures that 60 per cent of the SMIEIS fund is directed to the core real sector, 30 per cent to services, and 10 per cent to micro enterprises through non-governmental organisations (NGOs).

Notwithstanding these commendable initiatives, the CSAR is concerned that as a result of corruption and institutional weaknesses the funds are unlikely to reach their intended beneficiaries, and the loans might 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 the persistence of wide regional disparities in access to the SMIEIS fund (IDR, 2007).

c) Financial sector

The CSAR discusses financial sector reforms under four main pillars, namely: interest rate and monetary policy; banking and insurance subsector consolidation; capital market development; and the new pension scheme. Broadly, Nigeria’s financial sector reforms have attempted to: improve financial market stability, access and efficiency; eliminate non-price rationing of credit to increase competition; adopt indirect monetary management in place of the imposition of credit ceilings on individual banks; and strengthen the money and capital markets through distress resolution measures.

Monetary policy

Changes in monetary policy include removal of credit ceilings for a few banks judged to be sound, and shifting of liquidity management to the indirect approach using the 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 rediscount rate to signal its policy direction. Furthermore, the CBN has promoted and popularised other financial market products like the National Savings Certificate (NSC) to encourage savings.

These initiatives notwithstanding, the CSAR notes with concern that the spread between banks’ deposit and lending rates remains quite high and may reflect weak competition among banks for clients. Furthermore, large spreads,
associated with high lending rates and low deposit rates, discourage savings as well as borrowing.

*Banking subsector restructuring*

494. A mainstay of financial sector reforms is the programme of banking and insurance consolidation. Prior to the reforms, the financial sector was characterised by asset concentration and a low asset base. More than half of total bank assets were held by only 10 of the 89 banks. Meanwhile, the combined assets of the 89 banks in operation totalled a mere $18.0 billion. Furthermore, a substantial portion (20.8 per cent) of the total money supply remained outside the banking system as a result of high inflation, a low level of public confidence in the subsector and inefficient intermediation. The savings deposit rate was a mere 3-5 per cent, while the lending rate averaged 21-32 per cent. A surveillance report in 2004 detected that 25 of the 89 banks were either marginally sound or unsound. Two of the banks did not make statutory returns. The industry was characterised by weak corporate governance, declining ethics, de-marketing of some banks and insider abuses. Many banks were heavily dependent on public sector deposits.

495. To redress the weaknesses in the subsector, the CBN in collaboration with other institutions (e.g. the Nigeria Deposit Insurance Corporation (NDIC), Securities and Exchange Commission (SEC), Nigerian Stock Exchange (NSE)) embarked on a comprehensive bank consolidation programme. By the end of the programme in December 2005, only 25 banks had met the minimum capitalisation requirements. Fourteen banks could not raise their capital base or merge with others and were subsequently liquidated.

496. The CSAR cites the following key outcomes of the programme: the emergence of 25 relatively well-capitalised banks; a fall in interest rates because of enhanced liquidity; improved intermediation efficiency of the banks leading to a fall in the ratio of currency outside the banking system from 21.4 per cent in December 2005 to 14.2 per cent by the end of December 2005; increased capacity of banks to finance big transactions with a single obligor limit; and dilution of bank ownership which enhanced potential to improve corporate governance. Furthermore, with larger economies of scale, customers now stand to benefit from reduced bank charges. Since almost all the banks are quoted, the oversight of the SEC and the NSE has become industry wide. The Nigeria banking system is now the fastest growing in Africa. Two banks, the first in sub-Saharan Africa, have successfully issued Eurobonds and some of the banks are on the verge of being listed on the London Exchange.

497. Overall, the CSAR is of the view that the banking subsector restructuring has had a positive impact on the financial health of the banks. Nevertheless, in addition to concerns about the large spread between the deposit and lending rate, it underscores 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

498. Similar to banking reforms, the insurance subsector reforms have centred on strengthening the capital base of registered insurance companies by raising capital requirements. Specifically, for Life Insurance Business, the pre-existing capital requirement of N150 million was moved up to N2 billion; for general insurance business, the minimum capital requirement increased from N200 million to N3 billion; and for reinsurance business, the previous minimum capital of N350 million was increased to N10 billion.

499. The result has been mergers by most firms while others have been forced to liquidate because of failure to meet the new capital requirements. Prior to the 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 cautions, however, that the insurance culture in Nigeria is still nascent and the industry remains relatively underdeveloped.

Capital markets

500. The CSAR notes with satisfaction the rapid growth of the capital market. The number of registered operators on the Nigerian Stock Exchange grew from 290 in 1999 to 581 in 2006, and securities listed on the Exchange increased from 268 in 1999 to 288 in 2006. The value of new issues (debt and equities) rose rapidly from N12.04 billion in 1999 to N702.15 billion in 2006.

501. Furthermore, the ratio of market capitalisation to the GDP more than trebled from 9.4 per cent in 1999 to 28.3 per cent in 2006. Also, the NSE All-Share Index, which is a veritable barometer of the health of the economy, rose almost tenfold between 1999 (5,266) and 2007 (over 47,000).

502. While acknowledging these impressive gains, the CSAR notes that the capital market is still narrow and shallow, leaving enormous potential for growth and wealth creation.

Pension scheme

503. The fourth pillar of the financial system reforms is the introduction of a new pension scheme in Nigeria. The CSAR observes that the introduction of the Pension Reform Act (2004) has been instrumental in addressing the hitherto disorganised and uncoordinated pension arrangements in the country. Following the introduction of a fully funded contributory system, there are Pension Fund Custodians who take custody of the proceeds and Pension Fund Administrators who are strictly involved in investing the funds. Not less than N600 billion has already been contributed under the scheme.

504. However, the CSAR is of the opinion that the scheme remains undeveloped and requires sustained awareness raising and advocacy 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 for the Pension Commission (Pencom) to enforce the rules in order to be credible.

*Progress towards sustainable development with respect to selected indicators*

505. The CSAR portrays a mixed picture of performance with respect to Nigeria’s socioeconomic development. On the one hand, good progress has been made in increasing access to health care (by reducing the ratios of physicians/nursing staff per population), as well as increasing the levels of secondary and primary school enrolment. However, adult literacy, life expectancy and primary teacher ratios have stagnated while trends in the secondary school pupil/teacher ratio, the population per hospital beds and budgetary allocations to the education and health sectors have worsened.

506. Unemployment is assuming inexorable proportions, compounded by the phenomenon of graduate unemployment and an informal sector harbouring a substantial portion of the underemployed. However, a recent employment survey (Job Growth Quick National Employment Generation Survey, 2006) however, recorded rapid job growth in recent years. This was driven largely by the Communication sector (with a change of 2,584.01 per cent) followed by Education Services (213.33 per cent), Finance (117.35 per cent), Building and Construction (57.97 per cent), Transport (56.02), and Agriculture (55.60 per cent). According to the survey, the following sectors recorded negative growth rates: Manufacturing (-0.20 per cent), Banking (-1.34), Hotels, Restaurants and Tourism (-3.07), Mining and Quarrying (-36.11 per cent) (See Table 4.3).

**Table 4.3: Quick National Employment Generation Survey (QNEGS) 2006**

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>1999</th>
<th>2005</th>
<th>Amount Change</th>
<th>Per cent 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>55.60</td>
<td>6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,916,781</td>
<td>1,912,906</td>
<td>-3,875</td>
<td>-0.20</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>Hotel, 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>
</tbody>
</table>
Nonetheless, according to the CSAR, a large proportion (70 per cent) of public servants, the self-employed, the private sector and the unemployed perceived Nigeria’s performance as worsening in relation to job creation, provision of quality education, supply of electricity or energy, provision of good roads and good transport services, and ensuring security of lives and property. A similarly large proportion (more than 50 per cent) of the same occupational groups perceived provision of good recreational facilities and good nutrition as being static. None of the occupational groups believed that any of the key micro-economic issues had improved over the five-year period reviewed.

Table 4.4: GDP at Current Basic 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>32.60</td>
<td>34.21</td>
<td>32.53</td>
</tr>
<tr>
<td>Industry</td>
<td>44.16</td>
<td>41.21</td>
<td>46.30</td>
<td>40.40</td>
<td>41.69</td>
</tr>
<tr>
<td>Of which Manufacturing</td>
<td>7.77</td>
<td>6.51</td>
<td>4.70</td>
<td>3.06</td>
<td>2.79</td>
</tr>
</tbody>
</table>
Measures taken to target gender equality

508. The CSAR acknowledges and applauds 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, over the years, many institutional arrangements have been put in place to enhance the economic and political opportunities available to women and to improve their living conditions. They include: Better Life Programme for Rural Women (BLP), Family Economic Advancement Programme (FEAP) and Family Support Programme (FSP). To underscore 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.

509. Since 1999, the government has taken further steps towards advancing the policy of gender equality. In 2000, the government adopted a National Policy on Women which seeks full integration of women into the mainstream of the economic, social and political life of the nation through enforcement of constitutional and legal guarantees of gender equality. Several institutional arrangements have also been put in place to enhance the economic and political opportunities available to women and to improve their living conditions. They include: Better Life Programme for Rural Women (BLP), Family Economic Advancement Programme (FEAP) and Family Support Programme (FSP).

510. The Ministry of Women’s Affairs has established six zonal political 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 in addition to creating a Women’s Fund for Economic Empowerment (WOFEE) to support women entrepreneurs.

511. Nevertheless, the battle for gender equality is far from being won. It is estimated that 65 per cent of the population that live 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 the overall management positions. Similarly, women make up a small proportion of the number of professionals in various disciplines in both public and private employment. Males constitute
a higher percentage of enrolment as one ascends the educational ladder from the primary to the tertiary levels.

**Domestic resource mobilisation and diversification of the economy**

512. According to the CSAR, the government of Nigeria has attempted to diversify the economy and improve domestic resource mobilisation through: port concession, reform of the Customs Service, increasing tariffs on utilities, expansion of businesses through micro-credit facilities, banking sector consolidation and the establishment of a Revenue Mobilization, Allocation and Fiscal Committee.

513. 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 capable of meeting the food requirements of the economy. To ensure effective diversification for sustainable development of Nigeria, the CSAR suggests: developing agriculture and other sectors to generate employment 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; giving food security priority - particularly food storage, and processing and packaging so as to minimise wastage and encourage farmers to increase output; promoting rural information centres to improve access to information on markets and extension services; and granting soft loans to Youth Corpers on completion of their service to enable them start business ventures.

**Vulnerability to internal and external shocks**

514. 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 been on the increase, climbing to 20 per cent of GDP in 2005 from -3.4 per cent in 2002; and net foreign assets have been increasing for 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.

515. Other major steps taken by Nigeria to reduce its vulnerability to internal and external shocks include: benchmarking the budget on the oil price that is lower than the actual market price to serve as a cushion against future shocks; better prioritisation of capital budget expenditures; establishment of a formal Cash Management Committee to help match expenditures to revenues, manage bulk releases of the capital budget and ensure that deficit ceilings are not breached; collaboration between the executive and the legislature in processing the annual budget estimates; implementation of value for money measures through the Due Process Office; budget implementation in 2003-2005 predicated on very clear and transparent objectives as a result of the newly introduced Fiscal Strategy Paper which has undoubtedly improved the allocation process; anchoring of macroeconomic stability through monetary policy; and auction of foreign exchange through the issuance of CBN and Treasury Bills.
516. While acknowledging these positive developments, the CSAR expresses concerns about the overwhelming dependence of the economy on oil revenue and persistent social unrest, particularly in the volatile oil-producing Niger Delta region in response to perceived inequities in regional development and the distribution and control of oil wealth.

517. 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 but the region is demanding an increase on this prescribed minimum. Also, the Niger Delta Development Commission (NDDC), which is charged with infrastructure development and employment generation to reduce the tension in the region, has launched a 15-year master plan for the development of the region.

518. Nevertheless, about 300,000 barrels per day (bpd) of crude oil are lost to disruptions caused by shut-ins as a result of violence perpetrated against oil companies and their staff or pipe-line blow-ups.

519. The CSAR also underscores the need to address other sources of vulnerability faced by households, such as drastic increases in the price of essential commodities, commodity price fluctuations especially as regards fuel, banning of commodity exports to traditional markets, tribal clashes and theft of household assets/robbery. Government’s assistance to victims of disaster/shocks is perceived to be weak and tends to be undermined by rent seeking behaviour which reduces the quantum of funds that reaches the intended beneficiaries.

ii. Findings of the CRM

Soundness of macroeconomic policies

520. Driven by the NEEDS framework, current fiscal, monetary, trade and exchange rate policies aim to stabilise the economy in the short run, achieve internal balance in the medium term, and move the economy towards the attainment of external balance in the medium and long term. Macroeconomic management is directed at achieving a high and sustained non-inflationary growth trajectory. Important measures applied since 2003 are highlighted below.

Fiscal policy reforms

521. These were deployed to achieve macroeconomic stability, internal balance, fiscal transparency, viability, efficiency and an improved revenue base. The MTEF was adopted as an instrument to strengthen public expenditure management by outlining strategic priorities for expenditure allocation and engendering fiscal discipline.
522. An important initiative in this regard was the introduction of an oil-based fiscal rule which seeks to de-link government expenditure from the volatility of oil prices and ensure that excess crude revenues are saved.

523. Secondly, the government has succeeded in containing the budget deficit to within 3 per cent of GDP. This has served to reduce an undue burden on monetary policy and to provide a conducive environment for private investment.

524. To complement fiscal reforms, the overall governance reforms were anchored on the tenets of transparency, accountability and anti-corruption, including the “Due Process” mechanism. Other complementary measures include NEITI, open oversight of public expenditure, public sector restructuring, and putting in place anti-corruption agencies (EFCC and ICPC).

Monetary policy reforms

525. Monetary policy has largely been anchored on the maintenance of price stability. Several measures have also been taken to strengthen the financial sector with a view to enhancing 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.

526. The focus is on regulating the value, supply and cost of money in the economy in consonance with the expected level of economic activity so that money supply grows at an appropriate rate to support sustainable economic growth and maintain internal and external balances.

527. The CRM discussions revealed that the CBN has over time applied both direct and indirect instruments of monetary policy with varying degrees of success. Direct instruments include interest rate management, bank credit regulation, statutory liquidity requirements, directed credits and rediscount window. Emphasis in recent years has, however, been on indirect instruments in line with the global trend.

Structural reforms

528. The gamut of policies entails liberalisation, deregulation and privatisation of key sectors of the economy. The objective of these reforms since 2003 has been to ensure that the private sector remains the driver of economic activity. Several legislations designed to deregulate and govern key sectors, such as telecommunication, electricity and private-public partnership in infrastructure development, have been passed. As an example, the liberalisation of the telecommunications sector boosted investment in the sector (with over US$1 billion per year since 2003) and an increase in the provision of telecommunication services from less than 500,000 to more than 30 million GSM lines since 2001.
Overall macroeconomic picture

529. The CRM findings largely agree with the CSAR’s view that Nigeria’s recent fiscal reforms have contributed to macroeconomic stability and government fiscal operations are becoming more transparent than in the past. Notable achievements in the past two years include the following: the exchange rate has become relatively stable following liberalisation in 2006, which allows greater exchange rate flexibility; inflation rate has been significantly 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 and an improvement of overall fiscal balance 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; marked increases in external reserves which stood at US$ 40 billion in 2006; and a strong economic growth of almost 7 per cent in 2005 and 2006 including strong non-oil sector growth of about 8. These are depicted in Box 4.1.

530. The performance of the Nigerian economy in recent years has largely benefited both from the high world price of oil and the efficiency gains resulting from economic reforms. Real GDP growth rate averaged 6 per cent during the period 2002-06. This solid growth rate still falls short, however, of the NEEDS target rate of 10 per cent required 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, owing to the disruptions in oil production in the Niger Delta. On the other hand, non-oil sector growth has been encouraging. Real non-oil GDP grew by 8.9 per cent in 2006 and 8.6 per cent in 2005. In contrast, oil output contracted by 4.7 per cent in 2006, after the very weak growth of 0.5 per cent in 2005.

531. The main drivers of growth in the non-oil sector were telecommunications, general commerce, manufacturing, agriculture, and services. The communications sector in Nigeria has been experiencing a boom in the last five years, with growth averaging around 30 per cent per annum, driven largely by the expansion of Global System for Mobile Communications (GSM) services. Large inflows of foreign direct investment (FDI) have played a crucial role. The stock of telecommunications FDI jumped from $50 million in 1999 to $7.5 billion in 2005. The number of mobile phone lines has increased from less than 0.25 million in 1999 to nearly 20 million in 2005, with tele-density attaining 15.7 lines per 100 inhabitants. The tremendous progress made in telecommunications has contributed to an overall improvement in the business climate, benefiting the manufacturing sector in particular.

532. Nigeria’s management of its debt appears to be in compliance with standard requirements defined in the Guidelines for Public Debt Management. From CRM discussions it emerged that steps were being taken to improve the legislative framework, design a better organisational framework, clarify mandates and roles and consolidate debt management functions, including increased bank supervision and banking system restructuring.
Figure 4.1: Nigeria’s Key Economic Indicators
533. Nigeria has recently freed itself of 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 in turn 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, leading to a reduction of foreign debt to below 5 per cent of GDP, from 57 per cent in 2003. The resultant good sovereign credit rating (78) was a vote of confidence in the economic reform efforts, which also enabled Nigerian businesses to have easier and more affordable access to international finance and capital markets.

534. The CRM shares the concern expressed by the CSAR about the limited success in translating macro-stability and growth into economic diversification of the economy, rapid job growth and poverty reduction. Further, notwithstanding the reduction in fiscal deficits, fiscal policy continues to be limited by a narrow revenue base, and a high level of tax evasion in spite of new measures to improve tax collection.

535. The challenges relating to monetary policy include persistence of high interest rates and high interest rate spreads despite measures to control inflation. Finally, several shortcomings in the business environment including poor physical infrastructure, burdensome administrative red-tape, an inhospitable institutional environment for business and lack of access to long-term finance constitute significant obstacles to sustained economic growth.

Exposure to shocks

536. The CRM findings indicate that Nigeria’s vulnerability to shocks stems from a number of interrelated factors, including high dependence on the oil sector and the resultant lack of diversification in economic activities; mismanagement and embezzlement of resources by those in leadership positions; oil bunkering/bandit activities which undermine the nation’s capacity to fully exploit its oil potential; incessant labour strikes due to 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, terms of trade shocks, exchange rate fluctuations and climate change. Internal shocks are many and diverse and include floods, pests, drought, inflation, and human insecurity. While petroleum oil revenues appear to have cushioned the economy from external shocks, diversification of the economy is critical for sustaining the resilience to shocks.

Real sector concerns

Agriculture

537. The CSAR expressed concern about the declining role of agriculture in Nigeria’s economic development and urged 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.

538. Stakeholders ascertained agriculture’s pre-eminent role in ensuring food security, promoting employment, alleviating poverty, and raising rural incomes. Recent government initiatives in the sector were acknowledged to have led to improved trends for selected crops.

539. Nonetheless, stakeholders confirmed that agricultural productivity remains low owing to limited investments in agriculture-related infrastructure such as feeder roads, storage systems and irrigation. Indeed, as a result of limited irrigation systems, the sector is largely dependent on the vagaries of the weather for good performance.

540. Besides, stakeholders noted that food production is currently not keeping pace with population growth and malnutrition levels were reported to be high. Further, due in part to low agricultural productivity, there is an inadequate supply of agricultural raw materials to the manufacturing sector for processing which accounts, in part, for low levels of manufacturing sector growth and employment.

541. In addition, low levels of productivity combined with low wages in the sector have contributed to weak agricultural export earnings and high levels of poverty, particularly in the rural areas.

542. According to stakeholders, the strategic thrusts for revamping agriculture and mainstreaming it in the national economy are:

- Implementation of already well thought-out policies and avoidance of frequent policy shifts
- Making agricultural production a number one priority in resource allocation - implying an increased budget for agriculture (from the current approximately 3 per cent to about 10 per cent, inclusive of agricultural subsidies and credit)
- Placing a high value on agriculture and sensitisation of society about the role of agriculture in the nation. Farmers need to be held in high esteem and to receive recognition.
- Supporting the establishment of farmers’ associations and co-operatives to champion the interests of the sector
- Extending the area under sustainable land management and reliable water control systems
- Improving rural infrastructure and market access
- Increasing food supply and reducing hunger and agricultural emergencies while ensuring price guarantee for agricultural products
• Enabling procurement and effective distribution of assorted fertilizer, improved seedlings, agrochemicals and vaccines as needed by farmers throughout the country

• Increasing agricultural productivity and sustainability through training, R&D, extension systems and irrigation works that eliminate dependence on rain-fed agriculture

• Making farm credit accessible to real farmers, affordable and timely

• Reorganising rural settlement patterns to favour agricultural production

• Exploring the stock exchange to raise long-term capital for funding agriculture

• Facilitating private sector participation in agriculture, encouraging foreign investment in agriculture, improving information flows between buyers and sellers (particularly price information), and creating an environment for large numbers of buyers and sellers to participate in the market

• Developing clear subsector policies to cover the production of: food crops, livestock, fish, cash and export crops, industrial crops, agricultural by-products, and forest products and wildlife

• Clarifying the roles and responsibilities of the federal government, state governments, local governments, agricultural institutions, the private business sector and individual farmers in agricultural development

• Pursuing an aggressive Rural Development Programme in the following areas: rural roads, rural electrification, and rural water supply

• Reviving agricultural shows and festivals

• Paying attention to the serious climate change predictions associated with unsustainable agricultural practices in the whole country and to the need for ecological restitution, re-forestation and planned farming

• Developing an agricultural support programme in the civil service to encourage civil servants to develop interest in farming and adopt it as a post-service occupation

Industry

543. The CRM gathered from its interactions with stakeholders that for many years, the country had a strategic framework for industrial development which was formulated and articulated around a set of priorities including: agro-allied industries, petro-chemical and chemical industries, diversification of the textile industries, an integrated iron and steel complex, transport vehicles assembly and allied industries, and manufacture for export. Lack of implementation was, however, seen to be the major weakness.
544. Currently, industry policy centres on promoting access to funding, facilitating regional balance, providing tax relief and lowering duties and tariffs on imported inputs and finished goods. As indicated in the CSAR, the setting up of the new Bank of Industry (BOI), and the Small and Medium Industries Equity Investment Scheme (SMIEIS) are among the key initiatives for developing this sector. The Export Expansion Grant is specifically geared towards support for manufactured exports, while the National Credit Guarantee Scheme was conceived to help mitigate risks associated with lending to SMEs.

545. Available statistics reveal that the new policy initiatives have yet to impact significantly on Nigeria’s manufacturing growth rate and competitiveness. The World Economic Forum’s Global Competitiveness Index (2006) rated Nigeria’s competitiveness low in 2005. The index score was particularly poor with respect to institutions, infrastructure and the supportive macroeconomic environment. The ranking was, however, better on innovation (expenditure on R&D and university-industry research collaboration, technological readiness and firm level technology absorption).

546. The manufacturing sector contributed, on average a meagre 3.6 per cent to Nigeria’s GDP over the 2001–2004 period compared to agriculture’s 41 per cent over the same period. Manufacturing capacity utilisation averaged 53 per cent from 2001 to 2004.

547. Constraints to enterprise growth include: cost increasing factors such as poor infrastructure services, 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. Small firms, for example, lost 24 per cent of their output due to power outages, medium firms lost 14 per cent and large firms lost 17 per cent.

548. To make SMEs more competitive, stakeholders emphasised: simplifying SMIEIs’ access and disbursement processes; public-private collaboration to resolve competitiveness obstacles; development of value chains; and addressing factors contributing to high costs of inputs, high interest rates, shortages of skilled labour, weak demand and policy uncertainties.

549. 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. In addition, 42 other mineral resources have been discovered by the Nigerian Geological Survey Agency and are being captured on the mineral commodity maps. The development of the solid mineral sector holds 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 value addition.
550. CRM findings with respect to the oil and gas industry reveal efforts to improve oil and gas output as well as to ensure greater intersectoral linkages with the rest of the economy. Specifically, the government plans to increase crude oil reserves to 40 billion barrels by 2010; increase capacity to handle 4.5 million barrels per day by 2010, maximise the sector value addition to the national economy, and transit 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 the decade; bringing to an end gas flaring by 2008; supplying local industry and energy requirements from an efficient local gas market and creating new industries out of the old oil industry. The downstream goals, in the short run, include improving capacity utilisation of existing infrastructure (refineries, depots, and pipeline systems) and their privatisation in the long run.

Finance

551. In the financial sector, the focus is on: stability of financial sector institutions, efficiency in rendering financial services, and access to financial resources and services. The CSAR report highlighted major achievements in relation to: interest rate regime liberalisation and monetary policy measures (credit ceilings, liquidity management, open market operations, and impact on savings and investment); insurance subsector consolidation; banking subsector consolidation (taking into account weak corporate governance, declining ethics, de-marketing and pruning of marginal banks, and insider abuses); a new pension scheme based on the Pension Reform Act of 2004; and capital market development.

552. In line with the CSAR, the CRM found that bank consolidation has resulted in increased capitalisation through mergers and the sale of shares on the stock market. Following the recent banking sector reform, the Nigerian banking sector has become competitive and sounder. 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, as opposed to none in 2005.

553. But stakeholders echoed the concerns raised by the CSAR that the consolidation of 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 such loans. They urged government to improve the enabling environment to reduce risk and increase returns to private sector development. Key aspects of the enabling environment include improved agriculture-related infrastructure and stable prices.

554. The CRM was informed that there are several constraints, including the time taken to approve credit, which was often too long; the absence of long-term investment funds (on paper, frameworks to finance manufacturing are in place); and the focus on consumer loans rather than 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 obtain. Instead, they are always competing for customers.

555. On the issue of MFI initiatives, stakeholders underscored the need to improve access to credit. Current stringent requirements such as raising and depositing Naira 250,000 as collateral before obtaining funding 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 Naira 500,000 in loans. Stakeholders therefore called on government to increase the ceiling.

556. There was a decision by the government that all commercial banks should make a provision of 10 per cent of their profit after tax to help the financing of SMEs. By 2006 about 40 billion Naira had been raised. However, the CSAR reported that only 40 per cent of the 40 billion Naira had been utilised. This issue was raised by the CRM. The major reason adduced for the low utilisation was lack of collateral to satisfy the banks. Fears were also expressed that MFIs are not managed well, with cases of corruption cited in accessing loans, delay in accessing funds and high costs, including interest rates.

557. Stakeholders also noted that there has not been an appreciable decline in the spread between lending and saving (deposit) interest rates since the bank consolidation exercise. This trend undermines financial intermediation. Indeed, the spread between the savings deposit rate and the maximum lending rate declined only marginally from 15.41 to 15.1 percentage points between December 2006 and December 2007.

558. Bank capitalisation has been achieved largely through the sale of 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 for one to obtain a share certificate following the purchase of bank shares. Further, these shares tend to be oversubscribed so that buyers often have their funds returned following the purchase of these oversubscribed shares.

559. In reflecting on the impact of the banking system on the rest of the economy, in particular the non-oil sector, the CRM concurs with stakeholders and the CSAR that the role of the banking subsector in agriculture and rural development was weak, implying suboptimal financing of agricultural development and small- and medium-scale industries which are critical for economic growth and development. Given the pervasive role played by revenue from oil exports 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.

560. If the banking system is to break out of this log jam and play a much bigger role of promoting the non-oil and real sectors of the economy, it must make progress in its efforts to support activities in agriculture and the rural sectors and in the SME sector in order to promote structural change, economic
diversification and poverty alleviation. In short, banks need to develop suitable products that target short-term and long-term development in agriculture, industry, trade, energy and other services. In addition to reducing both the interest rates and interest rate spreads, financial resources and services need to be easily accessed and affordable in terms of fees, charges, levies and commissions. They should ensure that credit is affordable, borrowers do not feel penalised, and savings are encouraged.

**Capital markets**

561. The capital market provides an avenue for those with money to invest in the stocks of quoted companies and 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 developments) in both 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 outstanding issues).

562. The Nigerian capital market has experienced considerable growth in recent years. In 2006, the number of companies that were traded was 288 with a volume of 36,700 million shares traded at 468,600 million Naira and a market capitalisation of 5,120 billion Naira. The market capitalisation volume represented a 277 per cent increase over what obtained in 2003.

563. Among recent developments, there was the upgrading in trading facilities to meet international standards, including: the introduction of the Central Securities Clearing System to handle electronically the clearing, settlement and delivery of transactions on the exchange; automatic trading in place of the manual call-over system (hence reduction in transaction and settlement time); and the introduction of an electronic platform for real-time online trading. These innovations allow investors to speculate more, to take advantage of capital appreciation, and to remove the huge costs associated with the production and transfer of stock certificates.

564. The Investment and Securities Decree (1999) enlarged the regulatory functions of the Securities and Exchange Commission to include: licensing and regulating new stock exchanges; licensing and regulating the establishment of new commodity exchanges ad registering all market operators. In 2002, the Investment and Securities Tribunal was established to adjudicate in all matters involving stakeholders in the market (protection of interests of investors, transparency, fairness, responsiveness, flexible resolution of disputes), thereby engendering confidence in the capital market.

565. However, the CRM findings reveal that in spite of the phenomenal growth in recent times, a number of problems persist. 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 recurring problem. For example some registrars were blamed for delays in verification of signatures and dispatch of dividend warrants to
shareholders. Issuing houses were also blamed for poor issue of documents leading to delays in the processing of applications.

566. Concerning capacity, most stakeholders felt that: until recently, the training of stockbrokers was limited to attendance on the trading floor, and the taking of one written and a few oral tests, which added up to an inadequate training. Agents got no training and tended to behave unethically. Apart from buying and selling shares on behalf of their clients, stockbrokers fail to offer good services to their clients and were accused of unethical and unprofessional conduct.

567. The capital market is not seen to be competitive, efficient and professionally run. It is lacking in diversity of traded instruments; non-transparent; and was not deemed stable enough to attract huge portfolio capital investments. Transaction costs associated with raising funds (listing requirement, commissions, fees, prices of shares and meeting other regulatory requirements) in the capital markets were high.

568. Only sustained improvements in efficiency, coupled with competitive fees, levies and charges, can make the capital market more attractive both internally and internationally. Also, constant enhancement of infrastructure in the market and development of human capacity are the sine qua non for improvement of the market.

569. On the products side, there is a need to diversify into a well structured bond market where prices are market driven, thus reflecting prevailing economic realities. Such a market can serve as an important avenue for raising funds for use by state and local governments for development projects. The capital market should also allow for competitive bidding for debt papers tendered for sales.

570. As a means of increasing the number of tradable instruments, there is the need to encourage the development and use of financial derivatives. There is currently limited use of simple financial derivative instruments associated with foreign currency markets, forward and option contracts, and options in the debt market relating to debt conversion transactions. Consideration also needs to be given to other basic instruments such as warrants (useful for making corporate bonds attractive) and futures (to broaden the range of available instruments).

iii. Recommendations

571. The Panel recommends the following:

- 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- Presidency, Ministry of Finance, civil society organisations*)
• Sectoral policies be so designed that they have direct impact at the grassroots level. Statutory institutions responsible for economic support should actually assist the real target groups instead of further enriching the rich. *(National Planning Committee, Ministries in Charge of Agriculture, Livestock and Rural Development, Ministry of Finance, state governments, local governments and Central Bank of Nigeria)*

• Increase predictability in the trade sector by resolving the protectionist/liberalisation inconsistency in Nigeria’s trade regime. *(Ministry of Trade and Industry, Ministry of Finance)*

• Adopt a comprehensive strategy aimed at diversification of domestic production base and exports away from oil *(Federal and state governments)*

• Work steadfastly towards the revamping of the agricultural sector, which was once the mainstay of the economy. This entails undertaking a comprehensive survey of implementation problems confronting the sector and dealing with them decisively *(Federal government, state government and the respective Ministries of Agriculture)*

• Review the operations of credit markets and adopt measures to make loanable funds readily available and accessible in support of the real sector and long-term development imperatives *(Central Bank of Nigeria, Ministry of Finance, the financial sector and especially the banking subsector of Nigeria)*

• Improve the efficiency of the capital market in: clearing and settlement of transactions; increasing the level of awareness by the public on the role of the capital market; and ensuring security and protection of investments and transparency of transactions *(Ministry of Finance, Central Bank of Nigeria)*

• Negotiate a pact with states and local governments to ensure a coordinated and coherent implementation of reforms for sustainable development *(Federal government, state governments and local governments).*

**Objective 2: Implementation of Sound, Transparent and Predictable Government Economic Policies**

### i. Summary of CSAR

*Effective and transparent public administration*

572. The CSAR identifies several measures that have been put in place to make economic policies predictable. These include adoption of the Medium Term Expenditure Framework (MTEF); design of the Medium Term Sector Strategy
(MTSS) for each MDA; preparation, since the 2004 budget, of a Fiscal Strategy Paper (FSP); 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 through the publication of a leaflet on “Understanding the ABCs of the Budget” and a more detailed, but still basic, citizen’s guide to the budget. Similarly, monthly revenue allocations to all the three tiers of government (federal, state and local) have been published since January 2004; as have monthly warrants showing allocations to the federal ministries and agencies for recurrent costs and quarterly warrants showing allocations for capital costs, rudimentary quantitative and qualitative performance indicators by major spending ministries and agencies to link allocations in the budget to results on the ground; quarterly budget performance monitoring; the mid-year review; and a presentation of performance or implementation status to the legislature and the public. These publications have enabled CSOs and other stakeholders to have access to information previously regarded as “secret and confidential” by public servants reluctant to disclose public funds assigned to them for the performance of their functions.

573. A long list of notable initiatives includes:

- The management of the “excess crude account” at the Central Bank

- Harmonisation of procedures for the execution and monitoring of approved expenditures through the Cash Management Committee

- A Revenue Framework to provide clearer details of revenues collected by all revenue-collecting agencies in a reporting format that is clear and concise

- A coalition group of civil society and private sector representatives to independently monitor programme implementation under the Economic Reform Programme

- Capacity enhancement of the Office of the Auditor-General for the Federation for more effective synergy with the Public Accountability Committee of the Senate

- A programme of “Running Operational Reviews” of major government spending activities to ascertain operational and financial efficiency and effectiveness of major spending

- The Nigerian Extractive Industry Transparency Initiative (NEITI), which was established to promote transparency in the country’s extractive industry

- The public procurement system of the government has been made more open and transparent with the establishment of the Budget Monitoring and Price Intelligence Unit (BMPIU) in the Presidency.
• A Fiscal Responsibility Bill is expected to be enacted by the National Assembly to promote fiscal accountability and responsibility by public officers.

• The Freedom of Information Act passed.

• A bill establishing a National Assembly Budget Research Office expected to be enacted to create a Budget Office for the central legislature and enhance the legislature’s capacity to discharge its fiscal oversight responsibility.

• A bill to enact a Budget Act for Nigeria is being considered by the National Assembly. This legislation will regulate procedures, process and practice of budgeting in the country.

Public Service reform

574. Reform of the civil service was embarked upon as part of Government’s general reform policy package. It is designed to “downsize” or “right size” the public sector and to redefine its role in making the private sector the engine of growth and development. Other aspects of the reforms include monetisation of certain benefits of civil servants, such as housing, transportation and the outsourcing of non-core functions to private service providers. Public service pensions have been reformed and made contributory. A series of innovations have been introduced in the procurement process to make it more transparent and cost effective.

Consultation with stakeholders and oversight activities

575. Motivated by the desire of government to carry enlightened citizenry along in policy formulation and informed by the participatory logic of NEEDS, a new culture of extensive consultations with stakeholders has taken root in Nigeria since 1999. Civil society organisations are increasingly being recognised for the extensive knowledge and pragmatic orientation they bring to bear on policy and their capacity to mobilise support behind good policies. However, this culture has yet to take firm root as there are many instances where stakeholders were not involved in policy formulation or their views were not taken into account.

576. Since 1999, the National Assembly has been playing a major role in ensuring that public policies are properly scrutinised and that they serve the public interest as well as meeting the criteria of prudence and acceptability. A case in point is where the National Assembly insisted on a thorough approach to passing the budget, thereby requiring the estimates to be prepared 5-6 months in advance to allow detailed scrutiny before approval. The success of these efforts resulted in the 2007 budget being finalised by the National Assembly in December 2006, a record performance since the return to democratic rule in 1999.
577. Besides its power to enact the budget, in the process of which, most policies embedded in the budget are scrutinised, the National Assembly usually conducts public hearings before taking positions on public policies. The hearings that are conducted by relevant committees of the Senate and House of Representatives are usually well advertised beforehand and their proceedings are publicised in the electronic and print media.

578. The far-reaching powers which are conferred by the Constitution (section 88) on the National Assembly have been used extensively to shed light on many aspects of public policy, thereby ensuring that the public are not only informed about what is going on in government but are able to participate in shaping public policy.

579. According to the CSAR, in spite of the attempts to ensure information dissemination and financial administration in terms of timeliness, comprehensiveness and frequency, most Nigerians believe that information dissemination is still not timely, comprehensive and frequent. Mixed views persist on the effectiveness of placing the entire government's procurement information on the Internet Website for public scrutiny. However, creating an enabling environment for the people, the media and other players, to have effective access to documents on government's projects and expenditure profiles was considered effective. The prevailing situation means a lot still has to be done to ensure timeliness, comprehensiveness and frequency in dissemination of information on the core activities of the public service and the legislature.

580. Recent measures that have been put in place 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.

581. Challenges in this area were reported by the CSAR as including the tendency of the executive branch of government to corrupt the legislature at the federal level. Equally important, most of these efforts have yet to be extended to the state level of governance, let alone the local government level.

ii. **Findings of the CRM**

582. Interactions by the CRM during the country consultations centred on three basic areas, namely effective and transparent public administration, public service reform and oversight activities.

*Effective and transparent public administration*

583. Given the 811 political administrative units in Nigeria comprising 1 FG, 36 SGs, and 774 LGs, the CRM was informed that true federalism has yet to take root in the country and federal operations, functions and presence are minimal in some states. Some functions, including relevant secretariats, were entirely missing in some states.
584. The number of LGs per state varied from state to state with some states having as few as 8 LGs and others having close to 40 LGs. Similarly, the number of schools and other social amenities were not evenly distributed among the states. Where allocation of resources and social amenities are dictated by the number of LGs, some states felt disadvantaged.

585. There were perceptions of overcentralisation, 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 fertilisers was handled at the three levels of FG, SG and LG, with obvious overlaps and duplication of functions. This clearly increased the potential for conflicts, mismanagement and avenues for corruption.

586. In addition the CRM was informed of a mismatch between revenue generation and the expenditure needs of SGs and LGs, horizontal fiscal imbalances, misallocation, and wastage of resources at SG and LG levels due to overlapping and uncoordinated expenditure responsibilities.

587. Currently, the government is the largest employer of labour and the major player 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.

588. In Nigeria, anything established by government is deemed to be for free. The CRM is of the view that in an economy that professes to be private sector driven, 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 of the need to privatisate electricity generation and supply, the communication sector and the oil sector. On the other hand, water supply as well as roads construction and management were identified as key sectors in need of better management and commercialisation rather than privatisation of ownership. It was also argued that the Government needed to establish and manage large farms which would also serve as model demonstration farms.

589. Although oil is a major contributor to government revenue and export earnings, it creates high dependence on imports. Stakeholders emphasised the fact that in the past, many states generated enough revenues from groundnuts, rubber, cocoa, palm oil, cotton, coal, and tin. There are many unexploited mineral and agricultural resources. More than 34 commercially viable minerals in different parts of the country have been identified but that 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 on a sustainable basis for self reliance. Yet, nothing is currently is being done to achieve this.

590. There is a lack of transparency about the quantum of crude oil extracted at any time by the oil companies. Consequently, it is difficult to ascertain how much revenue is due to the federal government from this source. Further, in the past
it was never known how much was effectively collected by the FG which then became available as revenue for sharing on the basis of the agreed-upon formula that takes the following into account: derivation, population, needs, and equality of states.

591. In interviews with both officials of the Economic and Financial Crimes Commission and those of NEITI, the accounting problem relating to crude oil volumes and related revenues to the government was considered enormous. Problems are caused by a multitude of factors such as terrain, types of crude deposits, depth to access them, equipment in use, company ownership structure, and tampering with pipelines, among others.

592. The CRM was informed by stakeholders about their reluctance and unwillingness to pay taxes as a result of the perceived failure of national and local governments 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 payment of stipends, organising workshops, and paying for trips abroad, a considerable amount ending up in individuals’ pockets rather than being used to develop and render services. Further, several stakeholders thought that there is a lack of accountability in the collection and disbursement of tax revenue. They underscored the need 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 generating revenues from taxes at the states and local levels.

593. Funds allocated to the state governments are not always utilised effectively. In the same vein, money allocated to the LG is often embezzled. Some of the tax revenue agency employees were reported to pocket tax money and worse still, some businesses were alleged to have closed down owing to deficient tax administration.

594. 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 states that generate higher revenue. The 13 per cent derivation formula needs to be revised upwards and sharing of revenue between the tiers should be according to defined responsibilities. The CRM was informed that the formula for revenue sharing had an inherent policy bias against the South. Villages where oil was first discovered were said to have remained backward. In Bayelsa, for example, it was explained that there are fewer LGs, primary schools, and other social amenities. Money for use in Bayelsa is mostly for security to protect oil businesses rather than for development. With more money being channelled into development activities, peace would automatically prevail.

595. There were complaints by local governments that they often failed to receive their rightful share of revenues from their respective state governments which are not only expected to pass on the FG allocations to them but also supplement them with a portion of state revenues (10 per cent). The constitutional provision makes LGs the responsibility of SGs, and states are
expected to pay 10 per cent of their state revenues into a joint SG/LG account for use by LGs. Also as a result of this constitutional provision, states are not obliged to make direct disbursements to LGs. Changing this clause requires the same majority vote as changing the constitution itself.

596. Some stakeholders were of the view that once resources are disbursed to SG and LG levels, systematic mismanagement based on political hierarchy sets in and the strategic plans and their budgets which were the basis of accessing funds remain largely theoretical as they are 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 rendered as expected. Poor service delivery can also be attributed to low remuneration in the public service.

Public Service reform

597. Among major reforms in the public sector, a critical one is the “down-sizing” and “right-sizing” of the public sector and the changing of its role to make the private sector the engine of growth and development.

598. Some stakeholders were critical of “down-sizing” and “right-sizing” of employment in the public sector for efficiency and effectiveness, in view of the current pervasive unemployment and underemployment situation, perceived fraud in employment in the public sector, the existence of ghost workers, bloated departments and the incorrect placement of skills. They cited the example of 17 drivers employed to service a fleet of 2 vehicles. This example was seen as a typical case for down-sizing. Right-sizing operations have often resulted in many people being frustrated and forced into retirement only to be replaced by young employees without the requisite experience. Right sizing therefore calls for transparent and competitive recruitment of staff based on merit rather than political patronage.

599. 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 Naira 500 million in salaries.

600. In all, stakeholders, felt nonetheless that the public sector was gradually being sanitised and many qualified people were being hired based on merit to replace unqualified ones, and promotions increasingly relied on rigorous examinations, interviews and performance based on service compacts (SERVICOM) that emphasised punctuality and good performance during office hours, among other considerations. In view of these changes the problem of misplacement of professionals and reliance on godfathers should soon be a thing of the past. Steps to address the capacity constraints in the public sector include EFCC, ICPC, and Due Process, but these are not operational at the state level.
601. On the Medium Term Expenditure Framework (MTEF), appropriate structures exist at federal government level but not at state and local government levels. Technical capacity to implement the budget was considered inadequate in the different tiers of the 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, and monitoring and evaluation need to be properly institutionalised, which is not the case now.

602. Stakeholders informed the CRM of cases where a big portion of the budget remains unutilised by MDAs by the end of the fiscal year while the populace are deprived of basic services. In one instance, as much as 40 per cent of the budget was not utilised. The view was repeatedly expressed that: while Nigeria has excelled in formulating very good policies, plans, and programmes, the problem is always failure to implement them.

Oversight activities

603. With regard to the oversight responsibility of the legislature, doubts were expressed on whether it has the power to refuse to approve budget proposals for MDAs implicated in flawed resource use practices before the flaws are remedied, or to initiate disciplinary action against the executive within parliament as opposed to doing it through the Attorney-General or the judicial system.

604. Stakeholders also note that if CSOs are to be effective in performing the oversight or watchdog function for transparency and predictable public economic policies and services, they need to be independent and possess the requisite research capacity in order to be able to influence government economic policies within the executive and the legislature. It was also emphasised that CSOs do not have a free hand to monitor activities of the public sector as there are no legal instruments that empower them to undertake such monitoring and evaluation activities.

iii. Recommendations

605. The Panel recommends the following:

- Adequate technical capacity be developed at all levels of government to implement the budget. *(Federal government, state government and local governments)*

- Delays in capital spending as a result of compliance with due process be eliminated forthwith. *(Federal government, state governments and local governments, Ministry of Finance and the legislature)*

- The process of Public Service reform be speeded up, backed by appropriate legislation. *(Federal government - Presidency, legislature)*
• The oversight function of budget monitoring by CSOs and the legislature be developed. (*Ministry of Finance, legislature and civil society organisations*)

• Transparency, accountability, and predictability of economic policies through capacity building be instituted to deepen new budget orientation; the effectiveness of the Due Process mechanism be enhanced; the Freedom of Information (FOI) Bill be enacted to anchor transparency in public finance management; the Monitoring and Evaluation mechanism be institutionalised with active participation by CSOs; and the National Assembly (NASS) oversight responsibility be effectively enforced. (*Federal government -- Presidency, state government, local governments, the legislature, and civil society organisations*)

### Objective 3: Promotion of Sound Public Finance Management

#### i. Summary of the CSAR

606. Since 1999, Nigeria has implemented several legislative frameworks as well as reforming the institutional framework to promote sound public finance management. Key developments in this regard include implementation of the Medium-Term Expenditure Framework (MTEF), starting with the federal government budget for 2005-2007, expenditure monitoring and procurement reform, and fiscal decentralisation. The MTEF aligns medium-term (three-year) revenue and expenditure projections with the National Economic Empowerment and Development Strategy (NEEDS), integrates recurrent and capital expenditure, and advises Ministries, Departments and Agencies (MDAs) of their expenditure envelopes.

607. The MTEF aims to improve public expenditure management by introducing greater stability and predictability into the budget process, enhancing the quality of public investment, boosting public confidence and the credibility of fiscal policy and ensuring coordination between fiscal and monetary policies to achieve the country’s macroeconomic objectives. These objectives are to be achieved through an annual update of the medium-term expenditure plan, the use of prudent assumptions for revenue and expenditure projections, the limiting of federal government borrowing for deficit financing to a maximum of N 50 billion per year and the saving of oil revenues resulting from higher than reference budget oil prices to ensure medium-term budget stability. The MTEF has undoubtedly enhanced budget efficiency at the federal government and MDAs levels. However, its implementation at state and local government levels remains limited so far.

608. The introduction of the Cash Management Committee (CMC) has also helped to improve the budgetary process by monitoring and reconciling monthly expenditure releases and ensuring that borrowing requirements match
projected cash flow positions. The CSAR indicates that to enhance transparency and accountability in public finance and improve public procurement, government has established the Budget Monitoring and Price Intelligence Unit (BMPIU) to maintain due process in public procurement, introduced the Public Procurement Bill to the legislature in 2004 and acceded to the Extractive Industries Transparency Initiative (EITI). The CSAR gives no indication, however, of what the measures were used to translate these initiatives into effective tools for sound public finance management, especially at subnational government level. In addition to media and press freedom, civil society has – under the Budget Transparency Network - also been active in monitoring public finance and holding government accountable.

609. A series of innovations have been introduced in 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 chairmanship of the Minister of Finance. Further, a Financial Responsibility Act was passed in May 2007 to regulate budget administration. Public expenditure management and the budget process can be further strengthened through the passing and implementation of the fiscal responsibility bill and the establishment of the National Assembly’s Budget Research Office.

610. The Constitution empowers state and local authorities to mobilise and manage internal revenue in addition to transfers from the Federal Government based on revenue derivation, landmass and equality of states. According to the CSAR, the applicable revenue sharing formula (excluding VAT) is 52.68 per cent, 26.72 per cent and 20.6 per cent for federal, state and local governments, respectively, after deduction of 13 per cent of oil revenue for oil-producing states. The respective shares in the Value Added Tax are 15 per cent, 55 per cent and 30 per cent. Stakeholders’ opinion is sharply divided regarding the revenue sharing formula, especially the derivation principle as opposed to population, and the joint state and local government accounting system.

611. A Service Delivery Office was set up to achieve the objectives of the Public Service Delivery Programme (SERVICOM) by making the public administration, the legislative system and fiscal authorities work effectively and in a transparent manner. Inspired by public service delivery practices in the 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 SERVICOM charters which are available in all government agencies where services are provided to the public. The charters tell the public what to expect and what to do if the service fails or falls short of their expectations. Each MDA is expected to publish a service charter which binds it to the commitment made therein.

612. However, the CSAR observes that the charters seem to be mere pious declarations since demands for service improvements have not resulted in changes in the practices of MDAs. On the contrary, service delivery continues to deteriorate. Further, most Nigerians expressed the view that the quality of
local government service delivery in licensing of businesses, maintenance of local markets, garbage collection, building and maintaining of roads, planning of towns/cities and local courts had deteriorated significantly. Many also thought that service delivery in fire fighting, water supply, sewerage, housing (building residential houses), street lighting and security had become worse.

613. Other public sector reform measures include: improved remuneration for the service, including magnetisation of benefits, outsourcing of non-core public sector functions, public service pension reforms including the introduction of individual contributions to pensions, greater involvement of civil society in policy-making, timely finalisation of the budget estimates, procurement reform, and wide publication of monthly allocations from the Federation Account to all tiers of government.

614. Public finance management appears to be limited by inadequate technology and skills, especially at subnational government level, which dictated the phased and slow implementation of MTEF. There is also a need for a better data and information system as well as public sector restructuring (right-sizing) to improve public finance management.

615. Transparency in revenue management and allocation 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 (rights and capability) and expenditure responsibilities at the three levels of government, ensure greater involvement of stakeholders in public finance management, reduce dependence on oil revenue and improve coordination of expenditure responsibilities across the tiers of government. Subnational governments have a low local revenue base.

616. The various reforms in public finance management and the economic sectors implemented since 1999 have witnessed some landmark achievements and successes, among which are: the cancellation of the US$18 billion of Paris Club debts, the establishment of 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, strong growth in the country’s external reserves from as low as US$4 billion to approximately US$49 billion as at January 2008. Other major achievements arising from the fiscal policy reforms include: the adoption of the MTEF, since 2005, in the preparation of the Federal Government budget and the maintenance of the budget deficit at below 3 per cent of GDP. In addition, a series of innovations have been introduced in 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 chairmanship of the Minister of Finance. To further strengthen accountability in public financial management, the National Assembly enacted a Financial Responsibility Act in May 2007 which seeks to regulate budget administration and make public officers accountable for their decisions.
ii. **Findings of the CRM**

617. Interventions by state and non-state stakeholders during the CRM’s visit to subnational governments focused largely on issues of public finance management and the fiscal relations among the three levels of government (federal, state and local). The key issues discussed 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
- Implementation of public sector reforms to promote transparency and accountability in public expenditure management and strengthening of the due process
- Fiscal decentralisation and stakeholder participation in the design and implementation of state and local government budget and development plans

618. Most state and non-state stakeholders interacted with during the Mission are of the opinion that Nigeria’s budget formulation has improved remarkably with the introduction of the MTEF, which aligns the budget more closely to national development objectives and ensures the increased involvement of civil society in the budget process. Expenditure monitoring also improved with the imposition of hard budget constraints on federal parastatals, including the introduction of the Cash Management Committee (CMC), strengthened monitoring and oversight of government revenue and expenditure and other fiscal activities and procurement reforms. Fiscal decentralization is perceived to have contributed to improved expenditure management and service delivery. The CRM finds Nigeria’s public expenditure management and budget reforms to have enhanced participation as well as discipline and efficiency in public finance management, but 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, including institutional and cultural realignment for reorientation of the value system.

619. However, awareness of how the public finance management system works is limited among non-state 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.

620. 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 visited corroborated 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 during the visit of the CRM team relates to internal revenue mobilisation and the prudent management of revenue. The key issues discussed are summarised below.

**Internal revenue mobilisation**

621. The participants noted the various fees, licenses 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 income of formal sector employees
- Licence fees for various services
- Licences and fees levied on bicycles
- Business premises tax
- Company tax.

622. Widespread tax evasion was reported to be a key factor in the relatively low level of internally generated revenue in the participating states. The low level of internally generated revenue may be ascribed to the following factors:

- Non-assessment of taxpayers.
- Lack of clarity in the identity of tax collectors or the outright existence of fraudulent tax collectors locally known as 419 tax collectors at both state and local government levels.
- High tax burden emanating from the multiplicity of taxes at state and local government levels.
- Complicated tax system, making compliance time-consuming and costly, especially for small and medium scale enterprises.
- Multiplicity of tax collecting agencies or institutions and inadequate coordination among the various agencies are perceived as factors that complicate the local tax system as well as compromise transparency and accountability regarding the taxes collected. Stakeholders pointed out that
in some instances, taxes or fees are collected by certain organisations such as the Labour Unions but not properly accounted for to state or local government authorities.

- Widespread collusion between taxpayers and tax collectors that frequently results in underassessment of liability or in some instances the outright non-recording of taxes collected.

- The absence of a legal framework that makes the registration of informal businesses mandatory, with the result that such businesses 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 such obligations.

- The absence of concrete evidence of services and projects financed from local taxes collected is a key reason for non-compliance by taxpayers.

- Poor revenue collection is also attributed to the lack of effective supervision of collectors, especially at the local government level.

- Collusion between tax collectors and potential taxpayers to defraud the state.

- The absence of revenue targets to guide state level tax collection.

623. Overall, internally generated revenue effort is reported to vary extensively from state to state. An example of this was reported in Anambra State where measures such as automation of collection and payment through commercial banks instead of paying to collectors are projected to increase internal revenue from the current N20 million to N350 million in 2008.

624. There is consensus about the inefficiency of agencies for domestic revenue collection. Owing to lack of statistics and skills, governments set low revenue collection targets, and recruit contractors to pay certain amounts of revenue in advance before they actually collect it. Stakeholders allege that contractors collect up to 5 to 10 times the amount they pay to government and that revenue collectors are corrupt. They only deliver a small fraction of what they collect from taxpayers. This lowers the incentive for taxpayers to comply. Inefficiency of the domestic revenue collection system implies that state and local governments depend excessively on transfers from the federal government, despite the existence of huge untapped domestic revenue sources.

625. Stakeholders recognise the need to enhance the internal revenue effort as part of an overall strategy to systematically reduce excessive dependence on oil and gas revenue for financing local development projects and programmes. The following suggestions were made for improving internal revenue generation:
• Demonstrable political will to introduce and enforce tax and other revenue laws, including robust penalties for tax evasion.

• The penal provisions in the tax laws should be strengthened and rigorously enforced.

• Local authorities should introduce a system that provides for a clear and easy identification of authentic and authorised revenue collectors, including mass sensitization on radio and television.

• Formulation of a clear policy for the informal sector and SMEs, including incentives for the registration of SMEs in the formal economy.

• Introduction of appropriate mechanisms for strengthening the monitoring of revenue collection activities of the tax collectors through a combined team of government functionaries and representatives of civil society organisations.

• Visible improvements in service delivery in areas such as education, health and infrastructural development, which offer the greatest potential for improving voluntary compliance by taxpayers. In the Anambra and Ekiti states, for example, the authorities have worked with community members to develop local development plans that are being implemented and monitored jointly by government and civil society organisations.

• Compliance may also be induced by the example of public officials such as executive governors fulfilling their tax obligations in a public and transparent manner. The Governor of Anambra State organizes an annual programme for filing his tax returns and the payment of taxes due.

• Compliance can be enhanced by requiring the production of valid tax clearance certificates to qualify for bidding for contracts as well as nomination for elective offices.

• To encourage project ownership and community contribution, some state governments have introduced the policy of community counterpart contributions to the cost of projects. Such local contributions range from 30 to 50 per cent of the total cost.

• Internal revenue generation can be enhanced by the automation of the assessment and collection of revenue, which in return removes the inappropriate use of discretion in assessment and collection operations. The CRM session in Anambra state, for example, discovered that the government has introduced a web-based direct tax payment system that allows taxpayers to pay through commercial banks and the automatic generation of electronic receipts.
- State governments to explore the possibility of investing in e-governance, including the use of electronic media subject to ensuring reliable power supply.

- State governments should consider outsourcing tax collection to competent private entities that should be given specified collection targets with penalties for underperformance arising out of negligence on the part of the entity contracted for the collection of taxes.

- Procure tax receipt vouchers from reputable sources to minimise fraud associated with the issuance of fake tax receipts.

- Strengthen revenue monitoring systems.

- Establish revenue targets to assess the effectiveness of revenue mobilisation. Naming and shaming tax offenders.

626. Owing to high dependence on oil revenue, non-oil revenues have declined markedly across all tiers of government. As a result, the nation has had an erratic record in meeting its revenue projections; projected monetary aggregates for the past five years have been at variance with actual aggregates. In an effort to improve revenue mobilisation, the government introduced a number of policy measures, including: port concessions, reform of the Customs Service, increasing tariffs on utilities, expansion of business through micro-credit facilities, and establishment of the Revenue Mobilization, Allocation and Fiscal Committee.

