



Nigeria under Jonathan

Standard Note: SN06135
Last updated: 25 November 2011
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Sections: International Affairs and Defence Section; Economic Policy and Statistics Section

Goodluck Jonathan – whom some have called the ‘accidental president’ due to the manner in which he originally inherited office from his predecessor, Umaru Yar’Adua, who died in May 2010 – convincingly won the April 2011 presidential election, whose conduct was a substantial improvement on the 2007 election. He campaigned on a ‘transformation agenda’. However, many are already expressing disappointment with his performance. Reforms have been slow to come. Anti-corruption efforts remain largely ineffective. A proposal to end all subsidies on imported petroleum at the end of the year is provoking considerable public protest. Meanwhile, an Islamist terrorist insurgency has gathered pace in the north since April, where there has been growing discontent about the region’s political and economic marginalisation. At the head of the insurgency is a group called Boko Haram, which calls for the introduction of Sharia law and an Islamic state across the whole of Nigeria. There are also signs of renewed restiveness in the Niger Delta, where a fragile peace has largely held since 2009. Some commentators are talking in terms of ‘revolution’ or ‘disintegration’ – although it should be noted that such talk has been virtually a constant throughout Nigeria’s 51 years of independence.

While Nigeria’s average per annum growth rate of 8% plus over the last decade looks strong, its economic performance arguably flatters to deceive. The country remains heavily dependent on oil revenue. Yet the domestic oil industry is in a parlous state and there are very high levels of theft (called ‘bunkering’) – so much so that Nigeria, the 10th largest oil producer in the world, needs to import large quantities of oil. Nigeria’s overall performance in terms of human and social development is weak, given its economic size and population: poverty rates and child/maternal mortality are higher than might be expected; educational enrolment and gender equity are lower.

Nigeria is sub-Saharan Africa’s most populous country and its second largest economy. What happens there matters not just to Nigerians, but to the region and the wider world. Reports of its imminent demise are exaggerated. Yet, as President Jonathan might well acknowledge himself, Nigeria does have a mountain still to climb.

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1 Political and security developments

1.1 Goodluck Jonathan: accidental president

Death of Umaru Yar'Adua and Jonathan's ascent

On 5 May 2010, after a prolonged illness, President Umaru Yar'Adua died. His Vice-President, Goodluck Jonathan, who had been Acting President since February, was immediately sworn into office, defeating a rearguard action from northern backers of the deceased president. The manner of his ascent led to him being dubbed by some the 'accidental president'.¹ A southerner from the Niger Delta (sometimes known as 'South-South'), Jonathan established a new government with the following priorities: improving electricity supply, economic accountability, financial sector reform; establishing an independent electoral commission, reform of the oil and gas industry and consolidating peace in the Niger Delta. He declared his government to be "in a hurry". Many of these priorities were inherited from his predecessor, whom critics had criticised as being prone to political inertia.

The next presidential, national and state elections were originally scheduled for January 2011. However, to nobody's surprise, the dates were put back to April 2011 in order to ensure that the logistics were more adequately in place.

Jonathan soon indicated that he wanted to be the candidate of the ruling People's Democratic Party (PDP) in the elections. He and his supporters sought to create a record of achievement in office that would help him achieve this goal. He was successful in getting the highly regarded Professor Attahiru Jega appointed as chair of the Independent Electoral Commission (INEC).² He inherited a fragile peace in the Niger Delta based on a 2009 amnesty deal for militants reached between most of their leaders and Yar'Adua. But Jonathan caused controversy when he stated that the main problem in the Delta was no longer militancy *per se*, but large-scale 'oil bunkering'.³ Jonathan also made much of his success in persuading China to invest significantly in Nigeria's oil industry, including through the construction of much-needed new oil refineries.⁴ But he faced criticism about the long proposed Petroleum Industry Bill, intended to restructure the oil industry, which he could not prevail upon the National Assembly to pass.

Jonathan's initial reputation for prudent and responsible leadership took a heavy hit in October 2010 when, following bomb attacks in Abuja that coincided with the celebration of the 50th anniversary of Nigerian independence in which at least 12 people died, he at first suggested that they were the work of foreign terrorists, assisted by his political opponents, rather than of a faction of the Movement for the Emancipation of the Niger Delta (MEND), which had actually claimed responsibility (other MEND groupings were signed up to the 2009 peace deal). Some argued (and still do) that this error gave away the fact that Jonathan is too close to some of the Delta's militant leaders and unwilling to challenge them.

