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An Emerging Analysis of Corruption: the Nigerian Context

The commonplace notion of corruption is one of a lone actor, a dark and faceless individual. One person misguided by their own selfish interests; a representative who denies their elected purpose, choosing instead to put their own unjust enrichment above the needs of their constituents. Needless to say, this is supremely ironic when we consider that the given purpose of an elected official is to provide for those that they represent. Sadly, this sentiment is no longer shocking nor considered an aberration. Rather isolated acts of corruption are accepted and expected in many cases of modern governance. According to a Transparency International study 70% of Africans feel that their daily lives are affected by corruption as opposed to 22% of Europeans. The sentiments of Nigerians in particular reflected the presence of corruption in more than 70% of their daily lives (Naussbaum, pg. 4).

This brings us to a discussion of perspective and how it is influenced by an individual's perception of survival and need. In 1943 human needs were codified by Maslow, in a study establishing a basic minimum threshold of needs (Maslow, pg. 141-148). When needs are threatened, competition for survival becomes intensified. This remains true even in relation to perceived needs. In the 1982 murder of Vincent Chin we see a murder predicated only upon a perception of the inability to fulfill needs. The perpetrators Ebens and Nitz felt that the loss of their jobs had in their estimation ended their ability to fulfill their needs. This fueled their desperation, and ultimately ended in cold blooded murder. As we saw in this case even a perceived denial of one’s basic needs is able to drastically alter one’s perspective for in this instance the minimum threshold of needs would most likely have remained fulfilled for both men. Maslow’s minimum threshold of needs is defined in Maslow's hierarchy as breathing, food, water, sex and sleep.

While there is a minimum needs threshold there is also an expanded set of needs that is culturally and individually determined. In the words of Maslow " the organism dictates hierarchies of values" as such we see that although once the absolute minimum needs threshold is achieved cognitive needs may come into consideration but they are not assured (Maslow, pg. 147). In fact it can be argued that though the absolute minimum was established by Maslow the common belief rests ultimately with the individuals perception of the bare minimum. For again as we saw with the murder of Vincent Chin individual perception enabled Ebens and Nitz to draw a parallel between the loss of their jobs and the end of their way of life.

In the United States in 1972 with President Nixon and the Watergate scandal we saw the initial instance of a hegemonic nation facing corruption charges on a grand scale. There emerged within the American public a rapid disinclination towards the belief in good government “they [American people] wished to rein in the runaway government” (Schlesinger, pg.416-418). It is also interesting to recognize that this time period, one of a more widespread recognition of corrupt acts, corresponds to the hegemonic decline of the United States. This was a time in which the growth of the U.S. economy declined relative to other nations (Arrighi, pg. 150-169).

Common sense dictates that when the economy contracts, growth slows and in most cases individuals begin to experience a decreased standard of living. As the economy slows workers suffer as we learned from the writings of David Harvey. The concept of ensuring the security of workers as a safe guard to one's own economy was first broached by Adam Smith in the *Wealth of Nations* to ensure the survival of workers, is also to ensure the survival of a market for ones production goods. In a contracting economy there is an absence of economic growth; this is further detrimental, as growth contains the benefit of positive psychology.

As the economy is on the ascent the potential for growth and profit appears endless. Personal perspectives and aspirations may also appear boundless (Seligman, pg. 6). However, once the growth cycle begins to slow, harsh realities of economic prosperity such as the non-tangible costs, often social or environmental, that are incurred may come home to roost. Economic realities and the incurred costs of growth become harder to ignore during economic decline. During this same relative time period the United States saw a pattern of behavior emerge that greatly deviated from the societal norms present within American society up to this point.

For example in 1982 we see a murder based upon an increased fear of economic competition. In this case a single person who represented in the eyes of the perpetrators a manifestation of global competition was murdered in retaliation for a economic changes within American society. The death of Vincent Chin, a Chinese American, who was mistaken for a Japanese national was clubbed to death with a baseball bat by two Anglo-American men in Detroit. Interactions between the three men prior to Chin's murder suggest that the motivation behind the fatal beating arose from the unemployment of the perpetrators Ronald Ebens and Michael Nitz. Both had formerly been auto-workers in the Detroit areas. They viewed Chin as a physical embodiment of the Japanese auto industry that had ended their livelihoods. While as historical bystanders we can never know for certain how these events might have otherwise played out it is a reasonable assertion that if the perspective of the two perpetrators had not been one of dire circumstances and desperation this tragic conflict might have been avoided. What we can take away from this incident is that economic changes have far reaching implications and high social costs which are often overlooked. As such they are fully capable of influencing human behaviors in so much as the economic changes appear to tighten resource competition and threaten livelihoods.

The human will to survive is almost inextinguishable it operates in order to ensure survival. Indeed human actions will move without any consideration for the higher level cognitive needs such as safety, security or sense of belonging until these basic physiologic needs are satisfied until survival is ensured. But even if the acute physiological needs are satisfied if there is a prevailing perception on the part of the individual that their individually derived and often expanded set of needs is truly the “basic needs set” that they require for survival human beings may still operate in absence of high level cognitive needs until all of the needs that they feel are requisite for durvival are fulfilled.

As we saw with the examination of the murder of Vincent Chin there is an established minimum threshold of needs but the more common reality is that there is a persistence of an individually established threshold that is more strongly ascribed to by most individuals as the definition of what is necessary for survival. This personally established threshold is malleable in so much as this minimum is really no minimum at all. The individually established standard has the ability to constantly change; perpetually reflecting the changing set of culturally established needs. The individually perceived threshold of needs is the needs threshold that most individuals believe to be their basic minimum threshold of needs. Naturally all needs are individually established yet there exists a pervasive culture of advertising that supports the evolution of culturally defined needs. Further the practice of trade has expanded the role of advertising passively by exposing diverse cultures to one another and further increasing the elements present in the "minimum threshold of needs." For example if we consider current patterns of buying in China and India they reflect the growing market for cars in these societies. Cars are now being couched as a need where cars have never before been conceived of as a functional necessity (Bouachera, pg.27-51). These societies have formed in the most part in absence of widespread car usage as opposed to American societies which were formed with the automobile fulfilling a central function. That which was once a luxury item is now being transformed into a need.

As the perceived minimum threshold of needs is expanded and personally enshrined, the operation of one’s self-interest must also evolve to satisfy the plethora of elements that have been deemed essential. As more things become codified as "essential" the self-interest will expand and operate in a larger capacity. The human survival instinct is an ingrained attribute and once the individual has determined that a specific element is a fundamental need the individual will set about satisfying this end without thought to the consequences of securing this element. In short we maximize our self-interest in order to secure what we perceive to be our needs (Williams, pg. 45-67). Once we have expanded our set of minimum needs we can justify the more frequent and more elaborate maximization of our self-interest on the grounds of "survival."

The operation of one’s self-interest is a complex calculation of cost-benefit analysis' balancing the fulfillment of one’s basic and perceived needs of survival against the most expedient mode of achieving ones desired end. This inherent element of self-interest must necessecarily informs all discussions of corruption.

It is interesting to note that corruption may fulfill an odd space wherein gross corruption is readily able to adversely affect the minimal threshold of needs; however, because conditions are so greatly depressed the citizens are unable to act in the benefit of their self-interest, or are they? Is this perhaps another mode of survival? Could the toleration of corruption really be evidence that given uncertain or unstable conditions people are choosing to maximize their self-interest by endorsing corruption when corruption better suits the achievement of their desired ends? Perhaps people never go against their self-interest. As we know from Bell's interest convergence theory and the general self-interested tendencies of all people as advocated by Hobbs people will act in a manner to maximize their self-interest (Bell, pg.56)(Hobbs, pg. 28). Therefore highly ironic situations will arise where the presence of government has been reduced to a farce and the toleration of highly corrupt practices is widespread simply because in these instances corrupt practices are a better bet. A higher probability of return on corruption than that which could be achieved in the short term by fighting corruption.

This scenario was present in Nigeria where given the deep historical divisions arising from the colonial legacy of nation formation, strong regional identities reigned supreme within the country. The "Nigerian identity" was largely a formality in actuality clientelism and regional patronage ruled the day. Ebenezer Aka describes the post-independence leaders of Nigeria as choosing the path of destruction and chaos over economic development. He credits flawed development policies from independence as generating economic disparities, and institutionalizing the unfair practice of using proceeds from the natural resources in one region to develop other regions.

"The essence of the [1962 Coker Commission of Inquiry's] findings is that … very large sums of money had for years been diverted for the Action Group [Nigeria's Western Region political party during the First Republic]. Most but not all of the money was actually used for party purposes… That the inquiry was held in the West and not in the East or the North was a political accident. Elsewhere, precisely the same conditions would have been unearthed"(Schwarz, pg. 89).

The governmental mode of operation rested on regional divisions where some elected officials took full advantage of opportunities presented to line their own pockets. They also importantly ensured a portion of the plunder for their constituents. Thus there are some instances where constituents had more to gain by tolerating corruption than by opposing it. The incentive to combat corruption was further reduced when we consider that the resources are taken not from the constituents directly but from other areas within the country. As a reaction against regional plundering we find that hometown associations within Nigeria are traditionally existing units of governance that survived the colonial experience and have begun to mobilize in order to protect regional assets (Okafor, pg.3).

But how did the pervasiveness of corruption in Nigeria become so entrenched? As we have already explored corruption had more to offer constituents than a government absent corruption. However, there is a valid argument to be against the toleration of corruption as a means of maximizing self-interest. This argument would contend that when the citizenry are so desperate and depressed that their essential primitive needs are not being met they are unable to defend their political rights. This is a question often posed in the field of International Human Rights, which is the more expedient road to traverse the struggle for political and social rights or the struggle for economic rights? The difference between the two is highly illusionary especially when we consider that given a particular level of governmental breakdown for example when the government is no longer able to ensure an adequate food supply for the population political rights that might not have been fully exercised in the past immediately come into play out of necessity.

Yet once the minimum threshold of needs has been achieved throughout the population it follows from Maslow's hierarchy of needs that one is capable of undertaking more cognitively demanding needs at this point economic needs become more salient. Thus while economic rights breakdown at certain levels such as starvation political rights exist inherently by virtue of personhood. Remember that the culturally evolving set of needs exists in tandem with the basic minimum threshold of needs. However, needs are not a steadfast and unchanging matrix, a set of needs may undergo a dramatic evolution especially as cultures begin to interact with one another. This is contrary to the theory of wholly beneficial trade proposed by Paul Krugman. As a result, individuals within any society may begin to feel that their culturally established needs, if not satisfied, preclude political canvassing against corruption. There are some cultures where there is a disconnection between the established reality and the perceived needs. In certain instances the minimum threshold of needs may be fully satisfied but due to culturally unfulfilled needs the population does not perceive their needs as being fulfilled. From this perspective it is quite valid to extend the notion that given this psychology this population would feel unable to affect change even if their basic needs were satisfied.

While this maybe a partial explanation for political inaction in situations where needs are documented as being above the minimum threshold, it is only a partial explanation. For as we know from the work of Bell human beings are savvy guardians of their own self-interest. If members of a given community or society are choosing not to act, it is a safe assumption that the decision to do so is well rooted in a belief of betterment following from this action than an alternate course of action.

After Watergate it was expedient for the United States citizenry to entertain a dialog regarding corruption. In this moment of hegemonic decline, decreased standards of living and increased resource competition had lead to a cost benefit analysis where the U.S. citizenry found that there was more to be gained by holding Nixon accountable. Although there are many instances of corruption in U.S. history even from the Revolutionary time-period it was only following the widespread, undeniable and nationally pervasive act of Watergate that notions of corruption substantially permeated the American consciousness. Although to this day there is a general acceptance of corruption to varying degrees within the collective American political consciousness there is evidence that the issues have been couched in a very specific and limited manner.

Political corruption is formally defined as government officials using their governmental powers for illegitimate private gain. However, when we examine the extent of corruption we find that it is so far reaching and entrenched that the likelihood that these levels of malfeasance could be successfully achieved by individual rouge actors is greatly diminished. Corruption is neither a lone actor, nor one or two "bad apples" so to speak. Corruption is systematic, entrenched and perpetual existing latently within all government actors.

To presume that corruption can be measured by the degree to which it is prosecuted drastically underestimated the detrimental effects of this practice. This barometer is analogous to judging relations between countries by measuring the absence of open war. Although large scale prolonged conflicts maybe deterred this does not mean that relations between nations are peaceful and harmonious. War was once viewed as a series of isolated incidents provoked by very specific causes. Although following Foucault's doctrine this perspective was altered.

An examination of corruption using the theoretical perspective of Michael Foucault follows a trajectory similar to his assertions about war. We commonly refer to as war is the collapse of all other means of brokering power relations between states. The absence of war is not peace but rather "politics was the continuation of war by other means"(Foucault, pg. 23). From this perspective all people to various degrees view one another as perpetual enemies if warfare is constant. To derive a better understanding of corruption it must be accepted as a systematic practice necessitates multiple actors. So long as the fundamental problem of corruption is misunderstood any solution derived from this understanding is doomed to failure.

These observations seem to implicate that war is an inevitable part not only of the human condition but of many creatures, an inalienable element of the survival instinct.

Given the belief in perpetual war by Foucault one can see how in a state of constant conflict relations would be exacerbated by resource competition. Within these parameters we see a politically realistic view emanating from the work of Hobbs, expanded by Otto van Bismarck and brought to fruition by Foucault. The theory of political realism promotes a move toward economic and military security as opposed to a political system based on ideals and ethics; political realism is built on self-preservation. Contemporary analyses of conflicts are pointing to this inherent intricacy as articulated by Klare. "I have become convinced that the competition for control of resources, for control of the revenues that certain resources bring, like diamonds or rare timber, has been a decisive factor in many of the conflicts that we have seen" (Klare, pg. 4).

We learn at a young age when political avenues become closed the primary mode of conflict resolution is the survival arbitration of violence, battle and war: in short conflict. Perhaps conflict is omnipresent being vested in the relations between man and his fellow man. When all else has been abandoned humans will always have their survival instincts to rely upon. "Victory at all costs, victory in spite of all terror, victory however long and hard the road may be; for without victory, there is no survival" (Winston Churchill). To summarize: Conflict is always with us if only latently waiting for the political breakdown that will then lead to an exhibition of survivalist tenancies. Politics is the continuation of war by other means according to Foucault. Informed by these viewpoints and examining politically corrupt acts not as mere aberrations from the standard norm but instead as a perpetual and systematic presence one can gain new insights into how corruption operates and how it might best be eradicated.

If war exists latently between all persons what was the intention behind the formation of government? Were governments not formed to create a more perfect destiny, a world in which man and woman bound themselves to the necessary leviathan of government in the hope of achieving stability and greater freedom through subjugation? The creation of government has become thought of, especially in modern democracies, as the creation of an equitable and just society. Consider these words by Thomas Jefferson " in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America." Yet despite the aspiration language the synergistic essence of Hobbs, Bell and Maslow points to something far different.

Corruption challenges the healthy delusion that is required by the participants in most forms of government but especially in democracy, namely that all persons are entering into the social contract with the belief that greater harmony than that which is currently enjoyed by most will be achieved. Thus the social contract assumes some equality on the part of most participants. Whereas the reality is that all participants only engage in the social contract because they feel that they have a disproportional amount to gain in return for submission. A wealthier person has much to lose outside the social contract and thus with the creation of a social contract the wealthier person gains a greater amount of protection than a person without wealth. Yet the illusion of equality is indefatigable. Social contracts are always sold on the basis of a better condition for all parties involved. Without this notion how can the social contract be fulfilled if from the outset participants know that the arrangement is of more benefit to the monarch, president or prime minister.