627. The CRM is concerned that subnational governments depend heavily on transfers from the federal government, financed mainly from oil revenue. Meanwhile, there seems to be a lack of capacity or incentive for them to mobilise more revenue from internal sources. Lack of diversification in revenue sources continues to pose a threat to the sustainability of service delivery over the long run.

628. The Federal Inland Revenue Service is the institution mandated to collect revenue accruing to the federation, including receipts from oil, VAT, personal and corporate income tax. Factors limiting the effectiveness of FIRS include inadequate infrastructure, transparency and accountability of revenue collectors and the need for overall modernisation of the business practices of FIRS. Revenue collection at state level is much less organised, creating opportunities for massive tax evasion and corrupt behaviour of tax officials. The key challenge at state government level remains the design of efficient and effective tax administration machinery. The CRM was informed that in the past, many states generated enough revenues from non-oil sources such as groundnuts, rubber, cotton, palm oil, cocoa, coal and tin. 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 on a sustainable basis, but owing to excessive reliance on oil, these resources remain untapped. The key challenges for
revenue collection at the state and local government levels remain the design and implementation of effective revenue administration machinery that would seek to eliminate tax evasion and enhance transparency and accountability among authorised revenue collectors. In addition to the design of an effective tax administration system at the state and local government levels, the following improvements would encourage taxpayers to meet their obligations: elimination of dishonest practices in the handling of revenue collected and ensuring that revenue is appropriated and used for concrete service delivery to the populace for amenities such as water and sewerage, educational infrastructure, construction of roads and the provision of health services.

**The revenue sharing formula**

629. The revenue sharing formula which dictates the statutory distribution of revenue from the Federation Account among the different levels of government has been one of the most contentious and controversial issues in the nation’s political life since the country attained independence in 1960.

630. The constitution provides that all tiers of government – federal, state, and local – share in oil revenues. All revenues, excluding personal income tax of the army, the police, the Ministry of External Affairs and the residents of the Federal Capital Territory, are pooled into the Federated Account and distributed to the three tiers of government in accordance with the revenue-sharing formula. The revenue sharing formulas are set by an act of the National Assembly, based on a recommendation from the Revenue Mobilization, Allocation and Fiscal Commission. For natural resource revenues, the constitution provides that oil-producing states receive 13 per cent upfront as 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.

631. The CRM notes that so contentious has the matter been that none of the formulas evolved at various times by a commission or by decree under different regimes since 1964 has gained general acceptability among the component units of the country. Indeed, the issue, like a recurring decimal, has painfully remained the first problem that nearly every incoming regime has had to grapple with since independence. In the process, as many as thirteen different attempts have been made at devising an acceptable revenue allocation formula, each of which is better remembered for the controversies it generated than for any issues it settled.

632. Not surprisingly, stakeholders’ opinion is sharply divided on the current revenue-sharing formula and the derivation principle whereby oil-producing states receive a constitutionally mandated minimum of 13 per cent of oil revenue. Stakeholders from oil-producing states see this compensation share as too low, while those from other states consider it a fair and equitable arrangement. 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 of the revenue-sharing formula with particular reference to the principles guiding allocation from the Federation Account, which includes factors such as population, equality of states, internal revenue generation, landmass, terrain and the 13 per cent derivation provision stipulated by the Constitution. Both state and non-state actors in the non-oil producing states (not just the Northern zone) were in agreement that the underlying principles mentioned herein and the legal framework put in place by the government constitute an acceptable arrangement for allocating national revenue. Notwithstanding this apparent consensus, profound concerns were raised at the CRM interactions with respect to the following issues:

- It was alleged that some technocrats take advantage of inadequate access to information by the general public to distort data in order to unduly advantage some states in the allocation of resources. It was pointed out that population data are particularly vulnerable to manipulation by technocrats, who may have received bribes. In some instances participants expressed the view that the population of certain states may have been underestimated, leading to a suboptimal allocation. In other instances, it was pointed out that the landmass of some states (e.g. Lagos) is considerably distorted by water bodies.

- The management of the State and Local Government Account or the Joint Account attracted considerable debate among stakeholders during the CRM sessions. Stakeholders reported that the Joint Account has been the subject of abuse in several states. These abuses are attributed to the excessive influence, which executive governor have with respect to who becomes the chairperson of a local council. Participants accused state governments of diverting funds intended for local councils from the Federation Account, which in turn limits local council capacity for delivering services to their communities and undermines a fundamental principle of fiscal federalism, namely, that each of the federating units is at liberty to allocate and expend resources in line with priorities identified by the state and consistent with its constitutional jurisdiction. Stakeholders indicated the need for transfers to local governments to be ring-fenced with specific instructions against diversion of such funds to uses other than those prescribed by the federal government. It was further recommended that genuine civil society participation in the formulation of LEEDS would create an opportunity for advocacy that may protect funds earmarked for local level development.

Notwithstanding the broad agreement on the acceptability of the present formula, some participants argue for a reduction in the share of revenue retained by the federal government with a corresponding increase in the shares of state and local governments to enable these tiers of government to deliver services to communities. Consistent with this position, the federal government should accordingly devolve the provision of infrastructure and facilities in the education and health sectors to the state and local government levels.
Promoting transparency and accountability in public expenditure management under the due process mechanism

635. Stakeholders corroborated the findings of the CSAR that the Federal Government has instituted reforms aimed at strengthening public expenditure management and the overall budget process. To improve public expenditure management, the government implemented the Medium-Term Expenditure Framework (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 but eventually reaching the other tiers of government. During the CRM meetings, however, state actors demonstrated awareness of the MTEF and its inherent 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 (i.e. 2008).

636. Stakeholders also indicated that they were aware that the government has focused on a number of other measures aimed at enhancing transparency and accountability in public finance management. Initiatives mentioned include the establishment of the Public Procurement Commission to exercise oversight control in government procurement matters, the introduction of the Public Procurement Bill to the National Assembly and the establishment of the BMPIU within the Presidency with responsibility to ensure due process in public procurement and contracting for the supply of goods and services by government entities. The establishment of the due process mechanism, which includes open and competitive tender arrangements, is widely supported and seen as a credible move to promote transparency and accountability in public spending.

637. Due process units were reported at nearly all CRM sessions. Stakeholders generally confirmed the observation in the CSAR that significant savings have been realised through the work of the due process units established by state administrations. In most instances, multi-disciplinary state monitoring teams that include civilians have been set up and assigned the responsibility of monitoring the physical implementation of government projects. These teams monitor the implementation of projects funded from the budget, including ensuring that contract prices deliver value for money and the quality of work is in line with applicable industry standards.

638. The due process unit conducts regular price surveys, which guide the financial evaluation of bids. Both state and non-state actors expressed satisfaction that the introduction of the due process measure has eliminated the old practice of overinvoicing of government contracts. A bank guarantee is reported to be required for all advance payments for projects estimated to cost N100 million and above. Non-state stakeholders observed that delays are sometimes experienced as a result of the bureaucracy involved in ensuring due process.

639. On the downside, some stakeholders (e.g., Katsina) indicated that the introduction of “due process” measures had resulted in delays in the award and
payment of contractors. For instance, contractors complained that they were not duly compensated for delays in payments for services delivered by contractors who pre-financed procurement. The latter tended to be small-scale contractors. They suggested that interest payments be made for late payments. They were concerned, however, that such demands might compromise their chances of being awarded future contracts. By contrast, stakeholders in Kebi state indicated that they had not experienced any significant delay in payment since the introduction of due process.

640. Stakeholders also intimated that effective implementation of the Procurement Act requires attitudinal change to ensure effective enforcement and minimise collusion between officials and contractors to thwart the system. They observed that more needed to be done to effect the necessary changes in attitude.

641. Furthermore, the independence of the legislature and other oversight institutions is necessary to ensure enforcement of the Procurement Act. They observed that currently the executive could influence the legislature through its control of resources. Financial independence of the legislature is therefore important to ensure that the executive does not exert undue influence on the legislature in the exercise of its oversight role. Since the executive controls resource allocations to the legislature it can influence decisions of the legislature.

642. 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 strengthened with the promulgation of the Fiscal Responsibility Bill and the commencement of the recently enacted Public Procurement Act. In general, CRM participants perceive the widely domesticated due process mechanism as an effective tool for promoting openness and accountability in the use of public funds.

643. Non-state actors were of the opinion that the introduction of due process (Box 4.2) reduced the excesses of vote controllers that used to be prevalent but emphasised that this was largely due to the personal commitment of the executive governors to transparency and accountability in the use of public funds and hence the need for mandatory institutionalisation of the mechanism and systematic monitoring of its enforcement in all states of the federation. The inclusion of community members and representatives of CSOs in the monitoring of projects/contracts awarded by the state should be institutionalised at state level.

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<tr>
<th>Good Practice 4.1: The due process mechanism in public procurement and contracting</th>
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<td>Since the return to democratic rule in 1999, the government of Nigeria has introduced several reforms aimed at strengthening public expenditure management, including the introduction of higher levels of transparency and accountability. As part of its budget transparency enhancement strategy, the government has, among others, introduced the following</td>
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measures:

- Preparation of a fiscal strategy paper which lays out the broad directions and priorities of the budget, and forms the basis of discussions with the executive branch and the legislature, and then shares with broad-based stakeholder groups to encourage public debate on the key parameters of the budget.

- To increase the accessibility of the budget to members of the public, the government has commenced publishing a layman’s version of the budget document known as “Understanding the ABCs of the Budget”. The budget document and the ABCs of the budget are published on the Ministry of Finance website (www.fmf.gov.ng).

- Since 2004, the data on monthly revenue allocations to all tiers of government (federal, state and local government levels) are published on the website of the Federal Ministry of Finance and published monthly in local newspapers following the regular Federation Account meetings.

- To improve the efficiency of project implementation and the use of public funds, the government has commenced performance tracking of the 15 largest capital projects.

- The government has acceded to the Extractive Industries Transparency Initiative to combat corruption and enhance 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 enhanced by the establishment of a new institution known as the Budget Monitoring and Price Intelligence Unit (otherwise known as the Due Process Office) within the Presidency with a specific mandate to ensure accountability and transparency in financial transactions of government entities, as well as enforce the use of open and competitive tender procedures in government contracting. Due process units are established at the state government level and charged with the responsibility of ensuring compliance with due process requirements, including the prevention of overinvoicing and ensuring that contractors deliver real value for moneys received.

During the CRM sessions, state actors underscored the point that the Due Process Mechanism aims at ensuring that, first of all, an equitable, competitive, transparent, and cost-effective system of procurement of public goods and services is applied across all tiers of government, while the system is fast enough to avoid delaying the implementation of development projects designed to enhance the attainment of the goals of poverty elimination, job creation and, the creation of wealth as articulated in the NEEDS document. Secondly, the Due Process Mechanism provides for suspension of funding when a material breach of standards of transparency and expenditure control is detected.

The CSAR reports that huge savings amounting to more than N118 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 on-going work of due process units has generated considerable savings, state budgetary resources, as well as guaranteed value for money. The due process policy enjoys great public appeal and support across states in the federation.


644. Overall, the CRM applauds the role of fiscal federalism in Nigeria with respect 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 resulted in improved management of public funds, and transparency and efficiency in service delivery. Expenditure allocation and management could be improved if subnational authorities had medium-term plans with clear priorities, a participatory budgetary process and enhanced absorptive capacity.

645. The policy measure of establishing joint accounts by the three tiers of government was intended to ensure accountability and public financial management at the state and local levels. However, stakeholders noted that this practice has resulted in the state encumbering funds allocated to the local governments for development.

646. However, some stakeholders were of the opinion that state governments tend to distort their economic indicators (e.g. population) to attract a greater share of resources from the Federation Account. Stakeholders also complained that they are not adequately consulted in the design and implementation of local and state development plans (i.e. NEEDS and SEEDS). They intimated that those consulted tend to be handpicked party loyalists.

iii. Recommendations

647. The Panel recommends that Nigeria:

- Improve information and data collection and dissemination, especially at subnational government level, including reporting on fiscal performance in local languages. (*Federal government Ministry of Finance and state governments*)

- Intensify efforts at developing requisite expertise in public finance management and the formulation of development plans, particularly at the state and local government levels. (*Federal Ministry of Finance, state governments and CSOs*).

- Design and introduce an effective tax administration system at the state and local government levels, including the automation of business processes and the introduction of a taxpayer identification numbering system and built-in incentives for rewarding internal revenue collection efforts 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. (*Federal Ministry of Finance, Federal Inland Revenue Service and state governments*)

- Fast-track the introduction of MTEF-based budgeting across the key sectors of the economy, including introduction and institutionalisation of the methodology at the state level through, among others, the selection and training of personnel at all levels of government. (*Federal Ministry of Finance and state governments*)
- Institute measures to improve access to the constitutionally guaranteed share of revenue from the Federation Account by local governments and enforce the lodgement of 10 per cent of state revenues into the Joint Account for use by local governments in service delivery (National Assembly, Federal Government -- the Presidency and state governments).

**Objective 4: Fighting Corruption and Money Laundering**

i. **Summary of the CSAR**

648. The CSAR highlights the extent of the problem of corruption and money laundering in Nigeria and examines the legislative and institutional reforms implemented by the Federal Government of Nigeria to fight corruption and money laundering. Civil society organisations have since the return of democracy in 1999 been actively involved in this struggle. 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.

649. Measurement of the extent of the problem of corruption in Nigeria is based on the informed views of relevant stakeholders, assessment of the country’s institutional features, and careful audits of specific projects. Survey results show that Nigerians perceive corruption in the public sector as the second major economic problem, after unemployment. Key organs of bureaucracy and governance are perceived as the main perpetuators; for instance, powerful politicians own front companies that receive preferential treatment in government procurement. Observers, including human rights watchdogs, also allege that criminal gangs involved in the stealing and selling of about 10 per cent of the country’s annual oil output in the black market are connected to some powerful politicians.

650. Results of the country self-assessment questionnaire show that the majority of respondents believe that corruption in the public sector is prevalent and high, but generally declining except in the police force where it is believed to have increased remarkably recently. Most respondents believe that bribes are demanded less frequently than before for services rendered by government. According to Transparency International’s Corruption Perception Index (CPI), Nigeria’s score improved from 1.2 (the most corrupt country) in 2000 to 2.2 (the 32nd most corrupt country out of 179 countries) in 2007.

651. The incidence of money laundering is also perceived to be high. The 2006 Elite/Decision-Maker Interviews (EDMI) survey finds that more than 65 per cent of politicians and professionals, 50 per cent of students and artisan/technicians/craftsmen and 40 per cent of trade/businessmen rated the magnitude of money laundering in Nigeria as high.
652. The government and people of Nigeria represented by CSOs have proposed and implemented multifaceted institutional and regulatory reforms to stem corruption and money laundering. These reforms encompass cultural and value systems (religious and educational material), adoption and implementation of relevant codes and standards, systemic decentralisation of powers, media freedom to investigate and expose corrupt practices, independence and strengthening of the judiciary system, transparency and accountability in public finance management, oversight by legislature and broader public participation, and accounting and reporting requirements. 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 democracy in 1999, fighting corruption and money laundering became a priority for the federal government that introduced numerous legislative reforms and initiatives as part of the national development strategy (NEEDS). The National Orientation Agency was strengthened to enable it to lead the anti-corruption campaign with the support of CSOs, NGOs, private sector organisations and religious and socio-cultural organisations. In this regard, the government established the Budget Monitoring and Price Intelligence Unit (BMPIU), the Independent Corrupt Practices and Other Related Crimes Commission (ICPC), the Public Procurement Commission, the Economic and Financial Crimes Commission (EFCC), the Nigerian Extractive Industries Transparency Initiative (EITI) and the ratification of many international and regional anti-corruption standards and codes.

654. Other initiatives to complement these efforts included adoption of a formal code of ethics for all organisations and sectors, enacting the Freedom of Information Act, emphasis on efficiency, public service reform and service delivery, democratisation of political parties, and empowerment of CSOs. As a result of these efforts over 51 per cent of Nigerians interviewed in 2006 believed that their government is 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 corrupt officials are not duly prosecuted or penalised.

655. Nigeria should continue to demonstrate commitment to fighting corruption, enhance the capacity of anti-corruption agencies and coordinate their work, promptly enact appropriate laws such as the fiscal responsibility bill, strengthen partnerships with the private sector, and reorient the value system to condemn corrupt practices. Some Observers also argue for the need to reconsider the blanket immunity given by the Constitution to some leaders who cannot be legally prosecuted while in office. Strong anti-money laundering laws implemented in Nigeria seem not to receive the recognition they deserve internationally, while many countries (in Africa and other
continents) frustrate Nigeria’s effort 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 in all states. Stakeholders are in agreement with the CSAR assertion that corrupt behaviour in Nigeria, as in other countries, is founded partly on certain conditions that are prevalent in the country, including: the craving for wealth at all costs, societal ambivalence, overcentralisation of power and authority, the impunity of well connected government officials, dearth of pro-growth leadership, corruption as an expected and accepted element of every official transaction and the desire to pay back former colonisers who are perceived as having carried out asset stripping in former colonial territories. 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 their expectation of people holding important public office. This observation corroborates the CSAR 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 recurred at every CRM session. Stakeholders referred to the prosecution of high-profile cases such that of the Inspector-General of Police, governors etc to substantiate their view. Notwithstanding the notable achievements in the fight against corruption by both the Obasanjo administration and the current administrations, 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 fundamentally perverted cultural values and norms, with corrupt individuals being admired as super *orgas* or tycoons rather than being made to have their day in court. The current administration has shown a demonstrable commitment and will power to fight and eradicate corruption and corrupt practices, particularly among public office holder, including the President of the Federation, who has already publicly declared his assets upon ascendency to the Presidency.

658. The majority of 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 governance challenge. One example of good practice in the fight against corruption and money laundering in Nigeria that was frequently mentioned during the CRM is the establishment of the Economic and Financial Crimes Commission (EFCC). By 2007, the EFCC had investigated and successfully brought to court several cases of corruption as well as cases of money laundering, recovering significant amounts of public money. Stakeholders were of the opinion that the ICPC and EFCC would be more effective if they had the power to prosecute. 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 (TI) has consistently rated Nigeria as the second or third most corrupt country globally. Manifestations of corruption highlighted in the interactive sessions include:

- The offering of bribes or inducements in public sector transactions to procure a favour for the person paying the bribe or inducement
- Favouritism
- Embezzlement and diversion of public funds for private gain
- Nepotism, especially in the award of government funded contracts for the supply of goods and services
- Smuggling of goods
- Collusion with foreign elements to over-invoice goods and services supplied to government
- Drug trafficking
- Malpractices connected with electoral processes within political parties as well as federal and state level elections

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<tr>
<th>Good Practice 4.2: The Economic and Financial Crimes Commission (EFCC)</th>
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<td>The Act establishing the Economic and Financial Crimes Commission was passed in 2004. The Commission is empowered to prevent, investigate, prosecute and penalise economic and financial crimes and is charged with the responsibility of enforcing the provisions of other laws and regulations relating to economic and financial crimes, including laws on combating terrorism.</td>
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The most common way in which cases are accepted by the EFCC is through a petition written by an individual or organisation. The petition is evaluated and if the case falls within the purview of the commission's mandate, it is accepted for investigation and possibly prosecution. Petitions that do not fall within the purview of the commission are sent to the appropriate agency, such as the Nigeria Police Force, Securities and Exchange Commission (SEC), Independent Corrupt Practices and Other Related Offences Commission, Central Bank of Nigeria (CBN), etc.

The commission has had complaints and also investigated cases where fraudsters impersonated the EFCC Chairman and other employees of the commission in order to defraud them. 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 headed by the Director of Operations. There are four sections that fall under this unit. First, the Advance Fee Fraud (commonly called 419), which deals with fraud committed with the aid of fake claims, identities, positions and in most cases, enticing, but non-existent proposals. Second, the
**Economic Governance** section has the responsibility for checking, probing and investigating cases that centre on abuse of office, diversion of public funds and property, and mismanagement and theft of public funds at the federal, state and local government levels. It also checks the commission of economic and financial crimes involving officers in ministries, parastatals and designated government agencies. Third, the Bank Fraud section is mandated to handle all fraud cases emanating from banks and financial institutions. Such matters include counterfeiting, illegal charge transfers, issuance of dud cheques, fraudulent encashment of negotiable instruments, foreign exchange malpractices and other financial malpractices in banks and other financial institutions. Fourth, the General Investigation section may be described as, ‘Jack of all trades and master of all’, in the sense that while they are capable of handling those cases that the other units attend to, they are limited to dealing with only cases that cannot be categorised under any of them. It is not out of place to say they handle miscellaneous offences, as enshrined, of course, in the EFCC Establishment Act of 2004. Such cases may include cheating, land disputes, forgery, conversion and the like.

*Source: Adapted from: www.efccnigeria.org/

660. Stakeholders’ explanation for pervasive corruption in society included references to the prevalence of attitudes such as the failure of society to attach a stigma to the corrupt acquisition of wealth, excessive quest for material wealth, acceptance of corruption as a norm in nearly all transactions in society and the total collapse of moral values that duly recognised and rewarded hard work and honesty.

661. In nearly all the interactive sessions, stakeholders demonstrated knowledge and awareness regarding the existence of the EFCC and the ICPC and their mandate to fight corruption. Stakeholders appeared far less knowledgeable about money laundering activities, apart from the recovery of monies from foreign sources.

662. In discussions on the subject of corruption, reference was frequently made to the blanket immunity for certain public office holders provided for in the Constitution and generally viewed as a built-in incentive for such officers to engage in corrupt practices as well as constraining the execution of the mandate of the EFCC and ICPC. In this regard, the need for a review of the relevant provision was suggested for consideration in any effort to improve on the effectiveness of the existing institutions mandated to champion the fight against corruption.

663. 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 policy makers to take into account:

- Previous governments paid only lip service to the fight against corruption and hence the need for sustained commitment to the anti-corruption fight at the highest level in government.

- Limited human resource capacities of the main anti-corruption bodies to follow through on cases reported by members of the public.
• The threat of possible politicisation of the work of the anti-corruption bodies through the influencing of cases selected for investigation and prosecution.

• One of the biggest challenges remains that of taking the anti-corruption war to the state and local government levels through the establishment of counterpart anti-corruption machineries.

• Enhancing the institutional and fiscal independence of the anti-corruption 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 prosecute corruption cases.

• The federal anti-corruption bodies should be adequately resourced to enable them to establish functional offices in all States.

664. Notwithstanding the notable achievements in the fight against corruption by the Obasanjo and the current administration, Nigeria, continues to face a critical and debilitating corruption problem. Decades of military rule and associated endemic corruption have fundamentally perverted cultural values, with looters being admired as super 
orgas 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 public office bearers, including the President of the federation, who has already publicly declared his assets.

665. In contrast to the widespread knowledge about the government’s efforts to fight corruption and the public endorsement that this constitutes an effective strategy for eliminating corruption, knowledge of the institutional and legal frameworks put in place to combat money laundering appears to vary from state to state and in general to be scanty. Both the Federal Government and the CBN have initiated a number of measures for combating money laundering, including the promulgation of legislation such as that governing the National Drug Law Enforcement Agency (NDLEA) and the Money Laundering Act of 1995, which is the main legal instrument for criminalising money laundering in Nigeria. Further legislative measures include the establishment of a special fraud unit in the Police Department, the formation of an inter-agency committee tasked with the formulation of guideline notes on money laundering and the publication of 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 the establishment of an Independent Commission on Corrupt Practices since 2000. In addition to these efforts, the CBN has, among others, established the Money Laundering
Surveillance Unit, which monitors the compliance of financial institutions with the provisions of the Money Laundering Act, with particular reference to the preparation, storage and retrieval of specified transaction documents for central bank examination. Despite public ignorance, a documentary review of the work of the various agencies established to combat money laundering reveals that the anti-money laundering institutions have achieved considerable success. There is therefore a need for a more vigorous and sustained public education campaign to enlist support for the strategy.

iii. Recommendations

On corruption, the Panel recommends that Nigeria:

- Fast track the enactment of the Freedom of Access to Information Bill to facilitate access to information on government operations by civil society organisations (CSO) and other stakeholders so that they can hold government functionaries accountable for their decisions. *(Federal government and the National Assembly).*

- Clarify the apparent contradiction in the constitutional provisions relating to the mandatory abolition of corrupt practices and abuse of power as stipulated in section 15(5) on the one hand, and the provision of blanket immunity for certain public office holders contained in section 308 on the other hand. *(National Assembly).*

- Strengthen the independence of the anti-corruption bodies by enacting separate legislation to guarantee operational autonomy and fiscal independence. *(Federal government and the National Assembly).*

- Empower the 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. *(Federal Government - the Presidency and state governors).*

- Establish anti-corruption bodies at the State and Local Government levels *(The Federal Government, State and Local € Governments and the National Assembly).*

As regards anti-money laundering, the Panel recommends the following:

- Promotion of cross-country collaboration to combat money laundering. *(Federal government and anti-money laundering agencies in various federal institutions)*

- Strengthening of banking and financial sector measures to investigate and prosecute fraudulent operations. *(The Central Bank of Nigeria).*
Objective 5: Accelerate Regional Integration by Participating in the Harmonisation of Monetary, Trade and Investment Policy

i. Summary of the CSAR

667. The CSAR takes cognizance of the critical role that regional integration plays in the promotion of trade, international competitiveness and development. It also recognises the support that Nigeria has given to regional integration efforts, especially through its participation in the Economic Community of West African States (ECOWAS), established in 1975, and the Customs and Monetary Union of West African States (UEMOA).

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. To this effect, 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 Africa in particular. Nigeria’s role in the formation and growth of 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 demonstrated its commitment to ECOWAS by the pursuit of trade and monetary policy objectives that are in agreement with the main thrusts of the ECOWAS charter. Nigeria’s trade policy objective under the current National Economic Empowerment and Development Strategy (NEEDS) is also in tandem with NEPAD’s objectives. Thus, it focuses on laying a solid foundation that would 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 further discusses in detail the specific trade policy objectives, and the strategies that are contained in NEEDS (2004). The CSAR has also attempted to assess the implications of implementing these strategies for the Nigerian economy. Although attempts have been made to liberalise trade, the CSAR acknowledges the use of a special series of import restrictions in particular circumstances to protect industries and critical sectors against unfair competition.

671. Nigeria aims to minimise external imbalances by curtailing the importation of consumer goods and protecting domestic production. The CSAR highlights the tension between Nigeria’s commitment to ECOWAS’ free trade principles and its desire to protect local industries, especially agriculture, as well as promote
CHAPTER FOUR: ECONOMIC GOVERNANCE AND MANAGEMENT

non-oil exports and ensure food security. Tariff barriers are regularly enforced in Nigeria to reduce imports. For example, import tariffs are high, averaging about 30 per cent in 2005 with some exceeding 100 per cent. Currently, Nigeria maintains a 150 per cent ceiling that is binding on all agricultural goods. In fact, the import prohibition list currently includes such products as maize, sorghum, millet, wheat flour, vegetables and plastic articles. Nigeria also enforces a ban for health reasons on all types of 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 also curtailed under an export prohibition list, which prohibits the export of certain agricultural goods for purposes of domestic food security and local processing. The list of agricultural products banned from export 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 ton applies to exports of cocoa beans, and US$3 per ton to exports of other agricultural raw materials. These tariff and non-tariff barriers impact regional trade and integration efforts.

673. Consistent with its commitment to developing strong regional economic cooperation, Nigeria commenced the implementation of the ECOWAS Common External Tariff (CET) in October 2005 notwithstanding the widely held opinion that this action will lead to significant revenue losses for the country.

674. In applying the CET, Nigeria will reduce the number of its tariff bands from the 19 bands hitherto operated 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, such as medicines) will be subject to duties of 0-10 per cent. Before the reform, 83 per cent of Nigeria's tariff rates were higher than UEMOA rates. With the harmonisation with the UEMOA rates, Nigeria's average tariff rate will decline by more than 50 per cent.

675. Notwithstanding a decline of such magnitude, the CSAR notes Nigeria’s steadfastness regarding the full implementation of the CET. In this regard it is significant to note that in December 2007, the Federal Government of Nigeria announced the suspension of 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 owing to delays in renegotiating and reaching agreement among member states on the Type B Exception and the 50 per cent band.

676. The inherent benefits of adopting the new tariff structure include deepening the market for goods and services within the subregion, integrating trade and, maximising opportunities for business in the sub-region. Above all, it is expected, ultimately, to 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 relates to 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 within Nigerian society, with pressure being mounted by members of the public and civil society organisations for the government to fast-track the attainment of the objectives of regional cooperation.

677. Under the auspices of ECOWAS, Nigeria has adopted and honoured protocols for the elimination of trade barriers, free mobility of factors of production, promotion of regional institutions and infrastructure and harmonisation of trade and macroeconomic policies. In 2006, WAEMU fared better than all other regional economic communities in Africa in terms of integration and growth in intra-regional trade.

678. In a bid to further accelerate regional integration efforts, 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 which was launched in 2002. This agreement seeks to remove all physical and non-physical trade barriers, eradicate rigid border formalities, enforce the application of ECOWAS prescribed customs procedures 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 closely aligning its monetary policy towards achieving regional monetary integration. Efforts are being made to meet the “pre-condition” otherwise referred to as the convergence criteria, for establishing the West African Monetary Zone, namely 5 per cent or lower inflation rate for at least six months. Other conditions include the Central Bank’s ability to finance public deficits not exceeding 10 per cent of the previous year’s tax revenue or, expressed as a ratio of GDP (excluding foreign grants), not exceeding 4 per cent. Most Nigerians think the adoption of a single currency by member-states of ECOWAS will facilitate subregional economic integration objectives, and that to a great extent Nigeria’s foreign economic policies are consistent and supportive of regional economic integration objectives.

680. In addition to ECOWAS, the CSAR also notes other measures that 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, of which it is a major benefactor. In this regard, Nigeria has played an exemplary role in its economic contributions to Pan Africanism; it has provided scholarships and fellowships, training facilities, grants, equipment, medical supplies and food aid to other African countries.

681. The establishment of the Technical Aid Corps (TAC) programme in 1987 which seeks to share Nigeria’s expertise with beneficiary countries through the
placement of young Nigerian professionals on the basis of needs identified by participating countries represents another viable effort at fostering regional and interregional integration. This programme is a catalyst for peace, progress and development for its beneficiaries. Since 1999, the TAC has recorded substantial progress.
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Source: Directorate of Technical Aid Corps, *The Nigerian Technical Aid Corps Scheme*, Ministry of Foreign Affairs, Federal Government of Nigeria, Abuja, 2004 edition, pp. 9-10. (Note: Data are as reported at source.)
682. Assisting African countries with the sale of crude oil at concessionary rates during the oil crisis of the 1970s represents another significant effort by Nigeria to promote Pan Africanism and regional integration. Consistent with its strong commitment to the promotion of regional integration, Nigeria, under military rule, and as a member of OPEC, a cartel that sought higher oil revenues, decided on the sale of crude at concessionary rates to other African countries, provided such countries had their own refineries. These countries have to undertake not to re-export to third party countries, however. This contributed significantly to the economies of those African countries that benefited from this gesture.

ii. Findings of the CRM

683. The CRM confirmed Nigeria’s strong support of and commitment to issues of regional integration and African development, as demonstrated 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 (Economic Community of West African States – ECOWAS), continental (African Union – AU) and international trade agreements. Nigeria is one of the founding members of the ECOWAS, which is one of the oldest regional groupings in Africa. It also hosts the ECOWAS Secretariat in Abuja, Nigeria. On a more continental level, Nigeria is also one of the five initiating countries of the New Economic Partnership for Africa’s Development (NEPAD) and the African Peer Review Mechanism (APRM), along with South Africa, Algeria, Egypt and Senegal. Nigeria plays an active role in the United Nations and is an influential member of the Africa Group at the 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 the West African Monetary Zone (WAMZ). The Francophone countries within ECOWAS have a long history of monetary cooperation, with a single 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, with a specified time frame for merging the two monetary institutions.

685. The CRM noted Nigeria’s significant efforts meet some of the ECOWAS targets such as its trade policies, harmonisation of tariffs within ECOWAS through CET and the Free Trade Agreement with six other members as positive developments towards regional integration, even if Nigeria has taken a protectionist stance on some products.

686. Under the new ECOWAS tariff structure, Nigeria has adopted a four-band arrangement with duty rates of zero, 5, 10, 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, while a few import prohibitions will be eliminated progressively. The use of the 50 per cent tariff band is permitted under current ECOWAS trade rules and provides Nigeria with some flexibility in its future industrial
policies. For example, the 50 per cent tariff is currently levied on goods in selected sectors in which the country has a comparative advantage and aims to support domestic production, such as vegetable oils (HS sections 15.11, 15.12, 15.13) and starch (HS sections 11.08).

687. Overall, with the adoption of the ECOWAS CET, the simple (unweighted) average tariff rate declined from 29 to 18 per cent, while the weighted average tariff rate fell from 25 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 remaining import prohibitions. Other areas needing improvements and proactive action include improvements in infrastructure development, especially power and water supply, reliable air and road transportation networks and telecommunications.

688. The setting up of the ECOWAS Monetary Programme in the spirit of the Lome Agreement is a step in the right direction with respect to convergence of monetary policy. However progress in meeting the targets of the pact has been slow. Average inflation for the past years has been over 5 per cent, while the average share of fiscal deficits financed by the Central Bank of Nigeria also breached the condition by 3.2 percentage points between 2001 and 2005.

689. The mission commends the Technical Aid Corps (TAC) adopted by Nigeria as a unique and innovative initiative to promote inter-regional cooperation and development. The TAC scheme is the only viable volunteer technical service programme operated by an African country and has played a crucial role in creating an atmosphere of partnership between Nigeria and the ACP countries.

<table>
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<th>Best Practice 4.3: The Technical Aid Corps (TAC) Scheme</th>
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Established in 1987 the Nigeria Technical Aid Corps 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 as follows:
- 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 youths of Nigeria and those of recipient countries
- To complement other forms of assistance to ACP countries
- 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
Achievements

Since the inception of the scheme in 1987, TAC has recorded substantial progress. There has been a significant increase in the number of volunteers deployed as well as the number of recipient countries from African, Caribbean and Pacific regions. Between 1987 and 2004, 1,677 TAC volunteers have been 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 the provision of Nigerian expertise to needy member states under the Commonwealth Assistance Programme (CAP), which is managed by the Directorate of TAC in Nigeria. The United Nations (UN) Volunteer Service and the Japanese Agency for International Cooperation (JAIC) have also expressed interest in the TAC programme.

It is currently the only volunteer service operated by an African country which challenges the widely held view that African countries are only recipients of aid and not providers. TAC has therefore enhanced the existing relations between Nigeria and beneficiary countries, and on a wider scale, it has created an atmosphere of partnerships where it would not otherwise have existed.

Source: Adapted from CSAR, Nigerian Country Review Mission Findings, February 2008
composition of the list to ensure that it contains items that are relevant to their developmental priorities and concerns.

692. The CRM sessions commended the government’s effort at regional integration and the promotion of trade but expressed grave concern that these initiatives continue to be mainly driven 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 efforts to bring the private sector to the forefront of this regional economic cooperation arrangement in order to ensure that the perceived benefits by way of increased volume of trade and employment are realised.

693. 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 in the region. Also noteworthy is Nigeria’s role in guiding 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 regarding 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 for which a workable solution should be found is the protectionist stance on imports for certain goods.

iii. **Recommendations**

694. The Panel recommends that Nigeria:

- Conduct an in-depth evaluation of the impact of how its membership of RECs influences trade, investment and growth in Nigeria. *(Federal government, Federal Ministries in Charge of Commerce and Regional Integration and private sector research institutions).*

- In collaboration with the private sector, develop comprehensive strategies to promote technology adoption and innovation, productivity growth and capacity utilisation with a view to enhancing international competitiveness *(The federal government and relevant private sector institutions).*

- Make concerted efforts with regional partners to develop regional payment mechanisms and financial markets and harmonise national policies and external positions to increase the benefits from globalisation *(Federal government and ECOWAS Secretariat).*

- Take robust measures to resolve the apparent conflict between the objective of liberalisation of the trade regime and protectionist policies such as import and export prohibitions. *(The federal government).*
• Step up efforts to strengthen private sector competitiveness by securing an enabling environment that will stimulate private sector investment and development. (*Federal Government of Nigeria, NIPB*).

• In collaboration with regional and subregional structures, put in place the requisite legal codes to harmonise and enhance intra- and inter-regional trade of goods and services as well as investments (*ECOWAS Secretariat, Federal Government of Nigeria, African Union*).

• In collaboration with its regional neighbours, provide arbitration and resolution mechanisms to handle regional trade disputes when they arise. A regional arbitration tribunal with the requisite codes would be a step in the direction. (*ECOWAS Secretariat, Federal Government of Nigeria, Nigerian Export Promotion Council, Federal Ministry of Commerce and Tourism*).

• Working with its regional partners, continuously explore and mitigate the negative impact of developments in the international global environment, especially politics and economics, on regional integration. (*Federal Government of Nigeria, ECOWAS Secretariat, A.U.*).

• In collaboration with its regional partners, step up efforts at using regional integration in fostering peace and stability in the region and ultimately, economic growth and development of the region. (*ECOWAS Secretariat, Federal Government of Nigeria and the A.U.*).
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.”

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 (commonly referred to as SANE - South Africa, Algeria, Nigeria and Egypt). Together with India and Brazil, Nigeria has been named as the next potential world superpower. The country is unique in Africa due to its endowment with oil, gas and other minerals as well as a strong human resource base. At a glance, Nigeria’s vast size, abundant resources, large population, a strong human resource base and a significant wage-earning class present enormous opportunities for private sector development.

696. In reality, Nigeria reflects the commonality of many African countries in that systemic governance problems, capacity constraints and ineffective implementation of laws have led to limited economic growth. Consequently, abject poverty is inexplicably high in this oil-rich nation. Nigeria currently hosts the third largest number of poor people in the world after China and India. It is estimated that about half the population lives on less than a dollar a day and up to 70 per cent of the people live on less than 2 dollars a day. The incidence of poverty is higher even compared to countries in the West African region, like Ghana and the Ivory Coast (44 per cent and 10 per cent respectively living on less than a dollar a day).

697. Part 3 of the national development strategy sums up the main constraints to private sector growth as follows:

*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 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.

698. This state of affairs is attributable to a number of factors. First and foremost, endemic corruption linked to oil has haemorrhaged the economy. It is estimated that Nigeria may have lost approximately US$300 billion to corruption in the last four decades. The Catholic Bishop’s Conference of Nigeria, an influential group of the clergy, holds the view that corruption has become a way of life, especially in government and business in Nigeria. Transparency International ranked Nigeria in its Corruption Perception Index as the 37th most corrupt country out of 45 African countries. Globally, Nigeria is ranked at 142 out of 164 countries.

699. Secondly, a rather flawed administrative and political system has resulted in a lack of political accountability. The long period of military rule has not only led to an entrenchment of corruption and impunity but also evaporated the rule of law and led to a decline of public institutions and a poor policy environment. The consequent debilitating and flawed political culture, coupled with issues of bribery, graft and nepotism, has negatively impacted on 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.

700. Other challenges to the entrenchment of good corporate governance in Nigeria include complexities in the regulatory framework and effectiveness of the judiciary and oversight bodies. Nigeria has four main legal regimes (the Nigerian Constitution, English common law, Customary/Sharia law and case law). These as well as the multiplicity of cultural, ethnic and religious differences make equality of persons and circumstances difficult to achieve before the law. The judiciary itself is an impediment to investor confidence and its performance unsatisfactory as it pertains to commercial dispute resolution. The roles of the regulatory agencies are not sufficiently delineated as regulations tend to be general, making mandates confusing. Questions have also been raised about the autonomy of supervisory bodies and the criteria for the selection of appointees to head these institutions. Related to the foregoing, taxation mandates between tiers of government seem not to be effectively reconciled and demarcated. Coupled with endemic corruption, this creates situations of multiple taxation which impact on the private sector, particularly as regards the growth of SMEs.

701. Without sustained efforts to strengthen the private sector and improve corporate governance, sustainable wealth creation would be difficult to attain
and poverty alleviation impossible. Notable efforts have been made not only to tackle systemic governance issues in various sectors of the state and society but also to improve corporate governance in the country. The first significant step was the amendment of the Companies and Allied Matters Act (CAMA) on 1 December, 1990 and the creation of the Corporate Affairs Commission (CAC). Also worthy of mention is the formation of the Committee on Corporate Governance of Public Companies in Nigeria (CCGPCN) in November 2003. The mandate of the CCGPCN was to “identify weaknesses in... corporate governance practice in Nigeria and fashion out necessary changes that will improve [Nigeria’s] corporate governance practices, such as the enhancing of corporate discipline, transparency and accountability”. In a nutshell, CCGPCN sought to align the practice of corporate governance in Nigeria with international standards and practices.

702. Other initiatives include the enactment of laws targeting economic and financial crimes. These include the Independent Corrupt Practices and Other Related Offences Act (ICPC) of 2000, the Money Laundering Act (1995) and the Money Laundering (Prohibition) Act of 2004, which provides for the repeal of the 2003 Act. The authorities also established the Economic and Financial Crimes Commission (EFCC) through the EFCC Act of 2004, which repealed the EFCC Act of 2002. The importance of these acts is that they are comprehensive in their proscription of the laundering of the proceeds of crime and carry the appropriate penalties. Nigeria also took the decisive step 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.

703. Despite the foregoing, corporate governance issues have not yet become of regular concern in Nigeria. The subject is still new and the relevant codes have been promulgated fairly recently. Requisite sensitisation programmes have yet to be undertaken. Consequently, corporations continue to be perceived in terms of the huge oil and gas companies, ignoring the more prevalent small and medium scale enterprises. Corporate social responsibility is also not well understood and is widely viewed in terms of philanthropic gestures of goodwill rather than mandated attributes of corporate citizenship.

704. In what follows, we analyse the status of corporate governance in Nigeria against the preceding backdrop that reflects a paradox of poverty in the midst of plenty; a weak private sector; overarching systemic governance problems including pervasive corruption and a nascent corporate governance landscape. Assessment begins with the standards and codes and is thereafter structured along the five corporate governance objectives of the APRM, namely:

a. Provide an enabling environment and effective regulatory framework for economic activities.

b. Ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability.
c. Promote the adoption of codes of good business ethics in achieving the objectives of the organisation.

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

e. Provide for accountability of corporations and directors.

5.2 Implementation of standards and codes

i. Summary of the CSAR

705. The CSAR avers that many domestic standards and codes have been enacted and international ones ratified and domesticated. The codes are being implemented in Nigeria’s corporate environment (See Table 5.1).

Table 5.1: Implementation of Corporate Governance codes and standards in Nigeria

<table>
<thead>
<tr>
<th>S/No</th>
<th>Standards and codes</th>
<th>Date of Signature</th>
<th>Date of Accession/ratification</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
<td>2</td>
<td>Principles of Corporate Governance (OECD and Commonwealth)</td>
<td>2003</td>
<td></td>
<td>Covered under Code of Corporate Governance in Nigeria 2003</td>
</tr>
<tr>
<td>3</td>
<td>International Accounting Standards</td>
<td>2003</td>
<td></td>
<td>Covered under the Nigerian Accounting Standard Board Act</td>
</tr>
<tr>
<td>4</td>
<td>International Standards on Auditing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Core Principles of Effective Banking Supervision</td>
<td>2003</td>
<td></td>
<td>Covered under the Nigerian Accounting Standard Board Act</td>
</tr>
</tbody>
</table>
### ii. Findings of the CRM

**Principles of corporate governance**

706. Prior to the promulgation of the Nigerian Code of Corporate Governance for Public Liability Companies in November 2003, the Companies and Allied Matters Act of 1990 was the main legislative framework for corporate governance for companies generally.

707. The Nigeria Code of Corporate Governance, which was developed through the joint efforts of the Securities and Exchange Commission (SEC) and the

<table>
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<tr>
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<tr>
<td>6</td>
<td>Core Principles for Securities and Insurance Supervision and Regulations</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>African Charter on Human and Peoples’ Rights</td>
<td>22 June 1983</td>
</tr>
<tr>
<td>8</td>
<td>Labour Codes of the International Labour Organisation (ILO)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)</td>
<td>16 June 1961</td>
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<tr>
<td></td>
<td>• Recruiting of Indigenous Workers Convention, 1935 (No. 45)</td>
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<td></td>
<td>• Right to Organise and Collective Bargaining, 1949 (No. 98)</td>
<td>17 October 1960</td>
</tr>
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<td></td>
<td>• Occupational Safety and Health Convention, 1981 (No. 155)</td>
<td>17 October 1960</td>
</tr>
<tr>
<td></td>
<td>• Worst Forms of Child Labour Convention, 1999 (No. 182)</td>
<td>3 May 1994</td>
</tr>
<tr>
<td>9</td>
<td>Codes on Industrial and Environmental Safety and Hygiene of the World Health Organisation</td>
<td>2 October 2002</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enacted as CAP 10 Laws of the Federation 1990</td>
</tr>
</tbody>
</table>
Corporate Affairs Commission (CAC), is aimed at inculcating principles of corporate governance as enshrined in international standards on corporate governance, notably, the OECD Guidelines, the Cadbury and the King’s Reports. It seeks to ensure transparency, accountability and fairness in the directorship and management of companies in the country by providing guidelines on issues such as: separating the roles of the CEO and chairman of the board, defining criteria for selection of directors and the composition and responsibilities of boards and their committees; and transparency in financial and non-financial reporting.

708. In addition to the National 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 of Banks that came into effect on April 3 2006 and Guidelines for the appointment of Independent Directors for all Banks, issued in October 2007.

709. While acknowledging the significant developments to improve corporate governance in Nigeria, the CRM nonetheless noted that the level of awareness of Corporate Governance and the supportive codes and standards in the country was generally low. Available statistics are that only 40 per cent of companies have adopted the available corporate governance codes.

710. Not surprisingly, awareness among banks and listed companies is better than within smaller enterprises. This is mainly due to the joint efforts by CBN and SEC to promote good corporate governance. Key among the efforts by CBN to improve corporate governance in banks is the move made in 2005 to consolidate and constrict ill-supervised Banks. Post consolidation challenges relating to integration of cultures and processes remain and the CBN continues to issue codes and guidelines to assist banks. For its part the SEC launched an initiative in December 2006 to rate companies on good corporate governance and give formal recognition to deserving companies for their performance.

711. Despite the key roles played by CBN and SEC, there are limitations in the regulatory oversight and enforcement of sanctions by these bodies. CBN seems to be the main driver of corporate governance in Nigeria but may be over-burdened if its role in promoting corporate governance is juxtaposed against its other core functions, which include policy formulation, banking supervision, being the lender of last resort etc. SEC’s administrative sanctions and civil penalties are inadequate to deter non-compliance.

712. Another active player in the promotion of corporate governance in Nigeria is the Institute of Directors of Nigeria (IoD) and its Centre for Corporate Governance. IoD has accepted as its challenge, the task 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 administering questionnaires as a basis for diagnostic review. IoD training
programmes for directors also feature Corporate Governance, Business Ethics and Best Practices.

713. There is another reason for the limited adoption of corporate governance codes, particularly within smaller companies. Although CAMA mandates CAC in respect of parts A, B and C companies, CAC oversight functions are mostly with respect to Part A companies. Furthermore, CAC’s supervisory capacity is weak. Stakeholders rarely use the CAC remedy to investigate a company’s affairs as the process is unnecessarily protracted and soft on the penalties. It should also be remembered that having been enacted in 1990 the CAMA is significantly in need of amendment to bring it up to date on current corporate governance standards.

714. Another matter that needs to be mentioned is the deficiency of judicial remedies in addressing corporate governance shortcomings. The judicial infrastructure in the country is rather deficient. 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 requisite laws.

**International Accounting Standards**

715. The CSAR asserts that the Nigerian Accounting Standards Board Act of 2003 is a domestication of the International Public Sector Accounting Standards of the IFRS. However, in practice the country has a lot of work to do before it will be able to comply with these principles. The 2004 World Bank ROSC on Accounting and Auditing for Nigeria assesses the situation as follows: there is a multiplicity of laws and bodies for the regulation of accounting, financial reporting and auditing requirements for companies. However, accounting and auditing practices in Nigeria suffer from institutional weaknesses in regulation, compliance and enforcement.

716. Except within the banking sector, monitoring and enforcement mechanisms are very weak. The Nigerian Accounting Standards Board (NASB) lacks the capacity to monitor and enforce compliance with accounting standards. It still has to develop the infrastructure for monitoring and enforcing compliance with accounting standards. ICAN’s capacity to effectively monitor and enforce compliance with auditing guidelines and its code of ethics is weak. ICAN and other accounting bodies also do not have the resources to monitor the quality of practical training. These factors, as well as poor accounting education and training, have contributed to weaknesses of the financial reporting and auditing regimes.

717. Further, IFRS only applies to listed companies. For other companies, the main legal framework is the CAMA, which provides for the Registrar of Companies at the CAC to monitor compliance with reporting requirements for companies incorporated in Nigeria. As already stated, the mechanisms for enforcement and compliance at the CAC are very weak and ineffective and penalties are often dated. Most companies do not comply with the requirement for companies to file a copy of their audited statements and directors’ report, but
the CAC rarely applies any sanctions. The significant weaknesses in the enforcement mechanism are accentuated by the degree of corruption and poor record keeping by the CAC.

718. Another matter to be considered is accounting standards for SMEs. Although the 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 book-keeping and financial disclosure by smaller companies.

719. In other jurisdictions, specific efforts have been made 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 such as cash flow statements; accounting policies, changes in accounting estimates and errors.

720. This is a matter worth exploring by 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 numbers and significance of SMEs in the Nigerian economy. Ultimately, this may also facilitate the access to funds by such entities for further development and possibly for expansion.

International Auditing Standards

721. The auditing regime in Nigeria is not robust. International auditing standards do not exist in the country. The ICAN is mandated to issue Nigerian Auditing Standards but has never done this owing to lack of capacity. The work of ICAN in this regard has been limited to the issuing of Guidelines, but only two have been issued in the past three decades (Guidelines on Engagement Letters and Guidelines for Prospectus and Reporting Accounts).

722. In the absence of National Auditing Standards, auditors are advised to follow International Standards on Auditing (ISA) 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 in line with international requirements. Nigerian business organisations traditionally rely on internal auditors to audit them but this is fraught with challenges, including the low level of proficiency and competency of staff as well as corruption. There has been a gradual movement towards the use of external auditors.

723. Another matter of concern with respect to auditing is that of conflict of interests. Nigerian accounting firms, unlike their counterparts in the post-Enron United States, are not precluded from providing auditing and consultancy services to the same client, flouting potential conflict of interest. Indeed, recent corporate failures remain synonymous with auditing failures.
724. A notable development is the establishment in 1996 of a Public Practice Section at the ICAN. The mandate of this section is *inter alia* to upgrade the quality of auditing and reporting standards. The section has organised a number of seminars on the subject of auditing. The section has developed a first draft of Audit Guidelines on Audit Planning and Performance. The section is also considering work on Audit Working Papers and the Issuance of Practicing Licenses, but these efforts need to be energised.

**Lessons in disclosure and reporting from elsewhere**

725. Generally, corporations in Nigeria are failing in terms of disclosure and reporting, as will be further elaborated on in Objective 5 of this report. This is in part due to an inadequate regulatory framework for accounting and auditing. It may be worthwhile for Nigeria to explore what can be learnt from good practices around the world in terms of financial reporting. For example, the Sarbanes-Oxley Act of 2002, which was passed by the US Congress to enhance public company governance and reporting requirements of US companies, is worth emulating. That 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 that Nigeria could learn from is the establishment of a Public Accounting Oversight Board as a public sector entity which requires that all public accounting firms register with this body as well as supply it with information. The Public Accounting Oversight Board is charged with establishing standards addressing auditing, quality control, ethics and independence relating to the preparation of audit reports for 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.\(^2\) The effectiveness of Sarbanes-Oxley in addressing corporate governance in the US post-Enron could serve as a learning curve for Nigeria in coming up with a similar law.

726. An example from the continent is that of South Africa, which has an Auditing Professions Act which strengthens corporate governance by providing for greater regulation of auditors. The Act also establishes an 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 a prison term of up to ten years for making a false report. The APA also calls for the rotation of auditors and provides mechanisms for strengthening the independence of auditors. Again, Nigeria may wish to consider enacting into law an Auditing Professions Act to strengthen corporate governance in the country.

**Core principles of effective banking supervision**

727. Nigeria was first assessed for compliance with the Basel Core Principles in 1999 by the IMF/World Bank. In the assessment, the country was adjudged to

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have fully fulfilled 9 of the principles, partially fulfilled 11 and left 5 unfulfilled. The rest of the principles were considered as not relevant 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 which greatly enhanced the level of compliance.\(^3\)

728. Generally, the consolidation of banks improved bank supervision although challenges such as the harmonisation of post-merger conflicts in technology, management, human capital capacity, inspection and supervision persist.

729. The Mega-banks in Nigeria such as the Intercontinental Bank, the 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**

730. 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. The memorandum, which was signed in June 2006, seeks to enhance compliance with international best practices of the global securities industry. However, this remains an aspiration rather than an achievement. In general, there seems to be the need for a better supervisory and legal framework for the capital market. The mission was informed of instances of malpractices in the system by capital market operators in the recent past, including incidences of forged certificates and falsification of accounts by quoted companies. The implementation of the best practices of IOSCO will go a long way in enhancing the performance of the capital markets in Nigeria.

**Insurance core principles of the International Association of Insurance Supervisors**

731. 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 companies meet a prescribed capital base and the requirements for submission of annual returns. While available sanctions for noncompliance seem satisfactory, these have not yet been instituted. The mission also received reports about the proliferation of quacks in the industry. In an effort to enhance regulation and supervision of the sector, the mission was informed of a move to consolidate insurance companies similar to that undertaken in the banking sector. Such a move will be a step in the right direction. In tandem with such a process, a thorough review of the insurance codes and regulations to bring them up to international standards is necessary.

\(^3\) For more discussion on Nigeria’s position with regard to Prudential Bank Supervision, see Chapter 4, the EGM Section of this report.
Labour codes of the International Labour Organisation and codes on industrial and environmental safety (See discussion in Objective II)

iii. Recommendations

732. The Panel recommends that:

- Efforts be made to create public awareness of the available Corporate Governance Codes. It is recommended that these codes be translated from English into some of the major languages of the country to further awareness of the codes and their entrenchment. All enterprises (Public, Private and State Owned Enterprises) should be encouraged to institutionalise good corporate governance. [SOEs, SEC, NSE, IoD, government, private sector].

- Nigeria take the requisite steps to bring the National Accounting Standards in line with the IFRS and to enforce compliance. Efforts should be made to build up capacity in the sector. [NACB, ICAN, ANAN].

- ICAN continue the work already embarked on to enhance the regulation of the Auditing Sector and to develop Auditing guidelines that are compliant with international standards. The Ministry of Finance and Auditor-General’s office should also play a more pro-active role in developing and promoting the adoption of international accounting and auditing standards. [NACB, ICAN, Ministry of Finance, Auditor-General’s Office].

- Simplified accounting guidelines be developed for SMEs. [NACB, ICAN, SMEDA etc]

- The capacity of oversight institutions to monitor and enforce compliance be strengthened. [ICAN, SEC, CAC, NIC, NAFDAC etc]

- The physical and ICT infrastructure of the judiciary be strengthened to enable judges to clear the backlog of cases on their court dockets. Computerisation of the courts in the country must be considered as one of the ways of rectifying the information structure of the judiciary. There is also a need not only to increase the number of judges in order to adequately staff the courts in the country, but to focus on the selection of competent judges. [Federal and state governments].

- The role of the EFCC and ICPC to be streamlined and strengthened. These agencies should become independent of the executive branch of government. [Federal, state and local governments, EFCC, ICPC].

- Review of the standards and codes in the country and their reform 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 Regulatory Framework for Economic Activities

i. Summary of the CSAR

Regulatory framework

733. The CSAR notes that since 1999 there has been significant dynamism in efforts to provide an enabling environment and effective regulatory framework for economic activities. Economic development has been guided by a new philosophy of economic reforms, the articulation of which was transformed into a medium-term economic development strategy which is better known as the Nigerian Economic Empowerment and Development Strategy (NEEDS).

734. The CSAR further asserts that the regulatory framework for economic activities is defined by a plethora of regulations and agencies. Of these, the Company and Allied Matters Act of 1990 (CAMA) is the main legal framework for 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. With specific reference to the capital market, the Investments and Securities Act (ISA) 45 of 1999 and the SEC Rules and Regulations made pursuant to the ISA are the two main parts of the regulatory framework.

735. The CSAR also mentions the regulatory bodies that are key to promoting good governance in the country, notably the SEC, the CAC and CBN.

736. The SEC is the apex regulator of the Securities Market. The SEC reviews published financial statements of public entities to: (i) ensure compliance with relevant accounting standards, generally accepted practice and regulatory disclosure; (ii) ensure that companies are reported as going concerns and that they are financially healthy; and (iii) 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 the reduction in transaction cost and the setting up of the Investment and Securities Tribunal (IST) to handle capital market cases.

737. The Corporate Affairs Commission (CAC) is charged with the regulation of corporations. Section 7 of CAMA vests the CAC with the power to regulate, supervise and generally administer the formation, registration, management and winding up of companies, and to undertake such other activities as are necessary to give full effect to the provisions of CAMA.

738. The CBN generally oversees the operations of banking business in Nigeria with a view to protecting investors and safeguarding integrity in the market
place. The CBN’s powers include a mandate to conduct routine and special examinations, manage and control ailing banks, and revoke a bank’s license.