Jonathan formally declared his candidacy for the nomination of the PDP in September 2010, with current Vice-President Namadi Sambo, former Governor of Kaduna state, named as his running mate. He promised to push ahead with reform across the board, referring explicitly to the importance of combating corruption in both the public and private sectors, investing in

¹ "Jury still out on record of accidental president", *Financial Times*, 23 November 2011

² "Nigeria senate says rejection of Electoral Act bill 'not' targeted at Jonathan", *This Day*, 21 October 2010

³ Bunkering is the term used to describe stealing oil in Nigeria. "Forget sovereign national confab – Jonathan", *Vanguard*, 20 October 2010

⁴ "Jonathan's Sino-Nigeria oil diplomacy", *This Day*, 6 October 2010

transport infrastructure, building houses, improving health care and supporting agriculture.⁵ It was anything but clear that he would be successful in winning the PDP nomination. There had always been a 'gentleman's agreement' within the PDP that the presidency should alternate between representatives of Nigeria's six regions – this was code for alternation between northerners and southerners. Many northerners argued that Yar'Adua's premature death after less than one full term meant that the north had not yet 'used up its turn', which should be a northern president for two full terms. Others disagreed, arguing that it was time to drop outdated ideas of zoning and rotation in favour of a position consistent with the Constitution, which contains no such provisions. The mood within the ruling PDP was highly volatile and tense until his rivals, Aliyu Mohammed Gusau, Atiku Abubakar and Ibrahim Babangida, all of them powerful northerners, were soundly defeated by Jonathan in the party's presidential primary in February 2011.

Jonathan's election victory

Jonathan's main opponents in the presidential election in April were Mohammed Buhari, who Yar'Adua defeated in 2007 when Buhari was the All Nigeria People's Party candidate, and who had since joined the Congress for Progressive Change; and Nuhu Ribadu, former chair of the Economic and Financial Crimes Commission and well known as a dogged fighter against corruption. He stood for the Action Congress.

All three of Jonathan's opponents were northerners. In the end, Jonathan won a decisive victory in the 16 April poll, winning 22.5 million votes to Buhari's 12.2 million. Ribadu won 2.1 million votes. Jonathan won most of his votes in the south, but met the constitutional requirement of achieving more than 25% of the vote in two-thirds of Nigeria's 36 states. There were violent protests in several northern cities after the result had been announced, with some in the PDP accusing Buhari of fomenting them, but calm was eventually restored.⁶

The power of incumbency and opposition divisions were widely seen as being the PDP's best hope of retaining control over the National Assembly and holding onto the majority of governorship and State Assemblies in the elections. This is more or less what happened, although the Action Congress, whose pre-eminent political leader is former Lagos state governor, Bola Tinubu, made significant gains, sweeping almost all of the southwest. It has six governorships now, up from one in 2007. Overall, the PDP's majority in the National Assembly was also significantly reduced.

With the political elite more divided than in the past, the outcome of the April elections had been difficult to predict. There was a perceptible increase in the political engagement of civil society and young, tech-savvy voters that seems to have acted as a break on pre-election skull-duggery. Jega and INEC discharged their responsibilities much more effectively than their predecessors had done. All this led to the fairest elections since 1999. Levels of political violence were also down significantly. International and local observer groups declared the 2011 elections to have been a marked improvement on those of 2007, which some have argued were rigged.

Africa Confidential stated:

Nigerians have a new bounce in their step as they realise that their votes actually count, giving credibility to the democratic process – and keeping the military in their barracks for now. However, Nigeria's complexities and deep social inequities mean

⁵ "Why I'm running for 2011 presidency, by Jonathan", *This Day*, 2 November 2010

⁶ "Better elections, dangerous politics", *Africa Confidential*, 29 April 2011

that no one, least of all the victors after the current round of elections, can afford to be complacent.⁷