In a democracy, government was couched as a representative body of the people. To a government representative one would for the most part assign at least a modicum of one's own moral limitations. Was the intention in government formation a hope that the resulting product would be an institution with a lower morality than ourselves? No. We formed governments in the hope that through unilateral consciousness a higher moral standard would be set and enforced through collective societal mechanisms. Unfortunately these modes of enforcement are not self-executing and require the participation and cognition of the shareholder participants. This is problematic when one considers the debilitating aspect of corruption which often creates apathy and reduces shareholder participation.

While the developed world takes for granted the institutional stability of democracy parts of the third world are only at this moment deriving their democracies. What is most troubling is that many decolonized countries were granted democracy. How does one grant democracy? a government in which the supreme power is vested in the people. Democracies must be advocated for and participated in to be actualized. Many decolonized countries lack precisely the personal investment in their countries. From this there arose a fundamental disconnects between the governed and the government. In addition to rapid de-colonization Nigeria has experienced a series of military coups and civil wars. These acts have served to undermine the exercise of democracy and de-legitimize the institution of government as a whole; a description of Election Day 2007 may be informative and is as follows "[b]allot boxes were reported stuffed and stolen, votes bought and sold. A combination of shootings, riots and fires pushed the death toll to at least 12, ...[s]urprisingly it's been very peaceful," said police spokesman Haz Iwendi "we excepted more violence."

An examination of voting patterns in Nigeria reveals a number of inconsistencies such as in the state of "Anambra, state election officials said 1.9 million people voted for the ruling party candidate for governor, even though just 1.84 million people are registered to vote (Polegreen)." There are an estimated 70 million eligible voters in Nigeria of these eligible it is estimated that 50 million were registered to vote and approximately 34.4 million allegedly voted. Prior to the election a number of reform measures were implemented in Nigeria in 2007 to maximize voter turnout and encourage democratic participation for motives other than ties to political machinery. The status of voting was raised when the government declared a national holiday to encourage registration and make registration mandatory for members of the civil service in some states threatening to withhold their pay if they did not comply (Murray, pg. 2). Given that the democratic form of government was only returned to in 1999 under the Obasanjo administration the signals of meaningful democratic participation such as the upward trend in voting and the belief that one’s vote matters are encouraging signals of indigenous internalization of the social contract necessarily implied by the democratic form of government.

The theory of Locke provides that the social contract derives its strength and authority only by virtue of those who have vested themselves under the authority of the contract. The social contract is created out of a collective self-interest, with the vested participants believing that there is more to gained within the limitations of the social contract that outside the parameters of one. Some of the historical corruption present in Nigeria is a direct reflection of the absence of vested interests by the citizens in the social contract.

The regional tribalism present at decolonization was transformed into machine party politics with votes being used as a means to reach government offices and thus government coffers in order to plunder. This system prevailed because there was no Pan-Nigerian identity, instead there are over three hundred ethnic groups within Nigeria and three ethnic majorities the Hausa-Fulani in the north, the Ibo in the southeast, and the Yoruba in the southwest that have engaged in a corruption pandemic over resources with plunder and graft as the major objectives (Gordon, pg. 24-31). The historical legacy of military take over and colonial rule when coupled with the multifaceted and complex Nigerian identity has entrenched the practice of corruption by placing one ethnic group in diametric opposition to the other majority ethnic groups.

Although the creation of a universally ascribed to Nigerian identity would be ideal this would necessarily be a goal to be achieved in the long term. Perceptions do not shift automatically nor would the vast number of ethnic identities be easily forgotten, these identities were present before colonization, but it was through the process of colonial government that ethnicities became firmly compartmentalized (Lloyd, pg. 451). The most immediate change needs to be a psychological trend towards a long term perspective with regards to the government as opposed to short term benefit. The most expedient way of achieving this end would be the meaningful and just punishment of corrupt officials.

Given the self-interested nature that gave rise to the creation of government, as theorized by Hobbs, actions which operate contrary to the self-interest of the vested participants are especially troubling. Corruption is a direct act against the trust responsibility implicit in government but more importantly corruption is contrary to the self-interested foundational nature of government. This brings us to an examination of why the shareholders of the social contract are allowing their respective governments to act against their self-interests?

Perhaps we have viewed the situation in absence of the true reality. Given the theory of Maslow we find that there are basic needs that must be achieved before higher level cognitive needs are considered. The human survival inclination is so strong that the fundamental needs must first be achieved before higher level cognitive needs are considered. As we learned from Bell's the interest convergence theory human beings operate in a benevolent manner only when it is in their own self-interest to do so. Benevolence often disproportionately benefits those who are in a position to grant it.

The most troubling aspect of corruption is that the true nature of corruption is often underestimated or viewed as a singular aberration; a bad apple so to speak. Total estimates of money either stolen or wasted by Nigerian governments since independence in 1960 approachs 380 billion dollars according to Nuhu Ribadu chairman of the Economic and Financial Crimes Commission in Nigeria. It has been estimated that in Nigeria following the palace coup of 1985 where Major-General Babangida was instilled as leader and until 1999 when the current democratic government of Nigeria was instilled more than 100 billion dollars has been dissipated from the national coffers (See Appendix One). If we imagine this amount of money as dollars stacked against one another this amount of money would cover approximately six thousand miles or the distance between New York City and Beijing, China.

As with other exhibitions of large scale harm corrupt acts are rarely perpetrated alone. Co-conspirators and accomplices are commonly filling the background of deplorable malfeasance. As articulated by Ngozi Okonjo-Iweala at the Technology, Entertainment, Design Conference in March 2007 implicated the members of the developed world as being just as much a part of the crime as the perpetrators.

"[I]f Abacha (Nigeria's late military leader ruling from 1993 to 1988) was able to export eight milllion dollars into an account in London ... developing countries monies sitting abroad in developed countries if they are able to do this that is that is that not corruption. If you receive stolen goods are you not prosecuted ... we need to start lookin' on the other side of the globe where the money is going."

The gross amounts of money being taken out of the country are on such a grant scale that to hide hundreds of millions of dollars annually is not something that can be achieved by hiding money under ones mattress. Corruption on this scale requires a participant to exercise the opportunity for corruption and another to hold the money in a safe place. Bakre suggests that the anti-corruption preaching of the West is fundamental hypocrisy especially when we consider that developing nations have ratified the UN Convention Against Corruption but other countries such as the US, England, Switzerland and France have refused to ratify this same treaty. Thus while they rail against corruption and the moral inferiority of the developing world the alleged historically moral superiors refuse to take measures against corruption.

There is a commonly held pejorative view of corruption in the developed world. One that essentially emanates from a belief in inferiority often centered along racial lines. If only these African politicians were more moral, more virtuous. This is a misguided perspective. All people are equal; we all undertake the same basic reality: birth-life-death. The various paths that all individuals take to achieve this process, creates a high degree of variation between individuals. To speak plainly there are no more virtuous people, no race with elevated moral standards. There are only those who have not needed to maximize their self-interest to the detriment of their personal morality. All persons, if having a need to commit corruption and an opportunity to do so would commit corrupt acts.

A theory must be established that incorporates this understanding of the human person in lieu of demanding greater virtue from government officials who are in a position to be tempted to engage in corruption, engineering around corruption. Create a government where one does not have the opportunity to be corrupt, nor feel that they have unfulfilled needs, which often provides the impetus for corruption. As mentioned earlier ensuring a culture in which all participants feel that all their needs are satisfied is a grandiose and improbable proposition especially when we consider the constant evolution of culturally established needs may undergo. However, there is vast room for improvement in addition there are numerous factors that may contribute to the pervasiveness of corruption.

If we consider the case of Nigeria, the most corrupt country in terms of Transparency International's Global Corruption Index for many years, one could make the case that the societal enforcement mechanisms necessary for good governance were not present at the moment of decolonization. There was a historical disconnect between the governed and the governors; white colonists administered the country and Nigerians served the needs of the ruling elite. Indeed the first mention of the concept of indigenous

Nigerian rule was not broached until 1954, (Nigeria had at this time been an English colonial asset since 1850) in a report by Phillipson-Adebo who coined the phrase the "Nigerianisation of the Civil Service" even given this conscious choice to fill the Nigerian government with Nigerian no serious attempts were made until 1954 a mere six years from independence.

The rapid pace of decolonization coupled with a minimal civil societal infrastructure transmitted the colonial disconnect between government and the governed into post-independence government of Nigeria. So long as the colonial government maintained dominance ruling through direct agents (i.e. British colonial agents) or specifically selected native elite’s one fact remained constant throughout decolonization the common Nigerian citizen was more like a colonial subject even after decolonization rather than a participatory citizen and stakeholder.

As a colonial subject the newly democratic citizens were not vested in their government and as such they lacked for the most part a long term perspective which would aid in the creation of an enduring system of government. Nigeria must invest in the indigenous institutionalization of democracy; citizens must become participants in practice as well as in title. The current system of government derived from the firmly cemented ethnic identities has enshrined a system of government that is in name democratic and in practice full of cronyism and corrupt practices. Nigeria is in a moment of Renaissance having just achieved a landmark achievement with the first non-violent transfer of power in the 2007 elections. Now more than ever before Nigeria must adopt a long term perspective one that would allow for the creation of a government that builds upon itself. The historical legacy is now such that successive governments must conquer the legacy of their predecessors to order to move forward the legacy of President Obasanjo has been no exception for the current administration.

The highly populous nature of Nigeria has lead to increased resource competition this has also exacerbated corruption especially when coupled with strong ethnic or community identities. High population concentration has been shown to engage a survivalist mentality. Biologists have documented that when two organisms require the same substance and as populations grow individuals become crowded and competition for resources increases. Wars are commonly thought to be the sole provenance of humans, but recent studies have shown this to be untrue. There is evidence of wars between chimpanzee tribes "a chimpanzee, which has the critical amount of intelligence required for genocide," (Human Tribes, pg. 45) and war between ants has also been evidenced "one of the most important reasons for inter-colonial [ant] wars is the difficulty in sharing food resources"(Yahay, pg. 310). The coupling of strong regional identities and opportunities for corruption has greatly accelerated regionally based corruption whereby an elected official from one region may seek to accumulate as many resources as possible to ensure his or her own future while additionally accruing some benefit to his or her constituents to ensure that their corrupt practices do not become viewed as a personal detriment to his or her constituents.

There is also a compelling need for an examination of opportunity. The coincidence of corruption rests on both the motivation toward corruption and opportunity. Nigeria is a country of great material wealth. If so inclined there is ample opportunity for wrong doing. While the claim has been made that all humans have free will it is important to remember that universal free will may only exist absent other mitigating factors such as legitimate needs of survival (food, air, water, sex, sleep). A better operational premise would be one of conditional free will which "postulates that individuals choose a course of action within a preset, yet to some degree changeable, range of possibilities and that, assuming the conditions are suitable for rational thought, we are accountable for our actions (Fishbein)." While the avoidance of accountability has not been a common reality as of yet the supposition of conditional free will is informative in so much as it provides a more accurate barometer for the contemporary world. Simply stated, do not expect perfect virtue and morality from an imperfect world.

Many of the world's poorest nations have large stores of a raw material good or goods, yet the occurrence of high levels of raw materials does not automatically translate into a large amount of readily accessible capital. These large raw material deposits can act as collateral to secure large development loans and with industrialized lenders willing and in some instances persistently offering these loans there is ample opportunity for corrupt officials to acquire vast sums of money. The ability to make loans is powerful and as with the any decision to enter into debt, careful consideration must be undertaken to ascertain whether or not the gain to be achieved is worth the additional cost of credit service. The contemporary reality is that those who undertake these loans are staking the future of the nation on development loans. Given that Nigeria has only as of 2007 achieved a peaceful civilian transfer of power from one government to the next since the British grant of independence in 1960 one must question if the government actors are as accountable to their constituents as they could be? Given the history of Nigerian democracy is it not perfectly legitimate to question how massive developmental loans are the best move for an already indebted developing nation.

The move toward an increase in loans to the developing world was founded on the tidal wave of petrodollars that flowed in the banking institutions of industrialized nations following the formation of OPEC in the 1970's. Industrial lender nations had too much capital sitting idle in their vaults and developing nations leveraged raw material wealth against the procurement of instantaneous capital. Suddenly the entire future of a country was placed in the hands of often dubious leaders who took this opportunity to plunder at a truly obscene rate. Also commercial loans made to developing nations were made on the terms of the commercial lenders, the developing nations brought little to no bargaining power to the table. These loans were often made is a flurry, most often following the discovery of a highly valuable resource. For example in Mexico under the governance of President José López Portillo in 1976 Mexico began to engage in a series of developmental loans to such a degree that an economic crisis ensued and these loans contributed to the huge devaluation of the peso in December 1994 (St. Ives Financial, pg.110)

Even the International Monetary Fund, a non-profit international organization has a loan structure that is heavily weighted in favor of the IMF. Among other practices they favor a policy of currency devaluations. This makes the loans taken out when the currency was higher much harder to repay following devaluation. The IMF also prevents indebted nations from linking their currencies to gold directly as another means of ensuring a decreased value of currency units. In the past they have also subscribed to a plan based on opening capital flows in and out of debtor nations. While this policy was intended to grow the economies of impoverished nations in specific instances the policy has been extremely detrimental. For example in Kenya with the Goldenberg Scandal in the 1990's which "involved licenses and credits for fictitious gold and diamond exports in the early 1990s" the end result was a capital flight of more than 600 million dollars.

The occurrence of this incident speaks to the foundational nature of movements for reform. To echo the sentiments of Amartya Sen, change must be organically derived, it must come from the people and reflect their true desires otherwise it is simply a false imposition of another's values and beliefs. It is precisely this disconnect between policy makers and those who would be allegedly helped by these policies that exacerbates the problems. While a proposed solution may seem to be utterly beneficial without the input of the localized population unanticipated factors can become highly detrimental as we saw in Kenya with the Goldenberg Scandal.

Further, in specific instances, although the IMF is self-described as a "lender of last resort" there have been reported cases where the IMF has been strongly pressured leaders to take loans that may not have been entirely vital. This reinforces Sen's contention that the needs of the society must be organically derived if they are to truly reflect the needs of the society. Unfortunately this is completely contrary to common practices. Lenders both commercial and non-profit such as the IMF are themselves growing the set of needs, convincing leaders to take out unnecessary debt and gamble with the future of developing nations. This risk taking has been highly profitable to those who treat the development loans as their own personal finances and cripplingly detrimental to the citizenry of developing nations. These loans are Orwellistic seeing as they are going against their intended purpose and harming those that they were intended to aid. Even given the massive strides that Nigeria has made in the fight against corruption as former finance minister Ngozi Okonjo-Iweala purports “we have a long way to go."

The current corruption scandal that has plagued Nigeria has been in the energy sector a scandal where " sixteen billion dollars were spent with no commensurate results; this has confounded Nigerians with the amount of colossal waste present in the power sector ... in the eight years of President Olusegun Obasanjo."

The struggle between centralized control and regional autonomy had been a large contributing factor to increased corruption. Following the Nigerian Constitution of 1976 there were two primary reasons for the increased proliferation of local autonomous governments; in the first part a new revenue calculating formula was devised wherein 10 percent of the total annual revenue was to be made available to local governments, in the second part local authorities were encouraged to promote the representation of the diverse and variant ethnic and religious sub-groups within Nigeria. Additional repercussions of this policy become clear when we consider the writings of Alex de Waal who denounces "the perverse logic of dividing Africa’s small economic space into fifty sovereign entities. Regional economic integration, de Waal asserts, is an absolute prerequisite for poverty reduction: expanding markets, attracting investment, and increasing savings." The creation of such a plurality of semi-autonomous governing structures was crippling to centralized control and identity corruption was enabled to proceed unfettered in yet another aspect of society.