739. Other major regulatory and oversight bodies mentioned in the CSAR include the National Insurance Commission, the Nigeria Deposit Insurance Corporation (NDIC), NAFDAC, SON, the Department for Petroleum Resource (DPR), the National Communications Commission (NCC), and the Consumer Protection Council (CPC).

740. The CSAR also indicates that Nigeria has about 20 professional bodies and business organisations that contribute to self-regulation of the business sector. These include the Association of National Accountants of Nigeria (ANAN), the Institute of Chartered Accountants of Nigeria (ICAN), the Nigerian Bar Association (NBA), and the Nigeria Economic Summit Group.

741. The organised private sector (OPS) 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). This facilitates the collective engagement of the private sector on business issues of relevant concern.

742. Also relevant to the regulatory framework are the unionised organisations dealing with labour issues. Three of these, namely the Nigerian Labour Congress (NLC), the National Union of Road Transport Workers (NURTW), and the National Union of Petroleum and Natural Gas Workers (NUPENG), are quite prominent.

**The securities market**

743. The NSE, established in 1960, began its operations in 1961 with 19 securities listed for trading. Currently, it has nine trading floors located in Lagos, Ibadan, Abuja, Kaduna, Kano, Yola, Benin, Port Harcourt and Onitsha. There are 262 securities listed on the Exchange, made up of 11 government stocks, 49 industrial loan (debenture/preference) stocks and 194 equity/ordinary shares of companies. There has been sustained market growth in Nigeria over the past seven years, with the total value of securities rising from N14 billion in 1999 to N470 billion in 2006. Market capitalisation as well as the All Share Index has grown steadily since 1999.

**Privatisation**

744. As part of its drive to reposition the economy and accelerate the process of rapid 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 including electric power, oil and gas, and the telecommunication and transport sectors.

745. The privatisation was undertaken in three phases. The first phase started in 1989. Between 1990 and 1993, 55 companies were privatised, 35 through
public offer, one through MBO, and 8 through sales of assets by public tender, 7 by private placement and 4 through deferred public offer. The privatisation generated gross revenue of about N3.7bn through the sale of about 1.5 million shares. Over 800,000 new shareholders participated in the privatisation. Market capitalisation of the Nigerian Stock Exchange increased from N8bn to over N30bn by September 1992.

The second phase of the privatisation programme was launched in 1999 under the framework of the Public Enterprises (Privatization and Commercialization) Act 28 of 1999. The Act provides for a reorganised institutional framework that includes the establishment of the National Council on Privatization (NCP) and the Bureau of Public Enterprises (BPE). The second phase was initially designed in three segments and envisages the full or partial divestment of the government interest in 98 public enterprises in 14 key sectors.

The first segment targets full divestiture of the government’s shares in oil-marketing companies, banks and cement companies. This encompasses 14 companies, most of which are already quoted on the Nigerian Stock Exchange. The revenue target to be raised is N20bn. The second segment targets full divestiture of the government’s ownership in hotels, vehicle assembly plants, insurance companies and other enterprises operating in competitive markets. The third phase envisages the privatisation of government holdings in major public enterprises operating in non-competitive sectors, such as electric power, telecommunications, oil and gas and similar ventures. It should be mentioned that the government have made considerable progress in the privatisation process in the country. Notably, the current Yar’Adua administration has recently reversed the sale of NITEL because of ledged irregularities.

Investment promotion

The CSAR lists efforts by Nigeria to promote investment through incentives such as tax holidays, deductions and concessions, rebates, allowances and investment guarantees/effective protection. Other incentives include guarantees against expropriation and provision of access to land. The government has also passed an aggressive free zone law which has created a business-friendly environment benefiting from such incentives as: a complete tax holiday for all federal, state and local government taxes, rates, custom duties and levels; and one-stop approval for all permits, operating licenses and incorporation papers. The government has re-engineered the Nigeria Export Processing Zones Authority (NEPZA) and the Nigerian Export Promotion Council (NEPC) for the effective implementation of its export promotion.

Another measure aimed at encouraging enterprise is the One Stop Investment Centre (OSIC). OSIC is an investment facilitation mechanism where relevant government agencies are brought to one location, their functions are coordinated and streamlined, to provide efficient and transparent services to investors. It is designed to shorten and simplify administrative procedures for the issuance of business approvals, permits and licenses and company incorporation, thereby removing bureaucratic bottlenecks faced by investors
and ultimately reducing the cost of doing business in Nigeria. The Centre also provides statistical data and information on the Nigerian economy, investment climate, legal and regulatory framework as well as sector- and industry-specific information to aid investment decisions. The OSIC is in the initial phase of implementation, with 13 participating agencies. In subsequent phases, more agencies will be included. However, one important area that needs greater attention in the effort of the government to attract investment into the country is Nigeria’s image abroad. The country’s image has been tarnished by the 419 fraudsters as well as the widely held perception that the country is corrupt. For example, Transparency International’s 2007 Corruption Perception Index ranks Nigeria 147th out of 179 countries.

**Internal factors that impact on business activity**

**750.** The CSAR also elaborates on a number of internal factors that impact on business activities. These include the state of available infrastructure, such as roads, information and communications technology (ICT) systems, and the availability and reliability of energy supply, which affects business growth in the country.

**ICT**

**751.** Nigeria successfully reformed the communications sector, and this has resulted in remarkable changes, including the expansion of Nigeria’s national optical fibre transmission backbone and NITEL’s (Nigerian Telecommunications Ltd) national roll-out projects, which increased by about 1.5 million. Four GSM operators were licensed. The National Communications Commissions (NCC) also successfully conducted auctions for fixed wireless access licenses at both national and regional levels, leading to the emergence of about 20 private fixed wireless operators 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.

**752.** Nigeria has become the fastest growing telecommunications market in Africa, with a growing local industry for telecommunications equipment, handsets and scratch cards. Some 548 of the 774 local government headquarters now have access to telecommunication facilities under the Rural Telephone Project. Subscriber levels for fixed lines have risen from 473,316 in 1999 to 1,027,707 by September 2005. For mobile lines, the figure rose from 35,000 in 1999 to 16,078,817 by September 2005. The revolutionary changes aided 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**

**753.** The length of motorable roads in Nigeria has grown from 3,200 km in 1914 to 193,200 km in 1995. Large sums of money are still being spent on various
road programmes. Notably, the Roads Vision 2000 was launched in July 1996 as an initiative to ensure that by 2000, an effective and efficient framework is provided for road sector management and finance in Nigeria. The Federal Government also developed the Master Plan for an Integrated Transport Infrastructure (MITI), which provides guidelines for developing transportation infrastructure from 2002 to 2020, with the overall objective of having a well-articulated and safe transport system. Significantly, in 2005, the sum of N16.22 billion was budgeted for FERMA and the agency was able to access a total of N17.16 billion, including part of a loan of N2.5 billion, to carry out its maintenance activities.

754. Despite all the investments, the increasingly poor condition and rapid rate of deterioration of Nigerian roads have become a serious source of concern to all stakeholders. All classes of roads are in an extremely poor condition owing to neglect. Over the past two decades, the huge budgetary allocations for roadworks have proved to be insufficient or injudiciously utilised.

Energy

755. 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 total power generation in the country from 4200 megawatts in 2004, to 10,000 megawatts by the end of 2007. To achieve these targets, the capital budget releases to the power and steel sector have remained high and amounted to about N7.3 billion in 2005. In addition, government also encouraged private sector investments in the form of independent power projects (IPP). 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.

756. Despite the ongoing investment projects in the sector – the new power plants, transmission lines and distribution systems - the power situation is still far from being satisfactory. Also, Nigeria’s power requirement is far in excess of the 10,000 megawatts that she undertook to be able to deliver by 2007. The power sector reform appears to be rather slow and ineffective.

757. Some of the consequences of current escalating energy costs are: aggravation of cost-push inflation, uncompetitiveness of Nigerian industries; declining capacity utilisation 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

758. In Nigeria, it is generally acknowledged that insecurity of life and property is fast overwhelming the country. The CSAR lists the salient problems in this regard as: cross-border criminality, violent crimes such as armed robbery and car snatching, economic crimes, cyber crimes, cultism, ethno-religious
disturbances, and political insecurity and chieftaincy disputes. Festering political instability, kidnapping and hostage taking in the oil-producing Niger Delta region and contract killings followed by unfruitful investigations by the police are of particular concern. The requisite steps should be taken by the government to address this issue as it affects the economy, investments and quality of life in the country.

**Commercial dispute resolution**

759. The CSAR affirms that the normal court system is too protracted and unsatisfactory to serve as the primary recourse option of businessmen. Particularly at state level archaic recording and filing systems result in a backlog of cases.

760. The CSAR further lists other options for commercial dispute resolution. 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 Arbitral Awards (New York Convention) applicable to any awards.

761. Capital market disputes are adjudicated by the Investment and Securities Tribunal, an independent body with the same status as the High Court. However, the capacity of the Tribunal is in need of enhancement both as regards its jurisdiction and mandate and in human and technological terms.

**Small and medium enterprises, access to finance and the informal sector**

762. The Nigerian government has continued to encourage the development of small and medium scale industries (SMIs) to boost the country’s industrial and manufacturing capacity. The government established the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to harness 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 with 10 per cent of the pre-tax 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), NERFUND and the Nigerian Industrial Development Bank (NIDB) in order to aid the reconstruction of ailing industries and promote new ones.

763. 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 process”. 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.
764. The Nigerian informal sector 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, joint partnership businesses which can be found in urban and rural settlements around the country. The role of the informal sector in Nigeria in the generation of employment and the production of basic goods and services cannot be sufficiently emphasised. The sector is a source of dynamic competition and innovation. It is noted for the provision of training and apprenticeship to numerous persons. Hence, the informal sector is a breeding ground for new entrepreneurs and industries.

765. Government policies have remained focused on the problems of the formal sector. However, the downturn in the Nigerian economy in the 1980s led to growing belief that the much-vaunted resilience of the Nigerian economy was due largely to the expansion and robustness of the informal sector. The informal sector mopped up the employment shrinkage in the formalised 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, a sector also noted for the provision of training, and the creation of jobs, as well as a 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. Serious efforts should be made by the government of Nigeria to formalise its huge informal sector, to enable it to play an important role in poverty reduction and the economic development of the country.

ii. Findings of the CRM Regulatory framework

766. The laws governing business operations in Nigeria reveal many legislative gaps; most need to be brought up to date. Notably, the penal code does not recognise corruption as a crime. The CAMA, which is the main law for company regulation, is in need of amendment, in particular with regard to penalties for violation. Furthermore, certain laws that would facilitate good corporate governance such as the whistleblower, freedom of information and consumer legislation have not been enacted and the legislative process is protracted.

767. The other factor that has contributed to a challenging corporate governance environment in Nigeria and consequently a flawed corporate governance system is the presence of a multitude of sometimes conflicting laws in the country. These are the Nigerian constitution, legislation enacted by the National Assembly, the received English common law, customary law, Sharia law and case law. The prevailing scenario does not offer a reliable basis for dispute resolution, protection of property rights, and enforcement of contracts. Furthermore, most laws governing the commercial sector are dated and need to be reformed. The government needs to harness its multiplicity of laws and
768. Above all, there is also generally ineffectual application and implementation of existing laws. The mission is of the view 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 the area of governance reform since 2003. It is therefore important to implement the existing laws effectively to avoid this threat.

769. Many of the regulatory institutions suffer critical capacity constraints and their mandates and functions overlap. Regulatory frameworks for retirement benefits, safety, the environment and the energy sector are not effective. The Due Process Organisation (DPO) and the Bureau of Public Enterprises (BPE) have done a lot to improve procurement but seemingly only at the federal level. Even at that level, the Mission found considerable evidence of lack of transparency in transactions, for example with the concessioning of the Abuja International Airport in 2006 and the sale of NITEL, (reversed in 2008). The situation with respect to the states has to be reviewed and specific measures delineated for them.

**The securities market**

770. The CRM discovered that awareness of and participation in the securities market is in Nigeria is low, as is confidence in its efficacy. Participation in the securities market is still low but is growing. Although market capitalisation now stands at N470 million (2006), two important steps have to be taken. Firstly, there is a need to educate Nigerians about the central importance of the securities market in resource mobilisation and growth. But that action is possible only if Nigerians can build confidence in the process. That is, despite the growth of capitalisation, confidence in the process could significantly enlarge effective resource mobilisation and growth. Neither step is possible until more action is taken to improve the regulation of the Nigerian capital market. The issues for consideration relate to the registration of shares, surveillance, inspection, investigation, rule-making and enforcement, especially in fraud prevention. Secondly, efforts should be made to educate the populace about the dynamics of the securities market, the role and responsibilities of shareholders as well as the establishment of shareholder organisations.

771. Further, there is the problem of overlapping regulatory powers/conflicting jurisdictions. An example noted is the conflicts that occur between the SEC and the NSE with respect to the exercise of power over erring companies. Also, although the ISA gives the SEC the power to prosecute criminal cases, the Commission has been constrained by the law empowering EFCC to prosecute criminal cases. This should be looked at critically and the necessary measures put in place to address it.
Privatisation and investment promotion

772. Nigeria first experimented with privatisation under the structural adjustment programmes within the framework of the Privatisation and Commercialisation Act of 1988. In this first round, government divested of its shareholding in interests such as banks, cement companies and hotels, in which it had held stock on the Nigeria Stock Exchange. 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 etc. According to the NEEDS document, privatisation of public enterprises is aimed at shrinking the domain of the state and enlarging the size of the private sector. It is also aimed at improving the efficiency and competitiveness of enterprises, leading to their long-term sustainability and contribution to poverty reduction.

773. A number of measures have been put in place to ensure that the privatisation process is transparent. These are spelt out in the enabling legislation as well as the privatisation handbook published by government and generally available to the public. The Bureau of Public Service Reform under the Presidency has also developed generic guidelines for the reform of parastatals which touch on the matters of commercialisation and privatisation reform options. Further, steps are being taken to ensure that the process itself is widely advertised when it is undertaken and that the allotment of shares is guided by the government policy requiring a wide geographical spread of ownership.

774. Despite the foregoing, questions have been raised about the transparency of the process and allegations of cronyism in the divesting of certain interests. This has led to conflicting signals by government in reversing and then reinstating some deals. For instance, the current administration cancelled the sale of two oil refineries citing an absence of due process in the sale. Additionally, while the mission was on the ground, on February 17, press reports cited the reversal of the privatisation of the fixed line and mobile telecoms firm NITEL although a recantation was later published. These examples illustrate the challenges in implementing a transparent privatisation process that is so perceived by stakeholders. Other issues to be considered are how to ensure that privatisation results in the redistribution of wealth to key segments of society and does not create oligarchies, further widening the gap between the rich and the poor. Further, privatisation may not be the only key to increasing efficiency and competitiveness of enterprises anticipated by NEEDS. Related issues include addressing challenges in the regulatory framework for business activity, enhancing the capital market and increasing domestic and foreign investment flows.

775. The democratic changes after 1999 and the privatisation programme have led to an increase in foreign direct investment to the country. The setting up of the NIPC, the relaxation of the tax system and other incentives alluded to in the CSAR have also played a role. Nigeria’s investment regime is quite generous but it focuses almost exclusively on large investors, particularly overseas ones. The Nigerian Investment Promotion Commission Act of 1995, the Nigerian
Export Processing Zone Act of 1992, and the Privatization and Commercialization Act of 1999 all seem to favour outside investors vis-à-vis 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 targeting the local organised private sector. This includes removing the requisite bottlenecks that impede their 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 -- for example SMEIs and the Bank of Industry -- are a step in the right direction.

External and internal factors that affect business

Infrastructure Issues

776. The most important constraints to business development in Nigeria arise from inadequate infrastructure. The road networks are inadequate and seldom maintained. The Nigerian government have outlined plans to establish an infrastructure fund to cater for the building and maintenance of road infrastructure. Infrastructural development is part of Yar’Adua’s Seven-Point Plan. The supply of gasoline and related petroleum products is highly constrained; the CRM during its travels found many petroleum stations abandoned or without fuel. Power is provided erratically and seldom 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

777. The legal and judicial regimes are inadequate; the multiple legal regimes worsen the situation. The regimes do not offer a reliable basis for dispute resolution, protection of property rights, and enforcement of contracts. The Nigeria law Reform Commission’s capacity should be enhanced to enable it to harmonise national legislation and the reform of the procedural laws in the country.

Business registration

778. Business establishment procedures are lengthy and complex. Whatever may have been intended, the One Stop Centre concept is not yet working effectively and there is a need to decentralise it. There is a greater need on the part of government to provide an enabling environment and regulatory framework in which business can thrive and prosper. Constraints in the institutional and policy space that frustrate business people should be eliminated.
CHAPTER FIVE: CORPORATE GOVERNANCE

Tax system

779. The tax system is complex and poorly administered. In general, since the discovery of oil and gas, the public sector has relied less on general tax revenues and, in addition, Nigerians are prone to evade taxes. Customs and import/export procedures are subject to widespread evasion. The administrative mechanisms are weak and there are seldom punitive measures against tax evasion. 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 enforcement powers.

SMEs, Access to finance and the informal sector

780. As elsewhere in Africa, the government devotes an inordinate amount of time and resources to facilitating huge investments, but ignores the SME sector that creates the bulk of private sector employment. The SME sector is rather sizeable in Nigeria and it provides jobs, and products as well as services to the Nigerian economy. Hence efforts to develop this sector should be part of the economic policy of President Yar’Adua’s government.

781. 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 exacerbated by land-titling problems, generally described as the absence of equity capital. Mega-banks find it uneconomic to service SMEs for many reasons, including perceived high level of risk. The high costs and limited availability of credit are a major factor in raising the cost of doing business in Nigeria and reducing the competitiveness of the Nigerian private sector. Long-term finance is very rare and only the most creditworthy have access to it.

782. To encourage small and medium scale businesses, the CBN now undertakes a number of development activities through the following programmes: Agricultural Credit Guarantee Scheme, Commodity Surveillance, Microfinance, Small and Medium Enterprises, Equity Investment Scheme (SMEEIS), Refinancing and Discounting, and Agricultural Credit Support Scheme. The Mission learned, however, that in practice, many of these facilities are not available to SMEs.

783. Another issue participants mentioned is the problem of multiple taxation for SMEs. At the moment, different levels or tiers of government have competing tax and expenditure assignments. These mandates have not yet been effectively reconciled and demarcated, and with the endemic corruption, the create situations of multiple taxation of transactions, activities and possibly income. This issue is particularly problematic for small and medium sized enterprises that operate under different regimes in the localities where they do business.
The FGN, having accepted the view that the private sector is the engine of growth, has committed to improving corporate governance. But Nigeria, having the third largest concentration of poor people, exceeded only by China and India, has failed to include improving governance of small and medium enterprises (SMEs) among its governance priorities. SMEs, including the “informal sector”, are scarcely touched by the regulatory regimes. In this context the informal sector comprises all business entities not registered by any agency of the federal, state and local governments. Except for agriculture, more Nigerians depend on this sector for their livelihood than on any other economic activity. It is vibrant and, in the past when the oil and gas sector suffered a setback, it helped mop up 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 dearth of skilled manpower. There is inadequate linkage between macroeconomic policy and the informal sector.

Efforts to improve access to funding of the sector should go beyond the creation of institutions; they ought to focus on improving the effective implementation of existing statutes and schemes to enable SMEs to really access funding for small enterprises as well as to foster an enabling environment for SME operation. The former Obasanjo administration has contributed significantly to helping the SME sector in Nigeria, through the support of micro-finance schemes and credit support for their development. The government enhanced the role of SMEDAN to further help SME development, growth and sustainability in the country.

### iii. Recommendations

The Panel recommends that Nigeria:

- Review, update and rationalise business laws so as to provide a better framework for the protection of property rights and the enforcement of contracts. The Nigeria law Reform Commission should be capacitated to enhance its capacity to harmonise national legislation and reform some of the business laws in the country. *(The Nigeria Law Commission, legislature with support from private sector).*

- Improve implementation modalities, including sanctions, to improve the deterrent capacity of statutes and codes. Equally, there is a need for the education of the population about the statutes and codes and their rights under the law. *(Federal and state governments, judiciary).*

- Develop more definitive criteria for taking corporations at the federal, state and local government levels so as to reduce the tax burden on SMEs. Although the three tiers of government — federal, state and local— have a working agreement as to the entitlement by each to monies in the Consolidated Account, there is need to reform the federal constitution’s provisions in order to improve fiscal decentralisation. This should help to
reduce tax evasion. There is also a need to introduce Alternative Dispute Resolution (ADR) procedures in the resolution of commercial disputes involving SME’s (Federal, State and Local Governments)

- Streamline regulation and supervision so as to reduce overlap or arbitrage opportunities that could be exploited. More coordination and inter-agency cooperation is called for. (CBN, SEC, Financial Services Regulation Coordinating Committee etc)

### 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

787. The past decade in Nigeria has witnessed increasing demands being exerted on large business corporations by society, for greater social responsibility. Businesses have been under pressure to take on a more active role in ameliorating social and economic disparities, and tackling 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 lies in achieving a common understanding of what social responsibility means, and determining what realistic expectations should be, and 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, and businesses will increasingly be called to realign their objectives with the needs and challenges of the communities in which they operate.

### Labour issues

788. The main sources of Nigerian Labour Law are the constitution, Nigerian legislation and Nigerian case law or judicial precedent, which is an off shoot of the common law. In Nigeria, government seems to be motivated mainly, although not exclusively, by issues relevant to its role as an employer. This disposition often affects the content of the country’s labour laws. Perhaps, 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 Nigeria Labour Congress - NLC), especially in its militant opposition to government policies which are deemed not to be progressive 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.

789. Key labour issues cited in the CSAR include: casualisation of staff, particularly in the manufacturing sector, and gender discrimination in employment. The CSAR also notes that the determination of workers’ rights through the court system still leaves much to be desired and enjoys very little credibility with the workers.

Corporations’ responsiveness to the communities in which they operate

790. 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. The majority of corporations in Nigeria, generally embark on cheap non-capital intensive projects when they engage in CSR activities. Further, CSR by multi-national corporations is not always driven by community needs, focusing instead either on CSR mandates from home countries or on those that directly impact on 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 product-ethical funds.

791. Corporations are beginning to respond to pressure from communities. Some corporate organisations mentioned in the CSAR in reference to their recent involvement in social responsibility activities include Julius Berger, Nestle, Ashaka Cement, some of the oil multinational corporations and the GSM service providers.

792. 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 back a fair share of their substantial profits towards the social, human and economic development of the communities where the profit is generated.

793. Multinational oil companies, however, initially took the position that they had no legal or moral obligation to provide any socioeconomic assistance to host communities beyond the maximisation of profits and the attendant payment of 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 a revised approach.

794. The Royal Dutch/Shell group reappraised its previous 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 that acknowledged and established five “areas of responsibility” to shareholders, customers, employees, those with whom they do business, and to society. From 1998 onwards, SPDC began a series of consultations with community representatives and other stakeholders aimed at discussing environmental and development issues in relation to their operations in Nigeria. The consultations had the objective of “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; in 1998 the company created a community development organisation to support broad socioeconomic development intervention in the Niger Delta. This involved; introducing best practices from development professionals, transforming existing community programmes by partnering with expert agencies, NGOs and governments; embarking on and not opposing advocacy for the Niger Delta communities; supporting capacity building of government institutions for enhanced regional development management and increasing their volume of funding towards 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 that: “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 practice of engagement is captured in the essence of corporate social responsibility.

The environment

There was no Federal Environmental Protection Agency until 1988, and environmental impact analysis (EIA) was not mandated until 1992. Nigeria evolved a National Policy on the Environment and established the Federal Environmental Protection Agency (FEPA) by means of the FEPA Decree No 58 of 1988. The Federal Ministry of Environment (FMEnv), into which the FEPA has now been incorporated, is charged with promulgating policies, guidelines, standards and the overall development of a framework for the protection of the environment of the nation. In fulfilment of its mandate, the FEPA (now merged with the FMEnv), has since its inception enacted relevant national legal instruments for environmental protection which include regulations to integrate environmental concerns into economic considerations for both oil industry and non-oil industry operators. Furthermore, decree 86 of 1992 makes Environmental Impact Assessments mandatory for both public and private sectors for all development projects.

However, despite the regulatory environmental framework that exists, there are persistent concerns that not enough is being done to sensitize companies on these issues, and fully support the adherence to principles for better protection of the environment. The role of NGOs and the media in this aspect cannot be sufficiently emphasised. NGOs must continue to put pressure on corporations
and others who destroy the environment to live up to their obligations. The media must also work hard to expose environmental degradation wherever it occurs in the country.

ii. Findings of the CRM

Labour issues

799. Under the principal legislation on companies in Nigeria, the Companies and Allied Matters Act, the shareholders are recognised solely as members of the company, and the directors of the company owe duties only to the company and its shareholders and therefore have no legal responsibility or capacity to embark on any duty other than their duty to the company. This underlines a corporate culture where the shareholders maintain supremacy over all other stakeholders, including consumers and employees. Access to information by employees was stated to be one area that is particularly problematic.

800. In recent years, companies have been required to adopt policies and measures that respect the rights of their workers (employee welfare, safe working conditions, and fair wages). The Nigeria 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 deemed to be sufficiently strong, although substantial challenges in implementation exist.

<table>
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<tr>
<th>Box 5.1: Trade Unions in Nigeria</th>
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<td>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, on August 9-11 1897 when workers of the Public Works Department (PWD) walked off the job in a general strike that earned swift condemnation from the colonial administration.</td>
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<td>Currently, the main unions in Nigeria include the Nigeria Labour Congress (NLC), the Congress for Free Trade Unions (CFTU), the Trade Union Congress (TUC), Petroleum and Natural Gas Senior Staff Association of Nigeria (Pengassan) and the National Union of Petroleum and Natural Gas Workers (Nupeng). During recent times, the unions have attempted to stand up for workers and ordinary Nigerians, especially during turbulent periods such as the seizure of power by General Sani Abacha in November 1993 following the annulment of election results 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 to the seizure of power eventually helped contribute to the transition to democracy and the free elections of 1998.</td>
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<tr>
<td>The NLC and other trade unions have in recent times attempted to defend workers rights and alleviate their pitiable working conditions. The list of issues include, according to the May Day 2008 editorial in the Financial Standard newspaper:</td>
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• The lack of contracts and the resulting casualisation of labour, which while contrary to labour laws is a widespread phenomenon

• Exploitative contract employment and outsourcing of jobs that could be filled by Nigerians

• The refusal to allow employees the right to join to trade unions

• The payment of “starvation wages” rather than living wages to many Nigerian workers. Worse, these wages are 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 can cover living costs – which encourages corruption.

Sources:

801. With poverty and unemployment so acute, the effective implementation of a minimum wage law does not appear to be an attainable goal. The mission was informed that poor and low pay scales are a catalyst for corruption. In particular stakeholders decried the wage disparities between federal and state workers. Differentials also exist in relations of employees of companies and employees in the public service in Nigeria, and between men and women, especially in the private sector. For instance, where termination of employment of public servants is statutorily protected and can only take place on specific grounds, company employees do not enjoy the same protection. This puts to the test current notions of CSR when it comes to responsible employee relations, and the adoption of standardised global practices.

802. Safety in the workplace is also questionable. Press reports are rife with instances of kidnapping of personnel, particularly the well-paid oil workers. Occupational safety and hygiene remain problematic.

803. CEDAW, which Nigeria ratified in 1983, gives women the same employment rights as men, prohibiting discrimination in recruitment and access to training, equal remuneration, prohibition of dismissal on the basis of marital status or pregnancy, and provision of maternity leave. The mission found, however, that corporate employers commonly fail to extend to women the rights they are given under labour laws. Relevant issues include: gender equality in access to employment, equal remuneration for women, equal treatment in recruitment, promotion and dismissal, protection from sexual harassment, child allowances and the right to adequate paid maternity leave.

804. Child labour is outlawed, but this prohibition is more often breached than effectively implemented. Other labour issues mentioned to the CRM include
casualisation of staff, particularly in the mining and manufacturing sector, job security and the ability to unionise, as well as the high number of workers exposed to physical and chemical hazards. Generally, stakeholders observed that most companies do not have defined policies relating to gender discrimination, sexual harassment and HIV and Aids in the workplace. They also decried the lack of opportunities for skills development.

805. The enforcement of worker’s rights through the court system is poor and the protection of rights is subject to limitations. This situation is compounded by the lack of capacity of the judiciary to resolve disputes. Courts are generally not adequately staffed or properly equipped to speed up the delivery of justice.

Corporate social responsibility

806. Generally, stakeholders are of the view that corporations are not doing enough in terms of social investment. Awareness and implementation of CSR is generally low, within corporations on the one hand and would-be beneficiary communities on the other. Corporations’ understanding of good corporate citizenship and the practice of CSR was largely based on philanthropic and altruistic concepts. Likewise, participants’ understanding of the distinction between CSR and the roles legally assigned to tiers of government is blurred. Stakeholders seem to have extremely high expectations of corporations and expect them to take over key government service delivery obligations, for example responsibilities relating to infrastructure development and the provision of health care. This may not be realistic or achievable although opportunities could be explored within the framework of economic partnership agreements and public-private partnerships. On the whole, the mission found that public-private partnerships as a vehicle for delivering development are underutilised in Nigeria.

807. Possibly in an attempt to balance the two divergent viewpoints and to manage expectations, the Government attempted through the NEEDS strategy to define the role of the private sector more precisely. 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”. Notably, NEEDS also seeks to create public-private partnerships. It acknowledges that for government to be effective in its entrepreneurial or developmental role, it needs to actively interact with the private sector on an ongoing basis to ensure continuing feedback. Government at all levels will maintain structured interactions with private sector operators to ensure a true partnership in the development process.

808. Another key initiative for promoting CSR in the country is the Extractive Industries Transparency Initiative (EITI). Nigeria was the first African country to sign up for this initiative in 2003. The Nigerian EITI, launched in 2004, was built on existing government transparency efforts. It is aimed at following due process and achieving transparency in payments by extractive industries (EI) companies to the government and government-linked entities.
809. In implementing EITI, a National Stakeholders Working Group (NSWG) of 28 members drawn from civil society, the media, government, national and multi-national companies, the private sector, the National Assembly and the states’ Houses of Assembly was established. The NSWG consists of five separate teams: the technical, legislative, focal, civil society, and media teams. Goldwyn International Strategies, a Washington DC based energy consultancy, was selected as the NSWG’s technical adviser.

Best Practice 5.1: Extractive Industries Transparency Initiative (EITI)

Nigeria is the first country to adopt EITI. The initiative calls for independent audits of the oil and gas sectors to achieve a culture of transparency and accountability for both the oil and gas companies and the government. Audits results are readily and easily accessible to the public, for they are posted on NEITI's website. EITI culture is planned to be extended to the hard minerals sector. Corporate social responsibility 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 areas of resource exploitation. Seeing that Nigeria is a leader in the implementation of the EITI in Africa, Nigeria could sponsor the development of a regional EITI organisation under the aegis of APRM/NEPAD since the EITI truly falls within the ambit of good governance in the operation of extractive industries. Such industries abound in Africa, ranging from oil and gas through precious metals (diamonds etc) to solid minerals. A regional approach to the EITI will help Africa improve its bargaining power in the global extractive industries and perhaps remove the apprehension felt by some African countries that EITI is merely another device to control and exploit African strategic resources for the benefit of the developed world.

With the passage of the NEITI Act on 28 May 2007, Nigeria became the first EITI implementing country with a statutory backing for operationalising EITI.

[Sources www.neiti.org, CRM Findings February 2008]

810. 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 and are available on the NEITI website.

811. The most important finding of the audits is 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 a wider sharing of data. A remediation program for the identified systemic weaknesses was launched in 2006 and is being implemented by the NEITI Secretariat on behalf of the NSWG.

812. Nigeria enacted the NEITI Act, which seeks to ensure independent annual audits. The first audits of the mining and gas sectors are expected in 2008/09. Other envisaged developments include the restructuring of the DPR, the Nigerian National Petroleum Corporation, and the National Petroleum Investment Management Services in 2007-09. In the long run, it is hoped that the EITI principles will be applied to the gas sector, and even to solid minerals. Shipment by pipeline will also be regulated to increase transparency,
record keeping for product imports, production, and shipment. The rules for crude lifting and product importation will also be modernised to reduce the potential for corruption and create transparency. To facilitate all these, Nigeria intends to deepen capacity in the oil sector agencies through training with a view to improving 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.

813. The NEITI appears to enjoy great support from stakeholders in Nigeria but as is the case with most initiatives, sustainable funding will need to be secured for effective implementation. Political factors such as lack of supportive legislation governing the use of Excess Crude Account funds as well as systemic governance and transparency issues may also affect the roll-out of the initiative.

814. In addition to the NEITI, other initiatives that demonstrate the efforts being made to institutionalise and implement CSR in Nigeria include the launching by the country of 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 ten universally accepted principles in the area of human resources, labour, the environment and anti-corruption. Several Nigerian companies including Coca-Cola – West Africa, BHL Holdings Nigeria Ltd, MTN Nigeria Communication Ltd, Equity Line Insurance Company Ltd, SANTON Nigeria Ltd, and the Shell Petroleum Development Company of Nigeria Ltd have already signed on to the Global compact.

815. A lot of the focus in Nigeria on CSR tends to fall on multinationals and the big oil-producing companies. The mission is of the view that SMEs and other home-grown companies could play a critical role, particularly given their understanding of the local context and various cultural nuances. This may include issues such as skills development and public and civic education on relevant issues (HIV/Aids gender issues, child labour etc).

816. Civil society organizations (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, CBOs and CSOs are weak; lack internal democracy and themselves demonstrate limited transparency and accountability. Other issues cited include low levels of self-sustainability, isolation/lack of inter-organisational communication and/or coordination, small-scale interventions, and sometimes lack of understanding of the broader social or economic context.

817. The media has also failed to be effective as a watchdog for public interest because of over-concentration on politics and limited expertise and/or lack of interest in investigative and feature reporting. The passage of the Freedom of Information Act (the Bill is still before parliament) will also facilitate the work of the media in this regard.
818. Another factor that should not be forgotten is the role that traditional leaders in Nigeria can play in enhancing governance in general in the country, and corporate social responsibility in particular. However, regard should be had to the fact that traditional rulers are often compromised by the prevailing culture of dependency on the political establishment and possible bias.

Environment

819. Since oil was discovered in Nigeria in the 1950s, the country has consistently suffered the negative environmental consequences of oil development. Nigeria also experienced a population explosion which, in the absence of effective 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 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.

820. The mission was informed that the Nigerian government is keen to expand natural gas consumption to relieve some of the pressure on native forests, which continue to be burned for fuel in many rural areas. Even with the end of gas flaring, air pollution is likely to remain a problem in Nigeria, as other sources such as automobiles and diesel-fired electricity generators contribute to the choking air in cities such as Ibadan and Lagos, which are plagued by daily smog.

821. The utilisation of renewable energy sources in Nigeria remains limited. Nigeria's usage of hydropower, geothermal and solar energy is still low. One of Nigeria's main challenges is how to provide energy to cater for a rapidly growing population in a sustainable manner.

822. The Federal Environmental Protection Agency Decree established Nigeria’s Environmental Protection Agency and defines its powers. The Federal Environmental Protection Agency (Amendment) Decree, No 59 of 1992, then created the Governing Council of the EPA (of which the President of the Federation is Head) and its Technical Committee. However, as with many oversight bodies in Nigeria, its capacity to monitor environmental issues is inadequate. The general feeling is that the creation of the Federal Environment Protection Agency has not done much to cause a substantial change of attitude and behaviour by corporations towards the environment. The link to the executive through its headship also appears to compromise its autonomy.

823. Nigeria is a non-Annex I country under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. The country signed the Convention on 13 June 1992, and subsequently ratified it on 29 August 1994. Nigeria could be one of the main beneficiaries of the Kyoto Protocol, which if implemented could stimulate the high-tech and construction industry, help create jobs, reduce health care costs from air
pollution, and improve the eco-system. For this to happen there is a need for a clear commitment from government and leadership, an appreciation of the long-term benefits, as well as the requisite allocation of resources to support sustainable development.

### iii. Recommendations

824. The Panel recommends that Nigeria

- Fully observe labour laws. (*Government, trade unions, private sector*).

- Improve the mechanisms for asserting worker’s rights, through the court system as well as alternative dispute resolution tribunals. (*Government, labour*).

- Encourage employers to develop and publicise policies on issues such as sexual harassment, gender discrimination, HIV/AIDS in the workplace etc. (*Private and public sector employers, labour, women’s groups etc*).

- Involve tripartite structures - trade unions, private sector employers and all levels of government including government agencies - in negotiations on social and industrial policy, trade and the setting of minimum wages. (*Government, trade unions, private sector*).

- Address gender and youth employment issues, as well as informal sector work conditions in tripartite discussions. (*Government, trade unions, private sector*).

- Take concrete steps to address issues such as 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 regularly monitor the industrial waste disposal practices and policies of corporations and bring to the attention of authorities and the public any violation of environmental regulations in their localities. (*FERMA, private sector, civil society, media*).

- Explore modalities for developing new and renewable sources of energy such as hydropower, geothermal and solar energy. (*Federal and state governments*).

- Devise schemes to reduce congestion and air pollution from carbon emissions from cars, generators and factories. Congestion pricing plans or alternative bio-fuels use has to be part of an overall environmental plan for large cities and towns. Also, these entities should have plans for proper waste and sewage disposal and for preventing the degradation of creeks, rivers and underground water in heavily populated areas and in areas where oil is produced. (*Federal and state governments*).
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- Raise awareness through the use of local and national media outlets. NGOs and other human rights groups should also do so through their work. There is the need to put into place a regulatory body, a Social Responsibility Commission, whose mandate includes raising awareness of CSR. *(Federal and state governments)*

- Continue to use public-private partnerships for improving CSR. Ultimately, all CSR efforts are aimed at improving the welfare of the communities in which companies operate in. Public-private partnerships if effectively coordinated, will result in increased benefits for the companies and the communities they operate in *(Federal and state governments, private sector, CSOs)*

### Objective 3: Promote the Adoption of Codes of Good Business Ethics in Achieving the Objectives of the Corporation

#### i. Summary of the CSAR

825. According to the CSAR, the adoption of codes of good business ethics in Nigeria is rather a challenge. Pervasive corruption and flagrant violation of laws in both the public and private sectors with impunity, despite the progress made, remains the order of the day. For example, contracts were awarded where the due processes were not followed, the process lacked transparency, and these contracts were not awarded on the basis of merit. The wanton violations of codes of good business ethics in the country are due to the sophisticated nature of corruption in the country as well as its peculiar political culture, which is ensconced in godfatherism.

826. Earlier anti-corruption initiatives were not successful despite a plethora of laws on the books, because those who were entrusted with the enforcement of the laws or with policy making were not sincere committed to fighting corruption, which therefore became rampant. The legal system has yet to become strong enough to fight corruption.

827. The country’s movement to democracy after 1999 has contributed significantly to the promotion and adoption of codes of good business ethics in Nigeria. The government has declared war on corruption and has established several agencies to actively fight corruption in the public and private sectors. The government has also set up key agencies to fight corruption and to promote the adoption of codes of good business ethics in the country. Some of these agencies include:

- The Independent Corrupt Practices and Other Related Offences Commission (ICPC), which was inaugurated in 2000

- The Budget Monitoring and Price Intelligence Unit (BMPIU), inaugurated in 2001
• The Economic and Financial Crimes Commission (EFCC), inaugurated in 2002

828. The CSAR also lists the following legislative measures that exist to fight white collar crime:

• Penal Code Act (1959)
• Advance Fee Fraud and Other Fraud Related Offences Act (1995)
• Trade Malpractices Act (1995)
• Money Laundering Act (1995)
• Investment and Securities Act (1999)

829. The bodies listed by the CSAR that are tasked with the promotion of codes of good business ethics include the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange (NSE), the Central Bank of Nigeria (CBN), the National Insurance Commission (NIC), and the Code of Conduct Bureau (CCB).

ii. Findings of the CRM

Measures to promote ethics

830. The CRM found 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 ethics in the country but rather the failure to implement existing laws, revise outdated laws and fight corruption.

831. The CRM also noted that several efforts were made by subsequent military and civilian regimes before the 1999 democratic dispensation to bring about good business ethics in the country. For example, 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 No 38 of 1975 was introduced to fight corruption among public servants. A code of conduct bureau and tribunal was 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 anti-corruption programme was launched. From 1985 to 1993, the National Committee on Corruption and other Economic Crimes in Nigeria was set up. Between 1994 and 1998, a notable development was the drafting of an anti-corruption decree in 1994, the Indiscipline, Corrupt Practices and Economic Crime Draft Decree.

832. To modernise, reform and update its plethora of laws, the FGN created the Law Reform Commission. Unfortunately, the work of the Commission has
been hampered since its formation by 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. Corporate entities, especially affiliates of multinational corporations, when they do, conform in their management practices to the more up-to-date laws of their home countries, but if they violate these laws there are no applicable provisions under Nigerian law under which such corporations can be sanctioned.

833. Corruption and poor business ethics therefore continue unabated in the country and remain entrenched and pervasive. The CRM found out that initial efforts to fight corruption were not successful because the effective enforcement of the legal instruments available to combat corruption were lacking and the will to combat corruption was not strong. The appreciation of the sophistication and magnitude of the problem was rather limited. Furthermore, the effort to fight corruption was limited to the public sector but above all, there was the lack of political will.

834. The CRM noted that current efforts in the country since the 1999 democratic dispensation have contributed a great deal to improving the business ethics environment in the country. For example, the setting up of agencies like the Economic and Financial Crimes Commission, the Independent Corrupt Practices and Other Related Offences Commission and the Budget Monitoring and Price Intelligence Unit are all steps in the right direction on the part of the authorities to combat corruption and promote a good business ethics environment in Nigeria. But Nigeria has yet to effectively and sustainably embark on reducing corruption.

835. The CRM also found out that there is legislation in place to fight money laundering, insider trading, and other financial malpractices. For example, there is the Money Laundering Act of 1995, the Advance Fee and other Related Offences Act of 1995, and the Failed Banks and Financial Malpractices in Banks Act of 1994. Despite the adoption of these acts, when the United States created a Task Force to fight the “war on terror”, it listed Nigeria as susceptible to being a terrorist haven, to money laundering, drug trafficking and financing terrorism that provided impetus to the FGN to act. When Nigeria was listed by the Financial Action Task Force as a non-cooperating country, the FGN responded by consolidating its banks and making rigorous efforts to fight money laundering, fraud and other financial malpractices in the country. Consequently, Nigeria was removed from the Financial Action Task Force 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) indicate that the authorities are now working to implement recommendations of the recent mutual evaluation conducted by the Inter-Governmental Action Group Against Money Laundering in West Africa.
836. The CRM applauds the foregoing as well as the work of the Nigeria Financial Intelligence Unit (NFIU), but observes that much more needs to be done in the area of enforcement to effectively fight money laundering and financial malpractices. The CRM team also found out that because of the greatly enhanced resource base of most of the merged banks, after consolidation they are facing technical and management issues as well as other capacity issues. Special efforts need to be made to address this.

837. The CRM also found that the unethical relationship between corporate leaders and politicians is rather pronounced. This has resulted in some politicians having significant shares in some of the private companies which some of their ministries oversee. Most corporate leaders in the country acquiesce to avoid unnecessary bureaucratic bottlenecks being put in the way of their companies. The 2006 outcry over the lack of transparency in the allocation of the Abuja Airport concession is a case in point, as is the current president’s decision to reverse the privatisation of NITEL.

838. The CRM observed that whistle blower legislation is currently lacking in Nigeria. It is the view of the CRM that provided all necessarily safeguards, including whistle blower protection measures, are effectively in place, whistle blowing could contribute a great deal to the exposure of unethical and corrupt business practices in the country. The role of the media in this aspect cannot be sufficiently emphasised. In this regard, efforts should be made to fast-track the passage of the Freedom of Information Act currently before the National Assembly. Unfortunately, the CRM team has 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 malfeasance.

iii. Recommendations

839. The panel recommends that Nigeria:

- Effectively enforce the laws on the books to fight corruption and ensure that good business ethics are adhered to. Criminal laws, such as the Corrupt Practices and Related Offences Act of 2000 must be used to vigorously protect investors, provide sufficient safeguards for securities markets against insider trading, prevent fraud and bolster the regulatory and supervisory functions of the Central Bank of Nigeria. [*EFCC, ICPC, SEC, NSE*].

- Strengthen EFCC and ICPC, by ensuring their autonomy and consider the decentralisation of these agencies or their equivalent to state levels. [*Legislature, judiciary*]

- Enhance the enforcement powers of the SEC so that it can better prosecute persons who commit financial and economic crimes. (*SEC*)
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- Ensure adherence by companies to the provision of CAMA forbidding donations to political parties. [CAMA, EFCC, ICPC]

- Enact outstanding pieces of legislation to fight white collar crime. Investigation officers of white collar crime should be given the right tools and training to combat crimes ranging from insurance fraud to money laundering. (The Freedom of Information Act and Whistle Blower Legislation -- Legislature)

- Enhance training and equip investigative officers with the right tools to combat white collar crimes ranging from money laundering to insurance fraud. (SEC, ICPC, EFCC)

- Build the capacity of financial and investigative journalism. (Association of Journalism, media houses and government)

- Promote greater independence of auditors and have their fees paid from a central fund that should be created by the regulatory authorities, not audit committees. [Auditor’s consolidated fund].

- Urgently review and amend the CAMA Act of 1990. [Legislature].

- Implement EITI fully and ensure that Nigeria becomes a permanent participant of the initiative. [Federal government, state governments].

Objective 4: Ensuring that Corporations Treat All Stakeholders - Shareholders, Employees, Consumers, Suppliers and Communities - Fairly

i. Summary of the CSAR

Rights of shareholders

840. The CSAR notes that provision for shareholders’ safeguards in corporate governance in Nigeria is articulated in two broad frameworks: the Company and Allied Matters Act and the Securities and Exchange Commission Act. These pieces of legislation provide two broad levels of protection for shareholders: shareholders and boards of directors and minority and majority shareholders and the management (minority protection).

841. The provisions of the CAMA include a restatement of the basic rights of shareholders relating to general meetings and its responsibility for ensuring them. Section 262 of the CAMA touches on shareholders’ control of the tenure of directors. Section 290 deals with the non-exclusion of Director’s liability and the doctrine of lifting the veil. Section 379 of the CAMA restates the basic common law position relating to dividends. Shareholders do not have a right to
dividends, but once a dividend has been declared, then shareholders have a right to any earnings therefrom.

842. Beyond the safeguards provided by the CAMA, the SEC is also conscious of shareholders’ rights in public liability companies, including their rights to the disclosure of information and privileges of the company. As much as possible, the SEC statute seeks to ensure that shareholders are enabled and not disenfranchised as far as their direct financial relationships with the companies are concerned. The SEC examines scenarios that motivate voluntary compliance by companies. Pressure groups such as shareholders’ associations are encouraged to be alive to their responsibilities and to influence their companies to comply with the provisions of the Code of Corporate Governance.

843. In Nigeria, over 20 million shareholders own shares in public and private companies. Many of these are minority shareholders who are generally ignorant of their rights and responsibilities. When they become aware, they often adopt a passive approach, 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.

844. Recently, the number of shareholders’ association in Nigeria has increased to include the Nigerian Shareholders Solidarity Association’ (NSSA), the Independent Shareholders Association of Nigeria (ISAN), and the Association for the Advancement of Rights of Shareholders (AARNS). The proliferation of shareholders’ associations and the rise in shareholder activism is an indication of the lack of trust and dissatisfaction of the investing public with the performance of directors and auditors in the companies in which they have investments.

845. In recent times, the Nigerian Shareholders Trustee Association called on the EFCC to investigate the purported sale of African Petroleum (AP) shares; the controversial sale of NNPC shares in AP did not follow due process. Also, over 300 shareholders in Cadbury Schweppes’s Nigerian subsidiary launched a class-action lawsuit against the board of Cadbury Nigeria and its auditor for breach of duty, claiming they suffered “a huge loss” as a result of the overstatement of the company’s financial position and that the defenders failed to act in their interests. They also sued for access to a review carried out by PriceWaterhouseCoopers.

846. A draft Code of Conduct for Shareholders has been circulated to the leadership of shareholders’ associations for their comments and inputs. The new code of ethics for shareholder associations is to ensure good corporate governance in the sector; a well-focused shareholder association should enable SEC to discharge its oversight obligation regarding company management. Although the shareholders interviewed were unanimous on the need to restore sanity in the running of 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 were of the view that registration of 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

847. The CSAR identifies corporate stakeholders as *all the parties affected by the activities, and/or, interested in the well-being of, the firm such as employees, customers, suppliers and creditors, financiers, communities of location, governments, the society generally and even competitors.*

848. The CSAR indicates that Nigeria’s code of corporate governance is narrow and does not explicitly recognize the rights of stakeholders other than shareholders. This is in contrast with current trends in corporate governance elsewhere, especially in industrialized countries post-Enron. On the whole, the CSAR asserts that the rights of other stakeholders (suppliers, creditors, employees, consumers, communities etc) are generally not well observed.

ii. Findings of the CRM

Shareholders

849. As indicated in the CSAR, it emerged that 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 and lays the basis for their equitable and fair treatment as stipulated in the provisions of the company law (CAMA) and the Securities and Exchange Commission Act and the 2003 Corporate Governance code. The code provides the following:

- The Board should ensure that all shareholders are treated equally, and that no shareholder should be given preferential treatment or superior access to information or other materials.

- As far as possible, there should be at least one Director on the Board representing minority shareholders.

- The company or the board should not discourage shareholder activism whether by institutional shareholders or by organised shareholders' groups. Shareholders with larger holdings (institutional and non-institutional) 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 in such a manner as to ensure that neither group enjoys preferential treatment.

850. The various discussions and consultations confirmed that while the fair and equitable treatment of shareholders is provided for in law and the corporate
governance framework, many shareholders are ignorant of their rights and have no clue as to the provisions of the law. The rendition of false returns and concealment of information from shareholders and regulatory authorities were the hallmark of many companies, including banks before the consolidation exercise in the banking sector. Many shareholders also receive hardly any earnings on their declared dividends.

851. The proliferation of shareholders’ associations was an indication of lack of trust and dissatisfaction among the investing public with the performance of directors and auditors in companies in which they had invested. Although there is a rise in shareholder activism, capacity building needs to be undertaken so as to ensure that shareholder associations effectively play this role. The role of institutional investors in playing this role should be also encouraged.

**Stakeholders**

852. The Nigeria Corporate Governance code of 2003 was promulgated “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 at 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”.

853. In defining the responsibilities of the Board of directors the Code stipulates that “The Board should ensure 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 at the same time “[e]nsure the integrity of financial controls and reports, that ethical standards are maintained and that the company complies with the laws of Nigeria”.

854. In addition, various laws have been enacted to protect the rights of stakeholders and ensure that they are treated fairly.

**Employees**

855. Various laws have been enacted to facilitate the fair treatment of employees in the corporate governance framework. These include Labour laws - National Minimum Wage ((Amendment) Act, Maritime Labour Act of 2003, the Trade Union (Amendment) Act of 2005, a host of other related labour, factory security and workplace safety legislation and guidelines, the Companies and Allied Matters Act – which guarantees workers priority payment in the event of liquidation; the workmen’s compensation Act and a host of other legal instruments.

856. Unfortunately it emerged that many employees are not aware of their rights, doubt the sincerity of trade unions, labour inspectors and supervisory authorities, and the courts’ commitment to enforcing those rights and or taking
legal action against corporate bodies. This results in a perception that employers are unduly insulated by the law or its interpretation, which apparently favours employers at the expense of the employees, resulting 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 impartial and independent role has tended to be compromised by the fact that in Nigeria the government is a major employer.

CEDAW, which Nigeria ratified in 1983, gives women the same employment rights as men, prohibits discrimination in recruitment and access to training, provides for equal remuneration, prohibits the dismissal on the basis of marital status or pregnancy, and provides for maternity leave. The mission found, however, that corporate employers commonly fail to extend to women the rights conferred on them under labour laws. Relevant issues include: gender equality in access to employment, equal remuneration for women, equal treatment in recruitment, promotion and dismissal, protection from sexual harassment, child allowances and the right to adequate paid maternity leave.

**Consumers**

There are a number of laws in Nigeria that are instrumental in protecting consumers. These touch on counterfeit products and especially drugs and medicines and intellectual property. Also relevant here are all the anti-corruption and anti-fraud initiatives.

Although there is no consumer legislation, Nigeria does have Consumer Protection Councils, established at federal and state levels.

**Box 5.2: The Consumer Protection Council**

<table>
<thead>
<tr>
<th>The Consumer Protection Council is established to -</th>
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<tr>
<td>• provide speedy redress to consumers’ complaints through negotiations, mediation and conciliations</td>
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<tr>
<td>• seek ways and means of removing or eliminating from the market hazardous products and causing offenders to replace such products with safer and more appropriate alternatives</td>
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<tr>
<td>• 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</td>
</tr>
<tr>
<td>• cause an offending company, firm, trade, association or individual to protect, compensate or provide relief and safeguards to injured consumers or communities from adverse effects of technologies that are inherently harmful, injurious, violent or highly hazardous</td>
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<tr>
<td>• organise and undertake campaigns and other forms of activities that will lead to increased public consumer awareness</td>
</tr>
<tr>
<td>• encourage trade, industry and professional associations to develop and enforce in their</td>
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</table>
various fields quality standards designed to safeguard the interest of consumers

- issue guidelines to manufacturers, importers, dealers and wholesalers in relation to their obligation under the law
- encourage the formation of voluntary consumer groups or associations for consumers' well being
- 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 for either intended or normally safe use; receive, 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 a settlement
- where appropriate, recommend to the Council the payment of compensation by the offending person to the injured consumer.

Source: www.cpcnigeria.org.

860. The Consumer Council has the power to: apply to courts to prevent the circulation of any product which constitutes an imminent public hazard; compel a manufacturer to certify that all safety standards are met in their products; cause as it deems necessary, quality tests to be conducted on a consumer product; demand production of a label showing the date and place of manufacture of a commodity as well as certification of compliance; compel a manufacturer, dealer and service company where appropriate, to give public notice of any health hazards inherent in their products; ban the sale, distribution and advertisement of products which do not comply with safety or health regulations.

861. In the context of the consumer council it was indicated that any consumer or community that has suffered loss, injury or damage as a result of the use or impact of any goods, product or service may make a complaint in writing to or seek redress through a state committee. It was further stated that where a consumer, or a person having an interest in a matter is an illiterate or is subject to any physical disability and thereby unable to write, the clerk or other official working with the state committee shall cause such consumer or person's statement to be written at no fee or payment of any kind from such consumer, or person.

862. The mission was informed of various matters relating to infringement of consumer rights, including the adulteration of products, price fixing and the existence of monopolies and cartels. Despite the prevalence in consumer militancy, in many cases stakeholders do not know of the existence of the consumer protection council and where they do, the fear of victimisation and other cultural issues deter them from making any reports to the Council. Most significantly, the endemic culture of corruption taken together with the very low levels of consumer awareness in Nigeria results in consumers being
saddled with low-quality goods, poor services and often subjected to
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.
For example the CPC does not have offices in all states in Nigeria. Equally
worrying is the absence of consumer protection legislation to support the work
of the CPC.

863. The mission also learnt that in addition, the Standards Organisation of Nigeria
protects consumers in respect of “Made in Nigeria Goods”. SON employs a
scheme of product certification for the enforcement of both high standards and
control of quality through the award of Nigeria Industrial Standards (NIS)
“mark of quality” to outstanding products. The procedure for certification of a
product involves three important steps, namely a series of systematic
inspections of the product and factory to determine whether the product
conforms to Nigeria Industrial Standards specifications and established
parameters; regular but random procedural inspections of factories, with
laboratory tests on sample products to ensure that the subsequent production
complies with the approved NIS specifications and annual strict monitoring
and evaluation of compliance with relevant standards and parameters before
renewal of the certification with withdrawal of certification where enterprises
default after the award.

864. Unfortunately, stakeholders’ awareness and understanding of the certification
process, or their ability to authenticate the mark of quality, coupled with the
apparent lack of capacity to regularly inspect products in the market seriously
compromises the process. Also, because of corruption and low implementation
effectiveness, most Nigerians have little confidence in these processes, and
prefer to buy imported products. Furthermore, traders and others tend to offer
“Made in Nigeria” goods as imported.

865. The mission also learnt that in 2004 the Government of Nigeria introduced the
SERVICOM, a social contract between the government and the people, to give
every Nigerian the right to demand good public service. Details of the rights
are contained in SERVICOM charters that are available to the public in all
government agencies. These charters tell the public what to expect, how to
expect it, and [provide] a clear process of grievance redress in the event
of service failure. It was indicated that this was done in a bid to reverse the trend
where Nigerians have felt short-changed, saddled with poor services, and often
subjected to unwarranted hardship over delivery of basic public services, most
of which tend to be riddled with inefficiency and corruption. Services often are
not delivered without “undue influence” or “inducements”. Note, however,
that Nigerian culture and the high illiteracy rate render these processes
considerably less effective.

Suppliers and creditors

866. The discussion and stakeholder consultations indicated that the public
procurement guidelines, contract law, the CAMA, the winding up and
bankruptcy laws and the corporate governance framework all reasonably
provide for the equitable and fair treatment of suppliers and creditors in line with prudent commercial practice. Generally, Nigeria respects creditor rights. Although its status is inferior to that of OECD member states, it is above average for African states.

867. The consultations indicated that compliance with the law would ensure that all suppliers and creditors are subjected to the same terms and conditions in supply and delivery and payments terms on a timely and punctual basis. It was also suggested that even in cases where corporations are winding up, payments to the same class of creditors ought to be made on a pari passu basis. Given the tendency to low and inadequate sanctions measures, the deterrent impact of laws and regulations is limited.