1.2 Events since the April 2011 elections

Northern discontent and the role of Boko Haram

Jonathan's victory could not disguise the fact that large parts of the north had rejected him. The willingness of parts of the northern elite to switch towards acceptance, and sometimes support, for Jonathan intensified resentment in some quarters. This atmosphere, in tandem with high levels of poverty and the acute lack of employment opportunities for young men in the north, has played into the hands of militant Islamist groups, most notably Boko Haram, which has markedly increased its attacks over the last six months or so.⁸ Its surge began in June with a bomb attack on the National Police Headquarters in Abuja, which killed at least two people.⁹ In July there was a wave of attacks in Borno state and clashes with the security forces.¹⁰ Then, in August, a car bomber killed 23 people at the UN's Nigeria headquarters in Abuja. This led to the sacking of Jonathan's counter-terrorism adviser.

Over the last few months, hundreds of people reportedly have been killed across the north as a result of Boko Haram attacks.¹¹ It has recently threatened to strike luxury hotels in Abuja. A large-scale security operation against Boko Haram has been launched, led by an army group known as the Joint Task Force, whose human rights record has been criticised in the past by groups such as Amnesty International and Human Rights Watch.¹² Some are again accusing the security forces of fuelling the present crisis through the use of excessive and indiscriminate force.¹³

Boko Haram is based in Maiduguri, Borno state in the northeast of the country. It advocates strict adherence to sharia law and wants an Islamic state in Nigeria, partly justifying both in terms of the corruption of the ruling elite. In 2009 it organised an uprising in northern Borno state, which was ultimately put down by the authorities. Its then leader, Mohammed Yusuf, was killed but this has had little effect on the organisation, which has accused the authorities of extrajudicial killings and called for an independent investigation in their former leader's death, as well as the release of all members currently in detention.

There are claims that some northern politicians are sponsoring Boko Haram for their own ends. Members of the elite have sometimes in the past had links to armed militias in Nigeria.¹⁴ On 21 November a member of the Nigerian Senate – a member of the ruling PDP – was arrested following allegations that he was one of the sponsors of Boko Haram.¹⁵

Although in the past there has been little concrete evidence of external support for Boko Haram, some now claim that it has training camps in Burkina Faso and Niger and links to al-Shabaab and al-Qaeda.¹⁶ The US Ambassador to Nigeria, Terence McCulley, has recently

⁷ "A trap for the juggernaut", *Africa Confidential*, 15 April 2011

⁸ 'Boko Haram' has variously been translated as 'education is sinful' or 'Western culture is forbidden'.

⁹ Boko Haram declares war", *Africa Confidential*, 24 June 2011

¹⁰ "Maiduguri's terror crisis", *Africa Confidential*, 22 July 2011

¹¹ "Islamists kill dozens in Nigeria", *Wall Street Journal*, 7 November 2011

¹² "Nigerian president sacks counter-terrorism chief", *Reuters*, 8 September 2011

¹³ "Extrajudicial killing by police offends Boko Haram", *Vanguard*, 1 October 2011

¹⁴ "Extrajudicial killing by police offends Boko Haram", *Vanguard*, 1 October 2011

¹⁵ "Alleged Boko Haram sponsorship – Sen. Ali Ndume arrested", *Leadership*, 22 November 2011

¹⁶ "Nigerian president sacks counter-terrorism chief", *Reuters*, 8 September 2011

talked in terms of external links.¹⁷ But the evidence remains scanty. There has reportedly been a surge in recruitment to Boko Haram since the elections in April.

It seems clear that the north is now faring much worse than the south, including the Niger Delta, in terms of federal budget allocations. The revenue formula now guarantees that 13% of oil income goes to the states of the Niger Delta. According to official figures, the leading oil-producing state, Rivers state, received Naira 1,053 billion between 1999 and 2008. By contrast, Yobe and Borno states in the north received Naira 174 billion and Naira 201 billion over the same period. The disparity is even starker in terms of per capita expenditure between the two regions of the country.¹⁸

The Federal Government has now declared Boko Haram to be a bigger threat than the militants that have been operating in the Niger Delta.¹⁹ However, there are state governors in the north and federal officials who hope that talks with Boko Haram might be possible.²⁰ There have been plenty of unofficial contacts. These have revealed that Boko Haram is itself quite factionalised, which could complicate any negotiating process. Having earlier offered an amnesty which was not taken up, Jonathan now seems to have opted for a security-based solution. Boko Haram has set out a range of conditions for talks which, as things stand, look unlikely to be met. *Africa Confidential* has asserted that: "A political system based on buying off trouble is facing a new enemy that will not be bought off in the same way as the Delta militants."²¹