Further it has been historically permissible for local governments to contract for loans independently of the federal government. This enables yet another avenue of corrupt vulnerability wherein a rather low ranking official may be permitted to contract with a commercial bank to raise capital quickly. Given that many of these local governments function in a manner more akin to a unit of political machinery than a truly autonomous local government the recovery of these funds once lost is difficult to say the least. The regional loan itself may not even be known to the central authority for some time. Schatz's study of Regional Loan Boards of Nigeria exposed practices such as "favoritism in the making of loans, expenditure for purposes other than those approved, a low repayment record, and a high cost of administration" these practices were all ensconced from the outset of modern Nigerian government in fact the Schatz study identifies these practices before decolonization and continuing through the democratic transformation.

One factor that has contributed to the increased development of corruption within Nigeria has been a proliferation of local governments as a response to resource competition. This is perhaps best articulated by G. O. Nwankwo who cites the proliferation of new local governments as a "complementary and much publicized attempt by those in powers to build up political support" this can often then be translated into financial gains. In short the proliferation of local government can be viewed as constituting a politically corrupt act in the sense that these governments have not been formed in proper accord with the dimensions inherent in a social contract where governments are allegedly agents of the people serving the collective interest of their constituents. Instead these governments are formed and maintained by strong local political leaders' intent on amassing the greatest amount of political power hoping to translate this power into fiscal strength. This practice is not unprecedented and it was utilized most effectively in the Tammany Hall political machinery of New York City in the late nineteenth and early twentieth century where many of the same factors came into play. Tammany Hall politics were created along ethnic lines, among a desperately poor population that lacked a high level of educational attainment. Tammany Hall politicians understood how short term gains for their constituents would keep the machine running and so long as the constituents were so close to the precipice of survival that they needed the services provided by the clientelism the corrupt politicians would remain in power.

In many local governments loan making is not permitted without the knowledge and consent of the central authority. Indeed state governments within the United States are not permitted to budget from one year to the next with debt in any form except in very exceptional circumstances. It is an interesting comparator to examine the facet of Nigerian law which allows Nigerian local governments to operate with substantial debt. It is also important to note that aside from the national allocation policy which earmarks 10% of the annual federal budget for state and local governments, the Nigerian government does not embrace a policy of fiscal federalism. Thus while they have sought control to be centralized the Nigerian government has not pursued a course which could create the monetary incentive necessary to enhance fidelity to the central authority.

Fiscal federalism is the practice of generating revenue at the federal level and then allowing lower levels of government to access these funds with the consent of the central government. “Revenue sharing and administrative arrangements" has led to many problems which, according to Adamolekun include intergovernmental conflicts, structural organizational problems, financial problems, shortage of qualified manpower, the place of traditional authority in local government and political and bureaucratic corruption. constraining limits of their tax-raising powers or fiscal jurisdiction. Consider this quote from Anyanwu with reference to the dispersion of financial assets from the central government "there has been an increasing wave of discordant voices from state and local government over revenue allocations in recent times."

Nigeria's corruption scandals have been aided by the fact that since independence in 1960 the government has suffered three military coupes, the Biafran civil war and a forced transition of power between military leaders in 1993. Democracy was tenuously assigned in 1999 with the election of Olusegun Obasanjo; however, emerging patterns do not speak well of his record on corruption. The current Nigerian scandal is implicating Obasanjo in an energy scandal in which over ten billion dollars was paid out to undertake a feasibility study but as of today no tangible gain has yet to be seen from the allotted ten billion dollars. The context that Nigeria faces today is paradoxical as in terms of population and GDP they are one of the fastest growing nations, but at the same time this tremendous growth is coupled with the relatively recent tradition of any form of meaningful democracy.

An emerging democracy will require a period of adjustment with which to establish legitimacy and create powerful institutions. A common assumption is that given a prescribed GDP growth rate within democratic society institutions will automatically manifest themselves this is not true. While it is not unthinkable that higher GDP could translate into a greater number of or more powerful institutions it is not an automatic. This is contrary to Wagner's law which elaborates that there is a "law of increasing expansion of public, and particularly state activities" (Henrekson, pg. 17-37).

The state must be forced to take a more active role according to Henrekson. In the case of Nigeria especially with the presence of multiple ethnic groups and three court systems meaningful and accurate prosecution of corruption has become systematically problematic. In Nigeria the three courts are the Federal Supreme Court, and Shari'ah Courts and customary law courts, which adjudicate matters based on traditional ethnic remedies. The Customary law court is present in each state and for the federal capital territory of Abuja.

But how are issues ruled upon, who maintains jurisdiction? For the most part jurisdiction is established along lines of subject matter and monetary value in instances of unclear jurisdiction there is a Court of Resolution to assign the matter, but these fissures within the judicial system exponentially increase the difficultly in prosecuting corruption at various levels. Meaningful prosecution of corruption has also been deterred by the presence of judicial corruption. In order to combat this problem the Code of Conduct for Judicial Officers of the Federal Republic of Nigeria was adopted in 2002 as well as United Nations Office on Drugs and Crime/ Global Programme Against Corruption Study (Williams pg.12). The Judiciary Arm of Transparency International has also established a judicial corruption monitoring program in conjunction with Transparency International - Kenya and Transparency International -Nigeria since 2003. The incidence of corruption within the judicial system is further evidence of the far reaching and systematically entrenched nature of corruption. That even judges those who are suppose to posses extreme impartiality and integrity have fallen prey to the opportunities provided by corruption is an illustration of how pervasive Nigerian corruption has become.

Further the various court systems present in Nigeria were all subject to the supreme rule of the "absolute legal authority of the Federal Military Government (Diamond, pg. 188)." Thus until 1999 the courts did not even attempt to assert their jurisprudential rights. The end of military rule and other various cathartic events such as being on the last rung of Transparency International's Index of Most Corrupt Nations and having corruption scandals become synonymous with the mention of Nigeria has made the government act.

Nigeria has taken great strides in the past ten years to change the label of corruption that has been attached to their country for so long. Perhaps it has been the gross extent of corruption that has forced Nigeria to act. Nigeria is often spoken of as the nation with the greatest wasted potential (See Appendix Two). A nation that has earned over 300 billion dollars in oil revenue since 1970 and at the same time a nation where 70% of the citizens live on less than one dollar per day (Musa, pg. 3). Nigeria is not a specifically corrupt place it is simply a country of great raw material wealth with a historic divide between national and regional identities and a colonial legacy of formation that force cohabitation of peoples to facilitate long distance rule as opposed to effective and meaningful Nigerian rule. Considering all of the possibilities that could have arisen from a country ranked very last in the Transparency International index of corruption the current position could not be better. Nigeria has established two anti-corruption entities. The Anti-Corruption Commission headed by Justice Mustapha Akanbi and the Senate Commission on Corrupt Practices, these two entities have been adamant about exposing corruption and interjecting a discussion about corruption into the national dialog. Nigeria has ratified the UN Anti-Corruption Convention and has called on industrialized nations aiding corruption in the developing world to ratify the treaty as well. As of the writing of this paper in 2008 the United States, England, Germany and Switzerland have not ratified the U.N. Anti-Corruption treaty. All other achievements aside Nigeria has moved from last place in the corruption ranking index maintained by Transparency International. As a non-partisan NGO funded primarily from the donations of private citizen the rankings of Transparency International are perhaps the best indicators that changes are being achieved.

To close the prevalence of corruption should not come as a surprise but rather an accepted reality arising from specific circumstances where the perceived needs of the individuals are not met. This is further compounded by the fact that there is not an established set of needs for everyone in society. Needs are for the most part derived individually although there are societal norms that are rather closely followed. One's membership within a particular society does appear to imply a culturally derived set of needs.

A perspective shift on how we view corruption is desperately needed if corruption is to be dealt with effectively. Corruption is not a lone person. On the contrary those who are caught are simply visible agents of a systematic and exploitative web of corruption. A corrupt individual is no different from anyone else except that they have the motivation and inclination to abandon their fiduciary duties to their social contract constituents. If corruption is to be properly addressed it will require a two pronged strategy that focuses on both internal perception of corruption and meaningful prosecutions of corruption; as well as international co-operation to prevent the gross fraud. This is occurs when industrialized nation harbor monies taken illicitly from the developing world. Our greatest failure would be to view human beings as perfect entities operating along absolute parameters. One must not expect perfection; human beings are fallible individuals that operate in order to ensure their survival. If we continue to believe in the existence of elevated moralities, the belief that some persons are simply more noble and virtuous than others we have given corruption a free license. There is no such thing as a hyper-moral human being. Any perceived occurrence of superior morality is simply incidental for after all ones moral exactitude is the luxury of one’s economic, political and physical security.

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Country Report

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Nigeria

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Country snapshot

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Executive summary

Highlights

March 2008

Outlook for 2008-09

- The Economist Intelligence Unit expects the new president, Umaru Yar'Adua, to continue to consolidate his position in power. A major challenge for the president will be to bring greater stability to the turbulent Niger Delta region.
- Oil output is expected to pick up in 2008, led by rising offshore production.
- Coupled with strong non-oil sector growth, the increase in oil production will push real GDP growth up to 7.3% in 2008. The rise in production will not be as marked in 2009, when growth is expected to moderate to 6.5%.
- Excess liquidity will make it difficult for the government and the Central Bank of Nigeria to control inflation, which is forecast to average 7.7% in 2008 and 8.2% in 2009.
- Given the weakness of the US dollar, coupled with high oil prices, the appreciation of the naira is likely to continue into 2008, before the naira weakens slightly in 2009 as the dollar recovers and oil prices moderate.
- High oil prices will continue to have a positive effect on the country's finances, and its current account is forecast to remain in surplus at 6.5% of GDP in 2008 and 3.7% of GDP in 2009.

Monthly review

- An election tribunal has upheld Mr Yar'Adua's victory at the April 2007 presidential election. This has removed a major source of uncertainty over his position.
- Numerous other election tribunals have, however, continued to go against the government.
- Tensions have increased in the Niger Delta over the fate of a warlord who was recently extradited from Angola to Nigeria.
- A recent IMF report has said that Nigeria's economic prospects are strong, but cautioned against the government increasing spending too quickly.
- The National Assembly has pushed for extra expenditure to be made under the 2008 budget, but Mr Yar'Adua has so far resisted this pressure.
- State governors have been allowed access to their shares of the Excess Crude Account in order to boost capital expenditure.
- The government has announced that it has cancelled the sale of Nigerian Telecommunications (Nitel) to Transnational Corporation (Transcorp).
- Mr Yar'Adua has instructed a new task force to triple power output over the next three years, which is likely to prove difficult.

Outlook for 2008-09

Political outlook

Domestic politics

Following his victory in the April 2007 elections, the Economist Intelligence Unit expects the president, Umaru Yar'Adua, to continue his efforts to consolidate his position in power. On the one hand, Mr Yar'Adua will be helped in this respect by his close relationship with the former president, Olusegun Obasanjo, who still has considerable influence over the security services and the senior ranks of the military. On the other hand, however, Mr Yar'Adua's relationship with the former president is making it difficult for him to break with the previous administration's poor reputation for governance standards and corruption. Mr Yar'Adua is coming across as more humble and conciliatory than Mr Obasanjo, and this should allow him to build up greater support within the governing People's Democratic Party (PDP), as well as in the National Assembly. However, the slow pace of Mr Yar'Adua's decision-making and his insistence on following proper procedure is likely to frustrate many people, both inside and outside the PDP.

The opposition has scored a number of successes in challenging the results of some of the state elections, and a steady flow of reruns ordered by the courts is probable. However, the recent decision of the Presidential Election Petition Tribunal to reject calls for a rerun of the presidential election removes much of the uncertainty surrounding Mr Yar'Adua's mandate. Meanwhile, the emergence of numerous new cases of corruption will pose a challenge for Mr Yar'Adua. Since many of the cases relate to people closely associated with the Obasanjo administration, the president must tread a fine line between being seen to tackle the endemic corruption while at the same time avoiding the ire of powerful senior members of the PDP.

Elsewhere, popular disillusionment with the political elite remains high. This, coupled with high levels of poverty and the ethnic and religious divisions in the country, could create a potent mix that might easily spill over into periodic outbreaks of violence. Such violence would be most likely to affect the ethnically mixed cities of Lagos, Kano and Kaduna, where poverty is most visible and the population most cynical about the political elite, and also states such as Anambra, Plateau, Benue and Taraba, where there is a recent history of tension and where controversy over the conduct of the polls was greatest.

In addition, Mr Yar'Adua and his new vice-president, Goodluck Jonathan, are aware that perceptions of the new presidency could well be determined by how they handle the complicated issue of the ongoing unrest in the Niger Delta region. Mr Jonathan is the first person from the Delta and that region's main ethnic group, the Ijaw, to serve as Nigeria's second-highest politician in an elected federal government, raising hopes that his familiarity with the people and problems of the Delta will help the new administration in its efforts to resolve the crisis there. However, his appointment may also raise expectations that are impossible to fulfil. The reality is that the ability of the federal government to resolve the problems is limited, and a military solution is also unlikely.

Instead, much will depend on the state governors in the region and their ability to improve the level of governance and economic and social development.

International relations

Despite the general international condemnation of the conduct of the April elections, we expect that the international community will take no real action but will seek to build relations with the new president and encourage him to push ahead with economic reform and reform of the Independent National Electoral Commission. Meanwhile, we expect foreign policy to remain broadly unchanged, although Mr Yar'Adua is likely to take a less active personal role in settling regional disputes than did Mr Obasanjo. However, he will be keen to ensure that Nigeria continues to be viewed as a leading power on the continent and that the country's troops remain at the forefront of regional peacekeeping missions. The new administration is also likely to persevere with the efforts of its predecessor to change the image of Nigeria from that of a corrupt and violent country to one that is pushing ahead with economic reform and is ready to play a role on the world stage.

Economic policy outlook

Policy trends

Mr Yar'Adua has indicated that the overall thrust of economic policy will be broadly unchanged from that outlined in the current National Economic Empowerment and Development Strategy (NEEDS), and set to be replaced by NEEDS-2, which is nearing completion. In more specific terms, Mr Yar'Adua has listed seven priorities in terms of reform, namely improving the electricity supply; boosting the agricultural sector; increasing employment opportunities; improving the dilapidated transport system; the reform of land ownership; increasing security, especially in the turbulent Niger Delta; and improving the education system. Of these, arguably the greatest challenge—and the greatest failing of the past administration—will be addressing the electricity supply problems. Relatively quick progress on this front would not only make a visible difference to businesses and the everyday lives of individuals, but would also give a huge boost to the overall reform effort.

Mr Yar'Adua has placed a respected and reform-minded technocrat, Shamsudeen Usman, at the helm of the Ministry of Finance, raising hopes that some progress will be made during the forecast period. Bringing further encouragement, Mr Yar'Adua has already signalled his willingness to tackle some of the more complex reforms needed. In late August and early September he set out ambitious plans for the restructuring of the vital oil and gas sectors, including the break-up of the Nigerian National Petroleum Corporation (NNPC). However, given the complexities involved, progress is likely to be slow. Reform will be further impeded by deeply entrenched vested interests, pressure to adopt more nationalistic economic policies, the weak state of the civil service, and confusion caused by overlaps and contradictions between local, state and federal government actions.