868. It was indicated that the establishment of the Budget Monitoring and Price Intelligence Unit (BMPIU) was expected to induce equitable and fair treatment for all potential suppliers to the public sector by promoting transparency in all financial transactions, opening up and making competitive all tender arrangements and regulating bidding for government contracts through the “due process” mechanism. It was indicated, however, that implementation still left much to be desired. Perceptions are that corruption is still very prevalent in the public procurement process in Nigeria.

869. The discussion and consultations indicated that although much has been done to improve the mechanisms for the resolution of commercial disputes, this was still a hindrance to the enforcement of creditor and supplier rights

Government

870. The participants at the various discussions and consultations did not consider the government a critical stakeholder. Many indicated that there is low awareness of the laws governing “tax assessment”, tax liabilities and tax obligations among many of the locally owned business enterprises in Nigeria. There was also an indication that the flagrant violation of taxation laws by business owners and operators in the country was based on the apparent belief that no taxation should be levied in the light of the massive oil revenues accruing to the country. It was indicated that the implementation of taxation laws tended to favour some enterprises or render the process capable of being manipulated for political or personal gain.

Competitors

871. Fair competition is the basis of business creativity and innovation that 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 law to all enterprises in the same category or sector. The Federal Competition Commission Bill of 2005 was conceived to put in place legislation to provide a level framework for effective competition.
872. Participants pointed out that because of corruption, lack of capacity to investigate abuse of intellectual property rights, and reluctance to give political priority to the enactment of the competition and antitrust legislation, it cannot be said that there is fair and equitable treatment of competitors in the corporate governance framework.

Intellectual property

873. 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 mission was informed of various instances of piracy and copyright infringement including infringement of the copyright of books.

iii. Recommendations

874. The Panel recommends as follows:

Shareholders

- The law regarding the statutory notice period of 21 days on AGMs be extended where possible to 28 days and such notice be published in a major daily newspaper or be made available to media houses for wider public dissemination on local media outlets. [CAC, legislature, shareholders associations]

- Shareholder’s rights to call meetings should not be diluted through provisions in company articles that attempt to set criteria that eventually diminish this right. [This requires a prohibitory provision in CAMA, thus SEC and CAC ]

- SEC create mechanisms and make efforts to enforce shareholder’s rights to receive declared dividends and facilitate mechanisms that allow those with very small shareholdings to receive these in easily convertible instruments. [SEC, shareholder associations]

- Shareholder associations and institutional investors step up efforts to ensure that the interests of all shareholders are protected. They should regularly press companies for information, especially about a company’s financial position. In addition to information about performance, shareholders must have full disclosure as regards the public offering of securities. At all times, the terms of the public offering must be fair, equitable and just. While zonal shareholder associations are appropriate to take into account the vastness of the country, it does appear that while some competition – to remove the possibility of “the officials being purchased to keep quiet” – is a good thing, the apparent excessive fragmentation of 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 -- accountants, company secretaries, lawyers, internal auditors, and even academia, etc and the regulatory authorities -- the SEC, Central Bank, Stock Exchange, CAC, etc. [Shareholder associations, SEC and LSE]

**Stakeholders**

- Each company be encouraged to enact a code of ethics to cater for all those who deal with and for it. [SEC, IOD, NSE Shareholder Associations, accountants CSOs]
- All the regulatory authorities collaborate and provide a mechanism to raise the awareness of all key stakeholders – of their rights, the provisions of the law and mechanisms to monitor and ensure compliance – and support the building of the capacity of key stakeholder civil society organisations to enable them to monitor and enforce compliance with good corporate governance standards and ensure protection of stakeholder rights. [SEC, LSE, CBN, CPC, SON etc]
- The regulatory authorities and CSOs collaborate to develop and put in place mechanisms to promote non-financial reporting by all key business entities. [CAC, SEC, LSE, IOD AND CSR CSOs]
- The capacity of the CPC and other entities protecting consumer rights be enhanced. [Federal and state governments with support from professional associations]
- The capacity of NAFCB and other entities protecting intellectual property rights be enhanced and the adequate 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 Association].

### Objective 5: Providing for Accountability of Corporations, Directors and Officers

#### i. Summary of the CSAR

According to the CSAR, the level of governance which exists today in Nigeria provides an inadequate check on boards of directors. 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 the company’s assets and interest and therefore turn the company into a loss-making entity. 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 information disclosure**

876. The CSAR points to the prevalence of instances of inaccurate, sometimes deliberately misleading, reporting by companies. This is manifested in two main ways: the understatement of profit so as to evade tax liabilities; and the overstatement of the financial viability and liquidity of corporations to sustain investor confidence unjustifiably in the case of failing corporations.

877. Apart from financial services organisations (mainly banks), the managements of some of the listed companies (including large multinational oil/gas and non-oil/gas companies) have not established structures and support systems for the monitoring, organisation, briefing and notification of corporate policies and procedures to the staff.

878. Improving transparent and reliable financial reporting is a collective responsibility of all stakeholders. Supervisory or regulatory authorities have wide powers to enforce compliance with the code of corporate governance. The SEC has designed an all-encompassing checklist that complies with International Best Practice in the areas of both financial reporting and corporate governance. The periodic reviews by the Commission of same are designed to ensure that observed lapses are promptly corrected. Being a signatory to the IOSCO Regulatory Interpretation and Information Decision Data Base, the SEC also ensures that companies comply strictly with the minimum requirements of the International Financial Reporting Standards regarding full disclosure. However, limited capacity prevents the SEC from effectively achieving these objectives.

879. The CBN’s code of corporate governance for banks in the post-consolidation era makes elaborate provision to ensure industry transparency, due process, data integrity and disclosure requirements. A corporate governance compliance status report is required to be included in the audited financial statements.

**Accounting and Auditing Standard in place in Nigeria**

880. The comparison of Nigeria’s Accounting and Auditing Standards and practices with international standards *in practice* shows that the country still has a lot to do in complying with the international standard, even though SEC’s rules and regulations comply fully with international best practices of the securities industry. Nigerian standards compare reasonably well, at least *in principle*.

881. The traditional practice by Nigerian business organisations of relying on their internal auditors to audit firms 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 as being not totally free from manipulatory practices and low ethical standards.

882. In Nigeria, a suitable regulatory framework that would strengthen regulatory bodies does not appear to exist; those organisations mandated to perform those functions suffer capacity constraints as well. There is no establishment regulating and supervising the operation of audit committees of boards in Nigeria. Also, the board is not completely separated from the audit committee, especially in family-ownership structures. Most of the listed companies are mainly managed through practices that have been informally imposed as common law by the management. The organisation of internal control systems for companies that are not listed (especially those that do not operate as foreign subsidiaries or branches of large multinational companies) hardly complies with best practice.

Sanctions imposed for non-compliance

883. The Code of Conduct for capital market operators provides for sanctions for violators of the code. Sanctions imposed for non-compliance by corporations with disclosure of financial information include warnings, fines, deregistration, prosecution of the directors, suspension of trading, public reprimand, civil penalties and criminal penalties.

884. As a member of the IOSCO, the SEC has an Enforcement and Compliance Department, which is responsible for administering the Commission’s Enforcement Programme. There is evidence of some enforcement actions against certain corporations and individuals for a number of violations of the ISA 1999. However, these enforcement actions have focused on dealings in stocks and shares, including the rights of individuals to bonus shares, dividends, etc.

885. The result of the rating of usage of various sanction measures against corporations for noncompliance with requirements for the disclosure of financial and nonfinancial information by the elite shows that majority of them described these sanctions as moderately effective.

Structure and characteristics of boards of directors or governing or supervisory bodies

886. Nigeria has a unitary board structure. Consideration is being given to requiring that boards should be composed of executive and non-executive directors. The stewardship role of non-executive directors is crucial in maintaining high standards of corporate governance. Corporations in Nigeria usually have shadow directors — persons who may not formally be on boards but on whose instructions directors are accustomed to act. This is sometimes the case where politicians hide behind other people for fear of exposure to scrutiny.
Process of appointment of board members

887. Merit as a standard for the appointment of directors in the public sector is less important than in the private sector. Corporations in the public sector are largely influenced by current political considerations depending on the government in power and their respective interests.

Provision of strategic direction by the board

888. The degree to which Nigeria’s corporate governance framework ensures the strategic guidance of corporations, effective management by boards and boards’ accountability is moderately effective, according to the CSAR. Similarly, responsibilities by the boards of corporations to the government, stakeholder environment and the community as a whole are considered to be moderate.

ii. Findings of the CRM

Programmes for Training, or Development of Directors

889. There are sundry training programmes for training and development of directors in Nigeria. A long-established institution that undertakes this training is the Financial Institutions Training Centre. The Institute of Directors (IoD) also plays a key role in the training and development of directors. The Nigerian Capital Market Institute (NCMI) is a rallying point for training, capacity building and updating of knowledge for capital market operators and other stakeholders.

Accountability and information disclosure

890. Corporations in Nigeria tend to withhold information from their stakeholders, including governments at all levels, shareholders, the community and employees. Often, they render false returns and also as conceal information from regulatory authorities. A tendency not to disclose information is primarily explained by corruption, such as the desire to evade taxes. Corporations, whether privately or publicly owned, seem not obliged to be accountable to stakeholders. Also, participants in the interactions expressed the view that economic crimes are pervasive in public and private spheres of the corporate economy; corruption and other economic crimes pervade almost every segment of the national economy and have become overwhelming in all levels and all branches of government and the private sector. The constraints to full disclosure are a means of self-preservation.

Accounting and auditing standards in place in Nigeria

891. In Nigeria, a suitable regulatory framework that would strengthen regulatory bodies does not appear to exist. There is no establishment regulating and supervising the operation of audit committees in Nigeria.
892. To ensure accountability and information disclosure, management needs to be independent and directors’ accountability to the shareholders ensured. Directors should be selected or appointed by shareholders for short, fixed-term contracts of service. To reinforce their accountability, all elements of directors’ remuneration should also require explicit approval by the shareholders.

893. Independent and internal auditors, but especially internal auditors, often deliberately falsify reports. Corporations seldom respect employees’ right to information. When information is disclosed, disclosure is restricted to certain classes of information.

894. The managements of many listed companies do not establish organisation and support functions for the monitoring, organisation, briefing and notification of corporate policies and procedures to the staff.

Accounting and auditing standards in place in Nigeria

895. The accounting and auditing regime in Nigeria is inadequate. Public opinion views Nigerian companies as failing in the areas of disclosure, transparency and explanation of corporate policies and actions to shareholders.

896. Participants expressed deep concerns about large-scale malpractices and abuses of the system by capital market operators in the recent past. Instances of forged certificates and over-valuation of stocks running into millions of naira were discovered and there was the case of African Petroleum Plc. In view of the weakness of the existing code of ethics, participants seem agreed that the role of accountants and auditors in perpetrating corporate crimes is considerable and must be carefully watched if credible disclosure is to be achieved. The weak code of ethics and the general characteristics of the overall environment facilitate falsification of accounts by directors/management of quoted companies and the incidence of unethical “creative” accounting practices in the Nigerian corporate sector.

897. There are also capacity constraints and no effective and efficient institutional arrangements to ensure compliance with accounting and auditing standards. The Nigerian Accounting Standards Board (NASB) still has to develop the infrastructure for monitoring and enforcing compliance with accounting standards. The professional accounting bodies such as ICAN lack capacity to effectively monitor and enforce compliance with auditing guidelines. The inability of these bodies to provide adequate training and continuing education owing to lack of adequate resources is likely to perpetuate the problem.

Sanctions against non-compliance

898. 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. In October 2006, the board of
Cadbury Nigeria PLC made public the discovery of “significant and deliberate overstatements” in her accounts, spanning many years, although PricewaterhouseCoopers named its chief executive Nigeria’s “most respected CEO” in September 2006. PricewaterhouseCoopers subsequently investigated the “overstatements” it had failed to detect or report and returned a charge of fraudulent accounting against the firm. The Managing Director and Finance Director of the company were sacked and barred by the NSE from running any publicly quoted company, but there is no report of further sanctions against the corporation.

899. There was general agreement among participants that the incidence of quacks 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. In other words, the absence of records demonstrating sanctions capable of deterring violations is exacerbated by regulatory agencies’ lack of critical capacity.

900. The mechanisms for enforcement and compliance are very weak and ineffective and penalties are often dated. Most companies do not comply with the requirement for each company to file a copy of its audited statement and directors’ report. Even for these violations, the CAC does not apply any sanctions. 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

901. Nigeria has a unitary board structure although there are plans to require that boards be composed of executive and non-executive directors. Non-executive directors would be expected to maintain high standards of corporate governance. Note, however, that reflecting Nigerian social, political and governance behavioural characteristics, corporations often have shadow directors — persons although not formally members of boards on whose instructions directors are accustomed to act. As a result, boards of corporations do not exercise their responsibilities to the government, shareholders and their communities effectively.

Process of appointment of board members

902. Participants in general were of the opinion that appointments to boards in both the public and private sector, but especially in the public sector in most cases, are not based on merit. The general view is that the level of governance in Nigeria provides an inadequate check on boards of directors.

Provision of strategic direction by the board

903. Weaknesses in strategic management characterise the situation in the corporate sector in Nigeria. Disagreements between the board and management gives rise to squabbles among board members and lead to ineffective exercise by
boards of their oversight functions; fraudulent and self-serving practices among members of the board, management and staff. If the chairman or MD/CEO exerts too much influence, especially in family-controlled banks, this weakens internal controls. Ignorance of and non-compliance with rules, laws and regulations guiding the banking business is considerable; shareholders are passive; poor risk management practices are widespread and result in a large quantum of non-performing 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 development of directors

904. Although long established institutions such as the Financial Institutions Training Centre and the Institute of Directors (IoD) play key roles in the training and development of 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 and the capacity of professional bodies to discharge their roles effectively need enhancement. Professional institutes such as the Institute of Directors, and the regulatory bodies for chartered company secretaries and administrators, bankers, accountants and lawyers ought to be involved. Management training centres can also play an important part.

iii. Recommendations

905. The 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 needs to be improved (the SEC, the Inland Revenue Service, the CBN, the CAC).

- The SEC’s Enforcement and Compliance Department resolutely enforce any violation of ISA 1999 (SEC), in particular by Directors and officers. (SEC)

- Corporations be encouraged to undertake director training in a systematic manner. (IoD, private sector)
CHAPTER SIX: SOCIOECONOMIC DEVELOPMENT

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 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."  

NEPAD/HSGIC/03-2003/APRM/MOU Annex 1 Para 20-21

6.1 Overview

906. 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, but also plentiful mineral deposits such as coal, gold and sulphur. With a real GDP of $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. Despite this rich human and resource endowment, Nigeria’s GDP per capita is only about US$752, and poverty is widespread, with about 54 per cent of the population living on less than 1 dollar per day.4

907. This chapter focuses mainly on this paradox. Why does the fourth wealthiest country in Africa, 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 SSA 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, 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 impact?

908. 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 dominated by the primary production sector, with agriculture, which is predominantly practised by peasantry with low and declining productivity, accounting for 41 per cent of GDP, followed by crude oil (22 per cent), while the secondary sector, especially manufacturing, has stagnated at 3.7-3.8 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 commodity price volatility. This, in turn, had far-reaching consequences for macro-stability and socioeconomic development.

909. Moreover, Nigeria ranks low on human development indices. In its Human Development Report, the UNDP ranked Nigeria at 158 out of 177 countries in 2007/8 – down from 148 out of a total of 173 in 2003.\textsuperscript{5} The country’s Human Development Index (HDI) at 0.453 in 2005 is lower than the average HDI for sub-Saharan Africa (0.515), although it is slightly above the average for ECOWAS countries (0.434).\textsuperscript{6} With 78 per cent of the population living in rural areas, the rural poor represent the largest overall segment of the poor and suffer greatly where public service delivery is concerned.

910. In an attempt to address the numerous challenges facing the country, the Federal Government of Nigeria has come up with one of the most comprehensive strategies to combat poverty and stimulate growth in Africa – the National Economic Empowerment and Development Strategy (NEEDS).\textsuperscript{7} Although its level of inclusion of all segments of the population at the formulation stage and its relevance to the ordinary person were questioned by some Nigerians during the review mission, the NEEDS document is impressive in its contents and has received world-wide acclaim.

911. In elaborating NEEDS, Nigeria avoided the common mistake of many emerging economies whose development strategies focus mainly on macroeconomic stability and economic growth. Although it contains some liberal economic prescriptions, it is not a neo-liberal policy agenda. On the contrary, NEEDS gives sizable attention to human development, good governance and privatisation. In addition, it recognises the need to empower women and youth; reduce the dependence on oil and generate employment. NEEDS also contains sectoral strategies for pro-poor sectors such as agriculture and strategies for competitive sectors such as the film industry – “Nollywood”.\textsuperscript{8}

912. The preparation of NEEDS I, which is now being upgraded to NEEDS II, suggests that it is not necessarily the absence (or even weakness) of development policies and strategies that explains Nigeria’s paradox of poverty in the midst of plenty. The country’s problem, especially in the area of poverty reduction, is principally poor policy and programme implementation. Interestingly, 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”.\textsuperscript{9} Despite this recognition, Nigeria is again faced with poor or lack of effective policy and programme implementation. The authors of the NEEDS document


\textsuperscript{7} See Chapter 4: Economic Governance and Management for more details on NEEDS.

\textsuperscript{8} See Chapter 7 for more details on the economics of the film industry.

\textsuperscript{9} Source: Government of Nigeria (2004) NEEDS, p. 103
ought to have drawn lessons from past mistakes and incorporated them into the document to serve as guidelines for successful programme implementation. The NEEDS document appears to have been overly optimistic in suggesting that effective programme implementation would occur this time round simply because “Nigerians have now reached consensus on the problems facing the country.”

913. It is the contention of the APR Panel that 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 could be partly attributed to an attitudinal or behavioural problem. The federal, state and local governments can be singled out for blame over the lack of strong political will in ensuring effective programme implementation. Subsequently, they have let down the citizenry as many (if not most) of the goals set out in NEEDS have so far failed to materialise. A demonstration of strong political will would be the instituting of strict penalties for line agencies which do not deliver on their targets; enforcement of those penalties; establishment of a client-feedback mechanism; and periodic public reporting on the implementation of NEEDS to the general public.

914. Other governance weaknesses such as the lack of monitoring and evaluation mechanisms, weak political, civic and administrative leadership, endemic corruption at all levels of government and within society at large, and the lack of an entrenched participatory approach to development are also significant in explaining Nigeria’s paradox of poverty in the midst of plenty. The lack of awareness of the various laws and policies among members of the general public also suggests that there is no country 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 them to be met.

915. The lack of effective policy and programme implementation is further compounded by lack of requisite skills among government 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 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 (e.g. 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 Corps and the National Directorate for Employment, some of which are achieving some positive results, much more still needs to be done.

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10 Ibid
11 The NYSC is first and foremost a nation-building tool, but by engaging young people in service-learning right after University, it increases employment opportunities.
916. Nigeria’s efforts to reduce poverty substantially and sustainably through effective policy and programme implementation are being hampered by an apparent disconnect 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 (Imo State) and an international airport (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; erratic power supply; poor health and educational facilities, and so on.

917. The participation of women in politics, the economy and in society in general, is fairly low and, 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 now women deputy governors and more women are being appointed to key decision-making positions in government. But progress towards promoting gender equality is still minimal (see Objective 5). To a certain extent, the lack of progress in promoting gender equality is a reflection of poor implementation of NEEDS and the ratified standards and codes pertaining to women’s rights.

918. On a positive note, Nigerians are beginning to appreciate that the responsibilities for promoting their country’s development agenda do not rest solely with government; all stakeholders have a role to play. Despite some resistance from certain quarters, many Nigerians are admitting to the need for cultural change and systemic orientation towards values that engender good governance and self-sustaining development. However, in going forward, there are still some good practices from the past that are indigenous to Nigeria and were deemed positive and effective, but for one reason or another are no longer being applied. The former 6-3-3-4 educational system that promoted technical and vocational skills, unscheduled inspections of primary schools by state governors, university bursaries (government scholars), deployment of sanitary inspectors, and the participation of traditional leaders in promoting good governance were all cited as positive interventions that need to be reintroduced and promoted.

6.2 Implementation of standards and codes

i. Summary of the CSAR

919. According to the CSAR, evidence of the standards and codes that have been signed by Nigeria and when and whether they have been ratified and domesticated has been difficult to obtain. The principal reason is that the Federal Ministry of Justice, which is charged with documenting these conventions, has incomplete records. This suggests that there are serious organisational problems associated with official record-keeping in Nigeria.
920. Nonetheless, the CSAR reports that Nigeria has implemented various standards and codes pertinent to socioeconomic development. For example, under the African Charter on the Rights and Welfare of the Child, the country introduced the Universal Basic Education legislation as well as legislation to combat child trafficking and abuse.

921. In compliance with the NEPAD Framework Document, Nigeria has affirmed and demonstrated its commitment to the NEPAD/APRM initiative by taking concrete policy actions and measures. It signed the APRM’s Accession Memorandum of Understanding, on 9 March 2003. In addition, it has been fulfilling its pledges on its financial obligations to the continental APRM Trust Fund. Furthermore, it has put in place the necessary operational management organs and participatory processes for stakeholder participation in the implementation of the APRM. NEPAD is also being institutionalised so that its programmes can be implemented at the various levels of government and the non-state sectors.

922. Public awareness of the ratified or even domesticated standards and codes appears to be very low. The CSAR reports that knowledge of Nigeria’s adoption and implementation of these standards and codes appears limited to the elite and decision makers. Realising that most Nigerians do not know about APRM and its benefits, the APRM National Focal Point Secretariat mounted media campaigns to enlighten and sensitise Nigerians on the concept of 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 the readiness and willingness of the Nigerian public to support the spirit and letter of the APRM mandate.

ii. Findings of the CRM

923. According to the CRM, Nigeria has adopted, signed or ratified the following standards and codes for socioeconomic development:

- The 2001 NEPAD Framework Document
- The 1990 African Charter on Popular Participation in Development
- The 2000 United Nations Millennium Declaration
- The 2002 World Summit on Sustainable Development
• The 1980 Convention of the Elimination of All Forms of Discrimination Against Women (CEDAW)

• The 1996 UN Declaration on the Right to Development

• The 1995 World Summit on Social Development Plan of Action

924. The adoption and ratification of these important codes and standards have been remarkable. However, the vast majority of stakeholders noted that, with the possible exception of conventions relating to women’s and children’s rights, the majority of the population are not knowledgeable about the international instruments adopted by the federal government 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 CEDAW. However, the other conventions have not been adequately popularised. Furthermore, domestication remains a challenge.

925. Many stakeholders, particularly legislators and other state actors, asserted that sociocultural and religious factors pose major constraints to the domestication of international instruments. This was particularly evident in conventions relating to the rights of women and children, as discussed in the Democracy and Political Governance chapter and 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), which has been domesticated by Nigeria as evidenced by the Child Rights Act of 2003. The Act contains certain provisions such as the prohibition of child marriage (persons under 18 years) that do not conform with some cultural practices. It is therefore resisted in some communities.

926. There also seems to be some confusion as to whether the National Assembly at the Federal level complied with the proper procedure of obtaining a two-thirds majority for endorsement from the 36 states before passing the CRC into law. A Member of Parliament informed the CRM that the Child Rights Act was passed in violation of standing procedures because it did not get the requisite input from states and should therefore be repealed. However, some members of the executive arm of government insist that proper procedure was followed.

927. The CRM established that Nigeria is largely compliant with the NEPAD Framework Document. NEPAD has been institutionalised in the Presidency, at the federal and state levels. State coordinators have been appointed in the various states with specific responsibilities such as domesticating NEPAD programmes in the state and local governments. The CRM was also impressed with the apparent awareness of NEPAD among members of the general public during the nation-wide consultations. Several initiatives have been developed to promote NEPAD’s goals. Among these are: the e-School Programme; NEPAD-Nigeria TechnoFuture Digital Dividend Initiative; NEPAD-ETF Interactive Learning Network (ILN) Project; NEPAD-ETF e-School Admin Project; NEPAD Knowledge Ring Project; NEPAD Fish for All Initiative; NEPAD Fertiliser Initiative; and, NEPAD Coastal Tourism Project.
On the whole, compliance with several of the standards and codes was not evident. For instance, there have been very modest achievements in the implementation of the MDGs. There have also been minimal investments in sustainable development, as efforts have not been made to reduce the oil dependence and maximise alternative sources of energy such as solar energy and bio-gasification. Finally, the nature of federalism is such that domestication at the level of the Federal Government does not necessarily imply automatic domestication at the level of the state, which compromises the whole point of acceding to international conventions.

iii. Recommendations

The APRM Panel recommends that Nigeria:

- Undertake a comprehensive review and identification of relevant standards and codes that have not been signed with a view to their ratification or implementation, if already ratified. [Ministry of Foreign Affairs]

- Create an easily accessible database on signed, ratified or domesticated standards and codes for their monitoring. [Ministry of Foreign Affairs]

- Ensure that requirements for passing bills (i.e. obtaining two-thirds of State votes) are met. [National Assembly, Federal and State Governments]

- Disseminate a simplified version of the above-listed conventions and sensitise the public herein, particularly those in the rural areas. [National Orientation Agencies, NGOs]

- Translate all these important documents into the country’s major local languages and where possible supply them in Braille, visual and audio formats. [Federal and state government and local government areas]

6.3 Assessment of performance on APRM objectives

| Objective 1: | To promote self-reliance in development and build capacity for self-sustaining development |

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**

931. According to the CSAR, the Government of Nigeria has implemented a number of programmes in the past three decades to attain self-reliance, particularly at the grassroots level. Many of the development programmes were designed for disadvantaged groups. The major ones are: (i) the Directorate for Food, Roads and Rural Infrastructures (DFFRI) launched in 1986 to target rural areas; (ii) the National Directorate of Employment (NDE) launched in 1986 to target unemployed youths; (iii) the Better Life Programme (BLP) established in 1987 for rural women; (iv) the People’s Bank of Nigeria (PBN) established in 1989 for the underprivileged; (v) Community Banks (CB) created in 1990 for rural residents and micro-enterprises in urban areas; (vi) the Family Support Programme (FSP) launched in 1994 to improve health care delivery in rural areas; and, (vii) the Family Economic Advancement Programme (FEAP) established in 1997 to provide credit facilities to support cottage industry initiatives in rural areas.

932. 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 mechanisms for coordination; lack of country ownership in view of the top-down approach that left out grassroots participation in both the design and the implementation of plans and programmes; inadequate funding; mismanagement and the diversion of resources for personal enrichment through corruption and looting practices; the politicisation of national and regional programmes for self political positioning; lack of coherent policies; poor linkages and lack of a clear underpinning and guiding vision.

933. In an attempt to address these challenges, Nigeria initiated a programme of economic revival embodied in the National Economic Empowerment and Development Strategy (NEEDS) in 2004. NEEDS is a national sector-wide strategy, covering a wide range of key sector-related strategies in agriculture, manufacturing, solid minerals, and small and medium-sized enterprises. It is being translated into and contextualised in State Economic Empowerment and Development Strategies (SEEDS) at the State level, as well as in Local Economic Empowerment and Development Strategies (LEEDS) at the Local level. In order to ensure successful programme implementation at the federal and state levels, an Independent Monitoring Committee (IMC) has been established, and it comprises representatives from government (national and state), the private sector and critical segments of civil society. The Committee is entrusted with the monitoring and evaluation of NEEDS and SEEDS programmes and projects.

934. The CSAR notes that NEEDS was formulated in a participatory manner involving all segments of Nigerian society, and thus 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, charities, and other stakeholders.

935. Views on the outcomes of NEEDS are mixed. While state actors remain optimistic, the non-state actors state 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), not given the opportunity to participate (55 per cent) and that they lack the capacity to participate (42 per cent)”. These conclusions demonstrate the low level of transparency, participation and ownership of NEEDS programmes and projects.

936. On the whole, there was a perception that NEEDS programmes and projects were being used basically as conduits for siphoning off public resources into private pockets, which made a mockery of the main national instrument designed to bring about economic self-reliance. The lack of inclusiveness, weak targeting of the poor, political motivation of NEEDS programmes and projects aimed at buying legitimacy rather than genuine poverty eradication programmes, thus benefiting mostly the rich and powerful, were some of the shared views on the NEEDS strategy.

**Self-reliance in development**

937. The CSAR recognises that Nigeria’s dependence on external aid is very low (less than 1 per cent of the country’s GDP), suggesting a high level of self-reliance. Nigeria is endowed with tremendous resources, including huge financial resources from the oil and gas sectors. Having exited the Paris debt trap in 2006, Nigeria is reported to have gained about $1 billion in savings that would have gone into debt servicing.

**ii. Findings of the CRM**

938. Nigeria should be commended for recognising the need for a new approach to development planning that can bring about a reduction in poverty. In this respect, the Federal Government, in its effort towards poverty reduction, developed a home-grown development strategy called the National Economic Empowerment and Development Strategy (NEEDS).

**The development paradigm of Nigeria**

939. The current development paradigm in Nigeria comprises two key programmes: NEEDS and the 7-Point Yar’Adua Agenda.

**NEEDS**

940. During the period 2003–2007, Nigeria was implementing the National Economic Empowerment and Development Strategy (NEEDS), which is currently the overarching framework for poverty reduction in the country. It is a national sector-wide strategy, covering a wide range of key sector-related
strategies in agriculture, manufacturing, solid minerals, and small and medium-sized enterprises.

941. Apart from being home grown, NEEDS is said to provide an honest and self-critical assessment of poverty in Nigeria, its multifaceted factors and the challenge confronting the nation as it strives to bring about development.

NEEDS I

942. The NEEDS vision is based on the Constitution; the Kuru Declaration; previous initiatives, such as 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, which recognised the importance of respect for elders, honesty and accountability, cooperation, industry, discipline, self-confidence, and moral courage.

943. The purpose of NEEDS is to raise the country’s standard of living through a variety of reforms, including macroeconomic stability, deregulation, liberalisation, privatisation, transparency, and accountability.

944. The major facets of the NEEDS I programme are discussed in Chapter 2. In short, NEEDS focuses on four key strategies:

- reorienting values
- reducing poverty
- creating wealth
- generating employment.

945. The expectation is that these goals can be achieved by creating an environment in which business can thrive, government is redirected to providing basic services, and people are empowered to take advantage of the new livelihood opportunities the plan will stimulate.

946. The NEEDS strategy hopes to achieve this by addressing basic deficiencies, such as the lack of fresh water for household use and irrigation, unreliable power supplies, decaying infrastructure, impediments to private enterprise, and corruption.

947. 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 limit itself to addressing only the major challenges identified. Instead, it looks at the big picture, examining how the challenges identified in each sector affect one another.

948. The preparation of NEEDS was followed by the State version – the State Economic Empowerment and Development Strategy (SEEDS). Starting from 2006, in consonance with the national and state equivalents, local governments
also articulated with donor support (including that of UNDP), their Local Government Economic Empowerment and Development strategy (LEEDS).

**SEEDS**

949. In recognition of its federal structure, Nigeria promoted the concept of State Economic Empowerment and Development Strategy (SEEDS) and caused state governments to adopt the development of strategies that would reflect provisions of NEEDS at state level.

950. Through the statutory organs for intergovernmental coordination (the National Economic Council, the National Council for Development Planning, and the Joint Planning Board), state governments not only endorsed the thrusts of NEEDS but also committed to developing State Economic Empowerment and Development Strategies (SEEDS).

951. A framework for developing SEEDS was issued by the National Planning Commission as a manual entitled “Government for Growth and Service”. Within this framework, the states also agreed on a minimum set of priorities that each state government must reflect in its SEEDS, namely:

- agriculture
- small and medium-sized enterprises
- rehabilitation and maintenance of infrastructure (especially roads)
- public finance reforms and transparency.

952. Many states have since drafted and published SEEDS based on the stated visions of their governments but taking into consideration the millennium development goals (MDGs). The National Planning Commission collaborated with donor agencies to provide technical assistance to the states in developing their SEEDS as a necessary complement to NEEDS.

953. Using the Guidance Manual it prepared, the National Planning Council organised training workshops for the states in the six geopolitical zones of the country on preparing, monitoring, and evaluating state plans.

954. 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. At the time of preparing this report, the NEEDS II document was not available to the general public.

**LEEDS**

955. Following what has been described as the “successful” launch of NEEDS and SEEDS by the Federal and State Governments respectively, the impetus has been to evolve similar development strategies for local governments. These
are known as the Local Economic Empowerment and Development Strategy (LEEDS).

956. LEEDS offers a great opportunity for grassroots participation in development planning and the ability of local communities to contribute effectively to the formulation of development programmes at the local level.

957. The United Nations Development Programme (UNDP) decided to pilot the process of grassroots participation in decision-making in 12 local government areas of six states (Adamawa, Akwa Ibom, Bauchi, Cross River, Kogi, and Ondo) entailing the participation of key stakeholders.

958. However, the introduction of LEEDS faces a number of challenges. Significant among these challenges are:

- The responsibilities of the federal, state and local governments for the provision of certain services are not clearly delineated in the Nigerian constitution.

- Capacity for development and participatory planning is still very weak at the local government level.

- There is limited involvement of beneficiaries of development projects in design, formulation and implementation. In many cases, this was due to low levels of trust in government institutions and sometimes to a lack of interest.

959. Despite these challenges, LEEDS provides a great opportunity for the involvement of people at the grassroots level in the policy formulation process.

NEEDS II

960. NEEDS II, for the period 2008-2011, was developed and adopted by the new government which took over at the end of May, 2007.

Strengths and weaknesses of the NEEDS process

961. The CRM commends the Federal Government of Nigeria for its efforts in trying to ensure that the NEEDS formulation process was a participatory one, involving a cross-section of stakeholders including those at grassroots level. In particular, LEEDS offers the greatest opportunity for popular participation in decision-making and programme implementation.

962. 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, community-based organisations, charities, and other stakeholders was used to draft an Interim NEEDS. The strategy also builds on the information gathered for that strategy paper.
NEEDS is, therefore, seen as the “people’s plan”. The plan is said to enjoy widespread commitment, from the President to village chiefs. The government has set up a monitoring framework at the federal, state, and local government levels through commercial enterprises and community-based organisations. Using this framework, it can check the progress it is making against the targets set out in NEEDS.

The government circulated the draft plan in April 2004, asking 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.

Nonetheless, the NEEDS process is still perceived as a government strategy and not a country strategy that has 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 grassroots participation had been limited in the formulation and development of NEEDS and SEE.

Moreover, a number of stakeholders noted that development strategies, plans and programmes are perceived as political slogans that each administration brings in to gain some legitimacy, and not as genuine development initiatives for the betterment of the Nigerian people.

The CRM endorses the CSAR assertion that, among the weaknesses of NEEDS, is the absence of an articulated resource envelope to determine the capability of the country to finance the strategy. Similarly, there is no articulation of sectoral linkages which should have guided the prioritisation of financial allocation. Such an allocation would have demonstrated how resources are strategically allocated to strengthen the country’s self-reliance for years to come.

There is also the general mismanagement and corruption, including at the political leadership level, in programme implementation. This has served to undermine effective programme implementation.

This problem has been compounded by the general lack of social will to fight corruption in society. The culture of admiring achievements from stolen or looted money and corrupt practices undermines the opportunities to enhance self-reliance for sustainable development.

**The 7-Point Yar’Adua Agenda**

As noted in Chapter 2, to sustain and deepen the NEEDS reforms, the incoming administration of President Umaru Musa Yar’Adua launched a 7-Point Agenda. This programme is an articulation of policy priorities that are intended to strengthen the current reforms and build the economy, so that the gains of the reforms are felt widely by citizens across the country.

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12 The element of broad-based participation is discussed in more detail in chapter 6.
The focus of the 7-Point Agenda is to drive the type of growth which recognizes the economic value of natural and human capital. Its priority policies focus on sustainable growth in the real sector of the economy; physical infrastructure – power, energy and transportation; agriculture; human capital development – education and health; security; law and order; combating corruption; and Niger Delta development.

Shortcomings of the 7-Point Yar’Adua Agenda

President Yar’Adua’s 7-Point Agenda, which is based on the commitment of the ruling political party Manifesto, to continue and strengthen economic reforms, does not meet the requirements for a clearly defined shared vision of the country of tomorrow for these reasons: it lacks specification of the structural transformations to be undertaken and it is limited to seven priorities.

Although the document alludes to a Nigerian dream, it does not constitute a long-term vision. Although it clearly seeks to be a continuation of ongoing reforms, it can basically be categorized as a political party-led government ambition that is even questionable in its realism as Nigeria is currently among 22 countries classified in the low human development category and also in the low income category.

The need for a long-term vision

Despite the elaboration of NEEDS I and II and President Yar’Adua’s 7-Point Agenda, Nigeria still operates on the basis of short to medium-term plans. Although the goals and targets set in NEEDS and the 7-Point Agenda are in some respect aligned with the human development goals of the MDGs, they do not define a comprehensive strategy for reaching the MDG targets. The absence of this long-term perspective means that there are limited opportunities for horizontal coordination of the long-term approach to development. Programmes are currently being implemented as stand-alones without a clear understanding of their interlinkages and without a clear vision of their combined intended outcomes.

Moreover, the efficacy of relying solely on short- to medium-term planning instruments is debatable. The level of effort required to formulate these instruments, to set into place an appropriate framework to implement them, to monitor and evaluate performance, and to make future adjustments is much the same as for longer 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 the current imbroglio.

Although the NEEDS vision is based on the Constitution, the Kuru Declaration, previous initiatives, such as Vision 2010, and the widespread consultation and participation throughout Nigeria, there is no articulated long-term vision in NEEDS that underpins the nature and the direction of the Nigeria of tomorrow. As noted above, NEEDS is rather a medium-term
strategy that should have been designed to implement an existing long-term vision.

977. While the Constitution, like other fundamental laws, defines the national social and political charter and the way the country manages its political power, the Kuru Declaration is a statement of commitment by the ruling political leadership to abide by some managerial values. It describes its vision as one “to build a truly great African democratic country, politically united, integrated and stable, economically prosperous, socially organized, with equal opportunities for all, and responsibility from all, to become the catalyst of (African) Renaissance, and making adequate all-embracing contributions, sub-regionally, regionally, and globally”. This is certainly a pertinent vision. However, it is not clear whether or not the statement is a shared vision owned by all the Nigerian people and was formulated with their participation.

978. Vision 2010, defined under the administration of President Abacha, recognises some social and cultural values to be respected in managing public affairs with an indication of some priority sectors. And in any case, 2010 can no longer be a long-term vision of Nigeria of tomorrow as it will soon be outdated.

979. The handbook entitled “Obasanjo Economic Directions 1999-2003” which is limited to the first term of President Obasanjo’s administration 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 oriented and open, but based on internal momentum for its growth”. The focus on the economic dimension demonstrates the actual limitations in defining a comprehensive vision of the Nigeria of tomorrow that is being built. This limitation can impact on the direction of existing strategies and programmes, and on the nature of structural transformations to be undertaken.

980. President Yar’Adua’s 7-Point Agenda, which is based on the commitment of the ruling political party Manifesto, to continue and strengthen economic reforms, does not meet the requirements for a clearly defined shared vision of the country of tomorrow. Indeed, one could categorise President Yar’Adua’s 7-Point Agenda as a political party-led government ambition that is even questionable in its realism.

981. Generally, it seems that each administration wants to re-define its own vision of the future of Nigeria, and not as building blocks towards a common vision. Continuously moving from one strategy to another without proper evaluation of the previous initiative, the multiplicity of strategies, plans, programmes and schemes that include a huge number of presidential programmes, (some of them being just old initiatives that are “micro-waved” with a new name), does not help in building the country’s capacity for self-reliance.

982. As Nigeria upgrades NEEDS I to NEEDS II, greater allowance should be made for ordinary people to participate in the design of the development programme (Box 6.1).
Box 6.1: Evolution in Development Planning in Africa

Development planning is a contested terrain, particularly in sub-Saharan Africa. Historically, the approach to African development has been externally oriented. For the past four decades, the subcontinent has been negotiating its development with external partners. More often than not, this has meant that the process, instruments and outcomes of development have been determined by external partners, rather than by 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 located in the domain of planners, and more especially of economists. Elected representatives, local communities and organisations representing their interests are only marginally involved in these processes. The general trend in development policies and institutions is for greater participation in development planning and implementation by a wide range of interest groups, including local communities. This way, participants actively contribute to the planning process and implementation rather than passively receiving information from outside experts, who may not have local understanding of the issues. The approach encourages people to share information, learn from each other, and work together to solve common problems. As people become more experienced with the approach, they take increasing responsibility for planning their own learning lessons.


Heavy Dependence on Oil and Lack of Economic Diversification

983. A major factor that undermines opportunities for economic diversification and sustainable development in Nigeria is the country’s heavy dependence on oil resources (Box 6.2). Although the Government is fully aware of the fragility of such a situation, and frequently attempts to develop strategies and programmes to diversify the resource base, efforts to achieve such diversification (agriculture and industry among others) have yet to yield tangible results.

Box 6.2: How Oil Undermines Economic Diversification in Nigeria

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. In 2000 oil and gas exports 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 toward a statist economic model fuelled massive migration to the cities and led to increasingly widespread poverty, especially in rural areas. A collapse of basic infrastructure and social services since the early 1980s accompanied 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 non-oil 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 158 out of 177 countries in the United Nations Development Index in 2007/8—and non-energy-related infrastructure is inadequate.
984. From Box 6.2, it is clear that Nigeria urgently needs to reduce its dependence on oil and diversify the economy.

iii. Recommendations

985. The Panel recommends that Nigeria:

- Open a participatory discussion on a long-term vision for the country and ensure that critical segments of the society are aware of their respective responsibilities in the quest to materialise the vision. [Federal, state and local government, civil society]

- Ensure that the development of strategies, including NEEDS 2, currently under preparation should reflect true participation in order to ensure ownership by Nigerians. [Federal, state and local government, civil society]

- Increase the internal resource base (e.g. by diversification and promotion of non-petroleum sectors) to enhance the financial autonomy of the country so that Nigeria can fully fund its development agenda [Federal government, National Assembly]

- Commence the practice of articulating a resource envelope to speak to the capability of the country to finance its development agenda. Furthermore, there should be a specification of sectoral linkages which should guide the prioritisation of financial allocations. [Federal, state and local government].

Objective 2: To accelerate socioeconomic development to achieve sustainable development and poverty eradication

Policies to accelerate socioeconomic development

986. There is presently urgent need to accelerate the promotion of equitable economic growth and achieve sustainable development in Nigeria. This will be critical in addressing the current vexing paradox of endemic poverty in the midst of plenty.

i. Summary of the CSAR

987. The CSAR provides an outline of the history of Nigeria’s development programmes such as the Operation Feed the Nation (OFN) initiated in 1976 and various rural development and infrastructure programmes introduced during the military regime (1985 – 1993). However, most of these poverty
alleviation programmes failed to achieve their intended objectives, largely because of: poor coordination; absence of a comprehensive policy framework; excessive political interference; ineffective targeting of the poor, leading to leakage of benefits to unintended beneficiaries; unwieldy scope of programmes, which caused resources to be thinly spread across too many projects; overlapping functions, which led to institutional rivalry and conflicts; the absence of sustainability mechanisms in programmes and projects; and lack of involvement of beneficiaries in project design, implementation, monitoring and evaluation.

988. In response to this failure, the Federal Government initiated and launched the Poverty Alleviation Programme (PAP) within the framework of Budget 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. In January, 2001, the PAP was phased out and replaced with the National Poverty Eradication Programme (NAPEP).

989. NAPEP is currently the government’s main poverty eradication programme. It is the central coordination point for all anti-poverty efforts 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.

990. NAPEP operates with the assistance of specialised ministries and agencies in designing poverty reduction programmes. Among these programmes are the Youth Empowerment Scheme (YES); Capacity Enhancement Scheme (CES); Rural Infrastructure Development Scheme (RIDS); and, a Farmers’ Empowerment Programme (FEP) which entails the financial empowerment of small-scale farmers. Reportedly, a total of 7,200 small-scale farmers have participated in the project to which NAPEP committed the sum of N240 million during the first phase when it was implemented in 12 states. A Capacity Acquisition Programme (CAP) exists to train and provide funds to empower youth in viable economic activities. During the initial phase of this programme, 140,000 youth were trained for three months nationwide. The second phase covered an additional 12 states.

991. Another important institution created to address poverty is the National Directorate for Employment (NDE) which seeks to eradicate poverty through employment generation. Its main areas of intervention are vocational skills acquisition training, entrepreneurial training, training for rural employment and training for labour-based work programmes. A total of 783,318 unemployed youth who formerly lacked marketable skills have been trained in 86 different trades under the National Open Apprenticeship Scheme (NOAS). Presently, 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 sufficient funding to make a significant impact on the poverty levels.
The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is a government developmental programme targeted at the development of small, micro and medium scale enterprises (SMMEs). The SMMEs have been described as the engine of growth of the economy. SMEDAN was established by the SMIDA ACT 2003 to promote and facilitate the development programmes in the SME sub-sector of the Nigerian economy.

The federal government has also embarked on several agricultural reforms. Notable among these are the Presidential Initiative on Cassava Production, Processing and Export; Vegetable Oil Development Programme; National Special Programme for Food Security (NSPFS); and the Presidential Initiatives on Rice Production, Processing and Export.

Results achieved by development policies and mechanisms

The CSAR reports that the poverty incidence 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 rates. However, poverty is mainly a rural phenomenon.

ii. Findings of the CRM

Policies to accelerate socioeconomic development

The CRM observed that Nigeria has numerous policies and programmes aimed at accelerating socioeconomic development. The key programmes are: the National Poverty Eradication Programme (NAPEP); the National Directorate for Employment (NDE); the 7-Point Agenda; the National Economic Empowerment and Development Strategy (NEEDS); the State Economic Empowerment and Development Strategy (SEEDS); and the Local Economic Empowerment and Development Strategy (LEEDS).

As noted by the CSAR, Nigeria has devised a programme called NATEP to reduce poverty. The programme is expected to achieve the goals of NEEDS in line with the MDG of halving the proportion of people living in extreme poverty by 2015 through increasing demand of the poor for education, basic health, and engagement in income-generating activities.

Its objectives include reducing the inter-generational transfer of poverty, and reducing the number of poor and vulnerable groups in the country by increasing their access to basic services.

However, as repeatedly referred to throughout this report, one of the greatest challenges to poverty reduction in Nigeria is lack of programme implementation. In every state visited by the CRM, both state and non-state actors complained about lack of effective policy and programme implementation. A variety of reasons was cited for this.
The non-state actors stressed mainly nepotism; excessive greed; poor leadership, particularly among the political leaders, and lack of transparency and accountability as 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 would fail to deliver on the contract.

The state actors cited bureaucratic bottlenecks and lack of regular access to ministers or commissioners who have to make the final approvals as the major causes of poor policy implementation. They also identified a problem of “job mismatch”, meaning that the civil service is full of skilled personnel who lack the requisite training to match their respective job descriptions.

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 for Women’s Affairs and Social Development and the National Centre for Women’s Development, a parastatal, confirmed that technical capacity was a major constraint.

The lack of allocative efficiency was also expressed during the consultations. Allocative efficiency simply means ensuring that resources are channelled to identified priority needs, that is, funds should be targeted where they are needed most. Ordinary Nigerians feel that key sectors such as education, health and women’s empowerment are largely neglected. Instead, billions of Naira are sunk into recurrent government expenditure. According to the legislature, 65 per cent of budgets are recurrent expenditure. Commendable efforts are, however, being made by the legislature to allow for increased capital expenditure as the power to appropriate money lies with parliament, not the executive. Many stakeholders also voiced concern about the overwhelming spending in the energy sector. While this sector is deemed important, the massive spending seems to deliver few or no results.

Nevertheless, the CRM commends Nigeria for establishing the NDE and focusing on skills acquisition as a strategy to combat unemployment. But the Government needs to allocate more resources to NDE in order to enhance its effectiveness in building the capacity of the youth, who constitute more than a third of the Nigerian population as well as half of the unemployed.

A major constraint facing the NDE is lack of monitoring or the institutionalisation of impact evaluation assessments on the programme. Some non-state stakeholders pointed out that graduates leave the six-month NDE training schemes unable to secure employment. State actors also confirmed that they could not verify the long-term outcomes of trained youth under NDE. The following institutions have also been put in place to address the needs and priorities of the youth: the Federal Ministry for Youth; the National Youth Council; and, the National Youth Policy (2001). However, stakeholders assert that the youth budget of just about one billion naira is largely inadequate. Moreover, the youth struggle to access funds for entrepreneurial activities.
1005. The difficulties encountered by the millions of unemployed youth perpetuate poverty and exacerbate crime and violence in the country. Idle youth make an easily accessible pool of exploitable individuals for adverse political motives. This is an additional reason for NDE to be strengthened in terms of resources as well as forge a stronger linkage with the labour market. One initiative that seems to be working in Taraba State is the Manpower Reserve Scheme, which involves the registration of unemployed graduates. The scheme provides the registered graduates with a monthly allowance of 10,000 Naira, while they try to find gainful employment.

1006. During consultations, both state and non-state actors expressed strong reservations about the design and effectiveness of poverty eradication programmes such as NEEDS and NAPEP. NAPEP was said by some stakeholders to have fundamental flaws as it was designed without baseline data; monitoring and evaluation mechanisms were not incorporated; and, to date, there has been no mid-term review. The same could be said about NEEDS. To quote one stakeholder in Akwa Ibom State: “We are moving on to NEEDS II, yet we do not even know what was the impact of NEEDS I”.

1007. Poor data collection and the lack of reliable statistics was a recurring theme throughout state consultations. The CRM can attest to this particular problem as obtaining updated statistics on poverty trends was not possible. In fact, the latest data available on poverty were from a 1996 National Consumer Survey.

1008. The relevance of existing national programmes to the end beneficiaries – the poor – was also strongly contested by many stakeholders. Indeed, it was a near-impossible task for the CRM to get a clear sense of who the target beneficiaries of various programmes were. Some stakeholders expressed concern about the various programmes having overlapping mandates, which resulted in spreading scarce resources thinly. This underscored the need to consolidate and harmonise these programmes.

1009. The CRM was also informed of a few social welfare schemes such as the Village Economic Development Solution, a new initiative under NAPEP, by the Federal Government in partnership with the states. It is essentially a conditional cash transfer scheme. A committee identifies poor families for grants and resources are transferred to these families to educate their children and to start businesses.

1010. In Bayelsa State, the CRM was informed about state grants to persons living with HIV/AIDS. However, these schemes are not well popularised and not much information exists about them. This raises a lot of questions about transparency and efforts (or lack thereof) to sensitise the population about social welfare programmes. In the case of the first grant scheme, the CRM was not able to receive either detailed information about the requirements or “conditions” to access these grants or information on families who have benefited from the scheme. This lack of information lends weight to the general suspicion among CSOs that current programmes are largely abused by the state.
1011. The notion of sustainable development is not pervasive in Nigeria. There is, however, growing awareness of its importance in promoting environmental management. The CRM was informed that poverty and lack of an affordable and reliable energy supply have led many poor people to unsustainably cut down trees for firewood. Oil emissions and poor sanitation compound the problem of environmental degradation. The rising pollution in Lake Chad was reportedly leading to forced emigration. To this end, members of the academic community in Borno State informed the CRM of an existing bio-gasification project which involves the use of plants and natural wastes to create energy. The sustainability of this project is contingent on funding and government support.

1012. The CRM observed the need for policies to promote sustainable pro-poor economic growth that can benefit all Nigerians. The NEEDS document is, therefore, on the right track in stressing the need to diversify the productive base of the economy away from oil and to foster market-oriented, private sector-driven economic development with strong local participation. To realise this goal, the CRM suggests that it is important for Nigeria to identify the sectors that can bring about this change. Agriculture, for the reason that it remains the mainstay of the Nigerian economy, has rightly been identified in the NEEDS document, which has also developed sectoral strategies for its potentially competitive sectors such as manufacturing, services, ICT, tourism, financial services and the film industry. Given an enabling environment, these sectors can help Nigeria achieve its goal of growing the economy at no less than 7 per cent; create gainful employment opportunities and ultimately reduce poverty.

Results achieved by development policies and mechanisms

Decline in poverty

1013. In the Nigerian context, poverty is generally seen as lack of access to the basic necessities of life. As noted elsewhere in this report, poverty in Nigeria has declined from over 70 per cent a few years ago to about 54 per cent today.

1014. Despite this decline, poverty is the major challenge facing Nigeria. Many people continue to suffer pronounced deprivation even as NEEDS reforms and the oil boom continue (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 definite definition on poverty and any guideline to measure the construct.

<table>
<thead>
<tr>
<th>Box 6.3: The ‘Resource Curse’ and Poverty in Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 natural resources wealth and extreme personal poverty in developing countries like Nigeria as the “resource curse”. Nigeria’s exports of oil and natural gas—at a time of peak prices—have enabled the country to post merchandise trade and current...</td>
</tr>
</tbody>
</table>

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account surpluses in recent years. Reportedly, 80 per cent of Nigeria’s energy revenues flow to the government, 16 per cent cover operational costs, and the remaining 4 per cent go to investors. However, the World Bank has estimated that as a result of corruption, very little of this money benefits the population. Outside of the energy sector, Nigeria’s economy is highly inefficient. Moreover, human capital is underdeveloped—in 2005 Nigeria ranked 158 out of 177 countries in the United Nations Development Index in 2004—and non-energy-related infrastructure is inadequate.


1015. However, there are vulnerable groups which cannot participate in such programmes because they cannot meet the requirements for participation. Among these are women, children, older people and those with living disabilities.

1016. The exclusion of the vulnerable population has given birth to social transfers as new strategies for addressing poverty. Social transfers are an aspect of social protection that put in place systems to protect and transform the livelihoods of citizens, particularly the vulnerable and chronically poor (Box 6.4). They are regular and predictable grants, usually in the form of cash, that are provided to vulnerable households or individuals.

<table>
<thead>
<tr>
<th>Box 6.4: The Conditional Cash Transfer (CCT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCT is an innovation introduced by NAPEP to reach those categories of the poor that have not been reached by existing social protection efforts. It is a social transfer where by poor households are assisted to build their assets by means of investments in human capital. Among the explanations to justify the new scheme in Nigeria are that a majority of current poverty eradication efforts, particularly of government, focus on supply side projects in education, health, infrastructure and micro credit for empowerment. Conditional Cash Transfers are grants provided to selected poor households on the condition that they engage in investments in human capital such as investment in education or health. This not only provides the poor with funds but also assists them to break out of the cycle of poverty. It reduces the transmission of poverty through the stimulation of demand on education and health. The NAPEP CCT is called 'In Care of the People' (COPE).</td>
</tr>
</tbody>
</table>

1017. Stakeholders informed the CRM that if serious attention was given primarily to three main areas: governance, education and infrastructure, many Nigerians would be lifted out of poverty, despair and a sense of hopelessness. The lack of awareness on income generating and entrepreneurial activities as well as wealth creation (for instance through the stock markets) have contributed to stagnant development and persistent poverty.

1018. Agriculture, the main source of livelihoods, remains neglected in spite of Nigeria’s vast arable land (Box 6.4). Although the CRM acknowledges the recent efforts that the federal government is making to promote agricultural development, such as the institutionalisation of farming skills acquisition in 21 centres, a lot more needs to be done to modernise agriculture. A state actor in
Adamawa stated that, although Adamawa has the largest concentration of livestock, there has never been any recorded expenditure on livestock.

<table>
<thead>
<tr>
<th>Box 6.5: The Decline of Agriculture in Oil-rich Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture has suffered from years of mismanagement, inconsistent and poorly conceived government policies, and the lack of basic infrastructure. Still, the sector 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, and palm oil. Cocoa production, mostly from obsolete varieties and overage trees, is stagnant at around 180,000 tons annually; 25 years ago it was 300,000 tons. An even more dramatic decline in groundnut and palm oil production also 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 inspire the availability of rural credit.</td>
</tr>
</tbody>
</table>

**Progress on the MDGs**

1019. As Africa’s most populous country, Nigeria is pivotal to the attainment of the Millennium Development Goals (MDGs) and to a large extent, it is believed that if poverty issues are successfully addressed in Nigeria, this would lead to significant reduction in poverty levels in Africa as a whole.

1020. Nigeria, as part of the international community, is committed to achieving the Millennium Development Goals (MDGs), including the commitment to halve poverty by 2015.

1021. The 2004 Progress Report on the Millennium Development Goals (MDGs) is Nigeria’s first and only progress report to assess progress made to alleviate poverty and enhance human well-being, particularly for marginalised groups such as women, children, the disabled and the rural poor.