The Niger Delta

Meanwhile, there have been signs of restiveness in the Niger Delta too, with the Movement for the Emancipation of the Niger Delta (MEND) declaring a resumption of hostilities in June. In October a major pipeline in Bayelsa state was blown up. Some former militants are clearly being tempted back out of retirement, frustrated by the government-run amnesty programme.²² There has also been a rise in cases of piracy off the coast.²³ However, most militant leaders have hitched their fortunes to President Jonathan, so new leaders will have to emerge if the insecurity is to return to previous levels.²⁴ Less than helpfully, a few militant leaders have threatened to travel north to take on Boko Haram.²⁵ In August, Shell agreed an out of court settlement of over £100 million for oil spills in Bodo in the Ogoni region of the Niger Delta. It is estimated that up to 280,000 barrels may have been spilled in late 2008-early 2009.

There is speculation that this could be the first of many such large settlements in future. There are said to be over 1,000 claims for compensation before the Nigerian courts. The UN Environment Programme has also submitted a report to President Jonathan about the ecological crisis in the Niger Delta, in which it reportedly says that the Delta requires the largest clean-up ever undertaken. Experts believe that the destruction caused by oil spills in the Delta is many times the scale of the 2010 Gulf of Mexico spill, for which the

¹⁷ "Boko Haram's ambition growing, US warns", *This Day*, 19 November 2011

¹⁸ "Frustration boils over among the have-nots", *Financial Times*, 23 November 2011

¹⁹ "Boko Haram declares war", *Africa Confidential*, 24 June 2011

²⁰ "Nigerian government security committee urges negotiation with Boko Haram", *IHS Global Insight*, 4 October 2011

²¹ "Maiduguri's terror crisis", *Africa Confidential*, 22 July 2011

²² "Ex-militants' demonstration and pipeline attack point to deteriorating security in Niger Delta", *IHS Global Insight*, 4 October 2011

²³ "Benin and Nigeria launch joint naval patrols to combat piracy", *IHS Global Insight*, 19 August 2011

²⁴ "Boko Haram declares war", *Africa Confidential*, 24 June 2011

²⁵ "Maiduguri's terror crisis", *Africa Confidential*, 22 July 2011

compensation paid by BP is expected to reach \$20 billion.²⁶ It may be recalled that in 2009 Shell paid \$15.5 million in settlement to the families of Ken Saro-Wiwa and the other eight defendants who were executed in 1995 under the military dictatorship of General Abacha.²⁷

Transformation: a hollow promise?

Overall, it can hardly be said that Jonathan has hit the ground running since his election victory. He took three months to finalise his Cabinet. While some of those appointed bring considerable credibility to their posts, numerous others appear simply to be being rewarded for their past support for him. The north is not particularly strongly represented.

Among those with a track-record is Ngozi Okonjo-Iweala, a former finance minister who is now in charge both of that ministry and the overall government reform programme. She has also been a World Bank managing director.²⁸ Jonathan has put forward what he calls a “transformation agenda”, but some claim that much of what he proposes is ‘old wine in new bottles’.²⁹ Others go so far as to question his basic competence. Supporters point to mitigating circumstances for the slow start. For example, legal challenges to his election victory, while close to exhausted, are still wending their way through the courts.³⁰

More broadly, getting any policy from the drawing-board and into practice in Nigeria is always an uphill struggle. This has been confirmed by the controversy that has been stirred up by Jonathan’s current proposal to remove fuel subsidy on imported petroleum (currently at 80% in what is the world’s tenth biggest oil producer). He is being urged on by Okonjo-Iweala, not to mention the World Bank and the IMF, all of whom view the subsidy as distorting the market, discouraging investment and encouraging smuggling.³¹ Opposition politicians, along with the trade union movement (which views the subsidy as just about the only positive service that the state provides ordinary Nigerians) are unconvinced and warn that there will be large-scale public protest if he goes ahead. Jonathan has had to beat a partial retreat, setting up a government panel to examine the issue again. He has also said that alternative safety nets will be constructed, but details are sketchy.³² But, as things stand, he is sticking to his line that the subsidies will be removed by the end of 2011.