Fiscal policy

Mr Yar'Adua originally proposed a prudent budget for 2008 as the government sought to consolidate its fiscal stance and avoid another injection of excess liquidity into the economy. However, the National Assembly proposed numerous spending increases before approving it, something that Mr Yar'Adua disagreed with, urging greater restraint. This has set the scene for a period of tension between the presidency and the legislature, and represents a real test of power for Mr Yar'Adua. In line with the conciliatory tone that Mr Yar'Adua has adopted so far in power, we expect a compromise on the issue, with spending above that originally proposed, but with some spending—notably recurrent—scaled back. One area of spending that the president will struggle to restrain is that of the state governments, which are guaranteed a high degree of fiscal independence under the constitution.

The development of infrastructure will remain a priority for fiscal expenditure throughout 2008-09, although the government will also attempt to promote the role of the private sector in providing the necessary investment. However, unless the government also tackles the restrictive business operating environment, little progress can be expected in private-sector-led development of infrastructure. Overall, we expect the federal government to run a deficit of around 1.2% of GDP. A broadly similar situation is likely in 2009, although revenue growth will be restricted by moderating world prices for oil, leading to a higher fiscal deficit, of 1.8% of GDP. The government can easily finance deficits of this size through domestic borrowing. It will also continue to issue more long-term bonds to encourage the development of a domestic capital market.

Monetary policy

The benchmark interest rate, the monetary policy rate (MPR), was increased by 1 percentage point, to 9%, in October 2007, then to 9.5% in November. This is an early sign that the Central Bank of Nigeria (CBN) intends the MPR to be more effective than its predecessor, the minimum rediscount rate (MRR), in influencing other interest rates in the economy. The main determinant of the success of this will be whether the CBN is prepared to raise the MPR by more significant amounts should inflation pick up. The CBN stance on this is likely to become apparent in the first half of 2008 as the states begin to access their shares of the Excess Crude Account, which is expected to push up liquidity.

The CBN is midway through an ambitious series of monetary policy reforms. The introduction of the wholesale Dutch auction system (DAS) in late February 2006, and the subsequent market liberalisation, has led to a significant unification of the DAS, interbank and parallel exchange rates. In August 2007 the CBN announced its next raft of reforms, entitled "Strategic Agenda for the Naira". Over the course of the next two years the CBN had intended to redenominate the currency, adopt an inflation target as the nominal anchor for monetary policy, share part of the Federation Account allocation in US dollars and bring about full current-account convertibility. However, Mr Yar'Adua was quick to reverse the plans, saying that they were not necessary. Although this rebuke from the president has not prevented the CBN from pressing on with other reforms—the CBN moved at the end of 2007 to distribute some financing to the states in US-dollar terms—it does indicate the possibility of strained relations over the future path of monetary policy. Given such an environment, progress could be slow.

Economic forecast

International assumptions

International assumptions summary
(% unless otherwise indicated)

	2006	2007	2008	2009
Real GDP growth				
World	4.9	4.6	3.8	3.9
OECD	3.1	2.6	1.6	2.0
EU27	3.1	2.8	1.9	2.1
Exchange rates				
¥:US$	116.2	117.8	104.0	96.0
US$:€	1.256	1.369	1.458	1.328
SDR:US$	0.680	0.651	0.629	0.649
Financial indicators				
¥ 3-month repo rate	0.28	0.61	0.65	0.88
US$ 3-month commercial paper rate	5.03	5.06	2.35	2.93
Commodity prices				
Oil (Brent; US$/b)	65.3	72.6	79.5	72.0
Gold (US$/troy oz)	604.5	696.7	827.5	706.3
Food, feedstuffs & beverages (% change in US$ terms)	10.2	37.8	27.4	-3.7
Industrial raw materials (% change in US$ terms)	49.6	10.8	-8.0	-13.1

Note. Regional GDP growth rates weighted using purchasing power parity exchange rates.

Growth in the global economy is forecast to slow to 3.8% in 2008, before picking up slightly, to 3.9%, in 2009, owing largely to subdued economic growth in the US. We expect the price of Brent crude to continue to rise in 2008, to an average of US$79.5/barrel, before moderating in 2009, to US$72/b, owing to a modest increase in global supply and a weakening of demand stemming from the US slowdown.

Economic growth

The political unrest in the Delta region continued to restrict oil production in 2007. However, the impressive performance of the non-oil sector helped to offset the problems in the Delta. As a result, real GDP is estimated to have increased by 5.8% in 2007. This is well below potential, but in 2008 a sharp rise in oil production, led by offshore fields, in particular Chevron's Agbami field, should see growth rebound strongly, to 7.3%, especially if the new administration can at least partly resolve the problems in the Delta. Growth will moderate in 2009, although a continued rise in offshore oil production should enable real GDP to expand by 6.5%.

Growth in the non-oil sector should remain robust, owing to expected good performances by communications, wholesale and retail trade, and construction. Nevertheless, non-oil growth will remain below potential, as the country's infrastructure—notably the electricity supply—remains weak, income per head is low and major constraints in the labour market persist (there is a shortage of skilled manual workers and it is difficult to find senior managers). Another concern is that, although growth has been robust in recent years, its impact on reducing poverty has been far less than the headline figures suggest. This is because of heavy dependence on the oil and gas sector, which has few linkages to the rest of the economy and tends not to create significant new employment.

Inflation

Average inflation is estimated to have fallen to 5.4% in 2007 on the back of lower food prices and improved monetary policy. However, despite the improvement in policy, the excess liquidity generated by high oil prices is expected to present a significant challenge to the CBN during 2008-09, and the Central Bank is likely to struggle to reduce the inflation rate, especially as the states begin to spend their allocations of the Excess Crude Account. In addition, early reports suggest that agricultural performance will be down on recent years, which could push food prices up in 2008. On the positive side, the strong naira will keep import prices under control. Overall, we forecast a modest rise in inflation, to an average of 7.7% in 2008 and 8.2% in 2009.

Exchange rates

The CBN has allowed the naira to appreciate in recent months, apparently breaking with its previous preference for keeping it within a narrow band. Given the weakness of the US dollar on global currency markets, coupled with high oil prices, this appreciation is likely to continue into 2008, with the naira forecast to average N117.6:US$1 for the year. The dollar is expected to strengthen in 2009 and this, combined with moderating oil prices, should see the naira depreciate gradually, to average N121:US$1.

The CBN intends to bring about greater liberalisation of the naira during the forecast period. A positive side-effect of this will be further reductions in the premium between the official rate and the parallel rate. The broad goal is to keep the differential below 5%, at which level the IMF does not consider it to be a major problem. This should not be too difficult, as long as oil prices remain high and the CBN's commitment to liberalisation remains on course.

External sector

Nigeria traditionally runs a trade surplus, which is partly offset by a deficit on the invisible accounts. Trends in these components drive any changes in the overall current account. The traditional surplus on the current transfers account is expected to be maintained in 2008-09, reflecting large inflows of private transfers from the Nigerian diaspora. The income account, by contrast, is always firmly in deficit as a result of profit remittances, notably from oil companies. Even allowing for a rapid rise in imports, high services payments, rising income debits and potential disruptions in oil supply stemming from political problems in the Niger Delta, we expect both the trade balance and the current account to remain firmly in surplus as oil prices remain high and production starts to rise. However, the trade surplus will be larger in 2008 than in 2009, given the expected drop in oil prices during the latter year. Overall, we forecast that the current-account surplus will remain substantial in the forecast period, at 6.5% of GDP in 2008 and 3.7% of GDP in 2009.

Forecast summary

(% unless otherwise indicated)

	2006[a]	2007[b]	2008[c]	2009[c]
Real GDP growth	5.6[d]	5.8	7.3	6.5
Consumer price inflation (av)	8.2	5.4[a]	7.7	8.2
Consumer price inflation (year-end)	8.6	7.0[a]	8.0	8.4
Commercial lending rate	16.9	16.5	15.5	15.8
Government balance (% of GDP)	-1.0[b]	-1.5	-1.2	-1.8
Exports of goods fob (US$ bn)	59.1	61.4	78.3	77.2
Imports of goods fob (US$ bn)	31.1	38.0	43.4	45.9
Current-account balance (US$ bn)	13.8	2.4	10.7	6.3
Current-account balance (% of GDP)	11.8[b]	1.8	6.5	3.7
External debt (year-end; US$ bn)	7.7	8.0	8.8	9.5
Exchange rate N:US$ (av)	128.7	125.8[a]	117.6	121.0
Exchange rate N:¥100 (av)	110.70	106.82[a]	113.06	126.04
Exchange rate N:€ (year-end)	169.3	177.7[a]	165.8	158.6
Exchange rate N:SDR (year-end)	193.0	193.7[a]	186.3	187.6

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts. [d] Provisional estimate from Central Bank of Nigeria.

Monthly review: March 2008

The political scene

Election tribunal upholds the president's victory

On February 26th the Presidential Election Petition Tribunal upheld the election of Umaru Yar'Adua at the presidential election in April 2007, dismissing the consolidated challenges of his two closest rivals in the disputed polls. The panel of five judges was unanimous in its ruling that the petitions of the ex-military ruler, Muhammadu Buhari, and the former vice-president, Atiku Abubakar, contained insufficient evidence to back their allegations that the ballot was grossly marred by irregularities and electoral fraud. They said that even where allegations of irregularity were proven, in only four of Nigeria's 36 states, the violations were insufficient to invalidate the election result. The judgment has eased political uncertainty over the rule of Mr Yar'Adua, although the issue of its legitimacy is unlikely to be completely resolved until the appeals of the two losers are determined by the Supreme Court. Nevertheless, the chances of Mr Buhari and Mr Atiku winning at the Supreme Court are slim given that the tribunal rejected all of their arguments. The decision disappointed opposition politicians who had hoped that the spate of court nullifications of state governorship and legislative elections in recent months indicated that a similar outcome would happen over the presidential poll. However, such was the margin of victory that Mr Yar'Adua enjoyed at the election—winning 70% of the vote against his nearest challenger's 18%—proving that the irregularities that did take place were enough to alter the overall outcome of the election was always going to be a difficult task.

Other election results are nullified

Recent court rulings have not, however, all gone the way of Mr Yar'Adua and the ruling People's Democratic Party (PDP). Four days before the ruling on the presidential election a tribunal in Benue State annulled the election of the president of the Senate, David Mark, making him the most senior official to have had his April poll victory quashed. The tribunal ordered fresh elections for Mr Mark's senatorial seat after accepting the petition of the losing All Nigeria People's Party candidate, Alhaji Usman Abubakar, that his victory was based on a faulty ballot. Mr Mark has filed an appeal at the Court of Appeal. He is expected to remain a senator and head of the Senate while the appeal is in process. The Benue tribunal has annulled the victories of all three senators from the state—all of whom belong to the ruling PDP.

On February 6th Ibrahim Idris, the state governor of Kogi State in central Nigeria, was removed from office following a Court of Appeal ruling that annulled his election in April 2007 and ordered fresh elections, marking the first time in Nigeria's political history that a governorship election is going to be rerun. Mr Idris is the third state ruler to fall in the aftermath of last year's flawed general elections, but in the two earlier cases the deposed incumbents were simply replaced by their challengers. The appeal court in Abuja upheld the October judgment of the Kogi State Election Petitions Tribunal, nullifying the April gubernatorial vote in the state, on the grounds that the name of Mr Idris's main challenger in the ballot was omitted from the ballot papers by the electoral commission. Immediately following the court ruling on February 6th, the speaker of the Kogi State House of Assembly, Clarence Olafemi, was sworn in as acting governor on Mr Yar'Adua's orders. Complicating matters, a challenge to Mr Olafemi's own election as a legislator is pending in the Court of Appeal. Meanwhile, fresh gubernatorial elections are scheduled to be held on March 29th in Kogi.

Mr Obasanjo is at centre of party power struggle

Elections are not only a problem in inter-party ballots, intra-party contests have also been a major destabilising force in Nigerian politics. In recent weeks the focus has returned to the acrimonious struggles for power within the PDP in the run-up to the party's national convention on March 8th. Much of the reporting has centred on the role of the former president, Olusegun Obasanjo, in the contest for key party positions. Opponents of the former ruler have sought his removal as the chairman of the PDP Board of Trustees, or sought at least to minimise his influence on the conduct of the ballots. Critics of Mr Obasanjo fear that he is using his influence to slot loyalists into key positions in the party, as he did ahead of last year's general elections, including thrusting Mr Yar'Adua from obscurity to win the PDP's presidential candidacy. Indeed, the PDP convention looks likely to be a test of whether Mr Yar'Adua has the political wherewithal to imprint his own personality on the party.

A Delta warlord is extradited to Nigeria

On February 14th Henry Okah, the detained leader of the main rebel group fighting in the Niger Delta, was extradited from Angola to Nigeria, but uncertainty surrounding his fate since arriving in the country has raised tensions in the troubled oil-producing region. Mr Okah's group, the Movement for the Emancipation of the Niger Delta (MEND), alleged on February 19th that he had been "accidentally" shot dead during interrogation, a charge denied by the president's spokesman. Unconvinced, MEND demanded that lawyers, relatives and the Red Cross be allowed to see him in order to verify his condition. It is unclear as yet whether this has gone ahead.

MEND has demanded the release of Mr Okah as a condition for rejoining preliminary peace talks with the government, which several other militant groups have participated in. However, a statement by the police on February 21st, accusing Mr Okah of killings, arms dealing, oil theft and other crimes, suggests that the authorities are not about to free the detained rebel leader. The trial of Mr Okah, or his death in custody if confirmed, could spark a fresh wave of violence against the oil industry, as happened in 2005 with the arrest and prosecution of another Delta warlord, Mujahid Dokubo-Asari, who was eventually released last year.

Nigeria seeks joint security force in oil-rich Gulf of Guinea

On January 31st Mr Yar'Adua called for faster action towards creating an international security force to protect the oil industry in the Gulf of Guinea. In a meeting with Teodoro Obiang Nguema Mbasogo, the president of Equatorial Guinea, in Addis Ababa, Mr Yar'Adua called for a meeting of member states of the Gulf of Guinea Commission to approve the modalities for setting up a Gulf of Guinea Guard Force, the Nigerian leader's spokesman said in a statement. Mr Yar'Adua told Mr Obiang that he had discussed the establishment of the force during a recent visit to Washington DC and expected the US government to help with logistics and training for the force. The statement said that Mr Obiang had raised concerns about security threats from militants operating in the Niger Delta, and that Mr Yar'Adua had assured him of his government's determination to curb the unrest and criminality in the region. Over the past two years attacks against offshore oil facilities and merchant ships by Nigerian militants and bandits have been on the rise, a situation that has led the International Transport Workers' Federation (ITF) to seek to have Nigerian waters declared a war zone. An ITF spokesman said on February 8th that the organisation was pressing shipping associations and major shipping firms to recognise the dangers of operating off Nigeria, especially due to the increasing number of attacks and kidnappings by MEND. This is the first time that the ITF, the world's biggest seafaring union, has recommended such a course of action for Nigeria, which would require shipping firms to grant crews emergency rights, such as war-risk bonuses, for operating in the nation's waters.

Economic policy

IMF says Nigeria's economic prospects are strong

In February the IMF published its report of Nigeria's Article IV consultation for 2007, which expressed cautious optimism on the country's economic growth prospects in 2008 and 2009. According to the Fund, Nigeria's economic performance has improved since the last Article IV consultation in August 2005, with high growth, inflation in single digits and strong external and fiscal positions. It pronounced that the immediate outlook for the country was promising as long as its rulers stuck with reforms introduced by the previous administration to bolster financial management. The Fund forecast Nigeria's GDP growth rising from an estimated 6.3% in 2007 to 9% in 2008, slowing to 8.3% in 2009. The IMF expects Nigeria's oil production to rebound in 2008 and to help to raise the oil sector growth from an estimated 5.6% contraction in 2007 to 9% growth in 2008, but noted that further setbacks in the volatile Niger Delta were a downside risk to the recovery. It is for this reason that the Economist Intelligence Unit is slightly less optimistic, forecasting overall economic growth of 7.3% in 2008 and 6.5% in 2009. The Fund is also optimistic that recent strong performance of the non-oil sector will continue, with growth slowing only marginally, from an estimated 9.6% in 2007 to 9% in 2008 and 8.5% in 2009, subject to weather conditions in the important agricultural sector.