1022. According to the report, Nigeria was making progress toward achieving several goals but was falling short on others. Specifically, Nigeria had advanced efforts to provide universal primary education, protect the environment, and develop a global development partnership. However, the country lagged behind on the goals of eliminating extreme poverty and hunger, reducing child and maternal mortality, and combating diseases such as human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) and malaria.
## Table 6.1: Millennium Development Goals indicators

<table>
<thead>
<tr>
<th>Goals</th>
<th>2000</th>
<th>2003/4</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXTREME POVERTY – Halve the proportion of people living below the international poverty line by 2015</td>
<td>-</td>
<td>70.8</td>
</tr>
<tr>
<td>HUNGER – Halve the proportion of underweight among under-five-year-olds by 2015</td>
<td>-</td>
<td>28.7</td>
</tr>
<tr>
<td>UNIVERSAL PRIMARY EDUCATION – 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 – 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>Women’s equal representation in national parliaments</td>
<td>3.4 (per cent of seats held by women in national assembly)*</td>
<td>3.4 (per cent of seats held by women in national assembly)</td>
</tr>
<tr>
<td>CHILD MORTALITY – Reduce under-five 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 – Reduce maternal mortality ratio by three-quarters by 2015</td>
<td>800/100,000 (live births)</td>
<td>-</td>
</tr>
<tr>
<td>COMBAT HIV/AIDS AND MALARIA – Stop and reverse the spread of HIV/Aids, TB and malaria by 2015</td>
<td>TB: 513/100,000 (prevalence rate)</td>
<td>TB: 554/100,000 (prevalence rate)</td>
</tr>
<tr>
<td></td>
<td>HIV: 3.7 (per cent living with HIV, 15-49 yrs)</td>
<td>-</td>
</tr>
</tbody>
</table>

13 The MDG table is produced using the latest available data. It has been noted elsewhere in the report that availability and reliability of data is a severe problem in Nigeria.
### ENVIRONMENTAL SUSTAINABILITY – Reverse loss of environmental resources by 2015

- Carbon dioxide emissions per capita (metric tons) 0.74 \( (\text{CO}_2 \text{ Emissions per capita}) \) 0.78 \( (\text{CO}_2 \text{ Emissions per capita}) \)
- Population with access to improved water source (percentage) - 48 \( (\text{per cent access to an improved water source}) \)
- Population with access to improved sanitation (percentage) - 44 \( (\text{per cent access to an improved water source}) \)

* 2001 data
** 2005 data


1023. Regarding the first goal of halving extreme poverty and hunger, it is difficult to make an analysis of poverty trends due to the paucity of data. Information from a representative of NAPEP also suggests that the MDG data are overestimated as poverty rates have been reduced from 70 per cent in 1999 to 54 per cent in 2004. The second goal of universal primary education shows a marginal improvement. Access to schools, as discussed in objective 3 remains a serious problem in Nigeria, particularly in the rural areas and in the Northern States. On gender equality, the proportion of women in parliament has slightly improved in the last three years, 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 on the Rights of Women in Africa.

1024. According to NAPEP, if efforts are not intensified to reduce the numbers of poor people, Nigeria will not be on track to achieving the MDGs. The anti-poverty group has programmes in place to reduce poverty levels among the economically active poor.

1025. As repeatedly mentioned throughout this report, a prerequisite for achieving many of these worthwhile objectives is curtailing endemic corruption, which thwarts development and taints Nigeria’s international reputation.

### iii. Recommendations

1026. The Panel recommends that Nigeria:
• Undertake a comprehensive study on the causes of poor implementation of development policies and strategies and develop a plan of action to address this critical and overarching problem [Presidency, Independent Monitoring Committee, National Planning Commission, Relevant committees of the National Assembly, civil society]

• Develop a long-term strategic plan that addresses unemployment, taking into consideration the educational curriculum and the needs of the labour market as well as strengthening the human and financial capacity of the NDE [National Planning Commission, Federal Ministry for Youth, Ministry of Labour, and civil society]

• Institute effective monitoring and evaluation mechanisms in all sectors, including the monitoring of NDE, to curb structural unemployment [Presidency, Federal Ministry for Youth, National Youth Council];

• Attract skilled professionals to the civil service to address the capacity problem in the civil service and deploy trained professionals to the local government areas. In doing so, attention should be paid to proper human resource policies in order to put an end to the job mismatch issue. [Federal, state and local government]

• Fully integrate the MDGs in the national development strategy and enhance monitoring thereof. There should be periodic and consistent reporting of the MDGs. [Presidency and National Planning Commission];

• Periodically review and evaluate existing programmes (such as NAPEP) for their effectiveness in dealing with poverty. [Presidency, Independent Monitoring Committee, National Planning Commission, civil society]

• Enhance the financial, institutional, human and technical capacity of the Federal Office of Statistics and provide it with adequate funding. [Federal government]

• Promote sustainable development by actively exploring and investing alternative means of energy and implement relevant conventions such as the WSSD and Habitat agenda. [Federal Government]

| 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 |
i. Summary of the CSAR

Policies and delivery mechanisms

1027. The Government of Nigeria appears determined to address the current challenges facing the education and health sectors. In this regard, it has come up with carefully instituted structural and institutional reforms aimed at both improving the quality of education and health facilities and broadening access to these facilities by the majority of the people. An attempt has also been made to increase funding to the social sector. Major challenges remain, however.

Education

1028. The CSAR notes that the second greatest challenge (the first being nation-building) facing Nigeria is accelerating sustainable socioeconomic development through the use of her vast human and material resources to address poverty, to unleash the potential of Nigerians for self-actualisation and to ensure the promotion and protection of their individual welfare. It identifies education as the appropriate mechanism for achieving this objective and fighting poverty.

1029. Nigeria is a signatory to many international conventions and instruments on education. The most notable ones are:

- The UN Convention on the rights of the Child
- The African Charter on the Rights and Welfare of the Child
- The United Nations Millennium Declaration
- The Convention of the Elimination of All Forms of Discrimination Against Women (CEDAW).

1030. In line with these conventions, Nigeria adopted free universal primary education (UPE) as a national policy in the 1970s, which led to a massive increase in primary school enrolment. By 1984, primary school enrolment had increased by 92 per cent from a mere 38,211 pupils in 1970 to 3,515,827.

1031. Despite the remarkable growth in enrolment from the adoption of UPE, many primary school age children are still out of school in Nigeria because of poverty, ignorance and cultural reasons.

1032. The CSAR also reports that during the military regimes of the 1980s education was given a low priority and consequently there was a reduction in budgetary allocations to the sector. Although the trend has been reversed since 1999, the state of education in Nigeria today is characterised by decayed and crumbling infrastructure, an inappropriate educational curriculum at all levels, funding constraints, gender gaps, poorly trained teachers, and low staff motivation.
1033. To address the educational crisis, structural and institutional reforms were undertaken to enhance service delivery in the educational policy thrusts under NEEDS, implemented in 2004. The policy revised the 1999 Universal Basic Education (UBE) under the Universal Basic Education Act, 2004. The Act concurrently domesticated the Child Rights Act of 2003, guaranteeing every child of school-going age the right to free education. In addition, the Act has, as one of its objectives, the need to reduce drastically the drop-out rate from the formal school system through improved relevance, quality and efficiency. The UBE Act also includes adult education, non-formal education and education for marginalised groups, including the mentally and physically handicapped.

1034. The CSAR further notes that the vision of the educational policy is the development of a dynamic educational system from basic to secondary to tertiary 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, including:

- increasing adult literacy from 57 to 65 per cent
- expanding institutional capacity to produce quality manpower
- ensuring that 60 per cent of secondary schools have conducive teaching and learning environments
- ensuring that 80 per cent of all teachers are professionals
- reviewing school curricula to incorporate technical, vocational and entrepreneurial skills

1035. The UBE Act of 2004 led to significant advances, including annual financial transfers by the federal government to the states. For example, in 2005, the UBE Commission received N24.3 billion from the federal government for distribution to compliant states. Unfortunately, only N15.7 billion was actually disbursed between 2005 and 2006. Despite this, the 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, 3.6 in Junior Secondary and a total of 25.9 million in basic education by 2006.

1036. The CSAR concedes, however, that despite the significant advances brought about by the domestication of the Child Rights Act under the UBE Act, huge gaps still remain to be filled if the educational targets set by the government are to be met. These include the need for an additional 53,000 childhood schools; 251,030 classrooms for basic education; 8,869 teachers, and 32,677 classrooms for secondary education. It has been noted that out of 1.2 million applicants for university admissions annually, only 148,323 places are
available, and the student enrolment gender ratio is 64 per cent males compared to 36 per cent females.

1037. There appears to be a difference in opinion on challenges facing UBE between the elite respondents and household survey respondents. Members of the elite identified the major weaknesses as including lack of mechanisms for proper enforcement; room for corrupt and sharp practices; and potential lack of support facilities and manpower. In contrast, household respondents identified the key constraints as including poor remuneration of teachers; ineffective monitoring/supervision, and inadequate infrastructure/facilities (especially water and electrical power)—these services are discussed in detail in Objective 4)—and the failure of public schools to deliver good services. Relative to secondary and tertiary education policies, the majority of elites and household respondents rated the policies as effective, but again with similar weaknesses to those reported for the UBE policy.

Health

1038. According to the CSAR, Nigeria’s healthcare can best be described as below average, plagued with huge challenges despite rising public health expenditure. The bulk of public recurrent expenditure is on personnel while government’s per capita expenditure on health is at less than US$5—far below the $34 per capita recommended by the World Health Organization for developing countries.

1039. The CSAR also reported that availability and accessibility of quality health care services in Nigeria are poor. Thus, since 1999, health policy reforms have been aimed at enhancing access to health care. Accordingly, the guiding principal behind the National Health Insurance Scheme (NHIS) Act 35 of 1999 (launched in June 2005) is 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.

1040. Life expectancy in Nigeria, as reported by the CSAR, is 43.414. Only 1 per cent of children under the age of 5 were using insecticide-treated bed nets in 2004. The prevalence of TB stands at 531 per 100,000 people in 2004.

1041. Concerning malaria, available data reveal that control of the disease is worsening and its associated death rates rising steadily. While the figure for prevalence and death rates associated with malaria was 1,116,982 in 1990, in 2004 it was 1,875,380. The National Malaria Control Programme (NMCP) has an ambitious three-pronged intervention programme to scale up intervention activities for the period 2006-2008, which involves preventive measures (use of insecticide-treated nets (ITN)); treatment (of infected people with appropriate education) and maternal case management (intermittent preventive treatment during pregnancy). Over ten million ITN nets had been distributed

by 2005, which represented only about 7 per cent coverage. However, by 2007
a total of approximately 1,275,000 ITN nets were made available by the
federal government, donors and various international agencies\(^{15}\).

1042. The CSAR concedes that the key challenge for Nigeria’s health sector is to
achieve the targets of the Millennium Development Goals, which include:

- reducing the U5M rate by two-thirds by 2015
- reducing maternal mortality by three-quarters by 2015
- halting by 2015 and reversing the spread of HIV/Aids
- halting by 2015 and reversing the incidence of malaria and other major
diseases

1043. The control of counterfeit (fake) drugs is also reported as a challenge. Other
challenges include poor funding, poverty; inadequate capacity; poor facilities,
poor remuneration and conditions of services.

1044. 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; establishing a National Tuberculosis
Reference Laboratory and a National Blood Transfusion Service; and the
rehabilitation of tertiary health establishments. In addition, eight university
teaching hospitals have been equipped with state of the art medical equipment.

**HIV/Aids**

1045. According to the CSAR, the prevalence of HIV/Aids is still low in Nigeria
relative to some sub-Saharan African countries. However, the rate has been on
the increase since the identification of the first case of Aids in 1986. It
increased from 1.8 per cent in 1991 to 5.8 per cent in 2001. The prevalence
rate among the 15-49-year age group is 3.9 per cent. As a consequence of
Nigeria’s cumulative Aids-related deaths (which were 1,450,000 in 2007); the
country has the highest number of Aids orphans in the world, estimated at 1.8
million in 2004.

1046. The CSAR notes that the policy framework and institutional arrangements to
combat HIV/Aids appear adequate, and include a partnership of government,
civil society, and development partners. This partnership has endorsed the
*Tthree ones Principles*\(^{16}\) as a top priority in strengthening the HIV response in
Nigeria. In addition, the Ministry of Health has set specific targets in its
HIV/Aids intervention programmes which include:

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\(^{15}\) Calculated from figures provided in the CSAR on page 323.

\(^{16}\) These principles advocating i) a HIV/AIDS Action Framework; ii) a National Aids Coordinating
Authority and iii) a Monitoring and Evaluation system were endorsed by UNAIDS, the UK and the US
in April 2004 as the most effective way of achieving results in this pandemic.
• 50 per cent Nigerians to access VCT by 2009

• 1 million people living with HIV/AIDS to access ART in all states by 2009, with universal access by 2010

• 50 per cent reduction in prevalence and incidence of STIs

• 0 per cent HIV transmission through transfusion of blood and blood products

1047. Nigeria has also come up with a policy on HIV/AIDS in the workplace known as *The Chevron Approach* as part of the intervention efforts. The Chevron’s workplace AIDS Prevention Programme was cited by Mr. Kofi Annan, the former UN Secretary-General, UNAIDS and the Global Business Coalition on HIV/AIDS as a best practice. Targeted at employees and their families, it focuses on changing attitudes towards HIV/AIDS through increased awareness, prevention, voluntary testing, counselling and treatment. The Approach’s anti-retroviral treatment programme, which is targeted at pregnant women to prevent transmission to the unborn child, has recorded a 100 per cent success rate.

1048. These anti-HIV/AIDS measures are beginning to have an impact on the fight against HIV/AIDS, albeit slowly. For example, the prevalence rate dropped from 5.0 per cent to 4.4 per cent in 2003 and 2005 respectively. A downward slide in the prevalence rate among pregnant women aged between 15 and 49 years was also reported (from 5.8 per cent in 2001 to 4.4 per cent in 2005). Equally, a downward trend in the prevalence rate among pregnant women in the 15-24 age bracket was recorded (from 5.2 per cent in 2003 to 4.3 per cent in 2005). Thus, the CSAR reports a modest decline in the number of new HIV infections in Nigeria.

1049. However, the CSAR reports a gender-differential knowledge gap about HIV prevention. According to the 2003 NDHS, 40.3 per cent of young women and 58.4 per cent of young men possess adequate knowledge of HIV prevention methods. The knowledge gap between men and women is deemed remarkable and alarming.

**ii. Findings of the CRM**

**Policies and delivery mechanisms**

1050. There is no doubt that Nigeria is making a serious effort to address the challenges in the education and health sectors. The Government has instituted carefully designed reforms to improve the quality of educational and health outcomes within the framework of the NEEDS process.
Education

1051. The CRM interactive sessions reveal 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, indicative of the level of frustration felt by many Nigerians over the poor state of their education system.

1052. However, some stakeholders believe that the country has sound policies to enable it to provide quality education to all Nigerians. UBE is acknowledged by state and non-state actors as “good in theory” and “is working” albeit not efficiently. An aspect of the policy that is particularly appealing to many stakeholders is its inclusiveness, with provision for training the physically and mentally challenged, and an adult education component to promote literacy among adults.

1053. It was also reported that to further enhance the effectiveness of UBE some states in the North have implemented night school programmes for women with restricted day movement. Unfortunately, early childhood education (i.e. pre-school from age 3 to 6) was mentioned only in terms of the number of schools needed as one of the government educational targets (see Summary of CSAR). Beyond that no further information was provided by the CSAR. Preschool is important in making education a priority early on in children’s lives. This is particularly important for rural areas where often by the time children are enrolled in school at age 6 (or older) education is already a low priority.

1054. 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 poverty alleviation. Many argued that a quality education is the “most effective tool” against poverty because of its self-evident empowering opportunities. Consequently, the neglect of education is seen as a major contributing factor in Nigeria’s escalating incidence of poverty. One stakeholder articulated the point in stating, “education which used to be a major plank for poverty alleviation is neglected, hence the high level of poverty in Nigeria today”. The transformative opportunities offered by education have been well captured by both the CSAR and NEEDS.

1055. In recognition of the importance of education, many stakeholders called for a national educational curriculum that is more oriented to the provision of appropriate entrepreneurial skills from junior secondary to tertiary level. This is illustrated in this quote, “the curriculum in our junior secondary schools should involve the teaching of trades, to enable every graduate to acquire at least one trade”. The former 6-3-3-4 educational system (mentioned in the Overview Section) was cited as an example of a curriculum that was oriented largely to entrepreneurial skills.
1056. The CRM agrees with the CSAR view that poor implementation is the number one barrier to the effectiveness of education policies and programmes in Nigeria. Both sets of stakeholders believe that with effective implementation and enforcement of the UBE Act of 2004, the policy could have a positive impact on meeting education for all, and on poverty reduction.

1057. Poor implementation is blamed on an array of constraints, with corruption (underlined mostly by self-interest) topping the list as the most problematic. The other key constraints (some also identified in the CSAR) include:

- a top-down approach to policy formulation, combined with a lack of advocacy to involve all stakeholders (particularly at the grassroots level) in the planning, formulation, implementation and monitoring of educational policies (see also findings under Objective 6)
- inefficiency owing to capacity constraints at the federal and state levels, and lack of effective monitoring and evaluation mechanisms
- politicisation of education resulting in undemocratic distribution of public funds which results in wide disparities in educational quality and standards
- limited domestication and poor enforcement of international standards, codes and conventions (see also DPG findings)
- governance issues, including exam malpractices, non-transparent university admission process (i.e. favouritism, patronage and class-differential access — for example less than 10 per cent of public school graduates get five credits in the O levels)
- poor infrastructure and educational facilities including bad roads, unstable power supply, lack of potable water, and non-viable availability of classrooms, libraries and laboratories; and teachers who are poorly trained and poorly paid

1058. Although tuition in UBE is free, the high cost of school-related expenses, as well as the opportunity costs to parents of sending children to school (notably their labour) 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 of children in school.

1059. The overwhelming constraints in education notwithstanding, the findings of the CRM reveal that progress has been made to address some of these constraints. One noteworthy example is the School Based Management Committees (SBMC). The SBMCs came about as a result of a directive issued by the Minister of Education in 2006 to the Federal UBE Board to instruct each state’s UBE Board to set up a School Based Management Committee (SBMC) at the community level. The principal goal of the SBMC is to ensure good governance of schools. It was reported to the CRM that there are SBMCs
in all 36 states.\textsuperscript{17} Each SBMC consists of members drawn from the respective community, including traditional rulers, women leaders and headmasters. Some of the functions of an SBMC include: finding gaps in the school governance, identifying infrastructural facilities constraints, ensuring maintenance of school facilities, monitoring enrolment to ensure retention and completion of pupils, monitoring teachers’ attendance; and monitoring school community relations.

**Gender issues in access to education.**

1060. Although, there is little analysis on gender parity in schools in the CSAR, the CRM findings support the CSAR view that gender disparities are still a major challenge in Nigeria, notwithstanding a constitutional right to education for all citizens. The gender gaps are wider in the rural areas and in the north. A key barrier to girls’ access to education is imbedded in sociocultural and religious beliefs that discourage girls from advancing academically while encouraging marriage and motherhood. This has contributed greatly to the underrepresentation of girls in education, particularly at secondary level.

1061. Consequently, the gender gap at the primary level tends to be narrower (at times even reaching parity) than at the secondary and tertiary levels, as illustrated in Table 6.2 under Objective 5, which 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 save for Lesotho—one of a handful of countries where the gender gap favours females.

1062. Notwithstanding this disparity, the CRM observed that great progress has been made to advance women’s and girls’ access to education. In the northern part of Nigeria where girls’ access to education is typically seen as most problematic, various policies and programmes are now in place to enhance access to education for women and girls, including free school supplies, school feeding, and special school programmes. Some stakeholders even argued that more girls (than boys) are now sent to school as a “stop-gap” prior to securing a suitable husband or even as a strategy for enhancing “their chances of securing an ‘ideal’ husband”. While these measures may appear to enhance girls’ access to schooling, the focus is, nonetheless, on their reproductive role as future wives. This may have implications for furthering their education, especially if schooling is used as a “stop-gap” until a suitable husband is located.

1063. Despite this, some states in Northern Nigeria have set up night schools for women with restricted daytime movement. Other northern states have also set up “special schools” for married girls and young mothers (Box 6.6).

\textsuperscript{17} However, the CRM cannot verify this.
## 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, outside of their reported existence, the CRM was unable to obtain further data on the schools including: i) the states, when established, the curriculum, post-schooling activities of graduates, and overall socio-cultural impact.

The data limitation apart, 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 to either continue with their education or pursue one for the first time are laudable. The beneficiaries could be positive role models and agents of change to their communities and the Nigerian society as a whole by transforming their own individual lives and those of their children.

It was reported to the CRM that stigmatisation and sociocultural attitudes are impeding the effectiveness of the schools. Patriarchal assumptions about the supreme importance of a woman’s reproductive roles as wife, mother and caretaker could be the underlying cause of the stigmatisation of the schools and the beneficiaries. 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 deemed to be an adult, as also noted in the DPG findings. Hence, education — perceived to be for the young (meaning 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 the Nigerian society (as in other African societies).

### Source
CRM field notes February 2008

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1064. 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 efforts to promote girls’ access to education includes the provision of free books, meals, and uniforms. In the 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.

1065. The flip side to the increasing enrolment of girls is an apparent decline in enrolment among boys in some parts of Nigeria. The CRM was informed that increasingly enrolment and retention rates for boys are declining in some states (the Delta states were given as an example), owing to drug abuse and use of boys 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 the states in question.

### Health

1066. The CRM findings support the CSAR view that Nigeria’s health care system is very challenged and greatly constrained in providing quality healthcare to all
Nigerians, especially the unemployed and poor. Contrary to its stated tenet, the NHIS coverage appears not to be very inclusive. The coverage mostly provides for the healthcare needs of the formally employed. Consequently, it excludes the majority of Nigerians who are either unemployed or earn their living in the informal sector.

The CRM learnt that the key constraints to Nigeria’s health sector include:

- Poor implementation of programmes, for example, the “roll-back malaria” programme is reported as “seriously constrained” in the delivery of insecticide-treated mosquito nets to rural areas, combined with limited investment in raising public awareness about the relationship between malaria and poor sanitation.

- Poor health facilities and lack of infrastructure — which 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.

- Lack of an all-inclusive health insurance accessible to all Nigerian, especially the unemployed and the poor.

- Rural/urban and class differential in access to quality healthcare — the poor and rural population are less likely to access quality health care than the rich and the urban dwellers.

- Traditional and religious beliefs precluding many Nigerians from taking advantage of health services delivery. Examples include the prohibition against male doctors/nurses attending to female patients prevalent in Sharia states; taboos against modern drugs and treatment guided by ancestral worship; and religious decrees forbidding the use of modern medicine.

Notable among health sector constraints is the issue of community resistance to child immunisations. In some communities in Nigeria, there is some degree of fear or mistrust of immunisation schemes which are seen to conflict with cultural and religious beliefs or viewed as potentially harmful (and cases of this nature have indeed occurred in the past). The endorsement of the federal, state and local governments of these programmes could allay any fears and encourage mothers to take their children for immunisation.

But, as previously noted, efforts are now in place to address current challenges in the health sector. During the CRM interactive session with the Senate, it was reported that, while Nigeria does not presently have a health policy, development of a Health Bill was in progress and was being done through a participatory process.

The CRM findings also reveal some positive initiatives such as the provision of free medical care at the Fati Lami Hospital for women and children in
Kebbi State (see Good Practice Box under Objective 5); free maternal care in various states such as Ebonyi, Cross River, Kaduna and the FCT; the Hafsat Eye Centre, which provides eye care to the blind and visually impaired and the establishment of clinics at village level for first aid.

**HIV/Aids**

1071. The stakeholder discussion on HIV/Aids centred on funding and HIV/Aids awareness. The stakeholders indicated that over 3.5 million Nigerians are living with HIV but only 750 have access to treatment. They also noted that the primary source of funding to support both government and NGOs HIV/Aids intervention programmes is the World Bank and other external donors. It was also noted that the impact of HIV/Aids intervention activities is low due to poor implementation of donor assistance, ineffectiveness of the National Action Committee on Aids (NACA) and lack of drugs, prevention and care programmes.

1072. The stakeholders voiced concern about the few antiretroviral centres available in various parts of the country. They stated that this limited access to HIV/Aids counselling, testing and drugs.

1073. In general, there is a low level of awareness of HIV/Aids in rural areas, which necessitated the need for more campaigns in these areas. Some stakeholders, however, felt that it was not lack of awareness campaigns but rather people’s refusal to change their behaviour. They pointed out that there were many awareness workshops organised by the Ministry for Women’s Affairs. The First Lady was also actively involved in raising awareness about HIV/Aids.

1074. The CRM observed that constitutional and legal hurdles related to the Nigerian Federation — which requires elaborate consultations and consensus building for effecting changes — could be a major impediment to the country’s response to the HIV/Aids pandemic. However, it was also noted that overcoming these hurdles might not be as difficult as perceived, given the substantial control of the executive arms of the government at the centre, states and local government levels, the federal legislature and the state assemblies by one political party. The CRM learned that Benin State is the only state that has a budgetary allocation for HIV/Aids interventions.

**iii. Recommendations**

1075. The APR Panel recommends that Nigeria:

**Education**

- Conduct a country-wide assessment of the education policy thrust of NEEDS, with a focus on implementation constraints. The opportunities, best practices and lessons learned — what worked, what didn’t and why — should be incorporated into NEEDS2. [federal, state governments and CSOs]
• Develop effective mechanisms to ensure greater participation of all stakeholders in the formulation, implementation and monitoring of education policies and programmes. [federal, state, local governments and CSOs]

• Investigate the critical relationship between education, poverty, health and infrastructure to assess their collective and interrelated effects for a more sustainable response to enhancing the quality of education for all Nigerians, especially rural populations. [federal and state governments and relevant CSOs]

• Provide incentives (for example, school feeding programmes, uniforms, book allowances, etc) to poor parents to help minimise the financial and opportunity costs of sending children to school. [federal, state governments and LGAs]

• Mobilise religious and traditional leaders, among others for a sustained sensitisation campaign to further women’s and girls’ access to education. [federal, state governments and key CSOs]

• Develop an effective nationwide advocacy campaign to support and expand the “special schools” for married girls and young mothers, including a quality curriculum and crèches. [federal, state governments and key CSOs]

• Implement programmes to contain and reverse declining enrolment and retention rates for boys in the Delta states due to drug abuse and conflict. [federal and state governments]

• Expand UBE to include early childhood education (i.e. pre-school) with special priority given to rural areas to make education a priority very early on in children’s lives. [federal and state governments]

• Enforce governance constraints for a more equitable access to tertiary education, with a focus on exam malpractices, admission processes. [federal, 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]

Health

• Rally the political will for a concerted implementation of the goals of the health policy thrust in NEEDS. [federal and state governments]

• Mobilise religious and traditional leaders in 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 service delivery. [federal, state governments and CSOs]
• Staffs health facilities in Sharia states with female health care personnel to attend to female patients. \textit{[federal and state governments]}

• Address problem of limited health insurance coverage by learning lessons from other countries such as Rwanda, where a community health insurance scheme is currently in place \textit{[federal, state governments and CSOs]}.

• Vigorously implement plans and programmes in other health areas, particularly infant and maternal mortality, TB and malaria. \textit{[federal and state governments]}

• Mobilise the political will for a concerted implementation and enforcement of the Child Rights Act and CEDAW, with a focus on eliminating early marriages and other harmful practices that not only carry implications for girls’ schooling but also health implications including HIV/Aids and other STIs; and maternal and infant mortality. \textit{[federal, state governments, and CSOs]}

\textbf{HIV/Aids}

• Mobilise the political will to remove institutional and societal barriers for a comprehensive implementation of HIV/Aids response under NEEDS. \textit{[federal and state governments]}

• Encourage a sustained sensitisation campaign to raise greater awareness on HIV/Aids and to promote behavioural change, particularly at the grassroots level. \textit{[federal, state governments, and CSOs]}

• Encourage other states to follow the example of Benin State to fund their own HIV/Aids response through state budget allocations. \textit{[federal and state governments]}

• Increase access to antiretroviral treatment. \textit{[federal, state governments and LGAs]}

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\textbf{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 \\
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\textbf{i. Summary of the CSAR}

1076. As in the case of 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 amidst plenty.
Housing

1077. According to the CSAR, Nigeria is currently experiencing a severe housing shortage. The government estimates the housing deficit at 12-17 million units, which translates into lack of decent housing for 72-102 million people given the average household size of six persons per household. The government also estimates that it would require between N31 trillion and N44 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 housing were introduced. Inadequate financing, which relies on depository arrangements, a weak legislative framework - especially 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

1078. Many Nigerians are facing serious water shortages. The CSAR notes that only one in three Nigerians had access to a potable water supply in 1999. The UNDP’s Human Development Report of 2006 also shows that the size of the population without access to an improved water source in 2004 was 52 per cent. Though this indicates an increase of 22 per cent over the 1999 level, the water situation is still dire in certain parts of the country.

1079. A household survey conducted for the CSAR suggests that rivers and streams are the most popular sources of water for 35 per cent of the population, while 30.9 per cent rely on a hand-dug water well. Only a quarter of the population has access to piped water.

1080. Insufficient funds for implementing water supply projects in poor communities and the lack of experts to provide technical support for the maintenance of boreholes and other mini water schemes have been cited as being responsible for the poor water situation.

Sanitation and environmental degradation

1081. The CSAR notes that only 33 per cent of Nigerian households use conventional toilet facilities, while 68.2 per cent of the households rely on unsatisfactory refuse disposal methods. Urban households are better served than their rural counterparts.

1082. The waste management situation remains a major source of concern, especially in the urban areas, due to 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 water-borne diseases still account for a significant proportion of the disease burden in the country.
Energy

1083. Though 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, which have led to severely decayed infrastructure, poor transmission capability and exceedingly weak management.

1084. According to the Bureau of Public Enterprises (BPE), Nigerians lose N128 billion or $1 billion as a result of idle times during electricity outages and the extra costs of providing alternative electricity for themselves. Most affected are manufacturing industries whose costs are thereby driven up. The Minister of Finance has estimated that the cost of companies providing their own electricity from diesel-powered plants is five times higher than the cost of public supply 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.

1085. Currently, several major electric projects are under construction with the potential of expanding the supply of electricity. Despite these efforts, most people are highly dissatisfied with the poor supply and distribution of power in the country. They suggest that in order to meet the demands of the expected expansion in the economy as a result of the success of ongoing economic reforms and consequent increase in direct foreign investment (DFI) and local investments, the performance in the energy sector needs to be considerably improved.

Microfinance

1086. Traditionally, microfinance in Nigeria relies predominantly on social capital for its sustenance. However, modern economic development cannot rely on traditional microfinance institutions because of their obvious managerial shortcomings and the limitation that they are only able to mobilise limited funds. To overcome this problem, the Central Bank of Nigeria (CBN) established a Microfinance Policy Regulatory and Supervisory Framework and also launched a Microfinance Policy in 2005.

1087. The Microfinance Policy has a number of sound objectives such as encouraging states and local governments to set aside at least 1 per cent of their annual budget for lending through microfinance banks. In addition, in 2001 the CBN introduced the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) with the aim of supplying finance and managerial expertise to small and medium industries (SMIs). According to the guidelines, all deposit banks in Nigeria are to set aside 10 per cent of their pre-tax profit for equity investment in the SMIs. Such funds should be invested within 18 months in the first instance and 12 months thereafter. So far N38.226 billion has accumulated in the Fund but only N17.039 billion has been disbursed because most of the clients operate on a small scale. This situation is indicative of the difficulty that small and medium enterprises still
face in accessing the fund. Therefore, there is still a massive unserved market in need of credit.

Information and communication technology (ICT)

1088. The CSAR observes that the number of ICT operators in Nigeria has grown dramatically since 1999, resulting in a growth rate of 120 per cent in private sector investment from $50 million to over $6 billion between 1999 and 2005. As a result of this phenomenal expansion, the number of telephone lines increased on an annual basis 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.

1089. The decline in 2005 may be attributed to the shift in emphasis to the development of improved ICT infrastructure by mobile operators. The country had a teledensity of 15.72 as at July 2005, up from 0.49 per cent in 2000. In terms of coverage, 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.

1090. The government itself has embarked on major communications projects, totalling above N38.5 billion, designed to extend telecommunications to rural communities.

Transport and infrastructure

1091. The CSAR did not address issues relating to transport and infrastructure, land and markets.

ii. Findings of the CRM

1092. 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

1093. 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\textsuperscript{18}. However, the necessary steps have yet to be taken to reverse the housing shortage.

\textsuperscript{18} Federal Republic of Nigeria, Seven (7) Point Agenda of the President Umaru Musa Yar’Adua Administration, p. 35
1094. 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 of a different nature. It is mainly concerned with the quality of housing and the inadequacy of infrastructure such as roads, drainage water and electricity.

1095. The CRM observed a complete lack 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 estimate development loan as the only source of funds for carrying out their statutory functions.

1096. Both newspaper reports and discussions with stakeholders 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, indicating a demand gap of 11.5 million metric tonnes. The price of cement increased by 64 per cent – from N1,400 per bag at the end of 2007 to N2,200 per bag in February 2008.

1097. The CRT also learned that the direct construction of low-income housing has been a failure because of the high cost of construction, high import content of materials, and inadequate and poor structuring of loans.

Water

1098. Although two of Africa’s most important rivers - the Niger and Benue rivers - transverse the country, Nigerians continue to experience severe clean and safe water shortages. The rural areas experience an even more critical situation. They rely on wells, springs, rivers, streams, ponds or dams – basically untreated water - to meet their water needs. Most of these sources dry up during the dry season. As a result, access to water (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.

1099. Other causes of the water shortage cited by stakeholders include poorly constructed facilities, lack of maintenance and the attitude of some of the people in the general population. At best maintenance of broken-down boreholes takes too long and at worst is not done at all. Some water stations cannot even treat the water because of what is termed as an “epileptic” power supply. On the other hand, the deliberate puncturing of water pipes by vandals,

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19 Federal Republic of Nigeria, Seven (7) Point Agenda of the President Umaru Musa Yar’Adua Administration, p. 35
and the siphoning off of water from pipes by water vendors, disrupt the water supply to customers.

1100. Discussions with stakeholders indicate that, although water quality standards for various uses of water exist, the pollution and degradation of water quality continues unabated due to the discharge of untreated effluent from industries and sewers, the non-protection of water sheds, hydrocarbon contamination of groundwater, saline intrusion of groundwater and irresponsible mining activities. In recent years, the government has started taking steps to ensure adequate protection of watersheds, aquifers and the aquatic ecosystem to address the rising demand for water and the desire for sustainability of the supply of water.

Sanitation and environmental degradation

1101. 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 stormwater drainage system. Moreover, the proportion of the population with access to safe facilities for disposal of excreta and waste water is lower than that for water supply. The CRM noted that in many of Nigeria’s major cities refuse was dumped along the streets, especially under the Lagos Island bridge.

1102. The CRM also observed that plastic (polyethylene) bag pollution was becoming a serious source of concern in the country. Since this phenomenon is a crucial emerging environmental problem in many other African countries, Nigeria could take this country review as a strategic turning point to lead Africa in controlling the spread of plastic bags to enhance environmental sanitation. With current technology, the majority of plastic waste materials can be an excellent source of raw materials for packaging industries if appropriately recycled. Observers believe that waste management projects such as plastic recycling can offer excellent investment opportunities, as they generate considerable profit margins.

1103. In discussions with stakeholders, the CRM learnt that there are some community initiatives aimed at promoting environmental management. Social environmental vanguards have been instituted in schools in some communities to sensitisie pupils on environmental pollution. There are also monthly general cleaning exercises in some communities and failure to attend these excises can result in a fine. Some stakeholders advocated the re-institution of sanitary inspectors to give legal backing to the general cleaning exercises. Furthermore, a water company in Anambra State gives rewards for the return of plastic bags. But these exemplary practices have not yet been adopted by a majority of the states.

1104. The adverse impact of the use of fossil fuels on the environment is also beginning to be a great source of concern in Nigeria. It is, therefore, gratifying to note that the Nigeria National Petroleum Corporation (NNPC) is building an ethanol plant in each of seven participating states at a total cost of $560
million. When completed, these plants will produce approximately 1.5 million litres of biofuel or ethanol fuel a day. The Lagos State Assembly has also concluded plans to pass a gas emission law to minimise the impact of the by-products of fossil fuels from vehicles on environmental pollution and climate change.

1105. Environmental degradation in the form of soil erosion is another problem. According to informed sources, its causes include deforestation of the environment for firewood, lack of proper drainage systems, poor practice of refuse disposal, and indiscriminate digging of soil for road construction or the building of houses. This problem needs immediate and adequate attention. Otherwise, it could lead to reduced crop production, lower surface water quality - further exacerbating the water shortage problem - and damaged drainage networks.

**Energy**

1106. 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 proven oil reserves as of January 2007. The country also has an estimated 180 trillion cubic feet of gas, which makes Nigeria the largest natural gas reserve holder in Africa and the seventh largest in the world. Yet the country continues to experience severe shortages in power supply. The power situation has not improved since 2000 despite the colossal amount of $10 billion invested in the sector between 2000 and 2007.

1107. The CRT meetings with stakeholders were continually interrupted by blackouts. It has been established that nine in ten firms in Nigeria regard power failure as the most pressing issue in their operations. This problem applies to all types of firms and across all regions of the country. Nearly all firms have their own generators, regardless of their location. Some of them operate their generators even when the public supply of electricity is available to prevent product damage that results from the switch-over process from one power source to another. Some businesses, especially banks, have a minimum of two generators, one that ensures that everything is going on well while the other protects the bank’s information and communications technology (ICT) system. The impact of the power crisis is of even more concern to small businesses and the informal sector, for example hairdressers. It inhibits their ability to generate income.

1108. There is a strong feeling among some Nigerians 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

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22 See [http://nm.onlinenigeria.com/template/?a=293&z=2](http://nm.onlinenigeria.com/template/?a=293&z=2), Nigeria Loses N66bn Yearly Through Power Failure
cost of privately provided electricity is about 242 per cent of that provided by
the public power authority. Some firms have also adopted factor substitution,
by modifying their production process in favour of less electricity-intensive
inputs while others have resorted to output reduction as a means of dealing
with the frequent power failures. These measures affect firms’ productivity
and pricing. They reduce productivity, increase the cost of production and
cause prices to rise. These effects have a negative impact on Nigerian firms’
competitiveness and employment creation.

1109. The energy crisis has compelled some urban dwellers to turn to firewood,
charcoal and kerosene as major sources of energy for cooking and lighting.
The CRM observed a very vigorous trade in these commodities along most of
the routes they travelled across the country. If this trend continues, the effect
on the environment and sustainable development for future generations could
be disastrous.

1110. The challenges of the energy sector include illegal bunkering, kidnapping of
oil workers, low level of local content and weak linkages to the wider
economy, bureaucracy, inadequate institutional capacity at the upstream level
and vandalism. According to the Managing Director of the Nigerian National
Petroleum Corporation\(^\text{23}\) (NNPC), Nigeria lost N53.8 billion between 2006
and 2007. It is estimated that US$25 billion to US$30 billion is required to
expand electricity production from 10,000MW to 30,000MW\(^\text{24}\). As a result of
these challenges, Nigeria - a nation with vast gas and oil reserves estimated to
last 110 years and 40 years\(^\text{25}\) respectively - has stagnated, with a dismal power
situation that has prevented its economy from achieving its potential growth.

1111. In order to meet the demands of expected expansion in the economy as a result
of the success of ongoing economic reforms and the consequent increase in
both direct foreign and local investments, the performance in the energy sector
needs to be considerably enhanced. Moreover, Nigeria needs to develop the
capacity to supply sufficient electricity to meet domestic consumption and to
supply neighbouring countries, in order to continue to play its leading role
within Africa, especially within ECOWAS.

1112. It is, therefore, commendable to note that the current Administration has
embarked on several measures to improve the electricity supply in the country
and to attract private investment to complement funding by government. 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 mega stations in key West African

\(^{23}\) The Guardian Conscience (Nurtured by Truth), “Nigeria Loses N53b to Pipeline Vandalisation In
Two Years”, Vol. 25, No. 10,643, Saturday, February 16, 2008, p. 3
\(^{24}\) Federal Republic of Nigeria, Seven (7) Point Agenda of the President Umaru Musa Yar’Adua
Administration, p. 52.
\(^{25}\) OSGF Bulletin, The In-House Publication of the Office of the Secretary to the Government of the
Federation, Vol. No. 8, pp. 35.
countries, including Benin, Togo and Ghana. However, the Corporation has completed only 25 of the 37 mega stations it planned to build across the country.

**Microfinance**

1113. The CRM noted during the review period that many types of microfinance institutions (MFIs) exist, such as 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.

1114. 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, mattresses or shops. Microfinance enables them to deposit this money in the formal sector (banks, microfinance institutions, etc) and then borrow from such formal institutions, thus making their businesses formal. Once the money in the informal sector is brought into the formal sector, it increases the amount of money available for lending to the production sector.

1115. However, there are a number of challenges facing MFIs. Among the challenges to MFIs and access to credit facilities are the ability to raise the required N20 million imposed by the CBN to transform a community banks into a microfinance bank, lack of collaterals and guarantors; lack of information on where to borrow money; long processing periods for loans, high interest rates and, lack of monitoring of businesses that receive microcredit loans.

1116. The issue of collateral is of a particular concern for women, especially rural women, and the youth. Owing to discrimination against women in the areas of access to property and inheritance of land, they lack land or houses to pledge as collateral for obtaining loans. Double-digit interest rates also prevent both the youth and women from obtaining loans for investment. To get round these obstacles, some rural women have organised thrift societies and deposit money in banks to enable them meet the stringent collateral requirements.

1117. Stakeholder interviews and newspaper reportage\(^26\) revealed that Lagos state has set up a N5 billion capital base for microfinance schemes. All indigent residents of the state who have skills or good business ideas but lack collateral to access credit from commercial banks to finance their business are eligible to benefit from the scheme.

1118. According to stakeholders, while some people readily repaid microcredit loans accessed through their traditional microfinance schemes, they were reluctant to repay loans obtained from government sources. The defaulters justify their behaviour by referring to corruption among politicians and public servants.

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because of their privileged positions. Since they are not in such positions, they regard the loans as their fair share of the national funds which are being pilfered by such public officials. This practice could be effectively addressed by implementing and enforcing a good monitoring system, a strict guarantor scheme, and the setting up of microfinance at the ward level where the borrowers would be known by their community.

**Information and communication technology**

1119. Although there is still a long way to go 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.

1120. The Government’s privatisation and liberalisation programme in the telecommunications sector has led to dramatic growth in the information and communications technology (ICT) sector. This has attracted more foreign telecommunications companies to seek mergers or takeovers to strategically position themselves in this vibrant market.

1121. However, International Telecommunication Union statistics suggest that only five million people of the 140 inhabitants had access to the internet (also known as broadband) as of September 2006. The Nigerian Communications Commission (NCC) has instituted a series of initiative and policies to ensure that all state capitals as well as 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 Digital Appreciation Programme – Tertiary. Through DAP, the NCC sends computers and satellite links to schools to get them connected in order to enhance the appreciation and use of ICT in primary and secondary schools. The Advanced Digital Appreciation Programme-Tertiary trains lecturers in tertiary institutions on ICT.

1122. The challenge for broadband applications based on fibre optics is now being widely considered. The implementation of this application would support a wide range of frequencies, typically from audio up to video frequencies. 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.

1123. There are other ground-breaking initiatives in the ICT sector in the country. Sources indicate that current Internet Service Providers (ISP) are enhancing their coverage capacity while new operators are being approved to implement the broadband services.

1124. However, some challenges need to be resolved before a serious broadband penetration could 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 be merely 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, thus causing many residential and business users to access ISP through public switched telephone networks rather than through cable and digital subscriber lines (DSL).

**Transport and Infrastructure**

1125. The CRM’s consultations of official documents and with stakeholders revealed that Nigeria has a total of 193,200 km of roads, 3,833 km of rail, 22 airports, 63 air strips, 13 major ports and 3,000 km of navigable waterways. Four of the international airports are to be given out to concessionaires to upgrade and manage with the government providing 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 of this output.

1126. With this extensive transport infrastructure, there is a potential for both intra-state 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 southern sector, 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. Such roads need either complete rehabilitation or serious maintenance. Some estimates suggest that inadequate road investment and maintenance could lead to increases of $570 million in vehicle-operating costs and road accidents 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, possible victims of head on collisions, along some of the roads where this practice is rampant. The current state of the railway system is no better than that of the roads. Most of the rail lines are in disrepair, needing serious attention.

1127. The government’s transport reform policy for addressing these shortcomings has four major components: rehabilitation, modernisation, extension and privatisation of the various transport systems to move goods and services en masse. The Government’s perception of mass transit involves the use of modes of transport such as trains, aircraft and watercraft, even including ships, to move large volumes of passengers and goods in a single trip. Therefore, it hopes to develop the railways, waterways and airports to ease traffic congestion, and enhance productivity while reducing environmental pollution.

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27 OSGF Bulletin, The In-House Publication of the Office of the Secretary to the Government of the Federation, Vol. No. 8, pp. 31-34.
28 AfDB/OECD, African Economic Outlook, 2006
The CRM was informed that Lagos state also plans to implement an enhanced transportation system that would comprise rail, water and road transportation to enable commuters to travel by more than one means of transportation before arriving at their final destination. Such a system would coordinate and regulate transport modes, thereby minimising the current chaos in the city, where each morning about 20,000 commuters per hour struggle to get to Lagos Island. These are laudable plans that, if implemented, would transform the whole transportation system in the country. However, as stated in several places in this report, Nigeria does not lack very well devised plans – what the country appears to lack is the will to implement them.

Land

1128. 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 non-urban areas. By this arrangement, the Act confers legal ownership of urban land and non-urban land on State Governors and local governments respectively.

1129. While there are standards for right of ownership of urban land across the country, such standards do not exist for rural areas. An individual land owner is granted a statutory right of occupancy in the urban areas through the granting of a certificate of occupancy from the Governor. The non-urban landowner has customary right of ownership. These rights are regulated by the rules of customary law of the locality of the land in the case of the death of the non-urban occupier. The customary law applicable to the devolution of similar property of an urban land occupier upon death applies to his or her land title. These provisions discriminate against women due to both customary practices and Sharia law where property is assumed to belong to the male head of household.

1130. The CRT learned that government compensation for land is a contentious issue. The right of land ownership can be revoked in the interest of the public good such as for mining purposes. The occupier is entitled to compensation. Although the Act specifies that disputes arising from compensation are to be referred to the Land Use and Allocation Committee of the area, there is a strong feeling among stakeholders that such compensation is not based on fair market value. Also, it is the perception of people from the Niger Delta area that the inadequacies and inequities of the Land Use Act strongly imply that

the Act was enacted to punish them. This suspicion, rightly or wrongly, is one of the plausible contributing factors to the Delta crisis.

1131. The current land tenure system is an open door for abuse. Discussions with stakeholders indicate that it takes a rather long period to obtain the certification of occupancy of urban land. This creates a tendency to bribe officials to speed up the process. Furthermore, there is a general view that the land tenure system is a serious barrier to investors who need large tracts of land in the agricultural sector to engage in large-scale farming. This belief suggests a necessity for change in the land laws to release land for commercial farming and other large-scale business in the private sector to boost production and wealth creation initiatives towards socio-economic development.

**Markets**

1132. A general perception among Nigerians, especially rural stakeholders, is that they lack markets for their produce. As a result, they depend solely on the periodic markets in their areas. Bad road connections and lack of rural-urban roads, inadequate market infrastructure such as secured stalls, and lack of storage facilities for seasonal and perishable food produce were cited as key challenges to access of even the periodic markets.

1133. Stakeholders informed the CRT that in December, 1986, the government abolished the six marketing boards that had held a monopoly on the pricing, subsidisation, purchase, and marketing of oil palm, cocoa, coffee, rubber, cotton, groundnuts, and grains. They stressed that these changes were made rapidly and with little planning. So the roles to be played by the private sector were not clearly defined, and steps were not undertaken to ensure that the major functions of the marketing boards were adequately transferred to the private sector. They further pointed out that administratively determined prices were liberalised instantly, but indicative prices were not provided.

1134. These challenges and developments have generated unequal distribution of marketing margins and efficiency across the country, causing serious distortions in the food market. This situation has resulted in a food surplus in some areas and food scarcity in others, which has had serious implications for the food security situation in certain regions of the country.

**iii. Recommendations**

1135. The Panel recommends that Nigeria:

- Promote private sector participation in mass housing production and also deepen the mortgage finance system through access to the capital market by promoting institutional investment in mortgage securities by banks, insurance companies, Pension Fund Administrators (PFAs), and Trust Funds. *(Federal government, state governments, private sector)*
• Establish targets dates for the proportion of population with access to potable water close by and continue to construct more boreholes, dams and treatment plants with broader spread across all parts of the country as well as establish trained borehole repair committees at the local government level to supervise repairs of defective boreholes. (*Federal government, state governments and local government areas*)

• Use solar energy to run water treatment plants. (*Federal government, state governments and local governments*)

• Implement environmental sensitisation programmes and extend the concept of social environmental vanguards in schools instituted in some states to all states and local government areas in the Federation to sensitisie the public on sanitation and environmental degradation. (*Federal government, state governments, local government areas, NGOs and civil society organisations*)

• Implement effective waste management systems and reintroduce sanitary inspectors in all states and at local government areas, while providing adequate sanitation in public areas, especially marketplaces. (*Federal government, state governments, local government, NGOs and civil society organisations*)

• Promote a viable and workable energy policy that generates adequate institutional capacity in the energy sector with strong linkages between the sector and the wider economy (*Federal government*)

• Liberalise the conditions for community banks to convert to microfinance banks by reducing the N20 million required to be raised by each community bank and implement and enforce a good loan monitoring system and a strict guarantor scheme (*Federal government, state governments, local governments*)

• Embark on extensive road rehabilitation including well constructed drainage systems and strictly enforce regulation of road traffic with a view to terminating the practice of driving against traffic and other offences (*Federal government, state governments and local governments*);

• Reform the Land Use Act to liberalise access to land and reduce cumbersome titling processes (*Federal government, National Assembly*);

• Construct good road networks and provide basic market facilities such as secure stalls, storage, processing and packaging facilities.

**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
i. **Summary of the CSAR**

1136. According to the CSAR, the national gender policy aims at the full integration of women into all facets of life through equality of opportunity. The principal international standards guiding this policy are provided by Nigeria's ratification of the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) and the African Charter's Protocol on Women's Rights. The principal institutions for overseeing policy implementation are the Ministry of Women's Affairs and the Women’s Advisory Council.

1137. The Federal Government has taken affirmative action in appointing women to key posts in the federal administration, including positions as ministers, advisers, boards of directors 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. In legislation, a main achievement has been the passing of a law prohibiting the trafficking of women as workers in foreign countries.

1138. Education policy promotes gender equality in enrolment, and different states are implementing different strategies such as establishing girls-only schools, and providing state support for school fees for girls. Employment policy at various levels provides for equal opportunity for both females and males. Similarly, health policy promotes gender equality in access to health facilities especially through primary health programmes.

1139. Despite this policy position, results have so far been disappointing. Only about 5 per cent of top elective and appointed decision-making positions are occupied by women. As previously noted, wide gaps in school enrolment, especially at secondary level, remain. Results from the CSAR household survey show a generally low assessment of government success in promoting gender equality.

1140. The CSAR concedes that gender empowerment measures have so far had low impact. Poor progress is attributed to deep-rooted patriarchal attitudes, both cultural and religious, and the institutional inertia of implementing agencies. Given that gender equality is seen as such a “sensitive issue”, the CSAR is sceptical of early success in the implementation of the gender policy.

ii. **Findings of the CRM**

1141. The CRM confirms that 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.

1142. However, it is clear, from both the CSAR and from the CRM's own findings, that minimal progress has been made towards the promotion of gender equality, and that the level that might have been anticipated from Nigeria’s ratification of CEDAW in 1985 has not been reached. In 2000, Nigeria ratified...
the Optional Protocol to CEDAW, and in 2005 it ratified the African Charter’s Protocol on Women's Rights. The country assented to the African Union’s Solemn Declaration on Gender Equality, which requires gender parity in decision-making positions by 2003. Yet the present situation is that women continue to be discriminated against.

1143. Major examples of gender discrimination against women and girls which were mentioned to the CRM by respondents included the following:

- Stigmatisation and insecurity of women seeking elective positions as society in general tends to perceive women as sex objects and as subordinates to men.

- Some husbands, across all educational levels, in exercising their societal role as heads of households, do not allow their wives (sometimes including even tertiary level graduates) to take up waged employment.

- Early marriages for girls that are sanctioned by cultural and religious belief, which deprive girls of schooling to attain the skills needed for an empowering adult livelihood. This practice has contributed greatly to the lesser proportion of girls in school enrolments and the poor retention of girls in the school system, especially at the secondary and tertiary levels. In 2004 about 12 per cent of girls between 10 and 14 years were married compared to 1 per cent of boys of the same age (see Table 6, below). This situation contravenes the Federal Child’s Rights Act (2003), which established 18 years as a minimum age for marriage, which illustrates that rights given in federal law may not be adhered to at the level of the state.

- Demand for high collateral by commercial banks stifles women’s access to credit, because societal patriarchal beliefs and practices prevent women from owning properties in their own right.

- Continuing and escalating gender-based violence in the form of rape, incest, wife battery, FGM, and VVF.

- Mistreatment of widows by disinheritance and inhuman funeral rituals.

- Trafficking of girls and women abroad into the sex-industry and sweatshops.

- Low budgetary allocations to women’s machinery at all three levels of government, contributing to minimal gender mainstreaming in development programmes.

1144. 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 (Table 6.2). The CRM takes the view that one of the reasons for the failure to make better progress towards 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, for example stipulating that 30 per cent of parliamentarians should be women, or 50 per cent of school pupils should be girls. Furthermore, the Government has not instituted any temporary or special measures for affirmative action policies or measures in other areas such as access to wage employment, land and credit.

1145. Table 6.2 shows very little progress in closing gender gaps in school enrolments over the period 2000-2005, with zero progress at the primary level.

Table 6.2: Gender Disparities in School Enrolments

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>2001</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent Male</td>
<td>Per cent Female</td>
</tr>
<tr>
<td>Junior Secondary School Enrolment</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Senior Secondary School Enrolment</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Polytechnic Enrolment</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>University Enrolment</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Literacy Rate</td>
<td>59 (1999)</td>
<td>41 (1999)</td>
</tr>
</tbody>
</table>


1146. Table 6.3 shows that most of the important decisions at the household level are taken by men, even on issues related directly to women.
Table 6.3: Gender Divisions in Decision Making at Household Level

<table>
<thead>
<tr>
<th>Area of Decision</th>
<th>Gender of the Decision Maker</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women only</td>
<td>Woman and Man</td>
<td>Man only</td>
<td></td>
</tr>
<tr>
<td>Wife’s Wealth</td>
<td>12.8</td>
<td>10.3</td>
<td>73.4</td>
<td></td>
</tr>
<tr>
<td>Large household Purchase</td>
<td>7.1</td>
<td>12.4</td>
<td>77.4</td>
<td></td>
</tr>
<tr>
<td>Daily House Purchase</td>
<td>19</td>
<td>13.9</td>
<td>64.5</td>
<td></td>
</tr>
<tr>
<td>Visit to relatives</td>
<td>17.7</td>
<td>20.4</td>
<td>59.7</td>
<td></td>
</tr>
<tr>
<td>Food to cook</td>
<td>33.5</td>
<td>11.7</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>Child Health Care</td>
<td>9.3</td>
<td>17.3</td>
<td>66.8</td>
<td></td>
</tr>
<tr>
<td>Child Education</td>
<td>4.8</td>
<td>16.6</td>
<td>67.7</td>
<td></td>
</tr>
</tbody>
</table>

Source: Nigeria Gender Statistics Digest, Federal Ministry of Women’s Affairs, 2006

1147. Table 6.4 shows the very large gender gaps in wage employment in the civil service, where there are three men to every woman employed in local government.

Table 6.4: Gender Disparities in Workforce in Federal and Local Government Civil Service

<table>
<thead>
<tr>
<th>Level in 2004</th>
<th>Per cent Male</th>
<th>Per cent 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>

Source: Nigeria Gender Statistics Digest, Federal Ministry of Women’s Affairs, 2006

1148. Table 6.5 shows that a much greater proportion of women, as against men, are unemployed, and that where women have wage employment they are far more likely than men to be found in sales and service related jobs, whereas men
outnumber women by more than two to one in the professional and technical
category.

**Table 6.5: Distribution of Workers Across Occupational Categories**

<table>
<thead>
<tr>
<th>Occupation Category</th>
<th>Per cent Male</th>
<th>Per cent 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>Others</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>

*Source: Nigeria Gender Statistics Digest, Federal Ministry of Women’s Affairs, 2006*

1149. 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 the surprising result that there is less poverty among female headed households (44 per cent) than among male-headed households (58 per cent). However, this is in a situation where only 14 per cent of households are female headed. According to *Nigeria Gender Statistics* (2006), analysis of other related indicators suggests that the likely reasons for less poverty among female-headed households are that such households tend to be smaller and the average female head is more educated than her male counterpart.
Table 6.6: Gender Disparities in Various Aspects of Social Status, 2004

<table>
<thead>
<tr>
<th>Aspect of Social Status</th>
<th>Per cent Male</th>
<th>Per cent Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at first marriage (10-14 years)</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Age at first marriage (15-19 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>

Source: Nigeria Gender Statistics Digest, Federal Ministry of Women’s Affairs, 2006

1150. Despite the adoption of the 2000 National Gender Policy (NGP), there is still a lack of progress towards achieving gender equality. This gender policy is very clear in its goal of promoting gender equality in all aspects of political, economic and social life, and mainstreaming attention to 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 within all national sectoral plans.

1151. The NGP has been largely ineffective because it has failed to achieve its main and preliminary goal of domesticating CEDAW into federal law. The belated attempt at domestication was suspended by the National Assembly in 2005, pending the gathering of opinions from religious authorities, and this is where the matter continues to rest. Without the domestication of CEDAW into law, the national gender policy cannot be enforced.