Jonathan has also recently convened a constitutional review committee. While the committee has a broad mandate, there has been some suspicion in response to Jonathan’s call to change the Constitution so that it provides in future for one-term, seven-year (as opposed to the current five-year, two-term arrangement) presidential tenures – this, he claims, to avoid incumbents focusing excessively on getting re-elected at the expense of the country.³³

Political prospects

What are the political prospects for Nigeria under Jonathan? His immediate challenge is to try and pacify (in every sense) the north while maintaining stability elsewhere, most obviously the Niger Delta. But perhaps the greatest existential threat to Nigeria is endemic official corruption and its corrosive impact on the body politic (not to mention the economy).

²⁶ “Who cleans up the Delta?”, *Africa Confidential*, 26 August 2011

²⁷ Ibid

²⁸ “The usual suspects”, *Africa Confidential*, 8 July 2011

²⁹ “Jonathan – 100 days of transformation?”, *Daily Trust*, 4 October 2011

³⁰ “Election 2011: Nigerian opposition launches final appeal to annul poll results at apex court”, *IHS Global Insight*, 15 November 2011

³¹ “Inflammatory subsidy”, *Africa Confidential*, 18 November 2011. The problem is exacerbated by the fact that Nigeria has a chronic lack of refining capacity.

³² “Nigeria launches committee to examine fuel subsidy removal”, *IHS Global Insight*, 27 October 2011

³³ “Proposed 7-year single tenure misunderstood: President Jonathan”, *Nigeria First*, 15 November 2011

Jonathan lays claim to anti-corruption credentials. Five former Governors are currently being tried by the Economic and Financial Crimes Commission for corruption, although [Human Rights Watch](#) has questioned the effectiveness of the Commission's current leadership. However, on 23 November, the head of the Economic and Financial Crimes Commission, Farida Waziri, who replaced Nuhu Ribadu in 2007, was dismissed. Critics had accused her of being ineffective in the job.³⁴

There remains a mountain to climb on corruption in Nigeria. This is well illustrated by a statement allegedly made some years ago, revealed recently by Wikileaks, by Nuhu Ribadu, who supposedly told the then US Ambassador in 2007 that while under Abacha, the president "was the sole thief, corruption under Obasanjo's eight years was far worse, because everyone stole."³⁵ Much hinges on whether, by the end of his presidential tenure, something similar can still be said of the Jonathan presidency.

A presidential committee established to look into the post-election violence in April has reported back to Jonathan, warning of "revolution" if social and political divisions across the country are not healed.³⁶ One northern leader has recently said that there is a real prospect that Nigeria might "disintegrate".³⁷ Another prominent leader and activist with a reputation for 'clean hands', the Bishop of Sokoto, Matthew Kukah, puts it slightly differently:

Frustrated for so long by a succession of inefficient and insatiably corrupt governments, ordinary Nigerians have never felt more trapped. A cloud of resignation and cynicism hangs over the populace [...] The President needs to stand up and deliver before it is too late.³⁸

It is tempting to argue that there are only so many times Nigeria can test itself to destruction without eventually destroying itself. However, such doom-laden projections have accompanied Nigeria throughout much of its post-independence history. For all its many problems and challenges, there do remain grounds for (cautious) optimism about its future. A Muslim commentator apparently recently compared Nigeria to a Catholic marriage, saying: "It may not be happy but it doesn't break up."³⁹

³⁴ "Nigeria's anti-corruption chief Farida Waziri sacked", *BBC News Online*, 23 November 2011

³⁵ "Nigeria/United States: play the game", *Africa Confidential*, 9 September 2011

³⁶ "Presidential Committee warns of 'revolution' in Nigeria if social ills are not addressed", *IHS Global Insight*, 11 October 2011

³⁷ "Nigeria may disintegrate if...by Olaniwun Ajayi", *Vanguard*, 3 November 2011

³⁸ "Laid low by culture of cronyism", *Financial Times*, 23 November 2011

³⁹ "Fr Kukah, Prof Jega and the vote", *Africa Confidential*, 6 August 2010

2 Economy and development⁴⁰

2.1 Overview and context

Nigeria is Sub-Saharan Africa's most populous country⁴¹ and its second largest economy. Living standards as measured by GDP per capita are in line with the regional average (\$2,370 in 2010), though poverty is higher: the most recent (2004) estimate indicates 64% live below \$1.25 per day, compared with 51% across the region.