The Fund stressed the importance of prudent management of Nigeria's oil revenue and savings for the country's economic growth. Noting that the federal administration was under pressure from state governments to increase spending by sharing out oil savings between the various tiers of government, it cautioned that in order to avoid a return to a previous boom-and-bust era. IMF officials acknowledge, however, that given the poor state of Nigeria's infrastructure, especially its power supply, and the enduring high levels of poverty, the nation's rulers are justified in increasing spending on addressing these issues, but advise that this should be done in ways that do not jeopardise the gains made in macroeconomic management and stability.

Parliament and the president disagree on budget spending

Nevertheless, there are signs that Nigeria's new administration will increase spending significantly as it settles down in power. On February 20th the National Assembly passed the 2008 budget after raising planned expenditure by 18% on that originally proposed by the president. The lawmakers set total spending at N2.89trn (US$24.7bn), compared with the N2.45trn requested by Mr Yar'Adua when he submitted his budget proposals to parliament (December 2007, Economic policy). To increase revenue available for spending, the lawmakers raised the benchmark oil price to US$59/barrel, from US$53.83/b, and made some other adjustments in the revenue profile. The assumed oil production was left unaltered, at 2.45m barrels/day (b/d), as was the expected average exchange rate of N117:US$1. Lawmakers say that the additional spending budgeted is for the provision of infrastructure, particularly power, roads and water, as well as to boost social services such as education and healthcare. Although some politicians and anti-poverty activists welcome the fiscal expansion, others see a danger of irresponsible behaviour. The opposition People's Progressive Alliance spokesman, Ben Onyechere, described the decision to increase federal spending by such a large margin as an aberration of democracy, noting that, if anything, the job of parliament was to prune the president's spending proposals, not to enlarge them without his consent.

It seems that the president agreed with the concerns raised, as on February 26th he returned the budget to the National Assembly. In particular, Mr Yar'Adua queried the 78% increase in recurrent expenditure for the National Assembly itself, advising that it should be no more than 20%. This disagreement over spending marks the first real test of strength between the presidency and the legislature under the Yar'Adua administration.

Government plans to spend US$4bn of oil windfall savings

Another pointer to rising public spending is the government's plan to dip further into Nigeria's oil windfall savings after having allocated last December US$1.8bn from the excess crude account to compensate states for their part in financing the 2005 Paris Club debt settlement. On February 4th the National Economic Council agreed to share a further US$4bn (1.9% of GDP) from the account set up to preserve oil windfall gains, leaving about US$8.5bn. The finance minister, Shamsudeen Usman, told reporters after the meeting, which involved the various tiers of government, that the money would be released in three instalments, and paid in dollars to limit the impact on inflation and foreign-exchange rates, with the first instalment in February, then in April and in June. States are to get 80% of the funds and the federal government 20%. The central government was reluctant to release the funds but had little option given that the states enjoy a high degree of financial independence under the constitution and their governors have been pressing to claim their share of the excess crude account. The money is supposed to be used for capital projects already built into the 2008 budget. However, the implementation of the plan was thrown into confusion when, on February 15th, the presidency said that the plan to allocate the funds in a foreign currency had since been deemed to be illegal and payments must be in naira. A major problem with this is that an injection of large amounts of naira into the economy is likely to fuel inflation and force the Central Bank of Nigeria to raise interest rates to check the liquidity surge.

Inflation has already increased in early 2008. According to the National Bureau of Statistics, year-on-year inflation rose to 8.6% in January, compared with 6.6% in December, driven mainly by increases in the prices of food, cement and kerosene. This reversal of a year-long downward trend in consumer prices underlines the need for the authorities to be watchful of a liquidity build-up. Nonetheless, the reality is that as Nigeria's oil windfall earnings increase and external reserves scale record heights (standing at US$54.2bn at the end of January, enough for around 28 months of imports) the federal government will remain under pressure from the states to share out some of the country's petrodollar gains.

Government reverses sale of telecom utility

On February 17th the government announced that it had cancelled the sale of Nigerian Telecommunications (Nitel) to Transnational Corporation (Transcorp) because the purchaser had failed to turn around the country's primary national carrier. The information minister, John Odey, said that the administration was now seeking a new controlling stakeholder in Nitel, 51% of which was bought by Transcorp in 2006 for US$500m. This is the second time that a major privatisation carried out by the Obasanjo government has been reversed, and it raises questions about the future of the programme to offload Nigeria's inefficient major state enterprises. The sale of Nitel to Transcorp, a consortium formed in 2005 by a number of leading businesspeople with the backing of Mr Obasanjo, was controversial at the time, owing mainly to accusations of cronyism, although the amount paid for the asset was more than that offered by alternative buyers. Transcorp faced many difficulties in turning around Nitel and its mobile unit, M-TEL, owing mainly to a shortage of working capital and technical competence, which led to growing government concern about the running of the corporation.

Transcorp has indicated that it may take legal action against the government over the reversal of the sale. The company claimed that the move came just as it was about to turn Nitel's operations around, including reaching a deal with potential technical partners. Meanwhile, it is not clear whether the government will pay back the US$500m that Transcorp paid for Nitel equity, or how quickly Nigeria will be able to find a new core investor for a company that took several attempts to privatise in the first place. Although Mr Yar'Adua's determination to ensure that all privatisations comply with due process and follow the rule of law is commendable, the administration's apparent readiness to tear up agreements with private investors that do not meet these standards does raise further problems. The uncertainty created as to the firmness of transactions with state agencies is likely to undermine its privatisation and public-private partnership strategies.

Economic performance

Government agrees to boost oil sector funding

The government has agreed with its multinational oil partners a joint investment of US$15.2bn in oil projects this year, marking a major boost to spending after years of underinvestment in the oil industry. The minister of state for petroleum, Odein Ajumogobia, told a press briefing on January 28th that the government was seeking debt finance to foot part of its share of the agreed investment. The government owns 55% equity in the oil joint-venture company (JVC) operated by Shell and 60% in each of the JVCs operated by Chevron, ExxonMobil, Total and Agip, which between them produce the bulk of Nigeria's crude output. In the 2008 budget US$4.97bn is earmarked for cash call payments to the JVCs, leaving the government to raise an additional US$3.8bn to reach its obligation of US$8.8bn.

The government's decision to boost investment in the oil sector appears to have been, at least in part, a response to indications that after many years of complaining about state underfunding of joint-venture projects, some of the oil majors are contemplating steps to adjust their exposure in Nigeria that could be detrimental to the government's interests. For instance, last November Shell announced plans to cut jobs and combine its three businesses in Nigeria to overcome government funding shortfalls. Shell has been hardest hit by the recent wave of attacks and sabotage in the Niger Delta. For decades the largest producer in Nigeria, it has seen its output plummet by at least 30% from a peak of about 1m b/d, and has been overtaken as the country's top producer by ExxonMobil, which has a higher proportion of its installations in less vulnerable offshore locations.

President tells task force to triple power output

On February 19th Mr Yar'Adua directed a new task force to deliver an additional 6,000 mw of electricity generation capacity within 18 months, which is a tall order given that the state power utility company struggles to maintain energy output at around 3,000 mw. The president also charged the newly established Presidential Committee for the Accelerated Expansion of Nigeria's Power Infrastructure with the responsibility of adding an extra 11,000 mw of capacity by 2011. The mandate of the committee includes sourcing funding for the completion of the National Integrated Power Project (NIPP), which was launched in 2005 to build seven gas-fired power plants in the Niger Delta with combined capacity of some 2,743 mw at a total cost of US$2.5bn. This and other power projects initiated by the preceding administration have suffered delays. For example, the minister of state for electricity energy, Fatima Balaraba Ibrahim, was reported to have been deeply disappointed when in mid-February she visited the site of the Calabar plant in Cross River State, believing the facility to be 75% completed but found that it appeared to be barely 10% finished. The plant, the first of the NIPP units, was initially scheduled to start generating power by July 2007.

The new committee faces an extremely difficult challenge, one that many before it have utterly failed. In early February the speaker of House of Representatives, Dimeji Bankole, declared that US$16bn had been spent by the government on the power sector between 2000 and 2007, not US$10bn as earlier stated by Mr Yar'Adua. The legislator mourned the fact that despite the huge outlay the power situation in the country had deteriorated, and blamed the colossal waste on poor budget planning and lack of proper oversight by the relevant agencies. In its conclusion of the 2007 Article IV consultation for Nigeria, the IMF observed that the main obstacle to non-oil growth in Nigeria was inadequate infrastructure, especially a shortage of electricity. By some estimates the cost of power to the private sector was six or seven times the price paid by international competitors, the Fund noted.

Data and charts

Annual data and forecast

	2003[a]	2004[a]	2005[a]	2006[b]	2007[b]	2008[c]	2009[c]
GDP							
Nominal GDP (US$ bn)	58.3	72.1	91.9[b]	117.1	135.7	165.5	171.4
Nominal GDP (N bn)	7,533	9,575	12,066[b]	15,061	17,074	19,460	20,734
Real GDP growth (%)	10.4	6.4	6.5[b]	5.6[d]	5.8	7.3	6.5
Expenditure on GDP (% real change)							
Private consumption	13.3	3.1	7.4[b]	7.5	8.4	7.9	8.1
Government consumption	-23.9	-8.7	5.0[b]	6.5	11.5	4.5	4.8
Gross fixed investment	50.1	43.6	14.0[b]	19.0	12.0	11.5	10.0
Exports of goods & services	31.1	20.3	8.0[b]	-3.0	-1.8	11.1	7.1
Imports of goods & services	48.2	23.6	12.2[b]	7.5	7.5	12.7	11.1
Origin of GDP (% real change)							
Agriculture	6.5	6.5	8.2[b]	8.0	8.5	6.7	6.3
Industry	16.7	5.7	4.8[b]	2.1	2.5	7.7	6.4
Services	-3.0	6.7	9.0[b]	13.5	11.0	7.5	7.5
Population and income							
Population (m)	133.2[b]	136.5[b]	139.8[b]	144.0	146.2	149.5	152.2
GDP per head (US$ at PPP)	1,351[b]	1,434[b]	1,540[b]	1,628	1,742	1,883	2,016
Fiscal indicators (% of GDP)							
Public-sector revenue	13.6	12.9	13.8[b]	14.2	14.5	15.2	15.7
Public-sector expenditure	16.3	14.9	15.1[b]	15.2	16.0	16.4	17.5
Public-sector balance	-2.7	-2.0	-1.3[b]	-1.0	-1.5	-1.2	-1.8
Net public debt	74.5[b]	59.4[b]	34.4[b]	14.9	14.5	13.8	14.6
Prices and financial indicators							
Exchange rate N:US$ (av)	129.22	132.89	131.27	128.65[a]	125.81[a]	117.58	121.00
Exchange rate N:US$ (end-period)	136.50	132.35	129.00	128.27[a]	121.69[a]	119.29	122.50
Consumer prices (av, %)	14.0	15.0	17.9	8.2[a]	5.4[a]	7.7	8.2
Stock of money M1 (% change)	29.5	8.6	15.9	31.3	23.2	22.0	19.7
Stock of money M2 (% change)	24.1	14.0	16.2	43.1	19.2	27.1	22.5
Lending interest rate (av; %)	20.7	19.2	17.9	16.9[a]	16.5	15.5	15.8
Current account (US$ m)							
Trade balance	10,057	17,478	24,526	28,039[a]	23,340	34,868	31,313
Goods: exports fob	27,250	36,920	50,168	59,137[a]	61,368	78,250	77,210
Goods: imports fob	-17,193	-19,442	-25,642	-31,098[a]	-38,028	-43,382	-45,897
Services balance	-5,324	-6,141	-7,070	-6,433[a]	-7,565	-8,405	-9,382
Income balance	-8,388	-9,748	-12,823	-11,263[a]	-16,826	-19,775	-19,642
Current transfers balance	2,086	2,758	3,381	3,428[a]	3,431	4,019	3,990
Current-account balance	-1,569	4,347	8,015	13,771[a]	2,380	10,707	6,279
External debt (US$ m)							
Debt stock	34,700	37,883	22,178	7,693[a]	8,752	10,205	11,049
Debt service paid	1,643	1,731	8,881	6,805[a]	1,174	551	251
Principal repayments	1,218	1,165	3,874	6,422[a]	1,089	489	176
Interest	425	566	5,007	383[a]	84	61	74
International reserves (US$ m)							
Total international reserves	7,128	16,956	28,280	42,299[a]	51,467	65,810	76,396

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts. [d] Provisional estimate from Central Bank of Nigeria.

Source: IMF, *International Financial Statistics*.

Quarterly data

	2006				2007			
	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr
Output								
Industrial production index (2000=100)	111.6	111.3	110.6	111.3	n/a	n/a	n/a	n/a
Industrial production index (% change, year on year)	4.7	-0.4	-1.1	-0.4	n/a	n/a	n/a	n/a
Prices								
Consumer prices (% change)	11.2	10.5	4.3	7.5	6.7	5.1	4.4	5.5
Petroleum spot price (Bonny Light 37°; US$/barrel)	62.5	70.5	71.5	61.6	59.9	71.2	77.4	90.6
Financial indicators								
Exchange rate N:US$ (av)	129.5	128.5	128.3	128.3	128.2	127.6	126.6	120.9
Exchange rate N:US$ (end-period)	128.5	128.4	128.3	128.3	128.1	127.3	125.6	118.2
Discount rate (end-period)	13.0	14.0	14.0	10.0	10.0	8.0	8.0	9.5
M1 (end-period; N bn)	1,618	1,867	1,835	n/a	n/a	n/a	n/a	n/a
M1 (% change, year on year)	10.1	28.4	17.8	n/a	n/a	n/a	n/a	n/a
M2 (end-period; N bn)	2,897	3,522	3,578	n/a	n/a	n/a	n/a	n/a
M2 (% change, year on year)	12.8	30.8	29.0	n/a	n/a	n/a	n/a	n/a
Stockmarket index (NSE all share; end-period; Jan 3rd 1984=100)	23,337	26,161	33,212	33,189	43,456	51,330	50,229	57,990
Stockmarket index (% change,year on year)	12.8	21.3	34.8	37.8	86.2	96.2	51.2	74.7
Sectoral trends								
Crude oil production (m barrels/day)[a]	2.2	2.2	2.2	2.3	2.2	2.1	2.1	n/a
Crude oil production (% change, year on year)	-5.5	-9.9	-6.3	-7.8	-0.4	-5.5	-5.4	n/a
Foreign trade (US$ m)								
Exports fob	8,247	12,148	11,936	11,384	10,295	11,803	13,009	n/a
Petroleum	9,898	11,581	11,271	10,523	9,564	10,989	12,241	n/a
Imports cif	4,934	4,767	6,056	5,644	6,502	5,987	6,259	n/a
Trade balance	13,181	16,915	17,992	17,027	16,797	17,789	19,268	n/a
Foreign reserves (US$ m)	36,073	36,629	40,459	42,299	43,244	42,627	47,968	51,334

[a] Excluding condensates.

Sources: Central Bank of Nigeria; IMF, *International Financial Statistics*; *Direction of Trade Statistics*; International Energy Agency, *Monthly Oil Market Report*; Energy Intelligence Group, *Oil Market Intelligence*; Bloomberg.