1152. The domestication of CEDAW into local law is further complicated by section 12 of the Constitution, which stipulates that, when the Federal Assembly ratifies an international treaty, this treaty cannot become applicable country-wide until it has also been ratified by at least two-thirds of the states’ Houses of Assembly. To this end, two states – Imo and Anambra – have so far passed a Gender and Equal Opportunities Law. Bills proposing this same state law remain pending before a further twenty-eight state Assemblies.

1153. In 2004, the CEDAW Committee, when considering the Nigeria Report to the Committee, expressed concern that CEDAW had still not been domesticated into law. The Committee also commented on the persistence of discriminatory legislation, discriminatory administrative provisions and practices in the
labour market, women’s higher unemployment rate, the persistent gender wage gap in both 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.\footnote{1154.}

The CSAR further suggests that the obstacles to poor progress on gender equality can be found in the government’s difficulties, which arise from deeply embedded cultural and religious belief and practice. 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 women’s equitable representation in all aspects of national life, and women's 30 per cent representation in the workforce, “where feasible” (p 44). This phrase “where feasible” seems to indicate lack of confidence or political will to pursue the stated goal, perhaps because the obstacles were regarded, even from the outset, as insuperable.

In the view of the CRM, 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 overcome.

The CRM did not find, among the people they talked to, the same degree of pessimism about making progress on gender issues. On the contrary, both women and men, from all walks of life, revealed a fairly pervasive opinion 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 change.

On a positive note, there are a number of small civil society organisations that are implementing programmes on areas such as FGM, VVF and early marriages; to provide support for widows and schooling for girls. However, the levels of progress vary considerably from one state to another. The progress in Kebbi State (see box below), which is an Islamic state, is indicative of the potential for change if the federal government were to take a more assertive stance in planning, coordinating and realising a national programme of action for increased gender equality.

\begin{center}
\textbf{Best Practice 6.1: Gender Affirmative Action in Kebbi State}
\end{center}

\begin{tabular}{|p{1\textwidth}|}
\hline

During the discussions state-actors respondents narrated that Kebbi State has undertaken the following affirmative actions for women and girl-children: \\
\hline
\end{tabular}

\footnote{Information obtained from Oby Nwanko, 2008, Women in Power and Decision Making, unpublished.}
### Leadership
- Sent a woman representative to the Federal House of Assembly;
- The Chief Electoral Officer is a woman;
- The Commissioner in charge of Women's Affairs is a woman;
- The Chief Judge is a woman;
- Every Local Government has a woman Councillor (21 women in all);
- There are 3 women Special Advisors;
- Targeting 33 per cent of posts to be given to women to serve as directors, executive secretaries of education, pension boards, etc.

### Education
- More schools have been provided for girl children with all the facilities;
- Free education from primary to secondary school level;
- Married women that dropped out of school due to early marriage or otherwise are given opportunity to continue with schooling at community-based education centres;

### Health
- Built a hospital for women and children only (Fati Lami Hospital);
- Free medical care for women and children;
- HIV awareness is high – Ministry of Gender Affairs hold workshops on the pandemic for local government representatives and for pregnant mothers.

### Violence Against Women:
- A legislation against this vice is the offing.

### Economic Empowerment
- Women are assisted with soft loans (interest-free) to boost their economic empowerment;
- The Women's Affairs Ministry provides free sewing machines and vocational skills to women's groups.

Source (CRM Findings February 2008)

### iii. Recommendations

1158. In addition to the recommendations on gender issues made elsewhere in this report, the Panel recommends that Nigeria:

- Recognise the implementation of the national gender policy as a priority for improved democratic governance at both federal and state levels. [Federal and state governments]
• Mobilise political support in all states and local government leadership to fully implement CEDAW and the National Gender Policy. [Presidency, federal, state and local government]

• Introduce a legalised and institutionalised quota system for access to all political appointments and elected positions, and for access to all top managerial positions in the public sector, establishing a minimum proportion of 35 per cent women, in line with national gender policy. [Ministry of Women’s Affairs, Ministry of Justice, National Assembly, state assemblies, political parties]

• Establish effective linkages between the Ministry of Women’s Affairs and all other ministries 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. [Ministry of Women’s Affairs with all federal government ministries; Cabinet Office]

• Improve coordination between public and private enterprise, government and non-government agencies, and between the three levels of government — federal, state and local -- to ensure gender mainstreaming in all programmes and plans. [Ministry of Women’s Affairs with all other government ministries, private business, civil society organisations and NGOs]

• Identify key strategies for spearheading national action on selected national gender issues, selected on the basis of being those gender issues which already attract a widespread appreciation of gender inequality, and therefore being issues which are more likely to attract the support of civil society organisations and public opinion. [Ministry for Women’s Affairs, women’s rights organisations, women’s groups, civil society]

• Identify clear quantitative indicators and targets for closing gender gaps in all gender-oriented actions and plans, as a means towards monitoring and evaluation of progress. [Ministry for Women’s Affairs, National Bureau for Statistics, Federal Office of Statistics]

• Introduce the regular, systematic and comprehensive collection of data on gender gaps, at the national and state level, as a means towards establishing a range of women’s socioeconomic and empowerment indicators to measure success in achieving gender oriented objectives. [Ministry for Women’s Affairs, sectoral ministries, National Bureau for Statistics, Federal Office of Statistics]

• Increase funding to women’s machinery at all three levels of government to enable implementation of the above recommendations. [Ministry of Finance, Federal and State Assemblies]
i. **Summary of the CSAR**

1159. Since Nigeria’s return to democratic rule in 1999, participatory measures have been reintroduced, after being in abeyance throughout the preceding period of military rule. Public participation is embedded in the procedures of the National and State Houses of Assembly, and, therefore, intrinsic within the formulation of budget and policy, both of which are crucial to the development process. In addition, the periodic Presidential breakfast meetings under President Obasanjo became important for elite participation in development planning and management.

1160. However, the CSAR concedes that much of the participation in budgeting and development planning has tended to be at the elite level. The majority view, from the CSAR household survey, is that government involvement in budgeting and development planning is overly top-down, and that there is insufficient broad-based participation in the development process. There is a strong public perception of lack of transparency in government’s allocation of public funds, which is seen as being over-determined by such factors as godfatherism, corruption and political influence.

1161. The National Economic and Empowerment Strategy (NEEDS 1) 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 is of the opinion that the broad-based participation envisaged in NEEDS has not been sufficiently realised at the state and local levels of SEEDS and LEEDS. Where there is some grassroots participation in the development process, this is more likely to arise outside government, within the programmes of non-governmental development agencies and CBOs.

1162. The CSAR sees insufficient popular participation in development as arising especially from four factors: firstly, the pervasive poverty which is a constraint to grassroots participation; secondly, the government bureaucracy’s lack of experience and skills in participatory decision making; thirdly, the deep-rooted resistance in public bureaucracies to the adoption of participatory methods; and, fourthly, the relative weakness of civil society that leads to elite capture of opportunities to influence government.

ii. **Findings of the CRM**

1163. Democratic governance requires broad-based stakeholder participation in the development process, but is clear from CSAR’s own account that government’s control of the development process is overly top-down, and favours elite participation and the furtherance of elite 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 considered to be non-operational.

1164. The national system of three levels of government, federal-state-local, has the potential to provide the institutional infrastructure for a system of decentralised and bottom-up development planning and implementation, with considerable local autonomy. However, it seems that the opposite has developed in practice, so that it may take strong political leadership to reverse the present top-down tradition within the government’s administration of development planning and implementation.

1165. At the level of state and local government, CRM findings indicate not only a top-down administrative system, but also a popular perception of a high degree of corruption in the handling of development funds by government officials. This corruption within the government administration is seen as a major reason for bureaucratic resistance to stakeholder participation and oversight. Some respondents estimate that as much as 50 per cent of government development funds are misappropriated, and that much of the remainder are misapplied. In this situation, where government development departments are widely mistrusted, it is the other three types of agency which have become more important for grassroots development.

1166. At the local level, it is possible to identify four distinct providers of development programmes: firstly, local government; secondly, local philanthropists; thirdly, Nigerians in the Diaspora who send remittances home; and, fourthly non-government development agencies, including faith-based agencies.

1167. Remittances from abroad, being disbursed to many recipients, 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 the subsistence of poor relatives, or otherwise funding small-scale family business enterprises. In this way, remittances from the diaspora tend to support socioeconomic development at the household and small-community level, where broad-based community participation is obviously less relevant.

1168. It seems that the efforts of non-government development agencies provide the best example in popular participation. This is noticeably more pronounced in the case of faith-based organisations. In this case, stakeholder participation takes two important forms: firstly, in the participation of the local community in identifying development needs and in project implementation; and, secondly, in acting on behalf of the people to lobby local government for action on particular issues. The box below provides an example of good practice of this kind.
Box 6.7: CSO as a Go-Between

“My NGO called Nucleus Group has four departments which work directly with the grassroots 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; and this is 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.”

Excerpt from an open-forum discussion session in Lagos State APRM Mission February 2008):

1169. Overall, inadequate stakeholder participation in the development process constitutes a serious and fundamental limitation in democratic governance in Nigeria. Improved stakeholder participation at all levels is necessary, primarily for ownership of the country development agenda, leading to a sense of mutual accountability, and a sense of sacrifice when needed. Secondly, broad-based participation provides a mechanism for preventing 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 a critical necessary, to form part of a system of public oversight of the use of public funds, to contribute to the process of transparency and accountability which is intrinsic to good democratic governance and a necessary counter to corruption of the system.

1170. The present poverty levels and stark inequalities in Nigeria may be interpreted as being partly due to the lack of stakeholder participation in the development process, particularly at the grassroots level. This sentiment was strongly expressed during the country review mission. In particular, the failure of government development programmes to recognise and address issues of gender inequality (see also previous section) may be attributed to the lack of participation by women’s groups in the development process. For example, the poor service delivery in water supply (see Objective 4) can perhaps be attributed in large part to the failure to hear the needs of women, who bear the great burden of labour in fetching water.

1171. Women’s participation is particularly needed to counter the patriarchal culture and interests of the male-dominated government bureaucracy that has the responsibility for development planning and implementation.
iii. **Recommendations**

1172. The Panel recommends that Nigeria:

- Institutionalise the NEEDS principle of stakeholder participation in the development process as a system for consultation with key stakeholders at all stages of the development process, at all three levels of government. This participation 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 government, state governments, and local governments]*

- Ensure that such development planning consultations include all relevant arms of government, private business and civil society (i.e. women’s groups, youth, the disabled, rural and marginalised groups), and take place at the three levels of government: federal, state and local. *[National Planning Commission]*

- Enhance local development planning, to address local concerns and priorities, within the guiding framework of federal and state strategies and plans. *[Local government, local development agencies]*

- Take affirmative action to ensure 50 per cent women among the decision makers concerned with development planning and implementation, in order to comply with national gender policy and to enable improved community participation in recognising and addressing gender issues. *[Ministry of Women’s Affairs, National Planning Commission]*.
7. CONCLUSION

“It is expected that country efforts will be enhanced and strengthened by the APRM 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…”

NEPAD/HSGIC-03-2003/APRM Guideline/OSCI, Section 6.5

7.1 Overview

1173. The preceding four chapters of this report have assessed governance in Nigeria in the four thematic areas of the APRM, namely Democracy and Political Governance; Economic Governance and Management; Corporate Governance and Socioeconomic Development.

1174. The report is informed principally by the CSAR and the NPoA submitted by the country. Additionally, it reflects information made available to the CRM through the background papers on the four APRM thematic areas and the issues paper as well as the views gathered by the CRM through wide-ranging consultations with stakeholders across the country.

1175. This chapter highlights the key issues, many of which cut across the four thematic areas in the report. These overarching issues deserve further discussion because of their apparent wider impact on the quality of governance in the country as a whole. They are deemed unique and important enough for isolation so as to inform as well as facilitate prioritisation, first, by the heads of state during peer review as well as by the country in the implementation of the NPoA.

1176. There are 10 major overarching issues for Nigeria that have emerged from the report:

i. Managing diversity and promoting nation building within the framework of the Federation

ii. Dependence on oil/gas and lack of economic diversification

iii. The scourge of corruption

iv. Ineffective policy and programme implementation and poor service delivery
v. The informal sector
vi. Slow gender progress and limited advancement of women
vii. Land reform policy
viii. The role of the traditional rulership in governance
ix. Diaspora and remittances
x. Social indiscipline, disorder and value reorientation.

1177. In addition to the above, there are issues unique to the Nigerian context that deserve to be highlighted. These are:

i. The Lagos megalopolis

ii. 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

1178. Managing ethnic, regional and religious cleavages has been both the scourge and challenge of nation building in many African countries. Among others, managing diversity is the identification, acceptance and understanding of those differences and similarities that allow individuals or groups within countries to appreciate others, to become aware of and fully use their talents and abilities to make unique contributions to work groups and organisations. In essence, diversity management is about good people management.

1179. The state can play a critical role in managing diversity in a country to create an environment where individuals feel valued and included, where differences are acknowledged and respected, and where all citizens feel they belong to the country and can make a meaningful contribution to the country’s development. In particular, the state can use diversity management to promote nation building in divided societies.

1180. Nation-building refers to the process of constructing or structuring a nation using the power of the state. This process aims at the unification of the people or peoples within the state so that it remains politically stable and viable in the long run. Nation-building can involve the use of propaganda or major infrastructure development to foster social harmony and economic growth.

1181. Historically, nation-building referred to the efforts of newly-independent nations, notably the nations of Africa, to reshape colonial territories that had been carved out by colonial powers without regard to ethnic or other
CHAPTER SEVEN: CONCLUSION

boundaries. These reformed states then became viable and coherent national entities.

1182. However, many new states were plagued by “tribalism” – that is, rivalry between ethnic groups within the country. This sometimes resulted in their near-disintegration, examples being the attempt by Biafra to secede from Nigeria in 1970, or the continuing demands of the Somali people in the Ogaden region of Ethiopia for complete independence.

1183. More recently, nation-building has come to be used in a completely different context, with reference to what has been succinctly described by its proponents as “the use of armed force in the aftermath of a conflict to underpin an enduring transition to democracy”. However, it is the traditional process of nation-building that Nigeria requires.

1184. The management of diversities is extraordinarily formidable 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 ethno-linguistic entities dominate: the Yoruba, the Ibo and the Hausa-Fulani in the north. The Hausa-Fulani, Yoruba, Ibo, Kanuri, Tiv, Edo, Nupe, Ibibio and Ijaw groups account for almost 80 per cent of the population. The Muslims comprise more than 50 per cent of the population, Christians account for about 35 per cent, while the remainder of the population are animists.

1185. With a population of over 140 million, Nigeria is a country with many disparities. Nonetheless, it is the longest lasting federal system in Africa. The return to civilian rule in 1999 has witnessed increased but intermittent outbreaks of intrastate violence in the forms of ethno-religious, political, criminal, and resource-based struggles which threaten federalism. However, since independence the Nigerian federation has made use of various institutions, administrative instruments and constitutional principles to manage its complex diversity and thus keep the federation together.

1186. Related to ethnic diversity is cultural diversity. There is great 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. Ethnologue estimates that Nigeria has approximately 470 languages. In the constitution, Hausa, Igbo, and Yoruba were established as “national languages”. Significantly, English was cited as an official language, but not as a national language.

1187. Nigeria is also a country of 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 compose nearly 90 per cent of the entire population. Indigenous religions, many of which are animist in nature, account for the remainder of the population. 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, which increases the religious diversity in the Muslim community. Likewise, Nigerian Christians belong to particular denominations. There are Catholics, Methodists, Lutherans, and different forms of Pentecostalism, just to name a few. 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.

1188. Socially, Nigeria is a very poor country by global standards. As repeatedly noted in this report, per capita income is low, and many people struggle just to meet the bare necessities of food and shelter. Poverty also impacts on social welfare overall. Quality of education, public health, and standard of living all suffer under the weight of poverty. Amidst material poverty, however, cultures of hope and vibrancy are found.

1189. Nigeria probably also has the most elaborate federal system of government in Africa, having experimented with various administrative and constitutional redesigns since independence. Thus, there is no shortage of potential flashpoints, given the many cleavages in Nigeria: its size, ethnic diversity, religious cleavages, economic disparities, and dynamic alliances for controlling resources rendering the country one of the most complex and difficult countries in the world to govern.

1190. While ethnic and religious diversity are enriching, they can also pose challenges that require good diversity management. As pointed out in chapter 2, British colonial policy amalgamated over 250 ethnic groups into a single political unit in 1914. By the time of independence in 1960, Nigeria was divided into three semi-autonomous regions, each composed 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 tripodal ethnic structure, with each of the three majority ethnic groups constituting a pole in the competition for political and economic resources, and the ethnic minorities being forced to form a bewildering array of alliances around each of the three dominant ethnicities.

1191. Tripodal ethnic structures are inherently unstable. Tanzania in contrast has a fragmented ethnic structure in which no ethnic group constitutes more than 12 per cent of the population (cf Nyang’oro 2006), so alliance building is the norm in politics. By contrast, ethnic politics in tripodal Nigeria is often conflict-ridden as each of the three hegemonic groups tries to build up sufficiently strong and durable alliances to ensure its preponderance in government, or to prevent marginalisation by competing alliances. It is this complexity of ethno-regional competition and hegemonic tendencies that has
necessitated the need to design strategies to achieve relative balance and parity among sectional and ethno-territorial groups in Nigeria.

1192. The Nigerian state has, since independence, used various institutions, administrative instruments and constitutional principles to keep the federation together while managing conflicts arising from unsuccessful management of the complexity of such a vast and diverse country. In general, there have been four broad strategic approaches through which Nigeria has attempted to interweave institutions and administrative practices of federalism to mediate sectional politics, ethno-territorial demands and regulate economic competition and interests:

- The reorganisation of constituent states and local units
- The reorganisation of revenue-sharing through the derivation and equality principles or revenue allocation formulas
- The Federal Character Principle which prescribes the equitable representation of the country’s diverse segments in public institutions
- The Politics of Population Census in Nigeria.
- The Council of State

(i) The reorganisation of constituent states and local units

1193. 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 in a common polity with equality of access to opportunities. This has been attempted primarily through the multiplication of administrative units. Since 1967, after a futile attempt to adopt a unitary state that resulted in an outbreak of civil war in Nigeria, multi-state federalism in Nigeria has been used to fragment and cross-cut identities of each of the three hegemonic ethnic formations – Hausa, Yoruba and Igbo.

1194. The result has been a sustained process of state creation, from the original four regions in 1963 to 36 states since 1996, plus a new Federal Capital Territory 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 775 units. Establishing 36 states as relatively autonomous areas of political authority and resource competition, federalism has served to devolve ethnic conflicts away from the centre of Nigerian politics. For example, the current 36 states and Federal Capital Territory 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.

1195. Most analysts of Nigerian federalism believe that the current multi-state federal structure has operated to protect the interests of the numerous minorities from direct hegemony of the bigger ethnic groups (Suberu, 2001).
Although the major ethnic groups continue to demonstrate internal cohesion as they compete with each other for supremacy in national politics, this ethnic solidarity is less powerful than the tripodal system that fuelled secessionist tendencies and nearly disintegrated the country. Critics, on the other hand, (e.g. Mustapha, 2006) argue that far from curbing ethno-regionalism, the state creation process simply restructured it; that hegemonic ethno-regional elites have now adopted other symbols and rituals as rallying points, leaving the tripodality of the political system almost intact. The reality, however, is that despite all its flaws and failings, Nigeria’s experimentation with federalism remains the “indispensable basis” for the country’s continued survival as a single political entity.

(ii) The reorganisation of revenue sharing through Revenue Allocation Formulae and the Derivation Principle

1196. In addition to managing diverse ethno-regional and religious interests, Nigerian federalism has functioned as a mechanism for distributing federally controlled resources to state and local levels. In the process, various administrations have designed “ethno-distributive” strategies to manage fierce, inter-ethnic struggles for centrally controlled resources and rewards channelled to ethno-territorial or sectional constituencies, that otherwise would be difficult to manage. The centralisation of oil-revenues at the federal level and the creation of additional states have ironically increased dependence on the central reallocation of petro-revenues largely because many of the states are not effective administrative or economic units that generate independent resources. The centrality of concerns with distribution seems a major element in the challenges of managing and effectively husbanding the diverse resources with which the country is endowed.

1197. The use of an ethno-distributive approach to federalism in Nigeria has in a sense politicised communal claims over national economic assets like oil and the revenue accruing from it. Revenue allocation has always been a bone of contention between state and federal government officials. Indeed, this approach to distributing national resource is what has exacerbated conditions in the oil-producing states of the South-South and led to the Niger Delta crisis. The portion reserved for allocation to a state is determined on the basis of population and inter-unit equity.

1198. The revenue allocation formulae include a derivation principle that requires that a certain percentage of the revenues derived from natural resources be ceded to the states from which the revenue was produced. The inequitable

31 Thus, through the control of oil revenues, military and civilian governments alike have been able to centralize power at the federal centre, funding their networks of clients and buying off regional leaders who are opposed to centralization and the control local resources. Federal control over oil/gas revenues has, unfortunately, entrenched the primacy of attention to distribution over wealth creation.

32 Revenue from national resources, mainly oil, after division of the total between current budget allocations and the difference between the current market price and a benchmark price, into the Excess Crude Account, is pooled into a Federation Account monthly and then allocated to the federal government, states and local government areas based on a formulae developed by Revenue Mobilization, Allocation and Fiscal Commission (RMFAC).
distribution of oil revenues under the derivation principle galvanised opposition to the states of derivation and subsequently led the central government to minimise the application of the principle in favour of a more equitable revenue-sharing strategy that increased the amount of resources for distribution among all states. The derivation principle has often been referred to as the “devil” of Nigerian fiscal federalism, due in part to the contentious nature of the debate surrounding it that has grown in proportion to the importance of oil revenues to the national treasury.

1199. Overall, the issue of revenue allocation has become a particularly explosive and contentious one given the allegations of inequitable economic development by non-oil producing states and the separatist pressures from the core oil-rich Niger Delta states of Akwa Ibom, Bayelsa, Cross-River, Delta and Rivers. However, given the circumstances, the use of resource distributive strategy has served to moderate secessionist and separatist tendencies that otherwise may have been extremely difficult to contain.

(iii) The Federal Character Principle

1200. Nigeria grapples with the challenges of accommodating diversity, fostering inclusiveness and promoting national unity, not only across its numerous ethnic groups but also across religious and gender lines. Among its strategies to confront these challenges has been an “ethnic balancing arrangement” known as the Federal Character Principle, a type of quota system 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. Introduced in the 1979 Constitution, the concept was defined 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”. It is an “ethnic balancing arrangement” which combines elements of proportionality, quota system, affirmative action, ethnic arithmetic and political balancing to redress regional and ethnic disparities so as to ensure equal access to educational and public sector employment opportunities and promote equal access to resources at the federal, state and local levels.

1201. The 1999 Constitution of the Federal Republic of Nigeria further entrenches the “Federal Character” provision and established the Federal Character Commission to see to it that all ethnic groups of the country equitably and proportionally benefited from the economic and political resources of the whole nation, and that “there should be no predominance of persons from a

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33 The derivation principle as applied to the oil-producing states has ranged from 50 per cent in the 1960-63 period to not less than 13 per cent according to the 1999 constitution. By 1992, the proportion of revenues accruing to the oil producing states had dropped dramatically to only 3 per cent of the federation account. The persistent pressure from the oil producing states that viewed this as a further proof of the federal government’s persecution of Niger Delta minorities, elicited concession from the federal government to raise the derivation principle in the 1999 constitution.
few states or from a few ethnic or other sectional groups in the government or in any of its agencies”.

1202. However, this golden principle has not been fully implemented to the satisfaction of all Nigerian ethnic groups, large or small, in order to manage Nigeria’s immense ethno-religious, cultural-linguistic, and geo-political diversity, and maintain strong national unity and loyalty of all its citizens. One basic reason may be that the spirit of the principle has been abused in that it is often used to thwart meritocracy. To be successful, the Federal Character Principle must be adopted, owned and fully implemented from the federal to the states and local government levels without significantly undermining competency and meritocracy. Besides, there appears to be a conflict with the principle and the “indigeneity clause” in the 1999 Constitution.

1203. In practice, critics argue that the principle has “created a ripple effect of exclusion” by legitimizing the concepts of indigene and non-indigene. The implementation of the federal character principle appears to have polarised communities with the rights of so-called “indigenes” of a state being recognised and those of other residents referred to as “settlers”. Some analysts believe that the 1999 constitution endorsed indigeneity and provided a justification to deny non-indigenes the right to certain benefits and rights. Although the Constitution guarantees all citizens freedom from discrimination, paradoxically, it provides justification for discrimination against those who are considered non-indigenes by the contradictory provisions.

1204. The Federal Character Principle, which was aimed at securing national integration, thus faces a crisis of unintended consequences:

- The use of ethno-regional representation as a norm of bureaucratic recruitment has been problematic and is considered inconsistent with universal norms of meritocratic placement. This has invited somewhat strong opposition from technocratic and political-regional elites who favour meritocracy.

- Due to colonial policies and cultural penetration, the southern parts of Nigeria have come to achieve superior educational and bureaucratic competence. Federal Character is largely viewed by those from the northern part of Nigeria as a campaign to dislodge them from the federal bureaucracy.

- Related to the above, Southern administrative power has traditionally been seen as a counterbalance to northern political dominance. With the application of the Federal Character, many southerners see this as an

34 The 1999 constitution stipulated elements of the Federal Character Principle that were justiciable and allowed the President of the Federation to appoint one minister from among the indigenes of each state and the appointment of other members to the political executive. In addition to the political executive, the federal bureaucracy, the military, the educational sector and the states and local government were to respect the principle of the federal character.
attempt by the north to achieve a fusion of administrative and political powers.

- The relocation of the federal capital from Lagos to Abuja, is seen by Western Nigerians (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 to achieve greater regional representation.

1205. Despite the tensions surrounding its application, 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 federal character has achieved limited success in practice, many would agree that Nigeria is today a much more integrated country than it was in 1960s. The principle has been relatively more successful in broadening representation in the executive and legislature than in creating a genuine structure of social inclusion and cohesion, which takes time, attesting to the fact that nation building, is a work in progress, especially in complex polities like Nigeria.

(iv) The politics of population census in Nigeria

1206. The national census in Nigeria has been controversial for a long time because of the inter-sectional 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 time entrenched the population principle as a basis of distribution of ethnic entitlements owing to a number of factors:

- the fundamental role of ethnic identities and interests in the country
- the fragile status of civic identities as opposed to ethnic identities
- the dependence of ethnoterritorial constituencies on the public sector for socioeconomic advancement
- the use of raw population data for distribution of development patronage and other public benefits among the country’s constituent governments

1207. Post-independence population censuses have, therefore, been the subject of vigorous, sectionally inspired attempts to manipulate through the falsification or inflation of population census data. Consequently, the fate of census data in Nigeria is determined not by statistical accuracy and demographic reliability, but by their political acceptability and that depends on who holds political sway. Although modest measures have been taken to reduce the incentives to falsify data for a national population census in Nigeria, the continued primacy of geopolitical distribution of resources in political outcomes will challenge the integrity of the Nigerian census for years to come. Only by adjusting the
rules for allocating national resources and political representation would
Nigeria be able to have a statistically reliable national census.

Council of State

1208. Chapter 3 has already alluded to the Nigerian Council of State as a good
innovation in the management of diversity and Nation building. The Council
of the State comprises the President, who is the Chairman, the Vice President,
who is the Deputy Chairman; 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. This broad based composition allows non-
partisan elite advice to the Chief Executive of the Federation on matters of
national importance including national population census; the prerogative of
mercy; the award of national honours; the Independent National Electoral
Commission (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); and the National Population
Commission (including the appointment of members of that Commission).
The Council of the State also advises 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. The Council of the State
therefore has the potential of becoming the ultimate internal guarantor of
peace and stability in Nigeria.

Key lessons

1209. Nigerian federalism continues to be faced with diversity-related and resource-
related challenges. The main lesson learnt is that the fate of federalism is
embedded in its successful management of the society’s diversity to facilitate
the purpose of political accommodation and national integration. Other lessons
learnt must serve this purpose.

1210. The creation of more states and LGAs must serve the purpose of co-existence
and inclusiveness. Both hegemonic groups and minorities must have political
space to articulate their demands. Dispersal of power between the centre and
states and LGAs must lead to all the groups being treated justly and equitably.
The Federal Character Principle must be implemented to achieve equitable
representation of all the diverse segments of society in public institutions. This
will be possible if increased democratisation and good governance positively
impact on such institutions.

1211. Federalism must lead to decentralisation so as to enable the constituent units to
exercise some measure of political, economic and fiscal autonomy. This will
eliminate claims of unbalanced federalism that may favour some groups in
society. Finally, increased autonomy to decentralised units will reduce
centralised federal state control and management of the country’s oil and
mineral resources.
7.2.2 Dependence on oil/gas and lack of economic diversification

1212. There is consensus that the diversification of 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 scaling up of current real growth to desired levels can also be sustained if there is deepening in the diversification of African economies.

1213. In Nigeria, a major factor behind the low growth rates and high poverty levels is the lack of economic diversification. Currently, oil provides about 90 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, thus undermining the nation’s broad revenue base and heightening its vulnerability to commodity price volatility and external trade shocks.

1214. Nigeria is the largest oil producer in Africa and the seventh largest in the world. As of January 2007, Nigeria’s proven oil reserves were estimated at 36.2 billion barrels and with the continuing discovery of new oil wells, it is estimated that reserves will increase to about 40 billion barrels.

1215. But oil has not always dominated Nigeria’s economic landscape. Prior to the discovery of crude oil Nigeria’s economy thrived on a rich variety of agricultural products. Indeed, as far back as 1558, Nigeria was exporting palm oil and by 1830, the Niger Delta, 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, together with rubber, groundnut and palm kernel, these cash crops constituted the main source of revenue for the government in the pre-oil boom era. Revenue from agriculture was instrumental in financing infrastructure and the delivery of 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.

1216. However, agriculture’s dominance in national output began to wane with the commencement of oil exports in February 1958. Accounting for 72 per cent of GDP in 1950, agriculture’s contribution to the economy declined to 66 per cent in 1960 and by 2006 it was estimated at 34.8 per cent. Correspondingly, crude oil’s share of GDP climbed from 4.8 per cent in 1966, to 37 per cent by 2006 (IMF Country Report 08/64). Crude oil exports have increased while non-oil exports are on the decline. Between 2004 and 2005, the value of crude oil exports increased from N4.5 trillion to N6.2 trillion while non-oil revenues plunged from N113.7 billion to N92.3 billion over the same period.

35 Free education was financed from cocoa, rubber and palm oil proceeds. Earnings from cotton groundnuts rubber and oil palm financed construction of Ahmadu Bello University (ABU) Zaria and University of Nigeria, Nsukka (UNN).
Furthermore, over the period 2004-2008 non-petroleum revenue averaged only 18 per cent of petroleum revenue, reflecting its dominance as a revenue source. There is little evidence that the trend will reverse in the near future despite the recent acceleration of growth the in non-oil sector; oil and gas revenue is expected to account for 25 per cent of GDP in 2008 compared to 6 per cent for non-oil revenue (IMF Article Country Report No. 08/64).

1217. The federal government’s share of oil revenue has increased in tandem with oil’s dominance in the economy. This is evidenced 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 revenue allocation was based on derivation, by 1960 it was down to 50 per cent, plunging to 2 per cent by 1982. Derivation further declined to 1.5 per cent of the allocation formula in 1984, before doubling 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 advent 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 such 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 have grown. However, this trend raises questions about the appropriate role of the federal government vis-à-vis the state and local governments in the development agenda.

1218. Despite its huge reserves, Nigeria imports virtually all its petrol for local consumption due to inadequate investment in oil refineries. Nigeria’s dependence on crude oil exports implies that it benefits little from the potential indirect economic benefits (e.g. employment generation associated with the production of petroleum by-products) associated with crude oil refinement.

1219. Moreover, oil dependence has reduced the incentive for state and local governments to mobilise revenues internally. This has led to neglect of agriculture and limited efforts to exploit other natural resources, and weak revenue mobilising institutions. Indeed it is no surprise that non-oil taxes in Nigeria are below the sub-Saharan average (World Bank Doing Business Report, 2007).
Figure 7.1: Trends in the Sectoral Composition of Nigeria’s GDP (per cent)

Source: IMF Country Report 08/64

1220. As depicted in the graph above, the dominance of oil in the GDP has been at the expense of agriculture; increases in the GDP 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, illustrating the limited linkages of the sector with the rest of the economy.

1221. Invariably, the dominance of crude oil in national revenue has fuelled rent-seeking, undermined food security, compromised efforts at domestic resource mobilisation and instigated civil unrest, notably 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.

1222. Reducing Nigeria’s dependence on oil is critical in diversifying its economy and revenue sources, thus minimising vulnerability to commodity price volatility and expanding its employment base. The capital-intensive nature of crude oil production coupled with the limited scale of domestic petroleum refinement implies that crude oil production has negligible spill-over effects on the real sectors (e.g. manufacturing, agriculture etc) of the economy. Meanwhile, imprudently managed crude oil revenues exert inflationary pressures on the economy and can result in excessive trade imbalances as a result of unmitigated imports.

7.2.3 The scourge of corruption

1223. Governance and anti-corruption programmes are now high priorities on the development agenda in many countries, especially those in Africa. Empirical
evidence over the past decade indicates that poor governance is a major deterrent to investment and economic growth, with serious consequences for poverty reduction (Campos & Pradhan, 2007).

1224. Despite the growing evidence on the adverse consequences of corruption, governments and the development community in general are still struggling to find ways to more effectively translate this understanding into concrete programmes and improved outcomes.

1225. In Nigeria, corruption remains the greatest and most troubling challenge to realising the country’s huge developmental potential. Until strong enough political will is developed to demonstrably and consistently fight this hydra-headed monster, Nigeria is unlikely to achieve the developmental goals set out in NEEDS or the 7-Point Agenda of President Umaru Musa Yar’Adua. With endemic corruption, the country is also unlikely to achieve the vision of the Financial System Strategy of 2020, which aspires to grow the country’s GDP to the top twenty in the world.

1226. Corruption in Nigeria, as in many African countries, can be divided into three categories according to the degree of de riguer corruption and the players involved: petty corruption, grand corruption and outright looting. Petty corruption involves the payment of small sums of money and gifts to junior and mid-level officials in return for services that do not require payment or the official’s forbearance from official action against a wrongdoer. This could include advancing money for the issuance of licences, permits and identification cards even after payment of requisite fees or payment of money to police to preclude prosecution for offences and minor violations.

1227. Grand corruption involves payment of large sums of money to senior government officials as a pre-condition for performing public duties such as awarding tenders and contracts and for favourable review of tenders. It may take many forms but two are most prevalent, namely close tendering, which shields the award of multi-million dollar contracts to companies that may not be the lowest responsible bidders and secondly the diversion of state corporation surplus funds to groups of selected financial institutions without legislative or statutory approval. Looting involves payments by the government to individuals or corporations for goods and services that were never delivered. This is facilitated by the concentration of power in the presidency and those around the presidency whose approval immunises the looters from accountability mechanisms.

1228. Current policies in the fight against corruption involve enforcement of the activities of the Code of Conduct Bureau (CCB), the ICPC and the EFCC. Together with preventive measures such as efforts to improve the openness of the Nigerian federal budget process and public procurement process and strengthen the EITI, and far-reaching civil service reforms, these interventions have the potential to sustainably reduce the incidence of serious corruption in Nigeria. It is estimated that about $1 billion due to government was recovered from oil companies as a result of EITI audits. The operations of the Public
Procurement reforms have also led to the reduction of costs in government contracts and have increased the accountability of contractors. Savings of over $800 million dollars in inflated government contracts have been reported as a result of these reforms. In addition to the foregoing, investigations and prosecutions of high profile public officials by the EFCC and the ICPC, including CCB monitoring declared assets and effectively enforcing laws against money laundering, have realized a measure of success in the war against corruption.

1229. The National Assembly in its oversight functions is also involved in intensive investigations of high-profile public office bearers, ranging from the actions of the Speaker of the House to the erstwhile President’s handling of the oil and gas sectors. A few sensational and high-profile cases are highlighted below to demonstrate the combined work of the anti-corruption agencies and the National Assembly in tackling corruption headlong:

- The indictment of the former Speaker of the House, Patricia Etteh, and her subsequent resignation over the attempt to squander a huge sum estimated at between N238 million and N638 million to meet the unbudgeted expenditure to renovate two houses for her official use and that of the Deputy Speaker, represents the power of a committed House to discipline its very own.

- The EFCC is investigating former Governor Chief Orji Kalu of Abia State for looting about N20 billion from the Abia state treasury. Arrested and prosecuted by the EFCC, the AG’s office has taken a robust stand in defence of Chief Kalu. The AG’s office is relying on section 174 of the 1999 Constitution, which empowers the AG to take over the prosecution of all cases being prosecuted by agencies such as the ICPC and EFCC. These high-handed machinations by the AG’s office not only politicise the prosecution of corruption cases, but stifle and muzzle the anti-corruption agencies, and are being vigorously resisted by the judiciary and the popular will of the Nigerian people.

- The EFCC is also involved in the arrest and prosecution of Sam Iwuajoku, CEO of Unigate Investments, for scamming the Federal Government to the tune of N100 billion in unpaid import duties. Mr Iwuajoku obtained a series of important duty waivers under the pretext of building power plants in the Niger Delta; instead, it is alleged that he used the waiver to import rice and steel.

- The case of fugitive former Governors, Lucky Igbinedion, Chief James Ibori, Obong Victor Attah, has now involved international law enforcement agencies, under the instigation of the EFCC. The FBI is on the lookout for these fugitive former Governors and a UK court is reported to have frozen the assets of one of the Governors. Igbinedion and Ibori (Delta State) have been linked to looting huge amounts of state funds while serving as governors. Again these former Governors are facing prosecution by the EFCC for embezzlement of state funds and money
laundering (Ibori is accused of looting N200 billion from Delta State) have appealed to a compliant AG’s office to stifle the work of the EFCC. Public outcry has, however, forced government to back off, thus restoring the anti-corruption agency’s powers to prosecute.

- The case of Senator Iyabo Obasanjo-Bello is an example of the EFCC’s fearless efforts to pursue and bring to book high-profile public office bearers. Senator Obasanjo-Bello is accused of taking money from residual amounts in the Health Ministry Budget. The Senator is in hiding and has refused to be interviewed by the EFCC. This case may be a curtain raiser to the investigation and possible prosecution of close officials and associates of the former administration.

1230. Despite these laudable achievements, Nigeria still faces the Herculean task of tackling corruption internally. Apart from lack of political will, there is also an apparent lack of social will to fight the scourge of corruption. In some sections of the Nigerian population, corrupt public officials are applauded as “heroes.”

1231. By and large, the most forceful challenge to corruption resides in the perception and virtual acceptance of the widely acknowledged role of godfathers in all aspects of Nigerian life. Additionally, there is the perception of selective justice in the operations of the anti-corruption agencies. To make the work of these agencies credible and acceptable to the general public, there should be no sacred cows. Increased autonomy and greater financial resources, including enhanced capacity, will improve the agencies’ investigations, prosecution, and intelligence gathering into off-shore accounts and money laundering. MDA anti-corruption units must become more effective and create synergies with anti-corruption agencies.

1232. In addition to supporting the Auditor-General’s office in its task of carrying out timely and effective audits of government accounts, the oversight functions of the National and State Assemblies must become proactive to ensure proper accountability in the use of national resources. NGOs and civil societies 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 anti-corruption bills such as the Freedom of Information Bill and the Public Procurement Bill should be passed and implemented in earnest.

1233. President Yar’Adua’s policy is zero tolerance of corruption and his battle cry that the war on corruption must be won and be taken to both the lowest and highest echelons of society. Leading by example through the declaration and publication of his assets, the president’s example of good governance, transparency and accountability should be followed by all Nigerians. It is worth reiterating, in conclusion, that significant progress is being made in the fight against corruption. It is evident and reassuring that a growing critical mass of patriotic Nigerians is 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

1234. The implementation of all policies and programmes is critical to the attainment of sustainable growth and poverty reduction in poor countries. This requires strong political will and effective institutions.

1235. Nigeria has developed a wealth of policies and laws in the political, economic, financial, and social arena, including key regional and international standards and codes. Nonetheless, several standards and codes are outdated and need to be updated. However, in what seems to be more the norm than the exception, non-adherence to set policies and laws by those responsible for implementation is a common feature, with the practices and customs of public servants often being more often applied and recognised. This may be attributed to lack of knowledge on existing standards by those supposed to implement them, limitations in capacity and resources, or sheer impunity and wilful disobedience of rules and regulations.

1236. There is general agreement that currently, effectiveness of implementation of policies, laws and standards could be considerably enhanced but for the inhibiting roles of limited capacity and flawed governance. The challenge for Nigeria remains that of ensuring that what is in the policy papers and law books translates into practical, enforceable norms with sanctions for noncompliance by the office bearers. Further, the beneficiaries of government programmes should take responsibility for monitoring compliance and holding the implementers accountable.

7.2.5 The informal sector

1237. The informal sector, despite all the ambiguity of its connotations, has come to be seen as a major structural feature of society, especially in less developed countries but also increasingly in industrialised countries (Castells & Portes, 1989; de Soto, 1989a; 1989b; Fernandez-Kelly & Garcia, 1989; Portes, Castells & Benton, 1989; Sassen-Koob, 1989; Stepick, 1989; Meagher, 1995; Carr, 2000; ILO, 2002a; Devey, et al., 2006). Devey et al (2006) suggest that the trend of formalisation in the world is unlikely to be reversed. Despite this, the ideological controversy and debate surrounding the development of the informal sector have obscured comprehension of its character, challenging the capacity of scholars and policy makers to provide a reliable understanding of informality and the type of support it requires.

1238. In Africa, the widespread emergence of unregulated, informal modes of production of goods and services began to attract attention over 30 years ago, following the 1972 ILO Report on Kenya. But it is only in recent years 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.
1239. Earlier development planners generally 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 (Lewis, 1963; Sanyal, 1991). The rapid growth of the informal sector in much of Africa in recent years casts some doubt on this view (Mustapha, 1992; Tripp, 1997; 2001).

1240. 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 characterisations of the sector as easy to enter and requiring little money and skills, which 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 to inhibit the realisation of the full potential of the informal sector.

1241. On the other hand, 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 the sector, and hope that like other transitory phases in the course of development, the informal sector will wither away with time and economic progress. Critics argue that informal sector traders do not respect legal, social, health and quality standards, and furthermore do not pay taxes, and violate the rules of fair competition. In fact they argue that the informal sector has run its course, is now 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, and tend to reinforce the ambivalence and hostility of official attitudes towards the sector.

1242. Despite these differing views, 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, joint partnership businesses which can be found in urban and rural settlements around the country.

1243. Statistics on the size and contribution of the informal sector in Nigeria, as in other developing regions, can always be debated. But these statistics may in fact be underestimates rather than exaggerations. The unregistered and unreported nature of the informal sector poses inherent difficulties for measurement, especially as participants in some cases do not necessarily want to be identified or counted. Findings are also dependent on the types of activities and units which are included in surveys.
1244. According to Tripp (2001), the informal sector in Africa contributes more to the GDP than the formal manufacturing sector. Charmes (1998) estimates the share of the informal sector in non-agricultural GDP at between 20 and 30 per cent in Nigeria. In Kenya, it is estimated at between 5 and 10 per cent of GDP (Berg-Schlosser, 2003).

1245. The informal sector also accounts for the majority of the urban labour force and a growing proportion of the rural labour force in Nigeria. Tripp (2001) claims that the overwhelming majority of new job creation in Africa is in the informal sector. Similarly, Carr (2000), drawing on ILO sources, suggests that over 90 per cent of all new urban jobs in SSA will be in the informal sector.

1246. However, much of the growth in informal employment in Nigeria, as in other African countries, is due to the increase in the numbers of new enterprises rather than being the result of an increase in the vertical growth of enterprises. The lack of vertical growth in the informal sector in Africa can be attributed to a number of constraints (Mandela, 1991; Tripp, 1997). These include lack of capital (especially among females), 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 a new enterprise in the informal sector – what Tinker (1987) has referred to as the “amoeba-like effect” – tends to keep informal enterprises small.

1247. Despite these constraints, the informal sector hardly receives 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 employment generation and the production of basic goods and services is generally ignored in policing and programming. The lack of adequate information on the informal sector has also made it difficult to integrate the sector into the formal policy-making process.

1248. Generally, informal sector policies in Nigeria in the 1980s were very repressive, while the response to the sector in the 1990s was much more pragmatic and promotional. Informal sector enterprises such as 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 shanty towns 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.

1249. 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 a source of survival for large sections of the population who cannot rely on the formal economy for employment or adequate incomes (McGrath & King, 1995; Carr-
Hill & Leach, 1995; Pedersen, 1998). Thus, rather than simply viewing the informal sector as a manifestation of casualisation to be eliminated as the formal sector strengthens, today donors and governments alike are looking for ways to provide micro-finance and other supports to this sector.

1250. There is presently no clear and coherent policy towards the informal sector in Nigeria. This is reflected in the lack of a coherent programmatic approach to dealing with informal sector operators (ISOs) and activities. Interviews with stakeholders confirmed the absence of support for the informal sector.

1251. A major challenge that policy makers face concerns appropriate interventions in the informal sector. Three policy interventions in the informal sector can be 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 characterised as “passive indifference”. There is, therefore, a need for a policy shift from “passive indifference” to “positive intervention”. The latter requires a reasonable infrastructure of service institutions in the financial, administrative, legal, and educational fields, targeting both entrepreneurial and survivalist activities.

1252. What is needed to support the informal sector in Nigeria is not less government, less control, or mindless deregulation of economic and planning activities, but rather a more enlightened, more participatory, and more equitable form of state intervention that eliminates needless restrictions, and provides a more appropriate and flexible regulatory framework that is compatible with local conditions and yet reasonably efficient and environmentally sustainable.

7.2.6 Slow gender progress and limited advancement of women

1253. Gender issues in Nigeria are pervasive in all areas of socioeconomic and political life, cutting across all development issues. They take the form of women’s relative exclusion from access to resources and from decision-making positions, with women generally being treated as subordinate to men. The equal rights apparently afforded to women in the Constitution are largely unobtainable 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.

1254. Many of these discriminatory practices, and resultant gender gaps in socioeconomic status have been reported on in the preceding chapters of this report. 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 wage 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

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36 A gender issue is here defined as a situation where one gender systematically discriminates against the other, and where such gender discrimination is defined as unfair treatment on the basis of gender.
of water and electricity because of their traditional burden of domestic work. In the health sector, HIV/AIDS is a disease to which women are more vulnerable and from which they generally die at a much earlier age, but it is a disease about which women have less access to information and treatment. Amongst the marginalised in society, women are more marginalised.

1255. Clearly, the lack of equal rights for women in Nigeria represents a serious shortfall from full democracy, which requires that all citizens should be equal in law, and have equality of opportunity of access to all publicly available resources and services. However, in assessing the quality of governance, focus should not so much be on the shortfall in democratic standards, but rather on the adequacy of government’s policies and actions which are aimed at changing this situation.

1256. In the case of Nigeria, the present government cannot be held responsible for the failure to uphold human rights under military dictatorships prior to 1999. In striving for increased gender democracy, the present government has shown good commitment at the policy level. The earlier 1985 commitment to CEDAW has formed the basis of the 2003 National Gender Policy (NGP), which has two main planks for domesticating CEDAW provisions into federal law, and mainstreaming attention to gender issues within national development planning. This policy is aimed at redressing the past history of gender inequality, ending discriminatory practices, and introducing the principle of gender equality of opportunity into all aspects of governance.

1257. However, the overall problem is that there has not been sufficient progress in putting this gender policy into practice. The 2005 introduction of a bill to domesticate CEDAW into federal law has been stalled by objections from legislators, and the bill has been deferred. Even if passed into federal law, domestication of CEDAW would not become applicable country-wide unless also approved by two-thirds of the state legislatures – and so far only two out of thirty-six legislatures have given such approval. This apparent legislative opposition to the domestication of CEDAW continues to leave the national gender policy without legal backing, where many national gender policy goals are obstructed by discriminatory practices that presently have the sanction of law, at either federal or state levels.

1258. Quite apart from the fundamental legislative hurdles, progress at the administrative level in implementing the national gender policy has been very patchy, and mostly very poor. Because gender issues are pervasive in all aspects of life, the NGP incorporates an overall strategy of gender mainstreaming, meaning that every ministry’s development plan must be concerned with recognising and addressing the priority gender issues which are relevant in its sector or area of operation. Similarly, the goals and strategies of national gender policy need to be mainstreamed within the private sector, particularly in areas such as labour relations, and treatment of stakeholders, customers and clients.
1259. Depending on the particular gender issue, gender mainstreaming is always likely to involve several ministries, all combining their efforts to coordinate implementation, with the role of the Ministry of Women’s Affairs being to coordinate and facilitate implementation by the various interested ministries. For example, a goal of increasing women’s access to land might well involve several ministries, such as the Ministry of Legal Affairs to introduce legislation on women’s right to inheritance, the Ministry of Lands to enable women to gain title to land, the Ministry of Agriculture to support women farmers, the Ministry of Women’s Affairs to mobilise women to demand ownership of traditional land, and the Ministry of Information and National Orientation to assist with changing traditional attitudes.

1260. However, this mainstreaming of gender issues in national planning is not happening yet. Instead, the pervasive attitude in the government bureaucracy is that the Ministry of Women’s Affairs is entirely responsible for implementing national gender policy. This compartmentalised view of gender policy is supported in large part by the presentation of proposed action on gender issues in NEEDS. But more needs to be done to ensure that gender issues are recognised and addressed in all sectors of national planning.

1261. In discussing the problems facing the implementation of gender policy, the CSAR points to the difficulties arising from deeply embedded patriarchal beliefs, both cultural and religious. Patriarchal attitudes may be expected to exist not only outside of government, but also to some extent within government, thereby representing an internal obstacle to policy implementation. This raises the question of whether a male-dominated government, especially at the administrative level, can find sufficient political will to vigorously and effectively pursue its own policies on equal rights for women, and to push the private sector into ending discriminatory practices.

1262. Without the domestication of CEDAW into federal and state law, and without any effective gender mainstreaming within national planning, the government’s action on gender issues has been focused on a few isolated and rather disconnected interventions. Notable among these has been the presidential initiative to take affirmative action in the appointment of women to high-level positions within the federal administration. However, affirmative action can only be regarded as a temporary and intermediate measure, to compensate for the gender gap caused by gender discrimination. Affirmative action is an intervention strategy to be used only until such time as action has been taken to end the discriminatory practices which originally caused the gender gap.

1263. Another area of distinct gender policy intervention has been federal and state actions to lessen gender gaps in school enrolments. Efforts in this area have been prompted and assisted by the global interest by international development agencies and women’s organisations, where women’s increased education is seen as a means to enable women to compete on more equal terms with men in all areas of endeavour. However, in a situation where most other aspects of structural gender inequality remain, it may be expected that
women’s education has very limited potential for promoting women’s advancement. (For example, highly educated women are often prevented by their husbands from taking salaried employment, or seeking political office.)

1264. There are other government programmes which are aimed at a target group of women, but these programmes are less relevant to national gender policy because they are aimed at compensating for the effects of gender discrimination rather than eliminating the discrimination itself. Such programmes are exemplified by the Better Life Programme for Rural Women, the Women’s Fund for Economic Empowerment and the Family Support Programme. These welfare support types of programme are not aimed at removing discriminatory practices, but rather at enabling women to live more comfortably within the existing structure of gender inequality. Similarly, government’s legislative action in the areas of prohibiting the trafficking of women, and violence against women and girls, although aimed at lessening the more extreme forms of women’s subordination, are nonetheless interventions which are ameliorative rather than transformative.

1265. In summary, there are three types of problem which stand in the way of better progress towards equal rights for women. Firstly there is the legislative problem of domesticating CEDAW provisions into law at both federal and state levels, despite evident legislative opposition. Secondly there are the apparent obstacles to mainstreaming gender in national development planning. Thirdly there is the problem of patriarchal attitudes which fortify the opposition to gender policy, and which may even undermine the government’s own political will to vigorously pursue gender policy.

1266. Despite these difficulties, women’s participation in politics and decision making is slowly expanding. The recent return to constitutional democracy has expanded the political space for women, and women’s groups are becoming increasingly vocal in their demands for equal rights. Women’s groups are currently concentrating on the gender orientation of federal law, and demanding clear and quantitative provisions for affirmative action to be enshrined within the Constitution. As the national women’s movement becomes more active, Nigeria may perhaps hope for more concerted and focused national action in addressing the many and structural forms of gender discrimination which currently subordinate women, contradicting fundamental principles of democracy and good governance, and standing as a pervasive obstacle to equitable socioeconomic development.

7.2.7 Land Policy Reform

1267. Land issues in West and Central Africa are rising to the top of the policy agenda of governments and donor agencies (Toulmin, 2007). As Toulmin observes, having once seemed in ever-abundant supply, land is now becoming relatively scarce in many areas owing to a variety of pressures. Such pressures bring higher market values and greater difficulties for those seeking access to this resource.
1268. Land is very important to economies and societies in Africa, contributing considerably to GDP, incomes and employment in most countries. It also makes a significant contribution to exports and tax revenue. This heavy dependence means that investment in the long-term sustainable management of land will be critical to the livelihoods of millions of people and to economic performance in many African countries.

1269. In recent years, the role of land in securing African livelihoods has become even more critical. As the population on the continent grows, so does the demand for land. Conflicts over land and natural resources are therefore increasing as these resources become scarcer and more difficult to access.

1270. Gaining access to land is therefore of great importance to poorer people, whose livelihoods depend on balancing a range of different activities, such as negotiating access to a plot of land. Increasingly nowadays, these rights are under threat as land values rise and new interests enter the land arena. The poor tend to be particularly vulnerable in areas undergoing rapid change such as those around major cities and towns.

1271. In the past, land in West Africa was often the object of multiple demands and users, depending on the season, nature of use and resource in question. Given the changing economic, social, demographic and political pressures, regulations and mechanisms for gaining access to land are generating increased conflict between user groups as option values rise. Increasingly, this is pitting farmers against farmers, herders against farmers, and locals against newcomers. Locals and the state also find themselves at odds. Conflict is often violent, with clashes between groups leading to deaths and the exodus of refugees.

1272. 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. In an attempt to promote development, African states have found it increasingly difficult to acquire land for investment.

1273. Traditionally, Nigeria did not have a uniform system of land tenure. The heterogeneity of its population was reflected in the many forms of land administration that existed. The overriding political structure determined to a large extent the ways in which land was obtained and held.

1274. In the northern parts of the country, where an Emirate system with an apical form of power and authority operated, all land rights resided in the highest authority who was empowered, possibly through a representative, to award parcels of land in accordance with culturally defined rules. This form of tenure was also found, with certain modifications, in central and parts of south-western Nigeria, where centralised polities were entrenched.

1275. In contrast, most parts of southern Nigeria, had adopted a general form of land tenure, the most dominant characteristic of which is that land belonged to the group or community (tribe, village, clan, kindred, lineage, family) and not the
individual. The head of the group or community held the land in trust and administered it on behalf of its ancestors, its currently living members, and its as yet unborn members. Control over, and access to, land were inextricably linked to sociopolitical relationships and land was regarded not just as a physical entity but as also having symbolic and spiritual significance as an embodiment of a link between the generations (Acquaye & Asiama, 1986).

1276. 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. Usually women have secondary rights which they can lose upon the death of their spouse.

1277. The impact of colonialism on traditional land tenure systems in Nigeria seems to have been minimal. Unlike the situation 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 peoples could produce the raw materials needed by the Empire at a cheaper cost than could foreigners.

1278. A cardinal principle of indirect rule was minimal interference with the traditional institutions. Thus, land allocation and ownership were subject to different systems in the northern and southern parts of Nigeria.

1279. In the north, following closely the precedent set by the Fulani conquest in the early 19th century (which put the Emirate system in place), Lord Lugard made the famous protectorate proclamation of 1 January 1900, in which the British acquired by conquest rights over all land in northern Nigeria (Macdowell, 1966). From then on, all lands in northern Nigeria were regarded as state lands and all occupiers regarded as tenants of the state.

1280. 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 by the needs of the colonial administration to carry out its administrative and trade functions and meet the needs of its personnel (Rakodi, 1997). Because the English conveyancing system was also gradually introduced, a dual system began to operate, with parallel customary and the statutory rights of occupancy.

1281. In response to a potential crisis in land distribution, the federal military government promulgated the Land Use Decree of March 1978, establishing a uniform tenure system for all of Nigeria. Subsequently incorporated in the Constitution of 1979, the decree effectively nationalised all land by requiring certificates of occupancy from the government for land held under customary and statutory rights and the payment of rent to the government. However, the decree stipulated that anyone in a rural or urban area who normally occupied land and developed it would continue to enjoy the right of occupancy, and could sell or transfer his interest in the development of the land.
1282. The main purpose of the 1978 decree was to open up land for development by individuals, corporations, institutions and governments. The decree gave state and local governments authority to take over and assign any undeveloped land. Occupancy or possession of undeveloped land by individuals was restricted. To prevent fragmentation, the statutory right of occupancy could be passed on only to one person or heir.

1283. The 1978 Land Use Act vests all land in the state governments, except for land falling within the federal territory area. On the other hand, the 1979 legislation vests all mining rights in the federal government. Since oil and other minerals are embedded in land, whether offshore or on land, it stands to reason that conflicts between the federal and state governments will arise over oil exploration and exploitation leaseholds.