Since the return to civilian rule in 1999, Nigeria's economy has been buoyed by oil and natural gas exports: growth during the 2000s averaged 8.7%. It is Africa's largest oil producer and its third-largest natural gas producer, and oil alone accounted for 80% of government revenue, 95% of exports and a third of GDP. Though natural resources are the engine of Nigeria's growth, the agricultural economy still remains significant, contributing 31% of GDP and 50% of employment (in line with the sub-Saharan African average).⁴² However, the sector suffers from a legacy of underinvestment and low productivity.

The collapse in oil prices during the 1980s meant Nigeria's growth and development was halted for a generation, and left the country with severe public debt problems. Today, oil revenue is still not prudently managed, though there are attempts to reconcile volatile oil revenues with predictable public spending patterns.

In development terms, Nigeria performs poorly, taking into account its economic size and population. Poverty rates, and child and maternal mortality are higher than might be expected; life expectancy, educational enrolment and gender equity are lower.

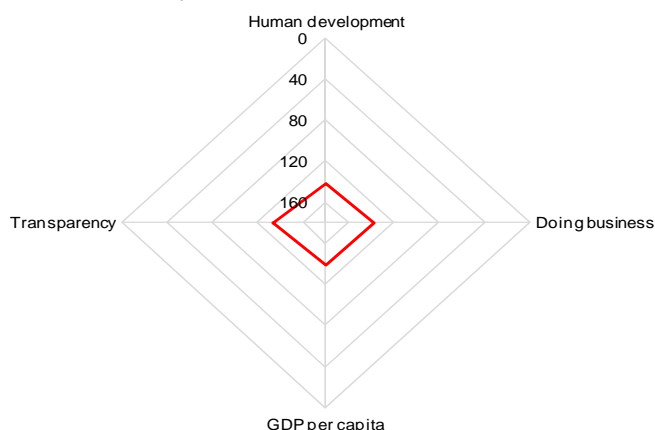
Nigeria in 2010: fast facts

GDP, \$bn	217	
Annual average change, %, 2000-10	9.0	
Population	156.1	
Annual average change, %, 2000-10	2.8	
Inflation, %	11.7	
Unemployment, %	4.5	
Current account balance, % GDP	6.4	
Poverty (% <\$2 per day)	83.9	
Adult literacy, %	60.1	
Under-five mortality, per thousand	137.9	
Life expectancy, years	47.9	

Note: charts show trends since 1980

Key rankings

Chart shows ranking against 181 countries, with '0' being the top/most favourably assessed country



⁴⁰ Information in this section is taken from a range of sources, including IMF (2011) [World Economic Outlook](#), World Bank (2011) [World Development Indicators](#) and Europa World Plus (2011) [Nigeria Country Profile](#)

⁴¹ Estimates of Nigeria's population are disputed: the 2006 census put the figure at 140m, and the 1991 at 89m, implying an almost unbelievably high growth rate (3.6% per annum) in the interim. Figures expressed as per capita should therefore be treated with a degree of caution, since they are dependent on the population figure chosen to make the calculation.

⁴² World Bank [World Development Indicators 2011](#) and US Dept of State [Nigeria Country Briefing](#)

2.2 The petroleum industry

The development of the petroleum industry began in the late 1950s and accelerated when Nigeria became a member of OPEC in 1971. Nigeria has the tenth largest petroleum reserves in the world and is the largest oil producer in Africa.

Though oil has enabled Nigeria to grow at a faster rate than much of the rest of Sub-Saharan Africa, the country's reliance on it as a source of government revenue (80%) and foreign exchange (95%) has meant fluctuations in prices have generated significant volatility. Following declines in world prices during the 1980s, for instance, successive governments became over-extended financially, with insufficient revenue to pay for imports or to finance development projects. As a result, Nigeria's standard of living went into a decline in 1980 from which it did not recover until 2004 (see chart).