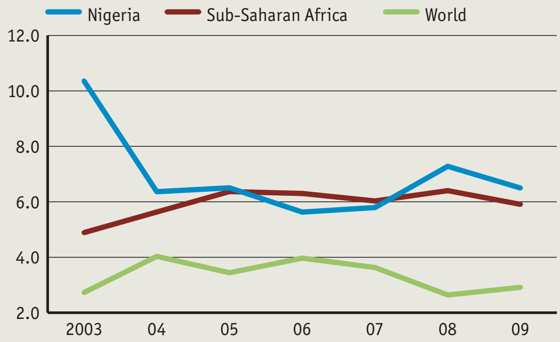
Monthly data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exchange rate N:US$ (av)												
2005	132.36	132.47	132.35	132.35	132.32	132.37	132.37	131.75	129.02	129.54	129.39	129.00
2006	130.29	129.59	128.70	128.47	128.45	128.46	128.38	128.33	128.29	128.28	128.29	128.29
2007	128.28	128.27	128.15	127.98	127.56	127.11	127.19	126.68	125.88	124.28	120.12	118.21
Exchange rate N:US$ (end-period)												
2005	132.36	132.35	132.35	132.33	132.33	132.37	132.36	129.07	129.00	129.53	129.01	129.00
2006	130.29	129.28	128.52	128.45	128.46	128.44	128.36	128.29	128.27	128.31	128.27	128.27
2007	128.28	128.28	128.06	127.87	127.49	127.31	127.12	126.20	125.64	123.10	118.86	117.97
Real effective exchange rate (2000=100; CPI-based)												
2005	64.75	65.86	66.93	67.29	69.52	71.17	75.62	76.42	76.60	76.65	77.19	76.41
2006	74.95	76.74	79.30	78.97	76.90	76.69	76.69	77.21	78.50	78.53	76.86	75.35
2007	76.18	76.22	76.30	75.30	75.18	75.94	73.79	75.15	75.17	73.86	n/a	n/a
M1 (% change, year on year)												
2005	22.5	17.4	22.3	19.2	21.5	19.7	23.5	23.5	23.3	17.4	11.8	15.9
2006	14.1	12.4	10.1	17.2	26.1	28.4	20.8	17.2	17.8	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M2 (% change, year on year)												
2005	22.5	15.9	21.9	19.8	21.8	27.4	32.1	29.6	28.6	21.0	17.4	16.2
2006	14.8	16.0	12.8	18.9	30.8	30.8	25.8	28.7	29.0	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Deposit rate (%)												
2005	12.6	12.4	12.3	12.2	11.4	10.5	9.8	9.5	9.0	8.6	9.0	9.1
2006	8.7	9.5	9.6	9.5	9.9	10.0	9.8	9.7	9.6	10.2	10.3	10.3
2007	10.4	10.0	10.5	10.6	10.3	10.2	10.4	10.6	n/a	n/a	n/a	n/a
Lending rate (%)												
2005	18.9	18.4	18.2	18.2	18.1	17.8	17.8	17.5	17.6	17.5	17.6	17.8
2006	16.7	16.6	16.3	16.3	17.0	17.1	17.2	16.8	17.2	17.2	17.3	17.3
2007	17.6	17.6	17.2	18.1	16.9	16.9	16.6	16.4	n/a	n/a	n/a	n/a
Monetary policy rate (%)												
2005	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
2006	13.0	13.0	13.0	14.0	14.0	14.0	14.0	14.0	14.0	10.0	10.0	10.0
2007	10.0	10.0	10.0	10.0	10.0	8.0	8.0	8.0	8.0	9.0	9.0	9.5
Stockmarket index (NSE all share; end-period; Jan 3rd 1984=100)												
2005	23,074	21,954	20,682	21,962	21,482	21,565	21,911	22,935	24,636	25,874	24,356	24,086
2006	23,679	23,843	23,337	23,301	24,746	26,161	27,881	33,096	32,555	32,644	31,633	33,189
2007	36,785	40,731	43,456	47,124	49,930	51,330	53,022	50,291	50,229	50,202	54,190	57,990
Consumer prices (% change, year on year; av)												
2005	9.8	10.9	16.2	18.0	16.8	18.6	26.2	28.2	24.3	18.7	15.1	11.6
2006	10.7	10.8	12.1	12.6	10.6	8.5	3.0	3.7	6.3	6.1	7.8	8.6
2007	7.9	7.1	5.2	4.2	4.7	6.4	4.8	4.2	4.1	4.6	5.2	6.6
Foreign-exchange reserves excl gold (LCU/US$ m)												
2005	19,592	20,964	21,810	22,286	23,284	24,370	25,163	26,951	30,024	23,927	27,027	28,280
2006	31,336	34,239	36,073	32,978	34,143	36,629	38,077	39,249	40,459	41,481	42,442	42,299
2007	43,514	42,551	43,244	43,534	43,169	42,627	43,267	45,011	47,968	49,213	49,965	51,334

Sources: IMF, *International Financial Statistics*; Haver Analytics.

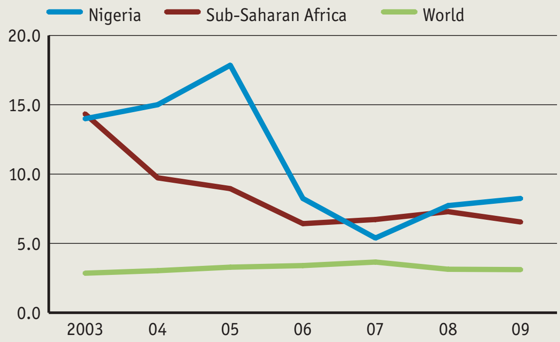
Annual trends charts

Real GDP growth
(% change)



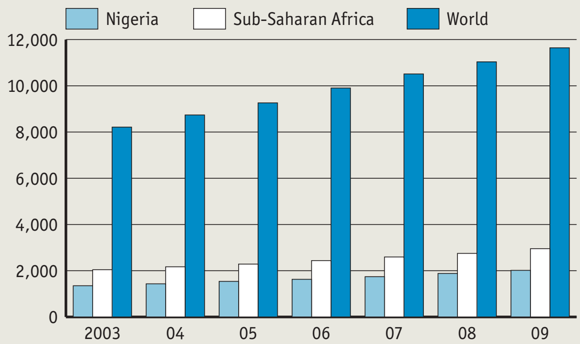
Source: Economist Intelligence Unit.

Consumer price inflation
(av; %)



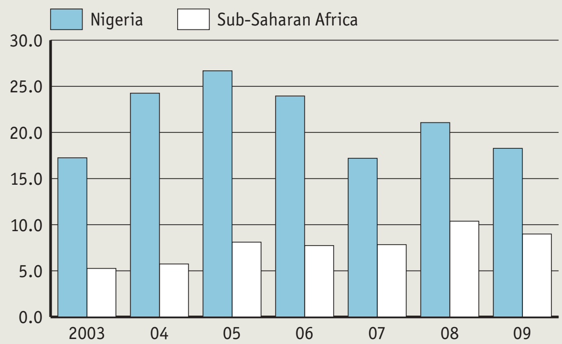
Source: Economist Intelligence Unit.

GDP per head
(US$; PPP)



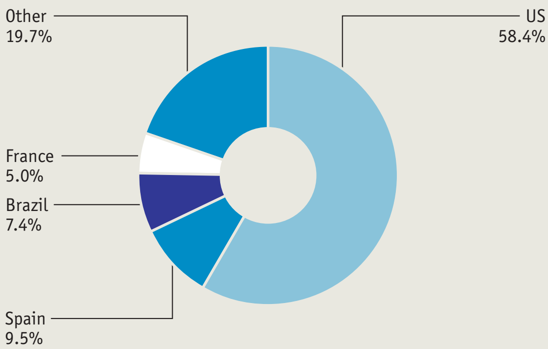
Source: Economist Intelligence Unit.

Trade balance
(% of GDP)



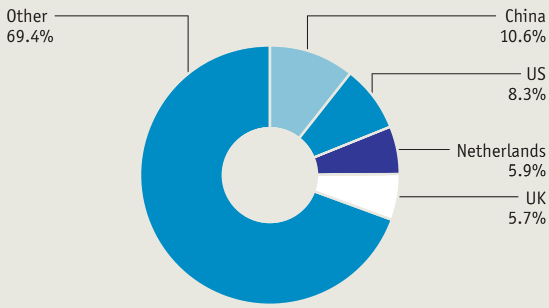
Source: Economist Intelligence Unit.

Main destinations of exports, 2006
(share of total)



Source: Economist Intelligence Unit.

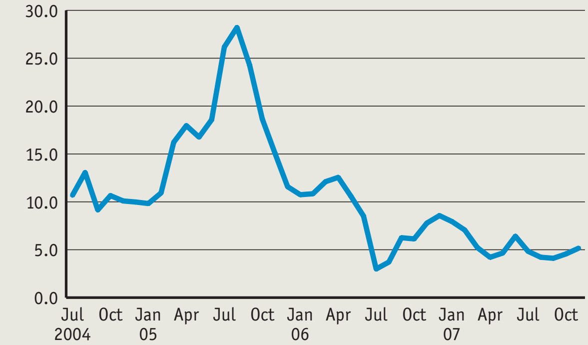
Main origins of imports, 2006
(share of total)



Source: Economist Intelligence Unit.

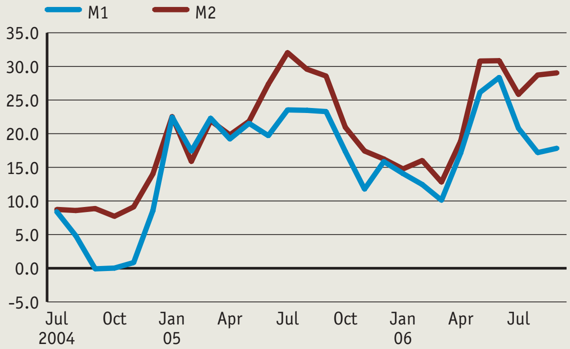
Monthly trends charts

Consumer price inflation
(% change, year on year)



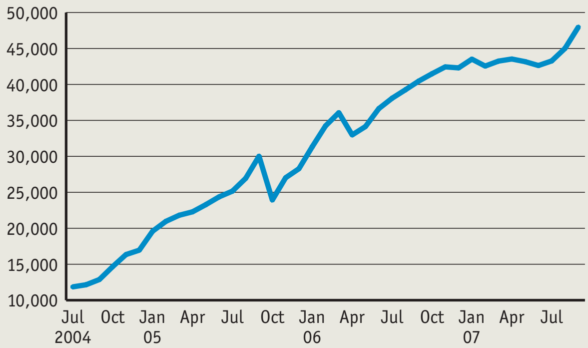
Source: Economist Intelligence Unit.

Monetary aggregates
(% change, year on year)



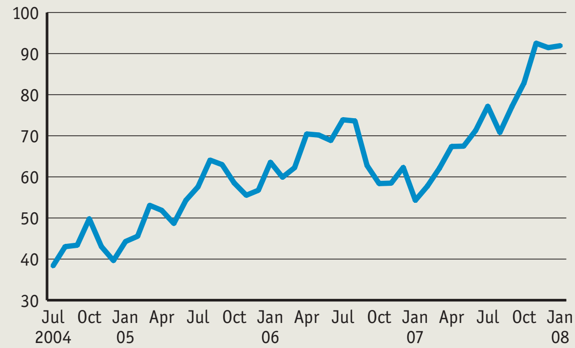
Source: Economist Intelligence Unit.

Foreign-exchange reserves
(US$ m)



Source: Economist Intelligence Unit.

Oil: Brent crude price
(US$/b; av)



Source: Economist Intelligence Unit.

Country snapshot

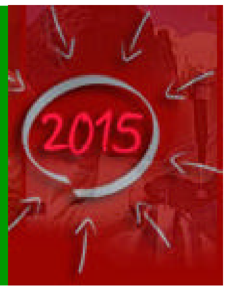
Political structure

Official name	Federal Republic of Nigeria
Form of state	Federal republic, comprising 36 states and the Federal Capital Territory (FCT, Abuja)
Legal system	Based on English common law
National legislature	National Assembly, comprising the 109-seat Senate and the 360-seat House of Representatives; both are elected by universal suffrage for four-year terms
National elections	Most recent legislative and presidential election, April 21st 2007; Umaru Yar'Adua was elected to the presidency, and his party, the People's Democratic Party, won a majority of seats in both houses of the National Assembly; he was sworn in on May 29th 2007; state governor elections were held on April 14th; next national elections are scheduled for April 2011
Head of state	President, elected by universal suffrage to serve a four-year term
State government	State governors and state houses of assembly
National government	The Federal Executive Council, which is chaired by the president; appointed July 26th 2007
Main political parties	People's Democratic Party (PDP); Action Congress (AC); All Nigeria People's Party (ANPP); Progressive Peoples Alliance (PPA); All Progressive Grand Alliance (APGA); over 40 political parties are currently registered

	President & commander-in-chief of the armed forces & energy	Umaru Yar'Adua
	Vice-president	Goodluck Jonathan
Key ministers	**Agriculture & water resources**	Abba Sayyadi Ruma
	Commerce & industry	Charles Ugwuh
	Defence	Mahmud Yayale Ahmed
	Education	Igwe Aja-Nwachukwu
	Environment & housing	Hamila Tayo Alao
	Finance	Shamsudeen Usman
	Foreign affairs	Ojo Maduekwe
	Health	Adenike Grange
	Information & communications	John Ogar Odey
	Interior	Godwin Abbe
	Justice & attorney-general of the federation	Michael Kaase Aondoakaa
	Labour	Hassan Mohammed Lawan
	Mines & steel	Sarafa Tunji Isola
	Science & technology	Grace Ekpiwhre
	Tourism & culture	Adetokunbo Kayode
	Transport	Diezani Alison-Madueke
	Women's affairs	Saudatu Usman Bungudu
	Youth development	Akinlabi Olasunkanmi
Central Bank governor	Chukwuma Soludo	

The Politics of the MDGs and Nigeria

A Critical Appraisal of the Global Partnership for Development (Goal 8)



AFRODAD

African Forum and Network on Debt and Development

“ Wherever we lift one soul from a life of poverty, we are defending human rights. And whenever we fail in this mission, we are failing human rights. ”

Kofi Annan (2000) addressing the United Nations General assembly on the Millennium Development Goals. United Nations, New York·

The Politics of the MDGs and Nigeria

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Preface

Despite rapid advances by some countries that show that Millennium Development Goals (MDGs) are achievable, most countries in Sub-Saharan Africa including the populous nation of Nigeria are yet to mobilize resources, political and financial support to meet specific global challenges, especially the fight against HIV/AIDS and weak fragile economies. A 2003 United Nations Development Programme (UNDP) review of sub-Saharan Africa's social development indicators provides a bleak picture of the region's progress towards MDGs. The number of Africans living on less that $1 a day is increasing. It is also true that while most of the world made significant progress in the fight against hunger during the 1990s, the prevalence of underweight children remained at nearly 50% in South-Central Asia and Sub-Saharan Africa, which is averse to development in an era of global overproduction of food.

With an annual per capita income of barely $300, Nigeria is one of the 20 poorest countries in the world. It should therefore be an HIPC-eligible country—deserving of deep debt reduction. Nigeria's debt overhang is considered severe in the context of its development challenges. Currently, about 70% of Nigerians live in absolute poverty (about 84 million people). It requires an annual GDP growth rate of 7-8% in order to halve the number of people in poverty by 2015, and this translates to an investment rate of more than 30% per annum.[1] Currently, the country grows at about 3 percent and the national savings rate is about 15 percent. In addition, the country faces daunting challenges of re-building a country badly damaged by decades of military misrule and a fragile democracy. There is tremendous pressure on the government to deliver some 'democracy dividends'. Furthermore, there are the threats of diseases such as malaria, HIV/AIDS, and tuberculosis.