1284. At the micro level, even though the law vests land in the state governments the CRM heard testimony pointing to the fact that the state authorities at state and local government levels are often beholden to traditional leaders who exercise informal but effective traditional custodial rights over land.

1285. The CRM learnt that access to land for SMEs is difficult and costly and the process is cumbersome. Acquiring land is a lengthy process. Land is, therefore, identified as a major constraint to doing business in most parts of Nigeria.

1286. The APR Panel strongly recommends that a national review of land law and land rights be undertaken. Land tenure reform has a direct bearing on questions of 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 on the land in order to benefit from the investment.

1287. Land reform offers Nigeria the opportunity to alter inequitable owner structures for effective development of participatory national and local institutions. Given the influence of chiefs on the allocation of land, Nigeria can take advantage of the widespread and extensively used customary land tenure system and seek to influence its evolution in a manner that will positively influence the development process.

1288. Until recently, customary systems were seen as anti-developmental and the preference was for statutory systems. Some critics argued that customary tenure provides insufficient security, which contributes to low levels of investment, is inflexible in responding to market signals affecting the choice of technology and crops and that, because land is not marketable, farmers have difficulty gaining access to land. This view is changing.

1289. Although there are some disadvantages for some people, customary tenure provides low-cost access to land for most of the rural population. Farmers have long-term and secure rights, and in many places, customary tenure
systems are evolving to accommodate new technologies and formal land markets, at costs lower than state-run land titling and registration systems.

1290. In addition, the customary tenure system provides low-cost access for women to land. Under the statutory system, women have access to land, but few of them have the resources to purchase land on the open market. On the other hand, communal land held under the traditional or customary system allows women secondary access through marriage but, as soon as the marriage ends, they lose their land. This is an issue that requires urgent attention from policy makers.

1291. 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 Traditional rulers

1292. In conventional governance strategies, there has been a tendency to assume that indigenous African social institutions and culture are not conducive to democratisation. The traditional conceptions of democracy have tended to view the process of governance in terms of formal western democratic institutions and the transformation of rural social institutions that are perceived to hinder the process of democratisation.

1293. But far from being obstacles to their democratisation, rural social institutions permit all peoples actively to pursue the betterment of their own lives within the context of their own understanding and values. In this context, governance should be conceived as a contextually specific phenomenon that embodies the unique character of the social experiences of real people in real rural societies. This suggests the need to focus on the role of local traditional governance systems.

1294. As used here, “traditional leadership” or “traditional authority” refers to structures and processes of politics that pre-date the contemporary African state. Anthropological accounts indicate that pre-colonial Africa was made up of small, largely self-sufficient communities based on the system of kinship. The communities were tied to different clans and large national groups – the so-called tribes. Ayittey (1998) observes that some of these groups were part of well-organised and highly centralised and hierarchical political systems which reigned over large territories divided into subpolitical units.

1295. During the pre-colonial era, African societies had created their own governance systems. Despite great diversity, there were many similarities among the ways Africans governed themselves, with further differentiation within each. Ayittey (1998) identifies two prominent forms of indigenous political organisation in Africa. The first type, tribal groupings, existed as separate political entities and governed themselves. In the second type,
imperial rule, some conquered tribes came under the rule of others. There was also a minor type - that of the acephalous society -- where there is no central head. This variety would appear to approximate the pre-colonial Tonga and Ila position.

1296. In virtually all the African tribes, political organisation of various kinds began at the village level. The village was made up 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 has introduced a Council of State which embodies some of the traditional principles of governance.

1297. Contrary to the common perception that the African chief had a lot of powers – which led many to label him an autocrat – in day-to-day administration and legislation, 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.

1298. 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 despotic tendencies. The African chief was, therefore, surrounded by various bodies and institutions to prevent an abuse of power and corruption. After several reminders, any violations of the customary law could result in immediate “dethronement” (removal from office).

1299. The mode of participation in affairs was participatory democracy. The system of governance was open and inclusive. Deliberations at meetings were open, thus guaranteeing freedom of speech. Local communities enjoyed substantial autonomy to run their own affairs.

1300. After independence, African leaders and elites failed to deconstruct the political system they inherited from colonialists to bear any resemblance to indigenous governance systems. Instead, they strengthened the unitary colonial state apparatus and expanded its scope enormously. This considerably weakened the indigenous governance systems, with serious consequences for development at the local level.

1301. Even though excluding chiefs from local government is consistent with theories of political development in downplaying ascriptive rights, the implication is ominous since 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 in decentralization efforts and consider a meaningful role for chiefs in local affairs. It is in this context that this study was undertaken.
CRM interactions with both state and non-state stakeholders revealed conflicting views regarding the institution of traditional rulers. 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 leaders closest to the grassroots, 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 portrayed traditional institutions and traditional authority as archaic, authoritarian, gerontocratic and irrelevant in a modern society.

In the context of the diverse Nigerian society, the term “traditional ruler” is complex and not comparable to a political actor like the national president or state governor. Traditional rulers are the various notables who exercise power at ethnic or subethnic levels with wide disparity in the locus and extent of such powers. Traditional rulers preside over all indigenous institutions and have diverse designations such as chiefs, emirs, obas, obis, olus, ottahs, aiots e, etc. Thus, traditional rulership is the totality of a network of indigenous governing systems which include the traditional ruler, council of elders, titled men and women, age-grade or other similar associations.

The roles of traditional rulers have fluctuated with the nature of politics at a particular period. For example, during the pre-colonial era traditional rulers exercised full executive, legislative, judicial as well as spiritual powers within their domains, their authority and political behaviour only limited by institutional restraints, conventions and customs. But during British colonial rule in Nigeria, traditional rulers were co-opted under the indirect rule system and ruled for and on behalf of the colonial rulers through the indirect rule system. Colonial rulers granted traditional rulers legislative assemblies in their regions: House 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.

The political fortunes of traditional rulers declined considerably during the many years of military rule in Nigeria. The erstwhile formal political roles enshrined under the 1963 Constitution were removed in the constitutions of 1979, 1989 and 1995 under military regimes. The 1999 constitution under a civilian regime also omitted to provide a constitutional role for traditional rulers. Increasingly, traditional rulers for reasons of pecuniary benefit became drawn into partisan politics given their status as influential opinion leaders, which made 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, and this eroded their power base. It is for this reason that arguments prevail for traditional rulers to be insulated from partisan politics in order to serve the greater good.

The strengths and weaknesses of traditional rule in Nigeria’s development of democracy and political governance can be delineated as the case for and against formal constitutional roles for traditional rulers. Indeed, it is the old dichotomised debate between “traditionalists” and “modernists”. The strengths
of traditional rulership are value-based: high moral integrity, a sense of social justice, concern for followers, loyalty to family and community. Proximity to the community causes traditional rulers and elders to be viewed as the natural and true leaders of their people, accessible, respected, and legitimate. Owing to such strengths, some scholars have identified specific roles for traditional rulers: to be brokers in projects and deals for local economic development; to oversee “low level” conflict resolution within and between communities; to act as ombudsmen between their communities and the state bureaucracy; and to facilitate community solidarity and provide administrative services on behalf of central government.

1307. “Modernists” who highlight weaknesses of the institution of traditional rulership charge that it is undemocratic and not gender sensitive; it entrenches patriarchy, and leadership succession is through ascription not popular election, achievement or ability; it competes for supremacy, authority and loyalty with the Nigerian state; and that some traditional leaders support crimes and engage in corrupt practices. In addition, it is feared that incorporating the traditional rulers in formal governance structures will put a strain on government revenue, especially given their numbers.

1308. Notwithstanding the above perspective, it is a fact in the Nigerian diverse society that in every ethnic and subethnic community there is a traditional ruler. In terms of the modern governance system in the country, there is a traditional ruler in every one of the 768 local government areas. Recent experience shows that state governments frequently create new “traditional” thrones to demonstrate their continued interests in traditional political institutions. Therefore, in view of these realities, coexistence between the institution of traditional rulership and the modern institutions of governance is the way forward.

1309. Unlike some of the regional neighbours like Ghana that have expressly recognised the institution of traditional leaders/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.

1310. President Yar’Adua has highlighted the need to involve the traditional rulers in playing a more meaningful role in his administration, and proposes to set up the National Council of Traditional Rulers eventually 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 Nigerian society.

7.2.9 Diaspora and remittances

1311. With the increase in population movements, migration has become one of the key global challenges. In 2002, a United Nations 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.

1312. Increasingly, migration is being viewed as a phenomenon that produces
opportunities and challenges for both home and host countries. Migrants have
been long recognised as an important factor in global development through
their contribution to the economic development of the host countries and their
financial remittances to the home countries. The remittances – money and
goods – sent back 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.

1313. Migrant remittances - defined as transfers of funds from migrants to relatives
or friends in their country of origin - are now recognised as an important
source of global development finance. They are the second largest source,
behind foreign direct investment, of external funding for developing countries
and they provide much sought-after foreign exchange to recipient countries,
while supplementing the domestic incomes of millions of poor families across
the world. In 2002 the flow of international remittances to developing
countries stood at $72 billion, a figure which was much higher than total
official aid flows to the developing world.

1314. Nigeria has a large population, and accordingly the number of Nigerians living
in the Diaspora also appears to be large. Some estimates put the number at
more than twenty million. The large number of Nigerians living outside their
homeland has had a tremendous impact on the country, for both good and ill.
There are the many Nigerian professionals in the Diaspora, highly
distinguished and revered, rendering invaluable service to mankind
everywhere around the globe. They are renowned academics, actors,
musicians, artists and international leaders.

1315. Another positive outcome of the Nigerian Diaspora issue is the size of
remittances they send to Nigeria. In April, 2007, the Governor of the Central
Bank of Nigeria estimated inward remittances at $7.7 billion. (C.C. Soludo,
―Financial System Strategy‖, 2020), or a sum larger than the GDP of 29 of the
53 African countries. The remittances are higher than the $6.4 billion median
GDP of small African countries. In its December, 2007, report on remittance
flows, IFAD estimated 2006 remittance to Africa at $38.611 billion, of which
$10.399 billion went to West Africa. Nigerian receipts were put at $5.397, or
4.7 per cent of its GDP.

1316. But these figures may be underestimates. A 2005 report by Africa Recruit
asserts that the 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 object of remittances, by 2005, an
estimated 92 per cent of remittances financed investment. The largest share of
remittances (31 per cent) bought stocks and shares, followed by real estate, 26
per cent, “friends” and family businesses, 19 per cent. These remittances, if
well managed, could contribute to poverty reduction and socioeconomic development.

1317. There is, however, a negative side to external migration. Anecdotal evidence shows that certain segments of the Nigerian population resident abroad engage in criminal activity such as drug trafficking, prostitution, money laundering, “419” and other forms of crime, financial or otherwise. These reports are so frequent and numerous that they are harming the image of the Federation.

1318. Despite these anti-social activities, there are many Nigerian professionals in the Diaspora who have distinguished themselves in their fields and are rendering an invaluable service to humankind in all parts of the globe. Among them are renowned academic scholars, actors, musicians, artists and international leaders.

1319. This means that there is also a need for Nigeria to pay attention to one aspect of the various dimensions of migration which is largely overlooked despite its critical significance: social remittances from expatriates to their home countries.

1320. Social remittances merit attention for several reasons. Firstly, they play an important role in transnational collectivity formation. Secondly, they bring the social impacts of migration to the fore. And thirdly, they are a potential community development aid.

1321. 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, as mentioned.

1322. Systems of practice are the actions created by normative structures. These include how individuals delegate household tasks, and how much they participate in political and civic groups. They also include organisational practices such as recruiting and socialising new members, goal setting and strategising, establishing leadership roles, and forming interagency ties. Both the values and norms on which social capital is based, and social capital itself, also constitute social remittances.

1323. The strategic position of Nigerians in the Diaspora has enabled them to 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.

1324. However, there are a number of challenges as well as constraints that Nigerians in the Diaspora have encountered in their attempts to transfer their social remittances to their country. There is, therefore, a need for Nigeria to
clearly investigate the challenges and constraints that its large migrant population faces in order to facilitate its contribution to the development of the country. In particular, there is a need for Nigeria to find of ways of facilitating the social remittances through its programme on value re-orientation.

### 7.2.10 Social indiscipline, disorder and value re-orientation

1325. A significant impediment to improving governance in Nigeria is pervasive social indiscipline, sometimes bordering on disorder. Nigerian authorities and the public have never denied culture a very important role. The need to integrate cultural activities and values in all spheres of life has been very pronounced in the post-independence development of Nigeria. Specifically, general ideas on Nigerian development were linked to the authentic cultural values.

1326. The most important issue of value re-orientation concerns cultural development. The issue here is the creation of either a national Nigerian cultural identity, or the affirmation of ethnic cultural identity. The challenge is to adopt the positive aspects of Nigeria’s ethnic and religious diversity to come up with desired national values.

1327. The local cultural milieu of Nigeria is extremely diversified, and depends not only on the ethnic cultural values and habits, but also on religious habits and obligations. There are also major differences between rural and urban cultural life, and rural and urban habits and norms.

1328. Generally speaking, the 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. This can be used to promote value re-orientation.

1329. On the other side, cultural life is very much 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 the majority of the population. Nigeria can identify the positive aspects of these external standards and use them to promote its own value re-orientation.

1330. Religion is also an important aspect of Nigerian life for several reasons. First, religion shapes people’s systems of values and beliefs. This is important in defining cultural and social behaviours and norms in a particular place. For example, issues like gender roles, banking practices, and attitudes toward education are all influenced by religion.

1331. There are important differences between Islamic places and Christian places, although it is critical not to overestimate the influence of religion in people’s lives. Not all Nigerians are deeply religious, nor do all of them closely follow the behavioural guidelines prescribed by their religion. This said, however, on the whole Nigerians are deeply religious people. This leads to the second
reason, which is that religion influences the material landscape and people’s sense of place more generally. In Muslim areas, for example, mosques are prominent features of the landscape; periodic calls to prayer are an important marker of people’s daily schedules. In Christian areas, Biblical surnames are common and people often incorporate Biblical phrases into various aspects of the textual landscape (e.g. signs, posters).

1332. The recent evolution of cultural life in Nigeria is therefore strongly marked by the traditional and religious habits, and by mass media and the proliferating cultural industries. The recognition of this aspect of Nigerian life was acknowledged during the earliest military regimes, perhaps because this concept is pivotal to the very ethos of the military.

1333. Not surprisingly, efforts to combat societal indiscipline originated with the military governments. President Murtala Muhammed declared during his rule that he would not tolerate indiscipline. However, the real fight against indiscipline did not start until President Buhari took over power. He identified corruption and indiscipline as an anti-development vice in Nigerian society. President Buhari declared a “War against Indiscipline”, a national campaign that was launched in 1984, affecting the public and private sector. The campaign involved sanctions such as punishing officers for reporting to office late, 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.

1334. In Nigeria, social indiscipline is manifest in the seemingly total disregard for adherence to set rules and regulations. One aspect of this is time; for example, a program seldom, if ever, begins on time. Officials and VIPs assume, with the acquiescence of the citizens, that no matter what time is specified in a programme, the actual time is whenever the most important personality attending the event arrives. There are also other more serious aspects of indiscipline. An example is the increasing incivility among young people, exemplified in the election violence perpetrated by idle youth or in student cults at universities. Given that the youth are the future base of any nation, unruliness in this group is a cause for concern. It raises questions about what the leadership landscape will look like in the next decade or so.

1335. Social indiscipline appears to be a significant explanation 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 required criteria for quality. Housekeeping timelines are not adhered to in hotels, and elevators and toilets do not work, greatly reducing the quality of service. This is aggravated by interruptions in the electricity and water supply. The culture of maintenance of services is lacking, and most installed fixtures malfunction quite often.

37 This 15 month campaign, focused on patriotism, public decorum, work ethics, corruption, and environmental sanitation in the following phases; Queuing (March 20, 1984), Work Ethics (May 1, 1984), Nationalism and Patriotism (August 21, 1984), Anti-Corruption and Economic Sabotage (May 14, 1985) and Environmental Sanitation (July 29, 1985).
1336. A factor may explain the indiscipline is impunity and the sustained corruption. Poor service delivery also explains the view generally expressed by Nigerians and other observers that implementation is ineffective. Thus, for example, standards, codes and statutes are essentially adequate to significantly improve governance. What is lacking is the will or commitment to implement rules.

1337. Nonetheless, there remains a significant core of Nigerians who decry the prevalent social disorder and disregard for organisation. There are several laudable Nigerians who have maintained high standards of professionalism and integrity and whose achievements are attributed to self-discipline and high moral and personal standards. The CRM noted that in several sectors, there was a recurrent call by Nigerians to value re-orientation through self-analysis and introspective evaluation on their way of life in the socioeconomic sphere.

1338. The return to a value system that recognises the merit of enterprise, dignity, integrity and morality is being promoted in the media, in academia, government, faith-based organisations and traditional leadership institutions and in several other sectors of society. These efforts could be buttressed by a mass critical discourse on national consciousness and a civic education campaign at all levels and, where appropriate, by sanctions.

1339. The rights and various attempts of the people of Nigeria to develop their culture have been supported by both the civilian and the military governments and have been recognised in the Nigerian Constitution. However, neither the systematised cultural policy nor the thrust of cultural policies within the states has been successful. The challenge for Nigeria is to uphold the set directions in its cultural policies.

1340. Nigeria should vigorously apply its National Cultural Policy (NCP) to fight social indiscipline and promote value re-orientation. The policy should also be used to facilitate the transfer of social remittances from the Nigerian Diaspora.

7.3 Special issues unique to Nigeria

7.3.1 The city of Lagos

1341. What is today known as the city of Lagos in south-western Nigeria was the location of an old Yoruba settlement called Eko. Portuguese traders and explorers who visited this settlement in 1472 renamed it Lagos for a trading port in Portugal. Lagos was then developed by the Portuguese to serve as a trading post for slaves and goods, until it was annexed by the British in 1861. Lagos later emerged as a British crown colony from which trade in the interior was conducted, amid conflicts with resisting Yoruba states. Following the conquests of these states, Lagos was expanded and in 1914 it became the capital of the Colony and Protectorate of Nigeria.

1342. What used to be referred to as the Municipality of Lagos until 1976 when the term fell into disuse covers 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 known as local government areas (LGAs) which are each governed by an administrative bureaucracy headed by a chairperson. At independence in 1960, Lagos became the capital city of Nigeria. However, as a result of the population explosion and the city’s developmental constraints Nigeria’s central political authority was moved to Abuja, which in 1991 became the country’s new capital city.\(^\text{38}\)

1343. Established as a trading post, Lagos remains the commercial capital of Nigeria. Most economic activities occur 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 annual international trade fairs. The fairs attract an ever-increasing number of exhibitors and visitors from all over the world and each is the largest single exhibition in the West African subregion. Furthermore, over 50 per cent of Nigeria's industrial capacity is located in the Lagos City area, particularly in the Ikeja industrial estate. This makes Lagos a focal point not only for Nigeria’s large population but also the populations of neighbouring African countries. The Idumota area of Lagos is the seat of Nigeria’s popular “Nollywood” – a thriving home video industry always 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.

1344. Lagos is Nigeria’s gateway to the world. It is the western terminus of Nigeria’s road and rail networks and it 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 Mohammed International Airport is one of the largest airports in Africa and the largest international air passenger gateway to Nigeria. It consists of domestic and international terminals. In 2005, it served almost 50 per cent of all the 3.8 million domestic air passengers and 73 per cent of all air passengers travelling internationally to and from Nigeria.

1345. Lagos, using the definition of human settlements experts, is a metacity as it falls within the population range of 10 million and over. Some estimates place the population of Lagos at 18 million, that is, 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 large population makes it the second largest city in Africa in terms of population after Cairo and the population is expected to reach 20 million by 2020, when Lagos will join the club formed by the world's ten largest cities.

1346. Apart from this demographic factor, Lagos lacks or barely has most of the indices of mega-cities, such as high industrialisation, technological advancement, a highly skilled labour force, the status of a centre of sustained

\(^{38}\) See: Lagos (Nigeria).” Microsoft® Encarta® 2006 [CD]. Redmond, WA: Microsoft Corporation, 2005
employment opportunities etc. Although Lagos is the industrial and financial capital of Nigeria, the city’s growth seems unregulated and chaotic. Lagos lacks effective sanitation, 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 such as 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 begun in the period of Nigeria’s oil boom in the 1970s has led to an acute housing crisis, leaving millions of the city’s inhabitants with inadequate housing. As a result, vast numbers of informal settlements have grown up, to join such other urban slums as Ajegungule, Mushin, Ojuelegba, and Agege, and become integral parts of the Lagos landscape. Basic facilities such as piped water, sanitation and health care are typically insufficient to meet the needs of these densely populated settlements. In addition to housing and other social crises (such as the sporadic inter-ethnic animosities fanned mainly by the illicit and divisive politics of public office seekers), youth unemployment has also given rise to an increase in crime, thus challenging the city’s policing capabilities.

1347. In short, the Lagos metacity is in serious crisis. Its infrastructure services and utilities are severely stressed; its residents are neither safe nor satisfied and 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 mega-city of the 21st century.

1348. This project involves the putting in place of quick fix solutions and long-term strategies to achieve the twin goals of sustainable urban development and affordable decent shelter. An immediate challenge is the development of an efficient and affordable mass transit transportation network of three modes: land, rail and water, to move large numbers of commuters from their residences to places of work, shopping and leisure. The Lagos mega-city project would also involve the structural adjustment of the city through the provision of a large injection of physical planning that would lead to the creation of better organised activity centres in every settlement component of the city region. The project is also focusing on sanitation, water and power supply and will tackle crime.

1349. Despite its many challenges, Lagos remains perhaps the best barometer by which Nigeria’s political, economic and cultural growth as a country may be measured. Its diverse demographic character as well as its vibrant and enterprising population reflect Nigeria’s promise as an influential and competitive continental and global player. But, to overcome its current

39 Bloody inter-ethnic clashes have occurred between activists of the pan-Yoruba separatist group the Odua Peoples Congress (OPC) and Hausa-Fulani traders or other ethnic “strangers” that live in Lagos and other Yoruba-dominated Western parts of Nigeria. These clashes have served to deepen inter-ethnic suspicion in Lagos and elsewhere in Nigeria. For a study on the practices of the OPC, see Wale Adebanwi: “The Carpenters Revolt: Youth, Violence and the Reinvention of Nigeria” at: http://journals.cambridge.org.
strategic dysfunction, Lagos requires a clear sector-by-sector development plan backed by a strong political will to make reforms succeed.

1350. There is a need, for example, for the establishment of a modern transport infrastructure (such as subway systems, expanded road networks, and an efficient inter-suburb waterways ferry system which could serve as a by-pass network to other parts of Lagos) as part of the city’s urban and economic renewal plan. Such extensive infrastructural development in Lagos would create thousands of jobs in the construction and allied sectors for the city’s workforce. This would also ease the chronic congestion on the city’s roads and help redefine its business and aesthetic outlook.

1351. A commercial and business behemoth such as Lagos needs a regular and uninterrupted power supply to energise and keep its manufacturing and other productive activities in full swing. Like other parts of Nigeria, Lagos has a vast informal sector which depends critically on the power supply for its myriad business activities – be it welding, soap-making, pottery, etc. Nigeria’s inadequate and chronically inefficient power generation and distribution capacity has negatively impacted on the country’s manufacturing and service sectors, particularly its small and medium scale industries. Under transparent and visionary political leadership, important cities like Lagos, Port Harcourt, and Abuja could generate a sufficient power supply through independent power projects to meet national shortfall.

1352. Finally, non-governmental and civic organisations in Lagos could take up more active roles in the transformation and beautification of 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 public parks or conservation areas where they exist, or apply pressure on the political authorities to provide such “green areas” where they do not exist. Civic organisations should be alive to their roles as agents of change.

7.3.2 Economics of Nollywood - Nigeria's film industry

1353. Nigeria’s movie 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.

1354. Nollywood churns out an average of 2000 movies annually (as many as 50 films are produced every week), making Nigeria one of the most prolific movie-producing nations. Nollywood is estimated to have a captive habitual viewing audience of over 200 million across the African continent and the Diaspora. Consequently, its influence, in terms of portraying perceived cultures, social mores and political ideologies cannot be over-stated.
1355. 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 as N522 billion. The NFVCB elaborates on the returns that the film industry contributes to the Nigerian economy as follows:

- Production ($78m -- 2005)
- Investment in cinema ($7.8m between 2004 and 2005)
- VCD, VHS rentals ($USD 320m)
- VCD, VHS sales ($15m)
- Illegal Nollywood film exports ($103m)

1356. Apart from its contribution to direct revenue, Nollywood is a source of employment for thousands of actors, producers, technicians and other theatre workers as well as a myriad of supply chain personnel.

1357. Notwithstanding the foregoing 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 Indian counterparts, Nigerian movies are produced on very low budgets – perhaps as little as $15,000 is spent in the production of an entire movie which is then sold directly at about $4.00 or less in the country’s open markets and streets. Producers, directors, actors and other theatre workers lack the requisite industry exposure and training needed 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 a spirit of professional excellence.

1358. Another area of concern in Nigerian movie making is the content and storylines of the movies themselves. Where the movies are not comedic, they tend to be almost unfailingly melodramatic and to pursue extremely negative plot-lines. The prominence of magic and supernatural material in these movies has meant that very few other thematic options are explored. This gives the films a certain boring predictability. Significantly, too, the negativity of the storylines and ethos displayed has the potential to influence the beliefs, conducts and world views of the viewers. Having created the largest platform of sociocultural interaction for Africans, Nollywood must take the responsibility of ensuring that its storylines are responsible and strategic in terms of portraying Africans on the global stage.

1359. In terms of economics and wealth creation, the main challenge faced by Nollywood is the extremely high rate of video piracy and informal trade, lacking any formal connection to the larger economy despite its size and influence. The mere 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 macro-economic indices of the country. Furthermore, new advances in technology have compounded the burden of the NFVCB. For example, the ability to download and reproduce movies through various means, including telephone handsets, does not augur well for the regulation of distribution and exhibition of movies. NFVCB would need a significant increase in strategic materials and manpower to meet this challenge.

NFVCB has made attempts to address the foregoing challenges, juxtaposed against the enormous opportunities that exist for the Nigeria film industry. Notably, NFVCB launched a programme called “Nigeria in the Movies” (NIM). In a nutshell, NIM aims to raise the industry profile of Nollywood, and the Nigerian film sector, as a resource of strategic national importance with a global authentic influence that will ultimately benefit Nigeria.

Some of the specific actions under NIM include: a new distribution and licensing framework, international and local road shows; and the creation of an interactive platform for actors, producers and script writers with government institutions and the private sector to facilitate the development of collaborative frameworks.

While the above is commendable, more is needed in terms of knowledge management and the protection of 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 the effective enforcement of IPR laws in the country. This can be done by a vigorous enforcement of the copyright laws on the book. The illegal duplication, sales 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.

The second approach is to form an IPR Corporation that would not only coordinate with regulatory and law enforcement agencies, but with the judiciary in the country, as well as international organisations and institutions that work to protect IPRs around the world. The proposed IPR Corporation would also work with the appropriate domestic and international organisations to keep out pirated video and audio products, such as DVDs and music CDs that could damage the nascent movie industry in Nigeria.

It is important to note that Nigeria’s movie and film industry, Nollywood, forms part of the emerging knowledge economy in Africa. This knowledge economy consists of the creation and exploitation of knowledge, which is the cornerstone of the creation of wealth in the new economy. IPRs form the basis for the creation of this new wealth. It can therefore not be sufficiently emphasised how important it is for Nigeria to enhance and strengthen its IPR regime to help grow its new creative industries such as Nollywood.

The potential of the Nigerian movie industry is tremendous. Apart from income generation, its ability as a medium to influence thoughts and opinions
is an exceptionally powerful one. No other realm or endeavour by Nigerians has so profoundly conveyed the value, character and promises of the nation in the global brand view than the Nollywood films. For this reason, Nollywood could prove even more strategic to Nigeria than oil in terms of focusing global attention on the country. In terms of quantity and self-sustaining viability, the Nigerian video industry is one of the most important developments in the history of the African cinema and holds a lot of creative promise for the African continent.

7.4 The Programme of Action

1366. 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.

1367. Nigeria has already embarked on constructive planning towards the effective and efficient implementation of the NPoA. To this end, the Federal Executive Council, Nigeria’s highest policy making organ, at its meeting of 9 January 2008 approved the establishment of an Inter-Governmental Implementation Committee. The Committee is to comprise representatives of the federal and state governments as well as the corporate/private sector. The Council further urged the state governors, who are political leaders and drivers at state level, to be effectively involved in the operationalisation of the APRM in Nigeria. The mission interacted with a number of state governors and learnt that several states had already established state national working groups.

1368. The estimated annual budget for implementing the APRM, Nigeria’s NPoA, has an aggregate value of US$20b. 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 Mission noted, however, that there are current problems with effective budget implementation at all levels of government and hopes the expansion of projects will not confuse and magnify the problem.

1369. The implementing of the NPoA will be shared 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 National Working Group, which is to work in collaboration with the Joint Monitoring and Evaluation Committee. The membership of the Joint Monitoring Committee will be drawn from key APRM stakeholders and relevant monitoring and evaluation agencies. At state level, it is expected that state working groups will play an active role in monitoring implementation of the NPoA at state level.
AFRICAN PEER REVIEW MECHANISM (APRM)

NIGERIA COUNTRY SELF-ASSESSMENT

VOL II

NATIONAL PROGRAMME OF ACTION (NPoA)

APRM National Focal Point Secretariat
Abuja, Nigeria

JUNE, 2008
ANNEXURE I: NATIONAL PROGRAMME OF ACTION

APRM NIGERIA’S NATIONAL PROGRAMME OF ACTION (NPoA), 2009-2012

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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
ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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 on-going 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 accommodate 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 Umar 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)
Capacity building for Judges
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

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
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 an Enabling 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 stakeholder 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>Costs (‘000 US$)</th>
<th>Stands. &amp; Codes</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Six</th>
<th>Seven</th>
<th>Eight</th>
<th>Nine</th>
<th>Sub-Total Costs US$ ‘000</th>
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<tbody>
<tr>
<td>Democracy and Political Governance</td>
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<thead>
<tr>
<th><strong>Econ. Governance and Management</strong></th>
<th>Objectives</th>
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</thead>
<tbody>
<tr>
<td>Costs ('000 US$)</td>
<td>34,000 2,744,000 372,000 475,000 340,000 35,000 N/A</td>
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<table>
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<tr>
<th><strong>Corporate Governance</strong></th>
<th>Objectives</th>
</tr>
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<tbody>
<tr>
<td>Costs ('000 US$)</td>
<td>2,700 1,295,485 373,050 302,000 254,165 772,600 N/A</td>
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<thead>
<tr>
<th><strong>Socio-Economic Development</strong></th>
<th>Objectives</th>
</tr>
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<tbody>
<tr>
<td>Costs ('000 US$)</td>
<td>6,400 1,089,000 1,886,100 1,325,500 1,588,200 1,094,000 1,010,800 N/A</td>
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<tr>
<th>THEM AREAS Grand Total Costs US$’000</th>
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<tr>
<td>N/A N/A N/A N/A N/A N/A N/A N/A N/A</td>
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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, Ongoing 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
### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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**NIgeria APRM Country Self-Assessment Report (CSAR)**
**National Programme of Action (NPOA)**

#### Standards and Codes: Democracy and Political 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>Sign, ratify and domesticate outstanding standards and codes</td>
<td>Identify standards and codes not yet signed or ratified. Process outstanding standards and codes for ratification by the NASS. Disseminate broadly to create awareness of them. National Assembly to domesticate all outstanding Standards and Codes.</td>
<td>Number of outstanding standards and codes ratified and domesticated. Some standards and codes are pending before the NASS. Some States are in the process of domesticating the Child Rights Act 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>The Presidency, Ministry of Justice, Ministry of Foreign Affairs, National Assembly</td>
<td>Key Government Departments, Ministry of Justice, Ministry of Women Affairs, The Human Rights Commission, Human rights and civil society organisations.</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>
<td></td>
</tr>
</tbody>
</table>
### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

<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 COST PER ANNUM (£000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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</thead>
<tbody>
<tr>
<td>States to adopt and pass parallel laws where necessary</td>
<td>Number of States domesticating Standards and Codes</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>
<tr>
<td>Conduct civic education to raise awareness on standards and codes</td>
<td>Number of awareness programme conducted</td>
<td></td>
<td></td>
<td></td>
<td>State laws domesticating Standards and Codes</td>
<td></td>
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</tr>
</tbody>
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## ANNEXURE I: NATIONAL PROGRAMME OF ACTION

### STANDARDS AND CODES: ECONOMIC GOVERNANCE AND MANAGEMENT

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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>
</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 domesticking standards and codes</td>
<td>Compliance with all Ratified and domesticated Standards and Codes Robust regulatory framework for economic 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>
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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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</thead>
<tbody>
<tr>
<td>Ensure identification and ratification of outstanding standards and codes</td>
<td>Sign, ratify and domesticate outstanding standards and Codes</td>
<td>Number of 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) Security and Exchange Commission (SEC)</td>
<td>Ministry of Justice CAC SEC NSE IoD CBN NASB NAICOM NPC</td>
<td>2009-2010</td>
<td>Laws and regulations domestiating 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>Government to table enabling legislations</td>
<td></td>
<td></td>
<td>Nigerian Stock Exchange (NSE) Central Bank of Nigeria National Assembly</td>
<td>Organised Private Sector (OPS) Corporations</td>
<td></td>
<td></td>
<td>Laws and regulations domestimating standards and codes</td>
<td>Ensuring that Commitments and set goals are achieved</td>
<td>1,300</td>
<td>Min, of Justice APRM-NEPAD</td>
</tr>
<tr>
<td>Launch mass awareness campaign on standards and codes</td>
<td>Conduct civic education to raise awareness on standards and codes</td>
<td>Level of stakeholders’ awareness on standards and codes</td>
<td>Government set up committees to accelerate ratification of standards and codes</td>
<td>CAC SEC NSE NOA</td>
<td>Organised Private Sector (OPS) NSE SEC IoD Corporations NPC</td>
<td>2009-2012</td>
<td>Increased public and stakeholder awareness of standards and codes on corporate governance</td>
<td>Increased public and stakeholder awareness of standards and codes on corporate governance</td>
<td>400</td>
<td>CAC SEC NSE Ministry of Justice</td>
</tr>
<tr>
<td>Workshops / Seminars</td>
<td>Level of stakeholders’ awareness on standards and</td>
<td>National Orientation Agency (NOA)</td>
<td>Organised Private Sector (OPS)</td>
<td>2009</td>
<td>Increased public and stakeholder awareness of</td>
<td></td>
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<td></td>
<td>Ministry of Commerce</td>
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<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>
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<tr>
<td>codes</td>
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<td>Corporations</td>
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<td></td>
<td>standards and codes on corporate governance</td>
<td>standards and codes on corporate governance</td>
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# STANDARDS AND CODES: SOCIO-ECONOMIC DEVELOPMENT

Ref: Annex IV for status of implementation

<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 the Socio-economic Development Thematic area</td>
<td>Sign, ratify and domesticate All outstanding standards and Codes</td>
<td>Number of outstanding Standard and Codes ratified</td>
<td>Many standards and codes signed, Ratified and Domesticated</td>
<td>The Presidency Ministry of Justice Ministry of Foreign Affairs National Assembly</td>
<td>Key Government Ministries, Departments &amp; Agencies (MDAs) Private sector Human Rights And Civil Society Organisations (CSOs)</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>
<tr>
<td>Note: Status of instruments attached as annex IV</td>
<td>National Assembly To ratify all outstanding standards and codes</td>
<td>Number of outstanding standards and codes ratified</td>
<td>Committee on the Ratification of All Outstanding Standards and Codes Established in 2001</td>
<td></td>
<td></td>
<td>2008-2009</td>
<td>Harmonization of Constitution and laws with standards and codes</td>
<td></td>
<td>250</td>
<td>NEPAD NPC</td>
</tr>
<tr>
<td>States to adopt And pass Parallel laws where necessary</td>
<td>Number of Outstanding Standards and Codes Ratified</td>
<td>Some bills Pending before The National Assembly</td>
<td>State Assemblies</td>
<td></td>
<td>2008-2009</td>
<td>State laws harmonized with Standards and Codes</td>
<td>State laws harmonized with Standards and Codes</td>
<td>450</td>
<td>NEPAD NPC</td>
<td></td>
</tr>
<tr>
<td>Increase Public awareness on Standards</td>
<td>Develop and deploy information, Education &amp; Distribution mechanism of IEC materials &amp; Its impact</td>
<td></td>
<td>APRM National Focal Point Secretariat in</td>
<td>Key Government Ministries, Departments &amp;</td>
<td>2008-2009</td>
<td>Large population sensitised on Standards</td>
<td>Greater awareness of Standards and Codes</td>
<td>1500</td>
<td>Relevant CSOs Universities Research</td>
<td></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>
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<tr>
<td>and Codes</td>
<td>Communication (IEC) Materials</td>
<td>conjunction with Relevant stakeholders</td>
<td>Agencies Private sector Human rights CSOs</td>
<td>and Codes for Socio-Economic Devept.</td>
<td>2008-2009</td>
<td>Large population Sensitised on Standards and Codes for socio-Economic Development</td>
<td>Greater awareness of Standards and Codes and demands for their observance</td>
<td>1,200</td>
<td>Relevant CSOs Universities Research Institutions Mass media NPC</td>
<td></td>
</tr>
<tr>
<td>Organise workshops &amp; Seminars among All States in the country</td>
<td>Numbers of Workshops and Seminars conducted</td>
<td>APRM National Focal Point Secretariat in Conjunction with Relevant stakeholders</td>
<td>Key Government Ministries, Departments, Agencies Private sectors Human Right Commission</td>
<td>2008-2009</td>
<td>Greater awareness of Standards and Codes and demands for their observance</td>
<td>2500</td>
<td>Relevant CSOs Universities Research Institutions Mass media NPC</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Conduct civic Education to raise Awareness on Standards and Codes</td>
<td>Number of training workshops Conducted and Their output</td>
<td>Human Rights Commission Human Rights Organisations National Orientation Agency</td>
<td>Key Government Ministries, Departments &amp; Agencies Private Sector Human Rights CSOs</td>
<td>2008-2009</td>
<td>Greater awareness of Standards and Codes and demands for their observance</td>
<td></td>
<td>Relevant CSOs Universities Research Institutions Mass media NPC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide Appropriate Funding to meet Commitments</td>
<td>Amount of funds Appropriated for Activities</td>
<td>Ministry of Finance and Budget Office</td>
<td>Key Government Ministries, Departments &amp; Agencies Private Sector Human Rights CSOs</td>
<td>2008-2009</td>
<td>Ensuring that Commitments and set goals are achieved</td>
<td>Ensuring that Commitments and set goals are achieved</td>
<td>200</td>
<td>Relevant CSOs Universities Research Institutions Mass media NPC</td>
<td></td>
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</table>
## 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>
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<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>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 Institute for Peace and Conflicts Resolutions</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>Train civil society groups in conflict management and peace-building</td>
<td>Frequency of civil society organisations' intervention in conflict management and peace-building No. of human rights abuses</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>
<td></td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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## 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 BY APRM OBJECTIVE</th>
<th>REQUIRED ACTION</th>
<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
<th>KEY STAKEHOLDER(S)</th>
<th>TIME-FRAME</th>
<th>EXPECTED OUTPUT</th>
<th>EXPECTED OUTCOME</th>
<th>ESTIMATE COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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</thead>
<tbody>
<tr>
<td>Review the Constitution to correct the observed anomalies and weaknesses</td>
<td>Conduct Stakeholders Workshops on Constitutional Review</td>
<td>Stakeholder consensus on amendments to the Constitution</td>
<td>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</td>
<td>The Presidency National Assembly Ministry of Justice State Houses of Assembly State Governments NEPAD Nigeria</td>
<td>The Presidency Political Parties National/State Legislatures NLC / TUC Traditional Rulers Ministries of Justice (Federal and States) Mass Media NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Reviewed Draft Constitution that will enhance peace and harmony, foster security, and good governance</td>
<td>A Constitution that will enhance peace and harmony, foster security, and good governance</td>
<td>250,000</td>
<td>The Presidency National Assembly Political Parties Mass Media Relevant CSOs / NGOs NLC/TUC NEPAD Nigeria Media</td>
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<tr>
<td>Reform the electoral process, particularly INEC, to make for an inclusive independent electoral system</td>
<td>Review the INEC Act to make for an independent INEC</td>
<td>Revised INEC Act / Electoral Act</td>
<td>Electoral Reform Panel inaugurated and working to reform the electoral system</td>
<td>The Presidency Ministry of Justice National Assembly NEPAD Nigeria</td>
<td>The Presidency Ministry of Justice National Assembly Political Parties NEPAD Nigeria NLC / TUC</td>
<td>2009-2012</td>
<td>New/Reviewed INEC Act with provisions for a truly independent electoral body, Implementation of the Recommendation(s) of the Electoral Reform Panel</td>
<td>New/Reviewed INEC Act with provisions for a truly independent electoral body Implementation of the Recommendation(s) of the Electoral Reform Panel</td>
<td>61,000</td>
<td>Presidency Ministry of Justice National Assembly NEPAD Nigeria NLC / TUC Relevant</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>KEY STAKEHOLDER(S)</td>
<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>CSOs NBA</td>
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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</td>
<td>National Electoral Institute, established by INEC already exists and patronises Election</td>
<td>INEC The 3 Universities NEPAD Nigeria</td>
<td>INEC The 3 Universities Political parties NEPAD Nigeria</td>
<td>2009-2012</td>
<td></td>
<td></td>
<td>50,860</td>
<td>INEC NUC NEPAD Nigeria</td>
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## ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>MONITORABLE INDICATORS</th>
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<th>TIME-FRAME</th>
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<th>EXPECTED OUTCOME</th>
<th>ESTIMATE COST PER ANNUM (’000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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<tbody>
<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. Respect 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</td>
<td>Well-trained Security Agencies imbued with appropriate values for defending the new Democracy Friendly Security Agencies that respect citizens Fundamental Human Rights and act within the limits of the law 7-point Agenda,</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, NBA, TUC, NLC, Paramilitary Organizations</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. Actualization of the 7- point Agenda</td>
<td>365,000</td>
<td>Presidency The Security Agencies, Mass Media NBA, NLC, TUC, Relevant CSOs Media</td>
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<tr>
<td>Enhance the independenc e 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</td>
<td>Ministry of Justice, 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 Organization s</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>MONITORABLE INDICATORS</td>
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<td>Justice</td>
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<td>60,450</td>
<td>Ministry of Justice, NJC, NBA, NASS, Media</td>
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<tr>
<td>Modernize court processes and procedures in order to enhance the speed of operation of Judges and other court personnel 7-point Agenda</td>
<td>Quick dispensations of justice Computerization of court administration / processes Technological assistance to facilitate note taking by Judges</td>
<td>None</td>
<td>Ministry of Justice NJC</td>
<td>Ministry of Justice NJC NBA Min. of Finance at Federal and States NASS</td>
<td>2009-2012</td>
<td>Quick dispensation of justice Computerized court processes</td>
<td>Quick dispensation of justice enhanced by modern techniques such as computerized court processes</td>
<td>60,450</td>
<td>Ministry of Justice NJC NBA NASS Media Relevant CSOs</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>Well-trained judicial personnel Well-considered judgments Timely delivered 7-point Agenda</td>
<td>Establishment 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 NJC Nigeria Law Reform Commission PCRAJ</td>
<td>Ministry of Justice NJC NBA PCRAJ CSOs</td>
<td>2009-2012</td>
<td>A reformed judiciary that competently promotes Rule of Law, enhance Nigeria’s investment Donate and strengthens democracy</td>
<td>A reformed judiciary that competently promotes Rule of Law, enhance Nigeria’s investment Donate and strengthens democracy</td>
<td>40,600</td>
<td>Ministry of Justice NJC Relevant CSOs NBA Media</td>
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<tr>
<td>Insulate the Judiciary from executive interference and ensure general effectiveness of the Judiciary system</td>
<td>Independent &amp; fearless Judiciary Positive legal framework for business 7-point Agenda</td>
<td>Various executive Bills aimed at strengthening the Judicial System &amp; the 7-Point Agenda</td>
<td>National Assembly NBA Ministry of Justice</td>
<td>NASS NJC NBA Ministry of Justice National Law Reform Commission</td>
<td>2009-2012</td>
<td>An independent Judiciary, based on Rule of Law Sanctity and enforcement of contracts ensure 7-Point Agenda</td>
<td>An independent Judiciary, based on Rule of Law Sanctity and enforcement of contracts ensure 7-Point Agenda</td>
<td>35,500</td>
<td>Ministry of Justice NJC National Assembly NBA Mass Media</td>
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<td>Strengthen</td>
<td>Organize</td>
<td>Periodic</td>
<td>Periodic</td>
<td>National &amp; National &amp;</td>
<td>2009-2012</td>
<td>Effective, well</td>
<td>Effective, well</td>
<td>35,500</td>
<td>Ministry of Justice NJC National Assembly NBA Mass Media</td>
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<tr>
<td>the National and State Assemblies in order to uphold separation of powers</td>
<td>training programmes for National &amp; State Assembly Members on their Role &amp; Responsibilities</td>
<td>trainings categorized along the requirements of Legislators &amp; support staff on strengthening the Legislatures</td>
<td>training retreats for both National &amp; State Assemblies Bills for establishment of Institute for Democracy &amp; Legislative Studies</td>
<td>State Assemblies Training Institutes NEPAD Nigeria</td>
<td>State Assemblies Political Parties Citizens NEPAD Nigeria</td>
<td>2012</td>
<td>informed National &amp; State Assemblies</td>
<td>informed National &amp; State Assemblies</td>
<td>21,000</td>
<td>Democracy Advocacy groups National &amp; State Assemblies NEPAD Nigeria</td>
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<tr>
<td>Financial autonomy for NASS through National Assembly Budget &amp; Research Office (NABRO)</td>
<td>Funding of the Legislature direct from consolidated Revenue Fund Full control over Budgetary &amp; expenditures processes of the Legislature</td>
<td>Effort to establish the NABRO</td>
<td>National &amp; State Assemblies Ministry of Finance &amp; Accountant-General Presidency Judiciary NBA Legislative advocacy groups NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>Fully independent legislature with autonomy in final legislative matters</td>
<td>National &amp; State Assemblies Presidency NBA Legislative Advocacy groups</td>
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<tr>
<td>Enthrone the Rule of Law and Due Process as an essential strategy for ensuring the independenc e of the judiciary</td>
<td>Sensitise government establishments &amp; functionaries on the need to adhere to the constitution and extant laws in the conduct on public affairs</td>
<td>Provisions of the constitution &amp; other laws complied with by government officials and constitution by citizens</td>
<td>Government has embarked on comprehensive reform of the Judiciary and through concrete action Has practically obeyed all court judgments</td>
<td>Presidency MDAs National &amp; State Assemblies NEPAD Nigeria</td>
<td>Presidency MDAs State Governments NBA NLC TUC NEPAD Nigeria</td>
<td>2009-2012</td>
<td>Higher compliance with court orders. Voluntary compliance to rules and regulations</td>
<td>A just society where all citizens are equal before the Law Strict adherence to the Constitution Respect for Government Officials &amp; institutions More orderly society</td>
<td>65033,</td>
<td>The judiciary NBA NLC / TUC NANS Amnesty Institutions Mass Media NEPAD Nigeria</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 Stakeholder S</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>Establish a Programme of Mandate projection</td>
<td>Capacity building for Mandate protection for Relevant CSOs, Security Agencies particularly NPF, NSCDC Sensitization programmes, strategy sessions &amp; mobilization towards electoral mandate protection Return of mandates given at elections to their rightful owners</td>
<td>CSOs have successfully mobilized to protect electoral mandates in some States Elections Protection Tribunals are sitting on disputed electoral mandates Appeal Courts &amp; Supreme Court have ruled on disputed mandates, restoring electoral</td>
<td>Judiciary NPF SSS NSCDC &amp; other security Agencies NBA Democracy advocacy groups Political parties Elections candidates NEPAD Nigeria</td>
<td>Judiciary NPF NSCDC - National Peace Corps &amp; other security Agencies Democracy advocacy groups NBA NLC / TUC NANS FBOs, (CAN, SCIA, PFN) Ethno-Cultural Organisations Traditional Rulers</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 APRM OBJECTIVE</td>
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<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDER(S)</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
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<td>ESTIMATE COST PER ANNUM ('000 US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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<tr>
<td>Enhance understanding &amp; culture of Democracy and democratic practices</td>
<td>Establish and fund and institute for the teaching &amp; propagation of the values ideals &amp; practices and democracy</td>
<td>Establishment of funding of an Institute for the study, dissemination of democracy values and practices</td>
<td>Bills for the establishments of Institute of Democratic &amp; Legislative studies passed by National Assembly &amp; awaiting Mr. President's assent</td>
<td>Presidency National Assembly</td>
<td>Presidency National Assembly State Houses of Assembly Political parties Election Candidates Democracy advocacy groups/CSOs NERPAD Nigeria</td>
<td>2009-2012</td>
<td>A functioning Institute for Democratic Legislative studies</td>
<td>A functioning Institute for Democratic Legislative studies</td>
<td>120,000</td>
<td>National Assembly Presidency Advocacy groups Political Parties NERPAD Nigeria Relevant CSOs</td>
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<td></td>
<td>Ensure that all candidates for &amp; winners of elections under take relevant courses &amp; retreats at the proposed Institute for Democratic &amp; Legislative studies (IDLS) before and after elections and as a requirement for final clearance by INEC</td>
<td>Disciplined &amp; well informed political class</td>
<td>None</td>
<td>Presidency Political Parties Proposed IDLS INEC Registered Political Parties Political aspirants</td>
<td>2009-2012</td>
<td>A political class that is well informed disciplined &amp; willing to practice democracy according to its rules</td>
<td>A political class that is well informed disciplined &amp; willing to practice democracy according to its rules</td>
<td>80,100</td>
<td>Presidency Proposed IDLS Advocacy groups NERPAD Nigeria Mass 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 STAKEHOLDER S</td>
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<tr>
<td>Ensure that officials of all political parties undergo periodically courses &amp; retreats at the proposed IDLS</td>
<td>Disciplined &amp; well informed political class &amp; better-run political parties</td>
<td>None</td>
<td>Political Parties Presidency Proposed IDLS</td>
<td>Political Parties Democracy advocacy groups NEPAD Nigeria</td>
<td>2009-2012</td>
<td>As above Improvement in inter-party relations &amp; enhancement of internal party democracy</td>
<td></td>
<td>39,700</td>
<td>Presidency Proposed IDLS Democracy advocacy groups NEPAD Nigeria NPC</td>
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## OBJECTIVE 3: TO PROMOTE AND PROTECT ECONOMIC, SOCIAL AND CULTURAL RIGHTS AND CIVIL AND POLITICAL RIGHTS AS ENSHRINED IN AFRICAN AND OTHER INTERNATIONAL HUMAN RIGHTS INSTRUMENTS

<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>
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<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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<tbody>
<tr>
<td>Promote Public awareness of social economic and cultural rights, civil, &amp; political rights</td>
<td>Sensitization workshops, awareness campaigns by relevant Agencies</td>
<td>Frequent workshops, IEC materials and strategy Citizens that are defensive of their rights</td>
<td>CSOs, NHRC, Mass Media propagate awareness of rights INEC Political</td>
<td>CSOS Human Rights Commission INEC Political Parties</td>
<td>CSOS Human Rights Commission Ministry of Justice NBA</td>
<td>2009-2012</td>
<td>Citizens sensitized and ready to fight for their rights</td>
<td>Government Security Agencies well Sensitized citizens ready to fight for their rights</td>
<td>85,340</td>
<td>Human Rights Commission Relevant CSOs / NGOs</td>
</tr>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
<td>KEY STAKEHOLDERS</td>
<td>TIME-FRAME</td>
<td>EXPECTED OUTPUT</td>
<td>EXPECTED OUTCOME</td>
<td>ESTIMATED COST PER ANNUM (’000 US$)</td>
<td>MONITORING &amp; EVALUATION AGENCIES</td>
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<tr>
<td>7-point Agenda</td>
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<td>parties and elections candidates mobilize citizens on their political rights</td>
<td>INEC, NEPAD Nigeria, NLC / TUC, NPC</td>
<td></td>
<td></td>
<td>positioned to respect citizens rights</td>
<td>positioned to respect citizens rights</td>
<td>61,620</td>
<td>Mass Media, NBA, NEPAD Nigeria, NLC / TUC, NPC</td>
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<tr>
<td>Empowerment of Public Complaints Commission</td>
<td>Review of the Public Complaints Commission Act</td>
<td>Effort to amend the Public Complaints 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>
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<td>Improved quality of service delivery and policy</td>
<td>Enhance economic empowerment and development of the</td>
<td>Number and impact of Government empowerment policies</td>
<td>SERVICOM, Due Process</td>
<td>Federal &amp; States Ministries Departments and Agencies</td>
<td>Federal, States and Local Governments, MDAs, Private Sector</td>
<td>2009-2012</td>
<td>Enhanced Service Delivery and Policy Implementation</td>
<td></td>
<td>116,400</td>
<td>The Presidency, Federal, States and Local</td>
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<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
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<td>Implementation</td>
<td>citizenry</td>
<td>schemes</td>
<td>(MDAs) Local Governments</td>
<td>CSOs / NGOs NEPAD / APRM NWG</td>
<td>Quality</td>
<td>2009-2012</td>
<td>Enhanced Service Delivery and Policy Implementation Quality</td>
<td>Improved and more transparent revenue Generation and Allocation Mechanism</td>
<td>91,700</td>
<td>Governments MDAs Relevant CSOs / NGOs NPC NEPAD Media</td>
</tr>
<tr>
<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>Enhanced Service Delivery and Policy Implementation Quality</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>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>The Presidency Federal, States and Local Governments MDAs Private Sector Relevant CSOs</td>
<td>417</td>
<td></td>
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## ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>MONITORABLE INDICATORS</th>
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<td>NPC / NGOs, NEPAD, Media</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>MONITORABLE INDICATORS</td>
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</tr>
<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>
</tr>
<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</td>
<td>Public hearings; nature and causes of Executive interference</td>
<td>There is a National Judicial Council which recommends appointments</td>
<td>Ministry of Justice National Judicial Council</td>
<td>Ministry of Justice National Judicial Council Federal Judicial</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</td>
</tr>
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<th>MONITORING &amp; EVALUATION AGENCIES</th>
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<tbody>
<tr>
<td>with Judiciary</td>
<td>with Judiciary</td>
<td>and discipline of senior Judges</td>
<td>Federal Judicial Service Commission</td>
<td>Service Commission NEPAD Nigeria NPC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Relevant CSOs NEPAD Nigeria NPC Media</td>
</tr>
<tr>
<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>
</tr>
<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</td>
<td>National Judicial Institute Federal Judicial Service Commission Nigerian Bar Association APRM – NWG 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 Constituencies NPC Media</td>
</tr>
</tbody>
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# ANNEXURE I: NATIONAL PROGRAMME OF ACTION

## OBJECTIVE 5: ENSURE ACCOUNTABLE, EFFICIENT AND EFFECTIVE PUBLIC OFFICE HOLDERS AND CIVIL SERVANTS

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</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</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 Ministry of Finance NEPAD Nigeria Relevant CSOs</td>
</tr>
<tr>
<td>Ethical re-orientation of</td>
<td>Training Workshops,</td>
<td>Number of workshops,</td>
<td>Publications of Service</td>
<td>SERVICOM National</td>
<td>SERVICOM National</td>
<td>2009-2012</td>
<td>Achievement of ethical re-</td>
<td>Public Service That</td>
<td>140,230</td>
<td>SERVICOM Federal Civil</td>
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<tr>
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<tbody>
<tr>
<td>public servants to facilitate patriotism and improve efficiency</td>
<td>Seminars, Retreats, periodic review of Wages, Salaries &amp; other conditions of service</td>
<td>Seminars, Retreats and Participants Observable change in values and attitude of Civil Servants to Public service</td>
<td>Charters and establishment of Anti-Corruption Units by MDAs Prosecution of identified corrupt public servants by ICPC / EFCC</td>
<td>Orientation Agency Bureau of Public Service Reform MDAs NEPAD Nigeria ICPC / EFCC</td>
<td>Orientation Agency Bureau of Public Service Reform TUC NLC CSOs ASCON NEPAD Nigeria APRM - NWG</td>
<td>orientation in the Public Service Improved service delivery and reduction in corruption</td>
<td>is guided by ethics and service delivery Mechanism</td>
<td></td>
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</tr>
<tr>
<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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</tbody>
</table>
### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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