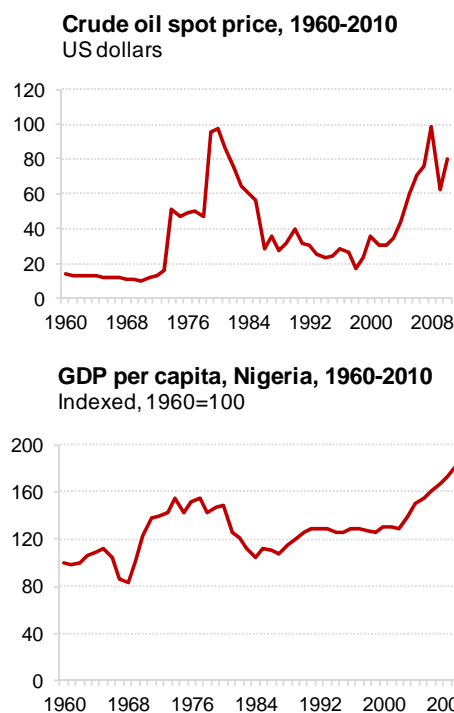
Most of Nigeria's oil exports go to the US, while Spain, Germany, France, Portugal and the UK are also important customers. The country stands to benefit from the deteriorating political relationship between the US and Iran, although continuity of supply continues to be an issue as a result of militant activity and pipeline sabotage in the Niger Delta.

A strong oil revenue-based fiscal rule would insulate the economy from the volatility in oil revenues. Addressing the legal and institutional weaknesses of the current stabilization mechanism by establishing a sovereign wealth fund could help if appropriate safeguards are put in place. Embedding an oil revenue rule in legislation would strengthen macroeconomic management.

2.3 Agriculture

Nigeria's agricultural economy principally serves domestic consumption needs, underscored by the fact that only a very small proportion of farmers cultivate cash crops such as cocoa (2.3%) and cotton (1%). Agricultural exports, principally wheat, palm oil and sugar, accounted for just 3.3% of total exports and 5% of agricultural production (by value) in 2008.⁴³ This domestic orientation is partly explained by the fact that Nigeria is one of the most urbanised countries in SSA and as such has large domestic markets; however, it has been argued that, given Nigeria's high agricultural potential, increased export crop production could have a significant impact on rural poverty.⁴⁴

Low levels of public and private investment since the oil boom of the 1970s have prevented Nigeria from realising its agriculture potential; it is widely held that agriculture has been neglected in favour of developing the oil and gas industries. Smallholder farmers lack access to fertiliser, irrigation systems and other technology that would enable the productivity



⁴³ World Bank *World Development Indicators 2011*

⁴⁴ See, for instance, International Food Policy Research Institute (2009) *Options for agricultural growth for poverty reduction in Nigeria*

improvements necessary to move beyond subsistence farming. Poor access to markets and credit for smallholders, slow dissemination of research and innovations, and a weak distribution infrastructure have also inhibited Nigeria’s potential.⁴⁵ Though agricultural production has increased, this has been driven by the expansion in cultivated area, rather than productivity gains.

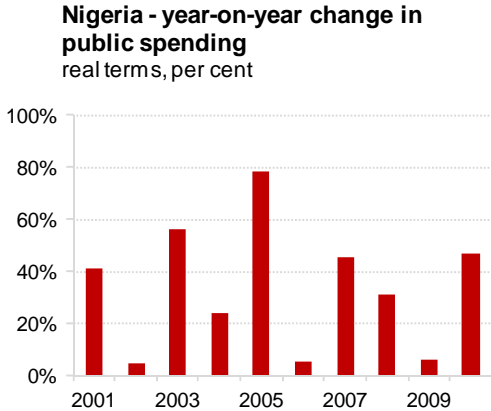
90% of output comes from the smallholder sector; typical farm sizes range from 0.5ha in the densely-populated high-rainfall south, to 4ha in the dry north.⁴⁶

2.4 Remittances and aid

Nigeria received \$9.6bn of remittances (5.5% of its GDP), and \$1.7bn in aid (around \$189m of which was from the UK). Much of this comes from multilateral institutions: the World Bank currently has 28 active projects and total investment in the country of \$13.2bn: many of these cover infrastructure development, including the improvement of Nigeria’s weak energy infrastructure.