The MDGs include a 50% reduction in poverty and hunger, universal primary education, reduction of child mortality by two-thirds, cutbacks in maternal mortality by three-quarters, promotion of gender equality, and reversal of the spread of HIV/AIDS, malaria and other diseases. A Millennium Summit of 189 world leaders in September 2000 pledged to meet all of these goals by 2015. A UN summit in September 2005 reviewed progress towards the goals and set the development agenda for the next decade.

Of particular importance to this research report is Goal Eight, outlining Northern governments' commitment to a global partnership for development - a late addition to the MDGs. Goal Eight relates to issues of – debt cancellation, trade justice, equitable governance in global institutions, and political, social and economic rights for the poor – as an indispensable foundation for a politics that will enable sustained progress to end poverty in the South. It is an important goal for holding developed countries accountable in advancing the MDGs. This goal is particularly significant, as it requires richer countries to reform their policies and actions to contribute to the fight against poverty. The lack of basic rights in poor countries stems from and reinforces highly unequal power, within and between countries, which marginalize poor people's needs and priorities.

This research report is an attempt to provoke debate towards an answer. It argues that what is overdue is a viable global partnership that enables African countries to attain the Millennium Development Goals (MDGs) through having a lasting solution to their debt overhang, better and effective aid delivery, diversification and access to markets in the North for their primary commodity produce as well as fair trade. We draw from the Nigerian experiences to suggest that a "development marshal plan" requires both a viable national agenda and fundamental global action to be sustainable. We take an international perspective, although Nigeria is the primary focus of analysis.

The report is therefore organized as follows: Section I briefly examines the nature and severity of Nigeria's development challenges. Section II looks at the national plans and strategies put in place to attain the Millennium Development Goals. Section III evaluates the relationships between Debt on the one hand and the challenge to attain the Millennium Development Goals on the other.

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1 Human Development Report 2000, UNDP.

Empirical evidence suggests that debt badly deprives Nigeria its prospects for a full-fledged democracy and equitable social service provision to its populous nation. Section IV focuses on the aid delivery and its impact on Nigeria's potential to attain the MDGs, while section V addresses issues of trade and investment which are vital to the attainment of the MDGs. Section VI speaks to the existing and potential roles that key stakeholders can play to make MDGs attainable and Section VII gives precise recommendations to pull Nigeria out of its current economic quagmire and daunting poverty.

There is a growing global consensus that the old approaches to debt, trade and aid have not worked. The current global trading regime and aid delivery system appears to be reinforcing than alleviating Nigeria's economic wretchedness. Official Development Assistance (ODA) seems to have a way of returning to the donor nations without effecting development. Much of the ODA inflows by-pass national budgets, and thus are not within the control of national policymakers. The structure of Nigeria's debt indicates that its growth has been mainly from the accumulation of unpaid arrears and less out of new borrowing. The fact of entrapment and accumulation of arrears is symptomatic of inherent difficulties in servicing the debt. It is crystal-clear that the debt incurred did not serve its intended purpose. The research findings indicate that the development problems confronting Nigeria are so huge and overwhelming that Nigerians alone would not overcome them. It takes both national and international cooperation to bring them to an end. Nigeria, on its own, will not attain its MDGs by 2015.

It is true that aid is not a lifetime entitlement, hence a national strategy and international reform of development financing taking care of the trade and debt problems is urgently needed. The activities of the international civil society movement including AFRODAD should be able to continuously remind the world of the need for fundamental changes in Debt, aid and trade if MDGs are to be attainable.

Charles MUTASA
Executive Director

Acknowledgements

The Politics of the MDGs using country case studies was conceived from AFRODAD's annual and strategic planning in December 2004 and approved by the Joint Programming Meeting of its partners/ affiliates in March 2005 in Nairobi, Kenya. Debt and economic activists present felt that tracking and critically analyzing the MDGs' Goal number 8 on Global Partnership's failure to pull Africa out of its vicious circle of poverty, indebtedness and capital losses, should be able to direct debates and deliberations on Africa's future on the right path.

The Politics of the MDGs: The Case of Nigeria is the result of hard work by colleagues within and outside AFRODAD. We warmly thank all the contributors to the report. Special thanks to the principal researcher Professor Milton Iyoha for investing his time and energy to make this report possible. We also thank Tirivangani Mutazu, our Research Program Officer and Vitalice Meja our Program Director for Lobby and Advocacy for providing invaluable assistance by checking references and facts. We are also grateful for the financial support from HIVOs, Diakonia and Novib for our work and noble cause.

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List of Acronyms

AEC	African Economic Community
AGOA	Africa Growth Opportunity Act
ANEEJ	African Network for Environmental and Economic Justice
AU	African Union
DMO	Debt Management Office
ECOWAS	Economic Community of West African States
EU	European Union
GDP	Gross Domestic Product
GDP	Gross Domestic Product
GNP	Gross National Product
GSM	Global System of Mobile Telecommunications
HIPC	Highly Indebted Poor Country
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
ICSEED	International Centre for Solar, Environmental and Economic Development
IPA	Investment Project Assistance
MDG	Millennium Development Goals
NEEDS	National Economic Empowerment and Development Strategy
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
SEEDS	State Economic Empowerment and Development Strategy
UNDP	United Nations Development Programme
WAMZ	West African Monetary Zone
WTO	World Trade Organization

Cartoon kindly supplied by Kiss Abrahams and Olivia Phiri, Zambia

Executive Summary

Four decades after Independence in 1960, Nigeria remains a poor country with a per capita income of US$260 in 2000. At the dawn of the Third Millennium, approximately 70% of the population still lived on less than US$1 a day, an indication of extreme poverty. Real GDP growth has remained sluggish, averaging 3.5% per annum since 2000. Nigeria is also a highly indebted country with total external debt exceeding US$32 billion in 2003. The debt service burden remains crushing. Foreign Aid in the form of Official Development Assistance (ODA) has been low and declining during the past decade. In 2002, ODA per capita was less than US$2 and total ODA was only 0 .4% of GNP. Clearly, Nigeria would find it difficult to attain the Millennium Development Goals without massive assistance from Development Partners in the areas of Aid, Trade and Debt relief.

Since May 29, 1999 when President Olusegun Obasanjo assumed office, he has mounted a campaign to have debt reduced or forgiven, a move largely rejected by western countries on the grounds that oil-rich Nigeria is buoyant enough to repay its debt. Nigeria hinged its plea for debt reduction on the grounds that the debt burden could truncate its fledgling democracy, and the huge amount it spends yearly on debt servicing is too high to enable it to undertake vital social and infrastructure spending needed to alleviate poverty. Obasanjo has criticized the compound interest formula used, saying that Nigeria is still far away from repaying the principal sums it borrowed.

Nigeria owes the rest of the world $35bn, about $31bn of which is owed to members of the 19-nation-strong Paris Club. It has not received any fresh loans since 1992, but repaid $8bn debt since then. With the deal, the country is expected to pay the balance of 40 per cent or $12 billion, beginning with $6 billion arrears in September. Debt relief is significant, and will allow for long-term debt sustainability.

The United Kingdom is Nigeria's biggest creditor and has attempted to persuade other G8 creditors of the need for debt write-off. The British Prime Minister, Mr. Tony Blair claimed that the debt relief was part of a package to assist developing countries; especially poor African countries get on the development track. Some of the G8 agreements included the doubling of aid to Africa by 2010, increasing it by $25bn a year as recommended by the Commission for Africa.

Besides the promised Debt relief, as at today, little or no progress has been made in attaining Millennium Development Goal Number Eight, which is to "Develop a Global Partnership for Development" for the purpose of ending human poverty. The main explanation is a clear lack of political will on the part of the rich countries to cooperate in the struggle to achieve a better and more effective aid delivery, establish a fairer trade system and contribute to the goal of a sustainable debt level for Nigeria. Increasingly, it seems clear that in order to make progress in achieving MDG goal 8, the rich countries would have to take more seriously the "compact among nations to end human poverty" — the lofty ideal enshrined in the MDG approach and in the Millennium Declaration, which they have all signed.

Wth an average annual investment rate of barely 16% of GDP, Nigeria is far behind the minimum investment rate of about 30% of GDP required to reach a growth rate of at least 7 - 8% per annum required to achieve the Millennium Development Goals by 2015. Most of the Foreign Direct Investment (FDI) into the country is directed at the oil and extractive sectors. Thus, the economic structure remains undiversified and oil exports account for 95% of total export earnings, while the manufacturing sector accounts for less than one percent[2].

In order to make significant progress on the aid issue, it is recommended that donors should commit to timetables to reach 0.7% of gross national income, the long-standing target for Official Development Assistance (ODA). Also, in order to move forward on the issue of more effective and fairer trade, the rich countries must translate political will into concrete actions during the WTO negotiations scheduled for Hong Kong in December 2005 such that significant progress can be recorded on the issues of expanded access to industrial country markets and reduced agricultural subsidies to farmers in industrial countries.

2 UNDP (2004) National Human Development Report , UNDP , Nigeria

Finally, on the issue of Nigeria's escalating external debt and crushing debt-service burden, it is again clear that much will be expected from the rich countries. There seems to be no way that Nigeria can attain the MDGs without significant debt relief which can only be granted by the rich countries. Thus, it is obvious that progress in achieving MDG goal 8 will depend critically on the goodwill, cooperation and concrete actions of the rich countries.

On her part, Nigeria needs to take concrete steps to reform the economy and establish a conducive environment for business and the inflow of foreign private investment. Adoption of the following policies and measures is recommended:

- **i** Improvement in the economy's international competitiveness in order to allow her to benefit fully from trade and the process of globalization;
- **ii** A quantitative and qualitative increase in the provision of export incentives in order to boost export growth;
- **iii** Proactive steps to enhance technological capacity and promote human capital development;
- **iv** Improvement in the legal and regulatory framework so as to encourage domestic and Foreign Direct Investment (FDI);
- **v** Improvements in economic and social overheads, particularly roads water and electricity, in order to reduce the cost of doing business;
- **vi** Establishment of a partnership with international creditors and development agencies to find innovative mechanisms for debt relief and increased Official Development Assistance;
- **vii** Strengthening and deepening strategies for improving governance and transparency;
- **viii** Intensification of the fight against corruption and rent seeking;
- **ix** Nurturing democratic governance, political stability and ethnic harmony; and
- **x** Designing and implementing creative strategies to encourage domestic savings and Foreign Direct Investment (FDI).

1.0 Introduction

A Background of Nigeria

Nigeria's overall economic performance since Independence in 1960 has been decidedly unimpres sive. According to World Bank data, the average annual growth rate of Gross Domestic Product (GDP) between 1960 and 2000 was less than 4 percent. Thus, despite the availability and expenditure of colossal amounts of foreign exchange obtained mainly from its oil and gas resources, Nigeria's economic growth has been weak and the incidence of poverty has increased. It is estimated that Nigeria received over US$228 billion from oil export receipts between 1981 and 1999 (Udeh, 2000). Yet the number of Nigerians living in abject poverty- that is, on less than US$1 a day – more than doubled between 1970 and 2000, and the proportion of the population living in poverty rose from 36% in 1970 to 70% in 2000. Nigeria's per capita income of US$260 in 2000 is much less than, indeed it is only one-third of its level, US$780, in 1980. (See World Bank (2003). Meanwhile, the external debt stock has continued to mount and the debt service burden has become unbearable. Obviously, the colossal oil revenues have been tragically mis-spent and misused. Corruption has been pervasive and there has been a lack of transparency, accountability and good governance. Above all, there have been serious mistakes made in macroeconomic and debt management policies.

The first 30 of the first 40 post-Independence years in Nigeria were spent under the heavy-handed rule of military dictators and despots. Much of the failure of policy and the lack of development have been attributed to the abnormal situation where a country was denied democracy and the rule of law, but rather was forcibly subjected to military misrule. There was therefore much hope and expectation that the restoration of democratic rule under Chief Olusegun Obasanjo in 1999 would bring relief, development and rapid growth to Nigeria. Unfortunately, it was not widely realized that the resumption of rapid economic growth and development would necessarily be contingent on the adoption and implementation of sound macroeconomic and debt management policies. As matters turned out, misguided macroeconomic and debt management policies under civilian rule have meant continued sluggish growth of real GDP, high inflation and deepening poverty.

Thus, the Nigerian economy has continued to report poor economic performance in the new millennium contrary to the hopes and expectations of Nigerians, donor partners, and the entire international community. During President Obasanjo's first term 1999 – 2003, growth in real output has continued to be weak, averaging 3.5% per annum. (See Table 1 below for data on selected indicators of macroeconomic performance during the 1999 – 2003 period). Given a population growth rate estimated to be between 2.8% and 3% per annum, this has meant that average per capita real income has grown by less than 1 percent per annum. Ipso facto, there has been little or no progress in reducing the incidence of poverty. It is widely agreed that a minimum growth rate of real Gross Domestic Product equaling 7.0% per annum is required to significantly reduce poverty and lead to the attainment of the Millennium Development Goal of reducing the number of those in extreme poverty by one-half before the year 2015. See UNDP (2003) and Lal (1999). Using this paradigm, the obvious conclusion is that Nigeria still has a long way to go before poverty reduction begins.

The macroeconomic performance of the Nigerian economy during the period 1999-2004 was uneven and generally unimpressive. The annual average growth of real GDP was approximately 3.5%. In the real sector, the performance of the manufacturing sector was particularly weak. In the monetary and financial sector, the growth of money supply (M2) exceeded the targeted levels and the specter of inflation re-appeared. From a level of 6.6% in 1999, the rate of inflation inched up to 6.9% in 2000 and then surged to 18.9% in 2001 before moderating to 12.9% in 2002. Inflation stood at 14% in 2003.

The level of gross external reserves remained relatively buoyant, rising from a low of US$5.4 billion in 1999 to a level of US$9.4 billion in 2000 and a high of US$10.4 billion in 2001. However, it fell to a level of US$7.3 billion in 2002. It is, massive external debt-service payments, however, that have continued to hemorrhage the Nigerian economy.

Table 1: Nigeria: Selected Macroeconomic Indicators, 1999-2003

Year	Real GDP growth rate (%)	Fiscal deficit-GDP ratio (%)	Inflation rate (%)	External debt (US$ billions)
1999	2.8	-8.4	6.6	28.0
2000	3.9	-2.9	6.9	28.2
2001	4.2	-4.0	18.9	28.3
2002	4.0	-5.1	12.9	30.9
2003	3.7	-1.4	14.0	32.9

Sources: (i) CBN; and (ii) World Bank Africa Database.

1.1 Nigeria's Historic Background

Nigeria became an independent nation on October 1, 1960, and a Republic in 1963. Nigeria has the largest population of any country in Africa (about 120 million), and the greatest diversity of cultures, ways of life, cities and terrain. Nigeria shares its international border of 4,470 km (2513 mi.) with four neighbors: Chad, Cameroon, Benin, and Niger. Until 1989 the capital was Lagos, with a population of about 2,500,000, but the government recently moved the capital to Abuja. The country's political structure was increased to twelve states in 1967, to nineteen states in 1976, with Abuja as the new federal capital. Between 1987 and 1991, a total of eleven states were created, and just recently in 1996, six additional states were added, bringing the administrative structure of the federation to thirty-six states. Thus, the country now has 774 local governments spread around 36 states and the Federal Capital Territory, Abuja.