<table>
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<tr>
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<tbody>
<tr>
<td>Enhance capacity of the ICPC</td>
<td>Review of ICPC Act to make it more effective</td>
<td>Amendments to the ICPC Act</td>
<td>A new leadership in the ICPC is trying to re-strategize Reviewing of the Act is ongoing 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>ICPC 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</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</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</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<tr>
<td>Training of EFCC Staff</td>
<td>Some case of breach of Legal processes in prosecutions</td>
<td>Training of Staff to meet current Challenges</td>
<td>EFCC Training institutes, NEPAD Nigeria, CSOs, APRM - NWG</td>
<td>NLC / TUC, NBA</td>
<td>Independence of EFCC free of Executive interference, Staff that Respect the Law, while discharging their duties</td>
<td>2009-2012</td>
<td>40,000</td>
<td>110,000</td>
<td>EFCC Training institutes, NEPAD Nigeria, Relevant CSOs</td>
<td></td>
</tr>
<tr>
<td>Enhance support and citizens participation in activities for Anti-Corruption Agencies</td>
<td>Protect Whistle Blowers</td>
<td>Put in place the Mechanism for the protection of Whistle Blowers</td>
<td>EFCC, ICPC</td>
<td>EFCC, ICPC, CSOs, National Assembly, NEPAD Nigeria, APRM - NWG</td>
<td>A good Policy in place for encouragement and Protection of Whistle Blowers</td>
<td>2009-2012</td>
<td>100,450</td>
<td>EFCC, ICPC, Relevant CSOs, NEPAD Nigeria, NPC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adequate funding of anti-corruption agencies</td>
<td>Increased Funding of EFCC and ICPC</td>
<td>Increased Budget Provisions</td>
<td>Budgetary allocation and funding from Donor Agencies for EFCC and ICPC</td>
<td>The Presidency Ministry of Finance, National Assembly, EFCC, ICPC, Donor Agencies</td>
<td>Well Funded EFCC and ICPC</td>
<td>2009-2012</td>
<td>Well Funded EFCC and ICPC</td>
<td>40,000</td>
<td>The Presidency Ministry of Finance, National Assembly, EFCC, ICPC, Relevant CSOs</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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</table>
| Enhance the capacity of the Code of Conduct Bureau | Provide logistics 
Support to the Code of Conduct Bureau | Verification of Logistics and other available resources 
Quarterly Report | The Code of Conduct Bureau has offices in 36 states and FCT but lack adequate logistics support | The Presidency Ministry of Finance 
Code of Conduct Bureau | The Presidency 
Min. of Finance 
NASS 
Code of Conduct Bureau 
CSOs 
NEPAD 
NWG | 2009-2012 | Effective Logistics for Code of Conduct Bureau | Effective Logistics for Code of Conduct Bureau | 100,000 | NEPAD 
Nigeria 
NPC |
| Computerize and Network the Code of Conduct Bureau | Computer Network | The Code of Conduct Bureau has offices in 36 states and FCT but they are not networked | The Presidency Ministry of Finance Code of Conduct Bureau | The Presidency Min. of Finance 
National Assembly 
Code of Conduct Bureau 
CSOs 
NEPAD Nigeria 
APRM - NWG | 2009-2012 | Code of Conduct Bureau networked for effective assets to data management | Code of Conduct Bureau networked for effective assets to data management | 80,000 | The Presidency Ministry of Finance 
National Assembly 
Code of Conduct Bureau 
Relevant CSOs 
NEPAD 
NPC |
| Training of Staff of Code of Conduct Bureau | Training in the areas of ICT and other areas of need | | | Code of conduct Bureau | | | | | 80,000 | |

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### OBJECTIVE 7: PROMOTION AND PROTECTION OF THE RIGHTS OF WOMEN

<table>
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<th>ACTIVITY BY APRM OBJECTIVE</th>
<th>REQUIRED ACTION</th>
<th>MONITORABLE INDICATORS</th>
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<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</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 though 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 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</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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</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</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></td>
<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>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 Ministry of Women Affairs CSOs NCWS NEPAD Nigeria</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</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<tr>
<td>Reform the electoral system to enhance women participation / representation</td>
<td>Amend Extant Electoral Law to accommodate more women</td>
<td>Level of women participation, in decision-making</td>
<td>Amendment to the Electoral Act</td>
<td>Ministry of Women Affairs INEC State Governments</td>
<td>Min of Women Affairs Justice NCWS INEC CSOs NEPAD Nigeria States APRM - NWG NASS NPC</td>
<td>2009-2012</td>
<td>Compliance with the 30% affirmative for women, before the 50% ultimate Expanded Space for Women Participation in politics</td>
<td>Compliance with the 30% affirmative of women in decision making positions</td>
<td>30,000</td>
<td>Ministry of Women Affairs NCWS INEC Relevant CSOs NEPAD Nigeria States NPC Media</td>
</tr>
</tbody>
</table>

ANNEXURE I: NATIONAL PROGRAMME OF ACTION
## OBJECTIVE 8: PROMOTION AND PROTECTION OF THE RIGHTS OF CHILDREN AND YOUNG PERSONS

<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>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 NERPAD NPTA NPC Media</td>
</tr>
<tr>
<td>Full implementation</td>
<td>Provide school meals to all</td>
<td>Number of Schools and</td>
<td>There is an ongoing pilot</td>
<td>Ministry of Education</td>
<td>Ministry of Education</td>
<td>2009-2012</td>
<td>Functional School</td>
<td>Functional School</td>
<td>62,200</td>
<td>Ministry of Education</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>
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<tr>
<td>of the School Feeding Programme</td>
<td>primary school pupils Implementation of World Prog. Of Action for Youths adopted by UN General Assembly</td>
<td>Children on Programme programme of school feeding None</td>
<td>Universal Basic Education State and Local Governments Federal, States &amp; Local Govts The Judiciary</td>
<td>Universal Basic Education States &amp; Local Governments CSOs NEPAD Nigeria APRM – NWG PTA</td>
<td>Feeding Programme Producing Youths who will emerge as leaders of tomorrow</td>
<td>Feeding Programme capable of producing Youths who will emerge as leaders of tomorrow</td>
<td>Universal Basic Education States &amp; Local Governments Relevant CSOs NEPAD Nigeria NPTA</td>
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### OBJECTIVE 9: PROMOTION AND PROTECTION OF THE RIGHTS OF VULNERABLE GROUPS INCLUDING INTERNALLY DISPLACED PERSONS AND REFUGEES

<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>Formulation of a policy for protecting people displaced by internal conflicts</td>
<td>Conduct stakeholder workshops to adopt policy on internally displaced persons Ratification of all outstanding conventions and domestication</td>
<td>Policy on Protection of internally displaced persons</td>
<td>The National Emergency Management Agency (NEMA) offers assistance to victims of internal displacement</td>
<td>Ministries of Interior, Health, Women Affairs, Youth Development, (Federal, States, &amp; Local Govts.) NEMA</td>
<td>Ministries of Interior, Health, Women Affairs, Youth Development Vulnerable groups NEMA NEPAD</td>
<td>2009-2012</td>
<td>Programme of Protection of Internally Displaced Persons</td>
<td>Protection programme of Internally Displaced Persons actually in operation</td>
<td>100,137</td>
<td>Ministry of Interior Relevant CSOs NEMA HRC NEPAD Nigeria</td>
</tr>
<tr>
<td>Conduct a comprehensive vulnerability assessment</td>
<td>Carry out a study of extent of vulnerability nationwide</td>
<td>Periodic Report on Vulnerable groups</td>
<td>Ministry of Interior</td>
<td>Ministry of Interior Ministry of Health Ministry of Youth Affairs Ministry of Women Affairs CSOs</td>
<td>2009-2012</td>
<td>Knowledge-based vulnerability assessment</td>
<td>Quantitative data of the vulnerable persons in existence</td>
<td>76,000</td>
<td>Ministry of Interior Rep of the Vulnerable groups Relevant CSOs HRC NEPAD Nigeria NEMA</td>
<td></td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
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<td>ON-GOING ACTIVITIES</td>
<td>IMPLEMENTING AGENCIES</td>
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<td>Youths NCWS HRC NEPAD NPC Media</td>
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</tbody>
</table>

ANNEXURE I: NATIONAL PROGRAMME OF ACTION
## ECONOMIC GOVERNANCE AND MANAGEMENT

### OBJECTIVE 1: PROMOTE MACRO ECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT

<table>
<thead>
<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<th>TIME-FRAME</th>
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<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
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</thead>
<tbody>
<tr>
<td>Maintain a stable exchange rate</td>
<td>Infrastructure development Increase in productivity</td>
<td>Daily exchange rate to the dollar and currencies of major trading partners Arbitrage</td>
<td>Continuous monitoring of exchange rate by CBN and undertaking strategic measures to ensure exchange rate stability</td>
<td>CBN Organized Private Sector (OPS) Executive</td>
<td>MOF Banks and Financial Institutions Investors Exporters and Importers OPS Presidency NEPAD Nigeria</td>
<td>2009-2012</td>
<td>A stable and appreciating exchange rate Increased productivity in quantifiable form</td>
<td>A stable and appreciating exchange rate Increased productivity in quantifiable form</td>
<td>135,000</td>
<td>CBN MOF OPS NEPAD Nigeria Relevant CSOs NPC</td>
</tr>
<tr>
<td>Maintain low and stable interest rate</td>
<td></td>
<td></td>
<td></td>
<td>CBN MOF</td>
<td>Investors Commercial</td>
<td>2009-2012</td>
<td>Competitive interest rates for borrowing</td>
<td>Competitive interest rates for borrowing</td>
<td>130,000</td>
<td>CBN MOF</td>
</tr>
<tr>
<td>Activity by APRM Objective</td>
<td>Required Action</td>
<td>Monitorable Indicators</td>
<td>On-Going Activities</td>
<td>Implementing Agencies</td>
<td>Key Stakeholder(s)</td>
<td>Time-Fram</td>
<td>Expected Output</td>
<td>Expected Outcome</td>
<td>Estimated Cost Per Annum ('000 US$)</td>
<td>Monitoring &amp; Evaluation Agencies</td>
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<tr>
<td>Achieve and maintain sustainable debt position</td>
<td>Public Debt as a % of revenue</td>
<td>- 1. Restructuring domestic debt 2. Concessionary borrowing and grants 3. Fiscal Responsibility Bill (FRB)</td>
<td>MOF CBN &amp; DMO</td>
<td>MOF / CBN NSA / OPS Development partners</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 OPS NEPAD Nigeria NPC Relevant CSOs / NGOs NBS</td>
<td></td>
</tr>
<tr>
<td>Maintain low levels of fiscal deficit</td>
<td>Ratio of budget Deficit to GDP</td>
<td>FRB MTEF</td>
<td>MOF Budget Bureau Office of Accountant-General NNPC</td>
<td>Budget Bureau MOF &amp; OPS</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>
<td></td>
</tr>
<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 MOH MOH CSOs / NGOs NPC</td>
<td>2009-2012</td>
<td>Reduced morbidity and mortality rates Higher Literacy rate Better qualitative</td>
<td>Reduced morbidity and mortality rates Higher Literacy rate Better qualitative</td>
<td>280,000</td>
<td>MOF MOE MOH NEPAD Nigeria Relevant CSOs /</td>
<td></td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<td>Quarterly and Biennial Reports</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 Media</td>
<td></td>
</tr>
<tr>
<td>Social Sector… (contd)</td>
<td>Enhance and Intensify Tax Administration Reforms Efficient collection of excess tax</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 MTEF</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; enlightenmen t 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>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<td>Study efficiency and effectiveness of credit markets</td>
<td>Review Reports and distribution of credit markets</td>
<td>Capacity building for MOF, NPC, NEPAD Nigeria, CBN for meaningful checks &amp; balances</td>
<td>Reforms being undertaken by CBN Banking and Insurance reform NSE reform Public sector reforms</td>
<td>Institutions</td>
<td>CSOs SMEDAN NPC NUBIFIE OPS Min. of Agric &amp; Water Resources</td>
<td>2008-2011</td>
<td>Stronger Banks &amp; Financial Institutions</td>
<td>Better understanding of credit markets &amp; access to finance</td>
<td>158,000</td>
<td>OPS NUBIFIE NEPAD Nigeria NPC SMEDAN Relevant CSOS NEPAD Min. of Agric &amp; Water Res. States &amp; LGAs</td>
</tr>
<tr>
<td>Improve macroeconomic projections</td>
<td>Improve existing models</td>
<td>Accurate &amp; reliable indicators Variance between actual and projected targets</td>
<td>Restructuring ongoing in NBS to improve capacity for data capturing and analyzing</td>
<td>NBS NPC</td>
<td>NPC CBN MOF MDA OPS</td>
<td>2008-2011</td>
<td>Less Variations in macro-economic forecasts contained in the budget and used by stakeholders</td>
<td>Improved macroeconomic projections</td>
<td>133,000</td>
<td>NPC MOF OPS NBS NEPAD Nigeria</td>
</tr>
<tr>
<td>Develop sectoral Models</td>
<td>New sectoral Model &amp; performance</td>
<td>Work ongoing on new modalities</td>
<td>NBS NPC FMF</td>
<td>NPC MOF CBN OPS MDAs NPC</td>
<td>2008-20011</td>
<td>Improved performance of sectors</td>
<td>Improved performance of sectors</td>
<td>135,000</td>
<td>NPC NBS NEPAD Nigeria</td>
<td></td>
</tr>
<tr>
<td>Develop a macro model for the Central Bank Macro &amp; Finance</td>
<td>Development of the Macro model for the Central Bank</td>
<td>CBN FMF</td>
<td>MOF CBN</td>
<td>2008-2011</td>
<td>Transparent, predictable monetary</td>
<td>Transparent, predictable monetary</td>
<td>135,000</td>
<td>CBN NPC</td>
<td>135,000</td>
<td>CBN NPC</td>
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## ANNEXURE I: NATIONAL PROGRAMME OF ACTION

<table>
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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><strong>Increase Private Investment and savings</strong></td>
<td>Bank model</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>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
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<tr>
<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 Court records</td>
<td>Many EFCC investigations and prosecutions</td>
<td>EFCC, Min of Justice, Courts of Law, Police, FIU, IPC, CCB, NASS</td>
<td>MOF, 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, MOF, MOJ, NEPAD Nigeria NPC</td>
</tr>
<tr>
<td>Establishment and enhancement of ministerial anti-corruption units</td>
<td></td>
<td>Publication of budgets</td>
<td>Capacity Building / Remuneration of civil servants of NASS</td>
<td>MOF, Auditor-General’s Office</td>
<td>MOF, 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>MOF, NEPAD Nigeria NPC</td>
</tr>
<tr>
<td>Strengthen Audit Office</td>
<td></td>
<td>Transparency Int’l rating / Trackin g of payroll transparency</td>
<td>MTE Framework budgetary process have been increasing participation</td>
<td>National Assembly Service Commission, MOF, MOF, 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>MOF, NEPAD Nigeria NPC</td>
</tr>
<tr>
<td>Strengthen Parliamentary Oversight</td>
<td></td>
<td>Audited Records. Timing of Audit</td>
<td>Committees and No of Bills Stakeholders’ participation</td>
<td>NPC, MOF, CSOs, OPS</td>
<td>NPC, MOF, CSOs, OPS</td>
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<td></td>
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<td>NASS, MOF, NEPAD Nigeria NPC</td>
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<td>KEY STAKEHOLDERS</td>
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<tr>
<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></td>
<td>Involvement of NESG &amp; OPS ongoing</td>
<td>NPC, Presidency, OPS, NEPAD Nigeria</td>
<td>OPS, NPC, MOF, CSONPS, NOA</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, NSES, NEPAD Nigeria</td>
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<tr>
<td></td>
<td>Encourage bottom-top budgeting</td>
<td></td>
<td>Capacity enhance of AGF &amp; Snergy with the Senate</td>
<td>NPC, MOF, CSO, OPS</td>
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<td></td>
<td>NPC, NOA, NEPAD Nigeria</td>
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<tr>
<td></td>
<td>Improve public private partnership</td>
<td></td>
<td>Consultations with stakeholders</td>
<td>NOA</td>
<td></td>
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<td></td>
<td></td>
<td>NPC, MOF, NEPAD Nigeria</td>
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<tr>
<td></td>
<td>Formulate a national IEC Strategy</td>
<td></td>
<td>Institutionalisation of Macro-Economic system</td>
<td>MOF, NPC, CSONPS, NEPAD Nigeria</td>
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<td></td>
<td>NPC, MOF, NEPAD Nigeria</td>
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<tr>
<td></td>
<td>Increase stakeholders participation in policy planning and budgeting at all levels of government</td>
<td></td>
<td>Quantitative Review of Reports on implementation of NEEDS &amp; 7-Point Agenda</td>
<td>Institutionalisation of Macroeconomic system</td>
<td>MOF, NPC, CSO</td>
<td>2008-2011</td>
<td>Well designed LG Budgets and enhanced capacity &amp; project implementation M &amp; E of</td>
<td>Well enhanced capacity of LGA personnel that can implement</td>
<td>135,000</td>
<td>Min of LG &amp; CA, NPC, MOF, NOA</td>
</tr>
</tbody>
</table>

**OBJECTIVE 2: IMPLEMENT SOUND, TRANSPARENT AND PREDICTABLE GOVERNMENT ECONOMIC POLICIES**
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<tr>
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<th>KEY STAKEHOLDERS</th>
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<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building allocation allocation</td>
<td>State House of Assemblies Min. of Local Govt. &amp; Chieftaincy Affairs</td>
<td>projects</td>
<td>budgets</td>
<td>OPS NEPAD Nigeria Relevant CSOs Media NULGE</td>
<td></td>
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</tr>
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## OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT

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</thead>
<tbody>
<tr>
<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, NPC, MARD, MSMD, M in. of C &amp; Ind., MOF, Min.of Mines &amp; Steel</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>
</tr>
<tr>
<td></td>
<td>Aggressive development of the non-oil sector</td>
<td>% of non-oil to GDP</td>
<td>MTEF adopted, MDAs required to develop plans</td>
<td>Budget Office and MDA, FIRS, State Min. of Finance &amp; Economic Planning, Local Govts. &amp; CA</td>
<td>MOF, NPS, MDA and NSA, CSOs, NASS, State Govts.</td>
<td>2008-2011</td>
<td>Industrial growth and employment generation</td>
<td>Improved and Rational expenditure by all levels of government</td>
<td>39,000</td>
<td>MOF, NPC, NEPAD Nigeria, Relevant CSOs</td>
</tr>
<tr>
<td></td>
<td>Strengthens the link between budgeting and planning</td>
<td>MTEF Budget allocations and MDA Plans</td>
<td>Bill in NASS for passage</td>
<td>MOF, NPC Federal, States, and Local Govts.</td>
<td>MOF, NPC, NASS, FIRS, NASS, State Govts., NRMAFC NPC</td>
<td>2008-2011</td>
<td>Less dependence on imports</td>
<td>Visible improvement in service delivery</td>
<td>36,000</td>
<td>MOF, OFS, NEPAD Nigeria, NPC, Media</td>
</tr>
<tr>
<td></td>
<td>Improvement in IGR</td>
<td>MTEF budget</td>
<td>Publication already in process</td>
<td>MOF, NPC Federal, States, and Local Govts.</td>
<td>MOF, NPC, NASS, FIRS, NASS, State Govts., NRMAFC NPC</td>
<td>2008-2011</td>
<td>Efficient and effective utilisation of resources</td>
<td>Equitable Derivation principle</td>
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</tbody>
</table>
## OBJECTIVE 4: FIGHT CORRUPTION AND MONEY LAUNDERING

<table>
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<tbody>
<tr>
<td>Enhance capacity, effectiveness and efficiency of the ICPC</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 Restructuring of ICPC</td>
<td>The Presidency ICPC National Assembly MOJ &amp; Communications</td>
<td>The Presidency ICPC National Assembly MOJ &amp; Communications</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>
</tr>
<tr>
<td>Establish State Branches of the ICPC Establish/enhance ministerial anti-corruption units</td>
<td>State Branches/Units established Publication of periodic progress reports</td>
<td>The ICPC has Zonal Offices</td>
<td>The Presidency ICPC National Assembly</td>
<td>The Presidency ICPC National Assembly</td>
<td>2009-2012</td>
<td>State Branches of ICPC Increased effectiveness of the Agency in the fight against corruption</td>
<td>Effective ICPC branches in the states</td>
<td>202,000</td>
<td>The Presidency ICPC NEPAD Nigeria Rep. of HR Organizations Media</td>
<td></td>
</tr>
<tr>
<td>Enhance capacity, effectiveness and efficiency of the EFCC</td>
<td>Mobilise public support for EFCC Prosecution of defaulters Strengthen the independence of EFCC</td>
<td>Awareness campaigns Amendment of EFCC Act No of convictions and Prosecutions Periodic progress Reports</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 EFCC 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>
</tr>
<tr>
<td>Enhance Public</td>
<td>Protect Whistle Blowers</td>
<td>No of convictions,</td>
<td>EFCC ICPC</td>
<td>EFCC ICPC</td>
<td>2009-2012</td>
<td>Policy &amp; strategic</td>
<td>Policy &amp; strategic</td>
<td>23,000</td>
<td>EFCC ICPC</td>
<td></td>
</tr>
</tbody>
</table>
## ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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<tbody>
<tr>
<td><strong>Cooperation with Anti-Corruption Agencies</strong></td>
<td>and prosecutions Mechanism for the protection of Whistle Blowers</td>
<td>CCB CSOs Police</td>
<td>CCB EITI CSOs National Assembly</td>
<td>framework on protection of Whistle Blowers</td>
<td>framework on protection of Whistle Blowers</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>Relevant CSOs / NGOs NPPD Nigeria Media</td>
</tr>
<tr>
<td><strong>Adequate funding of anti-corruption agencies</strong></td>
<td>Increased Funding of EFCC and ICPC (for training, equipment, public awareness, infrastructure, etc.)</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. Min. Of Justice NASS HRC Human Rights Organizations</td>
<td>2008-2011</td>
<td>Enhanced image of Nigeria and better confidence in financial institutions</td>
<td>Improved public sector, sanitize the banking &amp; other financial institutions.</td>
<td>46,000</td>
<td>MOF NPC NPPD Nigeria</td>
<td></td>
</tr>
<tr>
<td><strong>Strengthen Anti-Money Laundering Posture</strong></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 CBN EFCC Police MOJ</td>
<td>Financial instr. NSA Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN) NFIU</td>
<td>2008-2011</td>
<td></td>
<td></td>
<td></td>
<td>Relevant CSOs Media CBN MOF NPC NPPD Nigeria</td>
<td></td>
</tr>
</tbody>
</table>
### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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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>
</thead>
<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 Improved macroeconomic variables</td>
<td>Min. of Com and Ind., MOF, MFA and Regional Integration NPC</td>
<td>ECOWAS 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>
</tr>
</tbody>
</table>

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## CORPORATE GOVERNANCE

### OBJECTIVE 1: PROMOTE AN ENABLING ENVIRONMENT AND EFFECTIVE REGULATORY FRAMEWORK FOR ECONOMIC ACTIVITIES

<table>
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</thead>
<tbody>
<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>National Energy Council (NEC)</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>
</tr>
<tr>
<td></td>
<td>Expedite 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>Ministries of Energy, Transportation, Agric. &amp; Water Resources, Science &amp; Technology</td>
<td>National Energy Council (NEC)</td>
<td>PENGASSAN, NUPENG, Oil Marketing Companies</td>
<td></td>
<td>Decreased dependence on imported Petroleum Products to less than 20%</td>
<td>Reviving Nigerian Refineries Less importation of Petroleum Products (20%)</td>
<td>21,460</td>
</tr>
<tr>
<td></td>
<td>Addressing teething issue of Electricity</td>
<td>Improved services</td>
<td>Oil &amp; Gas Sector Reform Implementation Committee inaugurated</td>
<td>National Electricity Regulatory Commission</td>
<td>NNPC</td>
<td>Gas Distribution Companies, IPPs</td>
<td></td>
<td>Completed and Functioning</td>
<td>IPP projects Completed</td>
<td></td>
</tr>
<tr>
<td>Increase supply and Distribution of Petroleum Products and Stabilise Prices</td>
<td>Availability of petroleum products</td>
<td>Stability of prices</td>
<td>Oil &amp; Gas Sector Reform Implementation Committee inaugurated</td>
<td>NNPC</td>
<td>NEC, Min of Energy</td>
<td>Oil &amp; Gas Companies, IPP Coys</td>
<td>2009-2010</td>
<td>Sustained Availability of Major Petroleum Product (PMS, AGO, DPK, Kerosene)</td>
<td>Sustained Availability of Major Petroleum Product (PMS, AGO, DPK, Kerosene) Stability in Prices of Major</td>
<td>42,930</td>
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<tr>
<td>2. 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</td>
<td>Ministry of Transport National Institute of Transport Technology National Council on Transportation</td>
<td>MDAs National Association of Road Transport Owners (NARTO) National Union of Road Transport Worker (NURTW) States and Local Government Private Sector</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</td>
<td></td>
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<tbody>
<tr>
<td>Concession Regulatory Commission (ICRC) – a public-private partnership</td>
<td>NITT MAN Nat. Assoc of Small-Scale Industries (NASSI) NACCIMA, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NPC</td>
</tr>
<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>
<td></td>
</tr>
<tr>
<td>Consolidate liberalisation of the aviation sub-sector</td>
<td>No of functional airlines Increase in air passengers/cargo No of functional airports Improvements in airport facilities</td>
<td>Recapitalization of Airlines More international routes established for domestic operators PPP for airports e.g. MMA II, Ikeja</td>
<td>Min. of Transportation NCA &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</td>
<td>Increased air passenger and air cargo Airports conform to international Standards Improved aviation service delivery Improved safety record in the aviation</td>
<td></td>
<td>42,930</td>
<td>Min of Transporta on International Civil Aviation Organization (ICAO) NCAA NAMA FAA NBS</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</td>
<td>Min of Information &amp; Communication s</td>
<td>MOE ECOWAS, State &amp; Local Govt CSOs OPS</td>
<td>2009-2012</td>
<td>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>
<td></td>
</tr>
<tr>
<td>Strengthen &amp; Streamline regulatory agencies</td>
<td>Review enabling laws and strengthen public agencies: CAC, SEC, CBN, NDIC, NIPC, 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>CBN SEC CAC SERVICOM State Land Registries</td>
<td>MDAs OPS Banks Insurance Companies Other operators in the financial sector State and Local Govts</td>
<td>2009-2012</td>
<td>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 NIPC NPC NESG</td>
</tr>
<tr>
<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</td>
<td>OPS SMEs MAN NACCIMA Investors &amp; International</td>
<td>2009-2012</td>
<td>Better self regulation More transport business climate More level</td>
<td>More involvement of the private sector in driving the economy</td>
<td>75,060</td>
<td>OPS NESG International agencies e.g. World Bank, World Economic</td>
<td></td>
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<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<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>OSIC Tax Incentives Export incentives EPES, etc.</td>
<td>(NSE) agencies</td>
<td>playing field</td>
<td>Forum, Investors, NPC</td>
<td></td>
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<tr>
<td>Strengthen judicial process for faster commercial dispute resolution</td>
<td>Establish six commercial courts</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>2009-2012</td>
<td>Increased investment flows and competitiveness</td>
<td>Judicial process that is strengthened to deliver quicker judgment.</td>
<td>87,570</td>
<td>NIPC NPC NESG, etc.</td>
</tr>
<tr>
<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>2009-2012</td>
<td>Reduced cost of doing business</td>
<td>Reduction in delay of justice</td>
<td>Reduction in delay of justice</td>
<td>125,100</td>
<td>NIPC NPC NBS NESG Other economic &amp; investment think-tanks</td>
</tr>
<tr>
<td>Promote alternative dispute resolution procedures &amp; multi-doors</td>
<td>Quicker cost-effective settlement of commercial disputes without resorting to</td>
<td>Some state are introducing Alternative Dispute Resolution (ADR) processes and multi-door courts</td>
<td>Judiciary NBA CSOS Devt partners</td>
<td>OPS Investors SMEs, etc.</td>
<td>2009-2012</td>
<td>More attractive business environment increased investment flows</td>
<td>Quicker cost-effective settlement of commercial disputes without</td>
<td>50,040</td>
<td>NIPC NPC NBS NESG Other economic &amp; investment think-tanks</td>
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<tr>
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<tr>
<td>Promote the migration of entrepreneurs from the informal to the formal sector of the economy</td>
<td>litigation</td>
<td>resorting to litigation</td>
<td>investment think-tanks</td>
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<tr>
<td>Rationalize 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) NASME 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>
<td></td>
</tr>
<tr>
<td>Expand &amp; enhance access to credit for MSMEs</td>
<td>No. of MSMEs able to access credit</td>
<td>CBM 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>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>
<td></td>
</tr>
<tr>
<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</td>
<td>NESG Nucleus Estates SMEs, various operators across value chasm</td>
<td>2009-2012</td>
<td>Higher productivity among both small &amp; large companies</td>
<td>50,040</td>
<td>NESG Devt. Partners Relevant CSOs / NGOs</td>
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</table>
## Annexure I: National Programme of Action

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<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>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>50,118</td>
<td>NSE, SEC NPC, NEPAD BPE</td>
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<tr>
<td>Check abuse of Government's incentives by corporations</td>
<td>Number of seminars workshops / Conferences to promote public awareness</td>
<td></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</td>
<td>Increased FDI</td>
<td>15,354</td>
<td>NPC NEPAD NOA Media</td>
<td></td>
</tr>
</tbody>
</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>
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<th>MONITORABLE INDICATORS</th>
<th>ON-GOING ACTIVITIES</th>
<th>IMPLEMENTING AGENCIES</th>
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<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>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>Corporations Compliance</td>
<td>Ministry of Labour Human Rights Commission Ministry of Justice Public Complaints Commission Min of Environment NASS</td>
<td>Nigeria Labour Congress Trade Union Congress Traditional Rulers NECA CSOs CBOs NBA Communities Companies Ministry of Justice</td>
<td>2009-2012</td>
<td>Revised laws and new legislation Domesticating ILO Conventions on Labour and human rights Sustainable environmental management Improved company-host community relationships</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>
</tr>
<tr>
<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>Min of Labour IAC NLC National Assembly</td>
<td>CSOs / NGOs Human rights Organisations NBA NLC TUC Min of Labour ILO NSWG NCWS NASS</td>
<td>Reduced contestation between Labour / Human Rights Organisations And Employers</td>
<td>Reduction in contestation between Labour / Human Rights Organisations And Employers</td>
<td>99,950</td>
<td>Min of Labour NLC / TUC NBA HRC NECA Relevant CSOs / NGOs NCWS NPC Media</td>
<td>452</td>
<td></td>
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<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<tr>
<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>CSOs Human Rights Organizations NECA Labour unions Min. of Labour &amp; Environment</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 Increasing awareness and participation in Good CSR initiatives among companies in Nigeria</td>
<td>Traditional Rulers Youths Relevant organized bodies Development Partners Private sector</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>
<td></td>
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<tr>
<td>Encourage communities (especially Niger Delta) to dialogue with both corporations and Government in securing their rights and</td>
<td>No of joint company/community programmes implemented</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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<tr>
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<tr>
<td>participating in the implementation of Good CSR programmes</td>
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### OBJECTIVE 3: PROMOTE ADOPTION OF CODES OF BUSINESS ETHICS IN ACHIEVING OBJECTIVES OF THE CORPORATION

<table>
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</thead>
<tbody>
<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 CAC 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</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 IPC 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>
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</table>
### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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<tr>
<td>the private sector, Penalty against defaulters</td>
<td>No of companies participating in value re-orientation programmes</td>
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<tr>
<td>Enhance value re-orientation programmes and encourage the private sector to embrace these programmes</td>
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<tr>
<td>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</td>
<td>No of companies joining anticorruption initiatives No of companies and people prosecuted Reduction of corruption rate</td>
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- 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

- 58,600
- NPC NOA NEPAD Relevant CSOs / NGOs

- 2009-2012
- Federal Govt. EITI EFCC ICPC CCB
- EFCC ICPC NEITI CAMA NASS Min. of Com. And Industry & Justice
- 2009-2012
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- 2009-2012
- 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
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<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
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<tr>
<td>the UN Global Compact</td>
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</table>
### Objective 4: Ensure that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and consumers) in a fair and just manner

<table>
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<tr>
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<th>Estimated Cost Per Annum (‘000 US$)</th>
<th>Monitoring &amp; Evaluation Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promote adoption of good CG practices with regards to stakeholder roles &amp; responsibilities</strong></td>
<td>Strengthen legal safeguards for protection of stakeholders - CAMA, investment laws, and Whistle blowers</td>
<td>CAMA, Investment laws, SEC and other regulations reviewed</td>
<td>SEC &amp; CAMA regulations Ongoing NSE reforms Financial Institution reforms</td>
<td>NSE SEC CAC NASS CBN National Assembly Ministry of Justice</td>
<td>Shareholders Associations OPS NSE Chambers of Commerce Devt. Partners SON</td>
<td>2009-2012</td>
<td>Legal safeguards provided and strengthened Improved governance of companies Attractive investment climate, More vibrant stock market Increased investment flows</td>
<td>Legal safeguards provided and strengthened Improved governance of companies Attractive investment climate, More vibrant stock market Increased investment</td>
<td>101,600</td>
<td>SEC NSE CBN Relevant CSOs / NGOs Devt Partners CPC SON</td>
</tr>
<tr>
<td><strong>Encourage the adoption of improved CG codes with regard to the structure, powers and functions of Boards of Directors</strong></td>
<td>No of companies adopting functioning boards of Directors</td>
<td>Professional bodies – ICAN, IoD, CIT</td>
<td></td>
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<td></td>
<td>Improved accountability of organizations</td>
<td>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>
</tr>
<tr>
<td><strong>Regulate the activities of shareholders’ associations to ensure more active</strong></td>
<td>Availability of clear guidelines for the formation and operation of shareholder</td>
<td>NACCIMA SEC / NSE NOA</td>
<td>Shareholders Associations NSE SEC CAC</td>
<td></td>
<td></td>
<td>2009-2012</td>
<td>Increased shareholders activism Higher level of awareness of stakeholders</td>
<td>Increased shareholders activism Higher level of awareness of stakeholders</td>
<td>101.765</td>
<td>NASB NPC NOA NEPAD</td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>MONITORABLE INDICATORS</td>
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<tr>
<td>awareness and protection of shareholder rights</td>
<td>Protection of Employees with HIV/AIDS</td>
<td>associations No. of employees discriminated against for contacting HIV/AIDS</td>
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## OBJECTIVE 5: PROVIDING FOR ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS

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<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<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</td>
<td>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>
</tr>
<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>SEC NSE NASB ICAN / ANAN</td>
<td>SEC NSE NASB 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>
<td>84,640</td>
<td>SEC NSE NASB ICAN ANAN Institute of Directors (IOD)</td>
<td></td>
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</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</td>
<td>No. of companies submitting</td>
<td>Companies are increasingly</td>
<td>NASB SEC</td>
<td>Workers Unions Shareholders’ Associations</td>
<td>2009-2010</td>
<td>Corporate Reports that meet</td>
<td>Corporate Reports meet International</td>
<td>130,200</td>
<td>NASB SEC</td>
<td></td>
</tr>
<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
<td>ON-GOING ACTIVITIES</td>
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<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>Best Practices in corporate reporting</td>
<td>corporate reports of International Standards</td>
<td>adopting Global Reporting Initiative, other International Reporting Standards</td>
<td>CAC</td>
<td>Other stakeholders</td>
<td>International standards</td>
<td>standards</td>
<td>CAC ICAN / ANAN Workers Unions Other stakeholders NPC</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Consolidate the implementation of the NEITI in the extractive industries</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 ICPC EFCC OPC Oil-producing communities Oil &amp; Gas Companies FIRS State Governments</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>
<td></td>
</tr>
<tr>
<td>Auditing of NNPC, Oil and Gas</td>
<td>Regular audit of NNPC and Oil &amp; Gas companies’</td>
<td>Level of transparency Regular and</td>
<td>Presidency Min. of Energy NEITI office</td>
<td>Oil &amp; Gas companies ICAN / ANAN</td>
<td>Accurate &amp; regular reports on NNPC and Oil</td>
<td>Accurate &amp; regular reports on NNPC and Oil &amp; Gas</td>
<td>63,480</td>
<td>Min of Energy MOF</td>
<td></td>
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<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<tr>
<td>Companies. operations</td>
<td>accurate information on revenues and expenditures on NNPC and Oil and Gas Companies</td>
<td>Relevant Auditing firms</td>
<td>FIRS RMAFC State Governments</td>
<td>&amp; Gas revenues expenditure</td>
<td>revenues expenditure</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>ICAN / ANAN FIRS RMAFC Relevant CSOs Development partners</td>
</tr>
<tr>
<td>Ensure application of NEITI to the Solid Mineral Sector</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>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>
<td></td>
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<tr>
<td>Enhance and strengthen credible education and training of Directors</td>
<td>Regular and effective training of Directors including staff of NASB More women participation in decision-making process</td>
<td>Number of directors trained in one year No of women appointed as Directors.</td>
<td>Institute of Directors FITC Nigeria Capital Market Institute (NCMI) CMD ICAN / ANAN CAC SEC</td>
<td>CAC SEC NSE FITC NCMI NASB SON Shareholders IoD OPS</td>
<td>2009-2012</td>
<td>Regular and effective training of Directors of Companies Ensuring that more women are in decision-making position</td>
<td>Effective performance of Directors of Companies Ensuring that more women are in decision-making position</td>
<td>71,000</td>
<td>Institute of Directors / Institute of Corporate Governance NBS NASB NCWS SEC ICAN / ANAN</td>
<td></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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<tr>
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<th>MONITORING &amp; EVALUATION AGENCIES</th>
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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 11, 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>
</tr>
<tr>
<td>Enhance institutional capacity for effective implementation of NEEDs, SEEDS, LEEDS and CEEDS</td>
<td>Number of Training Workshops conducted and their output Quarterly Progress Report Comparative analysis of the Expected &amp; the Actual</td>
<td>Retreat for Core Drafting Team</td>
<td>Federal &amp; States Ministries Departments and Agencies (MDAs) Local Governments NPC</td>
<td>Key Government MDAs Private Sector CSOs NPC 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>
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<tr>
<td>Enhance the capacity of the Rate of growth of SMEs and</td>
<td>Review and reform of the NASSI The Informal sector</td>
<td></td>
<td></td>
<td></td>
<td>2009-2012</td>
<td>Effective linkage of</td>
<td>Effective linkage of</td>
<td>100,000</td>
<td>NASSI</td>
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<tr>
<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<td>informal sector and SMEs with the provision of enabling environment</td>
<td>level of linkage and input to medium and large scale manufacturing industries</td>
<td>economic sector</td>
<td>NACCIMA NAFCB NARDB NPC Federal, States Ministries, Departments. (MDAs) and LGAs NDDC and State Development Agencies Oil companies</td>
<td>Organized private sector Government SMEDAN NAPEP NASSI NACCIMA NDDC State Oil Prod. Devt, Comm. CBN NBS CSOs/ NGOs NEPAD Fed. States LGAs</td>
<td>2013-2020</td>
<td>SMEs with large manufacturing industries as engine of growth of the economy</td>
<td>SMEs with manufacturing industries as engine of growth of the economy</td>
<td>NACCIMA Rep. of Unions of Artisan groups Relevant CSOs / NGOs NDE NBS NDDC and State Development Agencies Oil companies NPC CBN</td>
<td></td>
<td></td>
</tr>
<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 Departments and Agencies (MDAs) Local Governments NPC</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>
<td></td>
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</table>
### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

<table>
<thead>
<tr>
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<td></td>
<td></td>
<td>BPE CSOs NEPAD / APRM NWG</td>
<td></td>
<td>enhance socio-economic growth</td>
<td>that will enhance socio-economic growth</td>
<td></td>
<td>Econ. Planning National and states Assemblies NEPAD</td>
</tr>
</tbody>
</table>

enhance socio-economic growth
OBJECTIVE 2: ACCELERATE SOCIO-ECONOMIC DEVELOPMENT TO ACHIEVE SUSTAINABLE DEVELOPMENT AND POVERTY ERADICATION

<table>
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<tr>
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<th>MONITORING &amp; EVALUATION AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<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 Position of Nigeria in HDI Ranking</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 NAPEP NDE States and Local Governments</td>
<td>NAPEP NDE States &amp; LGCs NGOs FBOs CSOs CBOs APRM / NWG</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 NAPEP NDE ASCON States and LGAs</td>
<td>NAPEP NDE States &amp; LGCs NGOs FBOs CSOs CBOs APRM / NWG</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Improved 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>
</tr>
<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</td>
<td>The Presidency Key Government Ministries, Departments and Agencies (MDAs) CSOs</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</td>
<td>121,600</td>
<td>The Presidency MDAs Relevant CSOs / NGOs CBOs Media</td>
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</table>
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<th>MONITORING &amp; EVALUATION AGENCIES</th>
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<tbody>
<tr>
<td>Coordinate efforts of all tiers of govt. effectively</td>
<td>Number of assessment meetings and workshops</td>
<td>National Council of states</td>
<td>Number of assessment meetings and workshops</td>
<td>NOA</td>
<td>CBOs</td>
<td>States and National Assemblies</td>
<td>All Tiers of Government</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>
</tr>
<tr>
<td>Sustain stakeholder advocacy and awareness activities at all levels</td>
<td>Number of outreach programmes conducted and their impact</td>
<td>NAPEP NDE</td>
<td>Number of outreach programmes conducted and their impact</td>
<td>NOA</td>
<td>CBOs</td>
<td>States and National Assemblies</td>
<td>All Tiers of Government</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>
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<tr>
<td>Improve infrastructure massively for private sector growth</td>
<td>Level of infrastructure available, their accessibility and affordability</td>
<td>National Committee on Power and Energy Reform</td>
<td>Level of infrastructure available, their accessibility and affordability</td>
<td>Federal Ministry of Works</td>
<td>CBOs</td>
<td>States and National Assemblies</td>
<td>Federal Ministry of Works</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Adequate attention given to infrastructural development by all stakeholders and development</td>
</tr>
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</table>

*Note: The table above outlines the National Programme of Action, detailing the activities, required actions, monitorable indicators, on-going activities, implementing agencies, key stakeholders, time-frame, expected output, expected outcome, estimated cost per annum, and monitoring & evaluation agencies.*
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<tr>
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<th>ESTIMATED COST PER ANNUM (‘000 US$)</th>
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<tbody>
<tr>
<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>National Electricity Regulation Agency (NERA)</td>
<td>CSOs 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>CSOs NEPAD / NERA</td>
<td></td>
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</tr>
<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 of Agriculture and Environment NESREA</td>
<td>Federal and States Ministries of Agriculture and Environment NESREA Private Sector NGOs</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</td>
<td></td>
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<tbody>
<tr>
<td>Emphasise research and development to promote use of raw materials and expertise</td>
<td>Level of local raw material usage</td>
<td>Export Processing Zones Steel rolling mills Ministry of Steel Mines and Solid Minerals</td>
<td>National Raw Material Research and Development Council Federal Ministries of Solid Minerals Mines and Steel CSoS Research Institutes Universities</td>
<td>National Raw Material Research and Development Council Federal Ministries of Solid Minerals Mines and Steel CSoS Research Institutes Universities</td>
<td>CSOs CBOs Traditional Institutions NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Improved quality of life for the Nigerian Citizens</td>
<td>Promotion of Research and Development that can facilitate the use of local raw materials as input to industrial development.</td>
<td>273,400</td>
<td>CSOs CBOs Traditional Institutions NEPAD</td>
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<tr>
<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>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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<tr>
<td>Mainstream Employment Creation into budget process Strengthening of capacity building</td>
<td>Employment rate in the public and private sector Quarterly Progress Report as part of Statistical Audit</td>
<td>Lifting embargo on employment, Wealth and job creation as part of 7-Point Agenda</td>
<td>NDE NPC Federal, State and Local Governments Private Sector</td>
<td>Presidency States LGAs Agencies Private sector Informal sector</td>
<td>2009-2012</td>
<td>Improved quality of life, less security risks in the country</td>
<td>Guaranteeing gainful employment for all citizens.</td>
<td>101,600</td>
<td>CBN NBS NPC NDE NEPAD Relevant CSOs Rep. of the groups of the Informal sector &amp; Youths</td>
<td></td>
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</table>
## Objective 3: Strengthening Policies, Delivery Mechanism and Outcome in Key Social Development Areas

<table>
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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 Annun ('000 US$)</th>
<th>Monitoring &amp; Evaluation Agencies</th>
</tr>
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<tbody>
<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 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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<tr>
<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>
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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 Min. of Finance Office of the Accountant General Office of the Accountant General</td>
<td>Federal, States and Local Governments MDAs Citizenry Private NPC Sector</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</td>
<td></td>
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<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>
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<tr>
<td>Priority on educational issues, Advocacy on Education programmes, Girl child education, vulnerable group, increase funding</td>
<td>Level of school curricula reform 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 NBTC NCCE NPTA</td>
<td></td>
</tr>
<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</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</td>
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### ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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<tr>
<th>ACTIVITY BY APRM OBJECTIVE</th>
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<tbody>
<tr>
<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 National Raw Material Research and Development Council</td>
<td>Federal, 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>
<td></td>
</tr>
<tr>
<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 SACA LACA 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>
<td></td>
</tr>
<tr>
<td>Overhaul all obsolete policies and laws</td>
<td>Number of obsolete laws</td>
<td>Privatisation &amp; Monetisation Policies</td>
<td>National and states Assemblies Federal &amp;</td>
<td>Ministry of works FERMA</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</td>
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</table>
## ANNEXURE I: NATIONAL PROGRAMME OF ACTION

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<tbody>
<tr>
<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) Local Governments</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs NPC NESP NEPAD / APRM NWG</td>
<td>NCC CSOs 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>Relevant CSOs / NGOs NEPAD</td>
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</tbody>
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The Presidency States and Local Govts MDAs Private Sector Relevant CSOs / NGOs NEPAD NPC NESP
### 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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<tbody>
<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 Small and Medium scale Enterprises NEPAD</td>
</tr>
<tr>
<td>Institute appropriate Legal and regulatory frameworks</td>
<td>Number of outstanding laws and regulations</td>
<td>Regulatory reforms in ICT resulting in Increased Teledency</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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<td>Institute a virile public sector infrastructure</td>
<td>Improve transport Infrastructure to reduce cost</td>
<td>Level of infrastructure provision</td>
<td>On-going Reform of the transport infrastructure</td>
<td>The Presidency Ministries of Works, Transportation,</td>
<td>Federal, States and Local Governments</td>
<td>2009-2012</td>
<td>Increased access to good transportation</td>
<td>Overhauled transportation infrastructural development</td>
<td>181,000</td>
<td>Federal, States and Local Governments</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<tr>
<td>Institute a virile and improved access to affordable water good sanitation, and healthy environment</td>
<td>Improve on good Sanitation Environmental degradation</td>
<td>Periodic Factual Progress Report on the provision of the facilities</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 / APRM NWG</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>
</tr>
<tr>
<td>Institute a virile financial sector and improved access to energy supply and credit facilities</td>
<td>Promote the generation, transmission and distribution of energy / electricity to all citizens</td>
<td>Generation, transmission and distribution of energy sectorally Quarterly appraisal Report on production &amp; distribution</td>
<td>Approval of Gas Master Plan Reviewing the Energy Reform Energy Committee set-up to address erratic power supply</td>
<td>Fed. Min. of Energy NIPP States Private Donor Agencies</td>
<td>Federal, States, and LGAs NIPP CSOs NEPAD Private sector SMEDAN NAPEP NACCIMA</td>
<td>2009-2012</td>
<td>A nation where energy is generated and distributed to enhance business, and industrial growth and good living</td>
<td>Generation, transmission and stable distribution of electricity to all Nigerians and industries connected to National Grid</td>
<td>30,000</td>
<td>NPC NIPP SMEDAN CBN NACCIMA NBS Relevant CSOs / NGOs NEPAD Media</td>
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<tr>
<td>Establish construction of banks and financial inst.</td>
<td>Number and adequacy of established / Industrial</td>
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<tr>
<td>for credit facility and economic growth</td>
<td>Banks, Micro-Finance Institutions operating well</td>
<td>Easy availability and access to land for housing, agriculture, industries and other development purposes</td>
<td>Land and Housing Reform</td>
<td>Federal, States, Local Govts. Min. of Justice, Housing and Urban Development Environment, Justice, Agric. &amp; WR</td>
<td>Federal, States, Local Govts. Min. of Justice, Housing &amp; Urban Development, Environment Private Mortgage Finance Institutions</td>
<td>2009-2012</td>
<td>A country where land and housing are available to the people without difficulty</td>
<td>Liberalization of the Land use Act and accessibility to land for use</td>
<td>30,000</td>
<td>NPC Min. of Housing &amp; Urban Devt., Agric &amp; WR Environment NEPAD Relevant CSOs / NGOs NEPAD</td>
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<td>Reform the Land Use Act to liberalize access to land</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 Policy on housing in 2002 Increase in number and quality of houses and infrastructure in both rural and urban areas Federal Owner Occupier Scheme</td>
<td>Federal Housing Authority Federal Mortgage Bank States and LGCs Housing Agencies Primary Mortgage Institutions Bond and Capital Markets Secondary Mortgage Markets</td>
<td>Federal States and Local Governments MDAs Private Sector Estate Developers Primary Mortgage CSOs NEPAD / APRM NWG</td>
<td>Federal States and Local Governments MDAs Private Sector Estate Developers Primary Mortgage CSOs NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Housing deficit significantly reduced</td>
<td>Making land and housing available and affordable to the ordinary citizens of the country</td>
<td>201,000</td>
<td>Federal Housing Authority Federal Mortgage Bank States and LGCs Housing Agencies Private Sector Relevant CSOs / NGOs NEPAD</td>
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<td>Strengthen physical development / planning authorities</td>
<td>Capacity Building / Enhancement Measures applied</td>
<td>Existence of micro-finance fund although with limited access</td>
<td>The Presidency National and states Planning Commissions Ministries of Works, Energy, Information and Communications, and Finance</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs Small and Medium scale Enterprises Banks NEPAD / APRM NWG</td>
<td>2009-2012</td>
<td>Easy access to service</td>
<td>Strengthened physical development / planning authorities that perform effectively and efficiently</td>
<td>181,000</td>
<td>Federal, States and Local Governments MDAs Private Sector CSOs Small and Medium scale Enterprises NEPAD NPC</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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<tr>
<td>Development of Markets</td>
<td>No of new markets built Number of land allocations to groups and</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</td>
<td>Farmers Traders States LGCs Federal, States</td>
<td>2009-2012</td>
<td>Accessibility to markets Enhanced provision of housing to citizens</td>
<td>Accessibility to markets Enhanced provision of housing to citizens</td>
<td>89000</td>
<td>States LGCs NPC NEPAD Federal, States</td>
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<tr>
<td>Improve access to safe drinking Water</td>
<td>individuals</td>
<td>LGCs</td>
<td>Federal, States and Local Govs and Local Govts Min. of Lands, and FCT Min. of Lands, and FCT</td>
<td>AGIS and Local Govts Min. of Lands, and FCT</td>
<td>Private Sector AGIS</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>Federal, States and LGAs Federal, States and LGAs</td>
<td>NEPAD NEPAD</td>
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<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 and Local Govts</td>
<td>Communities and Local Govts Communities and Local Govts</td>
<td>Donor Agencies and Local Govts Donor Agencies</td>
<td>2009-2012</td>
<td>Provision of potable and safe water</td>
<td>Provision of potable and safe water</td>
<td>Federal, States and LGAs Federal, States and LGAs</td>
<td>NEPAD NEPAD</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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<tbody>
<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>Federal, States and Local Governments MDAs CSOs National Human Rights Commission (NHRC) NEPAD / APRM NWG NPC</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>29,300</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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<tr>
<td>Gender Affirmative Action Plan to promote gender equality (35% of women in decision-making) similar to the Federal Character provision of the</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 political 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</td>
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<td>Constitution</td>
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<td>NEPAD NPC / NBS</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</td>
<td>The Presidency Ministries of Finance, and women affairs</td>
<td>Federal, States and Local Govts MDAs NASS and states Assemblies NCWS NHRC CSOs NPC Private Sector NWGNAPTIP</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>
<td></td>
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<tr>
<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 imbibed 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</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;</td>
<td>Ministry of Education NCWS NHRC</td>
<td>2009-2012</td>
<td>Gender equality awareness to ensure Egalitarian</td>
<td>Gender equality awareness to ensure Egalitarian</td>
<td>106000</td>
<td>Federal, States and Local Govts. National and states</td>
<td></td>
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<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>
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<td>ESTIMATED COST PER ANNUM (’000 US$)</td>
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<td>sensitivity</td>
<td>communications National Orientation Agency</td>
<td>CSOs / NGOs Youths NEPAD / APRM NWG NPC</td>
<td>society</td>
<td>society</td>
<td>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>293000</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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### OBJECTIVE 6: ENCOURAGE BROAD-BASED PARTICIPATION IN DEVELOPMENT BY ALL STAKEHOLDERS AT ALL LEVELS

<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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<tbody>
<tr>
<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 Chieftaincy 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 especially 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>
</tr>
<tr>
<td>Train Community based Organisations in participatory and community mobilization skills</td>
<td></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 Chieftaincy 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</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>
</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>
<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 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 Orientation Agency NGOs</td>
<td>NOA Ministries of Information &amp; communications National Planning Commission NCWS Disabled CBOs CSOs / NGOs Youths NEPAD / APRM NWG Media</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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<tr>
<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>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 Govs MDAs States Ministries of Information NOA NPC Relevant CSOs / NGOs CBOs NCWS NEPAD Media</td>
<td></td>
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<tr>
<td>Organise periodic stakeholder</td>
<td>Number of meetings held</td>
<td>Public hearing organized by National and states government</td>
<td>Federal and states government</td>
<td>State MDAs Private Sector</td>
<td>2009-2012</td>
<td>Broad-based stakeholder</td>
<td>Broad-based stakeholder participation</td>
<td>121,000</td>
<td>Federal, States and Local Govts</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
<td>REQUIRED ACTION</td>
<td>MONITORABLE INDICATORS</td>
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<td>meetings by state to discuss and prioritise development issues</td>
<td>States Assemblies for inputs in law making and development issues</td>
<td>(MDAs) including FCT, NOA, NPC</td>
<td>CSOs CBOs Disabled group Youths National Planning Comm NEPAD / APRM NWG Media</td>
<td>participation particularly at local govt. and community level</td>
<td>2009-2012</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 Min. of Information NOA NCWS 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>particularly at local govt. and community level through periodic meetings</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation particularly at local govt. and community level through appropriate guidelines</td>
<td>48,500</td>
<td>The Presidency NPC</td>
<td></td>
</tr>
<tr>
<td>Build capacity of CSOs, CBOs</td>
<td>Number and impact of workshops organized</td>
<td>Workshops and seminars organized</td>
<td>Presidency NPC</td>
<td>Federal, States and Local Governments</td>
<td>2009-2012</td>
<td>Broad-based stakeholder participation</td>
<td>48,500</td>
<td>The Presidency NPC</td>
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<td>ACTIVITY BY APRM OBJECTIVE</td>
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<td>and seminars conducted Performance Audit</td>
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<td>Federal and States ministries including FCT, MDAs, NOA</td>
<td>MDAs NPC Private Sector CSOs CBOs Disabled group Youths NEPAD / APRM NWG</td>
<td></td>
<td>participation particularly at local govt. level</td>
<td>particularly at local govt. and community level through capacity building</td>
<td></td>
<td>Federal, States and Local Governments MDAs Private Sector Relevant CSOs NCWS CBOs NBS NEPAD</td>
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### Special Issue

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<th>IMPLEMENTING AGENCIES</th>
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<th>EXPECTED OUTCOME</th>
<th>ESTIMATED COST PER ANNUM ('000 US$)</th>
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COMMENTS OF THE GOVERNMENT AND PEOPLE OF NIGERIA

ON

APRM COUNTRY REVIEW REPORT NO. 8

FEDERAL REPUBLIC OF NIGERIA

JUNE, 2008
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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 CR 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 House 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.

Objective 2: Constitutional Democracy and the Rule of Law (Par. 234)

*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-emphasised. 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 29\textsuperscript{th} 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 ₦444 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.

**Objective 5: Ensuring Accountability Efficiency and Effectiveness of Civil Servants and Other Public Office Holders (Par. 295; 298)**

*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.

Objective 6: Fighting Corruption in the Political Sphere (Par. 322)

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
genewmen 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. 389)

*Finalize the Domestication of the Convention on the Rights of the Child
and the African Charter on the Rights and Welfare of the Child*

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.

57. Government will ensure adequate funding of the Nigerian Human Rights
Commission and the National Agency for the Prohibition of Traffic in Persons
and Other Related Matters.

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 

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 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 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.

66. In paragraph 452, the report states that the “PANEL took no 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).

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40 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.

41 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”.

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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).

**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).

Objective 3: Promotion of Sound Public Finance Management (Par. 606-647)

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 (intergovernmental) 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 on-going 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.42

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.

**Objective 2: Ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability (Par. 787-824)**

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

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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 treat 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, suppliers, 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.

**Objective 5: Providing for Accountability of Corporations, Directors and Officers (Par. 875-905)**

125. The CRR reviews the submissions of the CSAR on this Objective and, against this background, that the following recommendations be put in place:

- Mechanism for accountability and information disclosure;
- Accounting and auditing standards in Nigeria;
- Sanctions against non compliance;
- Process of appointment of Board Members;
- Provision of strategic direction by the Board;
- Programme for training or development of Directors.

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.

Objective 1: To promote Self-Reliance in development and Building Capacity for Self-Sustaining Development (Par. 985)

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.

**Objective 2: To Accelerate Socio-Economic Development to Achieve Sustainable Development and Poverty Eradication (Par. 1026)**

**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. 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 Shia 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.

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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 of 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 I 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)**

171. As indicated already, Government is committed to the review of the Land Use Act.
Traditional rulers (Par. 1292-1310)

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)

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.
   - 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)**

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)**

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 9th on the list of megacities as of the year 2000. It is projected to move to the 3rd 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 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.

182. 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.

183. 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.

184. 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.

185. 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.

186. From the foregoing, it is evident that various initiatives are already on-going 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.  

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)*

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. 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.

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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. 1363). 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)

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 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.

45 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.
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.

Said Adejumobi, Civil Society and Federalism in Nigeria, Journal on Federalism.


APRM Materials


Byron Tarr, APRM Background Paper on Corporate Governance in Nigeria (2007).