2.5 Managing oil money

The Nigerian government’s management of its oil money has in the past been questionable. Financial mismanagement and over-investment during the oil boom of the 1970s created severe public debt problems that were not alleviated until 2005, when the Paris Club of public sector creditors agreed debt relief worth \$18bn (a sixth of the country’s GDP) in exchange for commitments to repay the remaining \$12bn, which Nigeria did by mid-2006. A country study described the development opportunities that arose from Nigeria’s oil revenue in the 1960s and 70s as having been ‘notoriously and spectacularly missed’. Even today, spending is typically ‘pro-cyclical’, increasing dramatically when oil prices rise (see chart): for instance, in response to high oil revenues, public spending increased by 37 per cent in 2010.



The government has in the past (2004) imposed a fiscal rule and created a reserve account to manage excess oil earnings and ensure smoother spending patterns in the face of revenue volatility. However, in the absence of a sound legal foundation, these were only temporarily effective, and despite revenues exceeding forecasts, the government spent all oil revenues in 2010 and drew down on the reserve account. The IMF has called for the ‘embedding of an oil revenue rule in legislation’.

In line with other major oil exporters, the government has also proposed the creation of a Nigerian sovereign wealth fund to manage surplus oil money to finance domestic infrastructure projects, and as a resource for the benefit of future generations.

⁴⁵ See, for instance, Oxfam (2009) *Agricultural Policy and Budget Analysis in Nigeria 1999-2007*
⁴⁶ [FAO Nigeria country profile](#)

2.6 Long-term strategy

Fluctuations in oil prices in the 2000s have demonstrated the vulnerability of economies that are heavily reliant on oil exports, and in recent years the Nigerian government has placed an increasing focus on diversifying its economy and redressing the legacy of underinvestment in the agricultural sector. Nigeria's long-term development strategy, *2020 Vision*, launched in 2008, aims to increase domestic agricultural production sixfold by 2020. More ambitiously still, the overarching objective of the strategy is for Nigeria to enter the top twenty countries in terms of economic output by the end of this decade, something that will require growth of 13% per annum.

More on the 2020 Vision strategy is available [here](#).

2.7 Development issues

Poverty in Nigeria is higher than might be expected given the country's GDP and population, and is significantly greater than it was 25 years' ago. Inequality also worsened between 1986 and 2004. Even the improved economic performance over the last decade has not been translated into meaningful improvements in the welfare of poorer segments of the population. Much of this has to do with a failure to diversify the economy beyond the oil sector. Agriculture, the dominant employer, has suffered from underinvestment and failed to move beyond a subsistence level, whilst the development of manufacturing and higher value-added sectors has been weak, partly because foreign investors are deterred by a corruption-ridden business environment (Nigeria ranks 134th out of 178 on Transparency International's Corruption Perceptions index, and 137th out of 183 on the World Bank's Doing Business index).

In terms of health, the country is not so blighted by HIV as some of its neighbours (prevalence among 15-49 year-olds is 3.6%, compared with a regional average of 5.6%). However, child and maternal mortality are higher, and life expectancy lower, than the Sub-Saharan African average. Other areas of concern include primary school enrolment, which appears to have declined from 95% in 2000 to 89% in 2007 (latest estimate), and completion (a decline from 97% to 74% over the same period). Gender equity is also an issue in Nigeria: education enrolment is significantly lower among girls; fertility rates are high even by regional standards (5 in urban and 6 in rural areas); and political representation of women is among the lowest in the world (7% of seats in the national parliament are held by women).

A four-fold increase in polio cases in Nigeria during 2011 has been reported recently. Experts view this as a consequence of anti-vaccination campaigns in the north during the early 2000s and claim that the success of polio eradication in Africa now rests on getting the situation in Nigeria under control.⁴⁷

Further reading

International Crisis Group, [Lessons from Nigeria's 2011 Elections](#), Africa Briefing No. 81, 15 September 2011

Human Rights Watch [Nigeria](#) page (selection of reports and press releases)

Amnesty International, "[Shell must pay US\\$1 billion in first step to clean up Niger Delta](#)", 9 November 2011

Stratfor, "[The Rising Threat from Nigeria's Boko Haram Militant Group](#)"

⁴⁷ "Polio in Nigeria 'shows big increase'", *BBC News Online*, 21 November 2011