Nigeria had little or no external debt prior to the mid-1980s and 1990s as it undertook limited external borrowing. For example, in 1970, despite just having finished a 30 months civil war, external debt was less than a billion dollars. By 1980, this figure had increased to almost US$9 billion as loans were contracted from both official and private sources. Most of Nigeria's debt were irresponsibly contracted by military dictators who plundered the nation's resources including external loans for selfish ends. From the over-throw of democratic government in 1983 by Major General Buhari (1983 - 1984), through General Ibrahim Babangida's eight year rule to the Late General Sanni Abacha's five year tyranny (1993 - 1998) and General Abdulsalami Abubarkar's regime in (1998 - 1999), the nation was under military siege with serious human rights abuses and widespread corruption. The underlying promise for the borrowings was the belief that the public sector had to provide infrastructure, create jobs[3]. Since May 29, 1999, Nigeria now once again runs a Civilian Federal System of governance with separation of powers between the Executive, the Legislature and the Judiciary.

1.2 Current Development Programs

In the post-SAP period, Nigeria has jettisoned fixed-term Development Plans. In its place, it has adopted a strategy of Perspective Planning. The Perspective Plan as exemplified by vision 2010 is backstopped by a system of 3-year Rolling Plans.

In 2004, the federal government unveiled the National Economic Empowerment and Development Strategy (NEEDS) and its state level Counterpart State Economic and Empowerment Development Strategy (SEEDS). The economic reform process encompasses strategies to achieve the Millennium Development Goals (MDGs).

3 David Ugolor and Leo Atakpu (2002) A Testimonial-Economic Community of West African State Network for Debt and Development (ECONDAD), International People's Tribunal, Porto Alegre, Brazil

The UN has been working to build internal support towards the reform process through the provision of technical advice, sectoral expertise, building national capacity for poverty monitoring and analysis and promoting national dialogue. All the 36 states have begun work on their SEEDS[4].

Accordingly, NEEDS includes interventions and policies aimed at poverty reduction and intended to benefit virtually all segments of the Nigerian society.

The National Economic Empowerment and Development Strategy also encompass important structural reforms designed to enhance the transparency and accountability of public sector policies and institutions. In the process, it is expected that many deep-rooted macroeconomic and structural challenges will be addressed in order to restore macroeconomic stability and promote rapid and sustainable economic growth. The NEEDS document declares that the strategy is to be implemented by creating a conducive environment for business and foreign investment so as to ensure a government sector cum private sector partnership for growth. In particular, government's attention is to be focused on the provision of basic services and empowering the generality of Nigerians to take advantage of new livelihood opportunities while encouraging the private sector to become the engine of growth in the economy. People empowerment will especially focus on the areas of health, education, the environment, integrated rural development, housing, employment, gender mainstreaming, and youth development.

NEEDS is Nigeria's homegrown poverty reduction strategy (PRSP). The State Economic Empowerment and Development Strategy (SEEDS) of each State of the Federation are to be coordinated with NEEDS as a weapon to reduce poverty and underdevelopment in the country. In addition to the State and Local governments, the implementation of NEEDS will be predicated on a close collaboration and coordination between the Federal government and donor agencies, the private sector, civil society and non-governmental organizations (NGOs).

NEEDS has also become an umbrella organization for the various poverty eradication programmes established by the Obasanjo Administration. Chief among these programmes is the National Poverty Eradication Programme (NAPEP) that was established in 1999. The objectives of NAPEP include:

(i) Poverty eradication;

(ii) Economic empowerment of the citizenry, especially women;

(iii) Provision of skill acquisition for youths and reduction of unemployment among youths.

Table 2: Economic Trends

	1998	**1999**	**2000**	**2001**	**2002**
Growth in Real GDP (%)	2.3	2.8	3.9	4.2	3.3
Overall Fiscal Balance% (GDP)	-4.8	-8.9	-2.1	-4	-5.1
Domestic Debt Stock % (GDP)	18.9	24.9	18.6	18.5	19.7
External Debt Stock % (GDP)	87.2	80.7	64	57.9	64.1
Overall External Balance% (GDP)	-8.4	-9.8	6.3	0.4	-8.9
Inflation Rate	10.3	6.6	6.9	18.9	12.9
Exchange Rate	85.6	96.1	101.7	111.9	120.5
GDP per Capita ₦	1041	1038.8	1046.8	1062.5	1065.4

Source: UNDP (2004) Nigeria Development Profile, UNDP, Nigeria

4 UNDP (2004) Nigeria development Profile, UNDP , Nigeria.

1.3. External Debt Problems

In the 1980s, largely as a result of falling oil export earnings, Nigeria's external debt rapidly escalated. From a position in which Nigeria was "under-borrowed" in the late 1970s (her external debt stock amounted to a mere US$985 million in 1977), Nigeria became one of the most heavily indebted countries in sub-Saharan Africa, with total external debt peaking at over US$30.0 billion in 1991. In 1993, Nigeria's per capita external debt amounted to US$300, which was roughly equal to its income per capita. Accompanying the escalating external debt has been a crushing debt-service burden. Since the 1980s, Nigeria has been involved in numerous debt-rescheduling exercises in order to make the debt service burden bearable and avoid default. After peaking at 42 percent in 1986, the actual debt-service ratio (the ratio of actual debt service payments to export earnings) has since fluctuated between 24% and 29%. A direct consequence of the escalating debt and high debt-service burden is that there is insufficient foreign exchange to finance the importation of raw materials, intermediate goods, and capital goods needed for rapid economic development.

> *"130 million people are being denied their economic and social rights which guarantee access to employment, education, health, water, electricity and employment as a result of Nigeria's debt burden."* **Rachel Ordu, Centre for Economic Growth and Development, Nigeria.**

There is wide agreement that the sharp external debt build-up in the post - 1982 period is attributable to several factors including:

- Continued decline in the terms of trade;
- Uncontrolled fluctuations in export earnings;
- Higher real interest rates;
- Misalignment of exchange rates;
- Uncontrolled and rapid growth in public expenditures; and
- Frequent rescheduling and refinancing of Nigeria's external debt, which have only served to further increase the debt stock.

Because of weaknesses in economic policy and the frequent mismanagement of the borrowed funds, Nigeria has experienced severe debt servicing problems.

The severity of Nigeria's external debt problems is best appreciated by examining the trend of Nigeria's total external debt since Independence and analyzing some key debt indicators. In 2003, the debt-service to export ratio, that is ratio of actual debt service payments to export revenues, was approximately 10 percent. But, then Nigeria paid only slightly more than half of its debt-service payments falling due. This inability to fully service debt has the unintended consequence of increasing the total debt stock as arrears, which attract penalty, are recapitalized and routinely added to the debt stock. Trends in Nigeria's External Debt Burden Indicators, 1971-2003 are seen on Appendix 1

Despite its massive debt burden, Nigeria is not one of the countries included in the creditor initiative for debt reduction for Heavily Indebted Poor Countries (HIPC). It was excluded from the list of HIPC countries in 1998 on the grounds that it was a "blend" country eligible for non-concessional as well as concessional loans.[5]

5 African Institute for Applied Economics

Table 3. Commitment to health: resources, access and services

Public health expenditure (% of GDP), 2002	1.2
Private health expenditure (% of GDP), 2002	3.5
Health expenditure per capita (PPP US$), 2002	43
One-year-olds fully immunized against tuberculosis (%), 2003	48
One-year-olds fully immunized against measles (%), 2003	35
Children with diarrhoea receiving oral dehydration and continued feeding (% under age 5) 1, 1994-2003	28 4
Contraceptive prevalence rate (%), 1995-2003	13
Births attended by skilled health personnel (%), 1995-2003	35

Source: UNDP (2004) Human Development Report

2 .0 Debt and the MDGs

Nigeria is the world's seventh-largest oil exporter but also one of its poorest. About $31bn of Nigeria's debt is owed to members of the 19-nation-strong Paris Club. It has not received any fresh loans since 1992, but has repaid $8bn debt since then.

Despite the well-publicized efforts of President Obasanjo, there has until mid 2005 been little progress in obtaining external debt relief for Nigeria and the problem of external debt overhang has continued to be a burden on the economy. There has been some progress in reconciling Nigeria's external debt with the Paris Club creditor countries.

The country has been struggling to repay the outstanding $31 billion for decades. The Paris Club has agreed to write off $18 billion of the debt, leaving Nigeria with $13 billion to pay. The initial debt relief terms will be based on the so-called "Naples Terms" - which are equivalent to a 67% reduction on the face value of debt and are applied to debts of poorest nations. Given that there has been no debt relief under the HIPC initiative, heavy debt-service payments have continued to be a burden on the economy, exacerbating the problem of development finance.

2.1 Nigeria and Debt Relief Mechanisms

Results obtained in empirical studies (see Iyoha 2000) confirm that an excessively high stock of external debt depresses investment and lowers the rate of economic growth in developing countries. Thus, a heavily-indebted country like Nigeria needs to articulate creative strategies for bringing about debt reduction so that the high debt stock and associated crushing debt-service burden would not impact too negatively on economic growth. The debt reduction techniques currently being used by Nigeria include debt restructuring, debt rescheduling, reduced debt servicing, debt buy-backs, interest rate options, and various debt conversion schemes like the debt- equity swap. Overall, the effectiveness of these techniques in significantly reducing the debt stock has been rather limited (Ogbe, 1992).

For many years, the Paris Club creditors were adamantly opposed to debt relief. All they offered are debt rescheduling which are not helpful in the long run and do not constitute true debt relief because re-scheduled debt is routinely recapitalized and added to the debt stock — thus keeping debtors in perpetual bondage. This changed in 2005 when they accepted to negotiate a 60% debt reduction subject to some conditionalities.

New steps that could be taken to effectively reduce Nigeria's external debt stock include, *inter alia*:

- Adoption and implementation of macroeconomic policies which would encourage repatriation of flight capital estimated at nearly US$100 billion;
- Adoption of a Medium Term Economic Programme approved by the IMF/IBRD in order to qualify for debt reduction under the enhanced Toronto terms, the Naples terms, and the IDA Reduction Facility; and
- Pressing for debt relief or cancellation through diplomatic action.

Given the potential beneficial effects of debt reduction on investment and GDP in Nigeria, it is recommended that the international community should make a greater effort to provide debt reduction, preferably through debt cancellation, as a matter of priority. It seems clear that, provided appropriate domestic macro-economic policies are adopted and implemented *pari passu* with debt reduction packages, debt reduction would provide a much needed stimulus to investment recovery and growth in Nigeria in the years ahead.

The potential benefit of debt relief to low-income countries has recently been highlighted by two IMF Economists, Rina Bhattacharya and Benedict Clements. (See Bhattacharya and Clements 2004). Using econometric analysis, these Economists showed that the debt relief offered by the Highly Indebted Poor Countries (HIPC) initiative could boost the annual per capita income growth of the HIPC countries by as much as 2.8 percentage points a year. These results by IMF Economists should finally convince advanced countries, especially the Paris Club countries, of the immense potential benefits of debt relief and debt forgiveness to developing countries like Nigeria.

2.2 Domestic Public Debt

Nigeria's domestic debt has also been rising, fuelled primarily by escalating fiscal deficits. At the end of 2002, total federal government domestic debt outstanding amounted to N1,166.0 billion. This compares with a total domestic debt of a mere N404.1 billion in 1998. Table 4a shows data on Nigeria's domestic debt from 1998 to 2002. Also, see Table 4b which provides more data on Nigeria's domestic debt. An examination of the data in Table 4a shows that total domestic debt has increased steadily under Obasanjo's Administration; it increased by almost 50% between 2000 and 2002. It is easily confirmed from an analysis of the data that, during the entire period, a majority of the domestic debt was held in short-term instruments, the 91-day Treasury Bills constituted over 57% of total domestic debt and approximately 63 percent in 2002. The rest of the public domestic debt stock has been generally held in treasury bonds and development stocks. As regards the holders of domestic debt, it can be ascertained that the CBN has been the leading holder. In 1999, the CBN held 65.8% of total domestic debt; in 2000, its percentage share was 57.9 while in 2001, its share rose to 66.9%. However, its share fell to 46% in 2002. Note that because of the short-term nature of the domestic debt, an amount equivalent to 20% of the GDP comes due for payment every three months. The government strategy has been to borrow the same amount to pay off the maturing debt and interest due. As the underwriter of government securities, the CBN has stood ready to absorb the undersubscribed amount of securities in the weekly primary auctions.

Table 4a: Nigeria: Federal Government Domestic Debt Outstanding, 1998 – 2002 (In billions of Naira)

	1998	**1999**	**2000**	**2001**	**2002**
Total	404.1	794.8	898.3	1,017.0	1,166.0
By instrument					
Treasury Bills	221.8	361.7	465.5	584.5	733.7
Treasury Bonds	179.6	430.6	430.6	430.6	430.6
Treasury Certificates	0	0	0	0	0
Development stock	2.7	2.4	2.1	1.8	1.6
Other	0	0	0	0	0
By holders					
Banking sector	355.9	765.1	808.2	879.4	992.7
Central Bank	301.8	522.8	520.0	680.1	532.5
Commercial Bank	49.5	226.1	275.0	199.3	460.2
Merchants Banks	4.6	16.2	12.4	0	0
Non-bank sector	48.2	29.7	90.1	137.6	173.3

Sources: Central Bank of Nigeria, Annual Reports and Statistical Bulletin

According to Jubilee Campaign-UK, the vast majority of Nigeria's huge debt was built up through penalties and compound interest on loans which rich countries made to former military dictators during the 1970s and 1980s. In 1985, Nigeria owed Paris Club governments $8 billion.

By the end of 2004, it owed them $31 billion (out of a total debt of $36 billion) despite having had almost no new loans. That is, Nigeria's debt to the Paris Club ballooned by around $23 billion dollars because of arrears, fines and compound interest. Nigeria's people did not see any of this money, but have been repaying it anyway.[6] Currently, it is placed at about $30 billion dollars, or about 70% of its 1999 estimated Gross Domestic Product, and of which about $14 billion is payment on arrears. During this period it has, at an official level, tried everything to manage the debt: debt rescheduling, debt conversion, debt-buy back and curtailed new borrowing, yet it has seen little or no relief. The strategy is just not working and cannot work[7].

Table 4b: Nigeria: Key Domestic Debt Related Data, 2001

Macroeconomic Aggregates	Value in year 2001
GDP	N3,614 b
Total Domestic Debt	N1,017 b
Total External Debt	N3,276 b
Total Debt (both domestic and external)	N4,293 b
Domestic Debt Service	N128 b
Deficit	N119 b
Retained Revenues	N597 b
Total Revenue	N1,906 b
Domestic Debt/ Total debt	24%
Domestic Debt/ GDP	28%
Deficit/GDP	3.3%
Debt Service/Retained Revenue	18.3%
Debt Service (2001)/Total Revenue	6.7%

Source: DMO (2002, p. 45)

2.3 Debt Management Office

An important initiative that has been adopted in order to better manage the external debt problem and enhance external debt sustainability was the establishment of the Debt Management Office (DMO) in October 2000. The Debt Management Office is now responsible for both domestic and external debt management. The main objective of DMO is to assist the country "in achieving a sustainable debt profile which is consistent with economic growth and development". Debt Management Office (2002, P. 22).

The creation of the DMO consolidates debt management functions in a single agency, ensuring proper coordination. [8] Prior to its establishment, Debt data recording system was inadequate. Loan records were incomplete, making it difficult to reconcile statements with creditors. Other deficiencies in the system include complicated and inefficient debt service/payment arrangements, which resulted in protracted delays payment delays and incurring of penalties; low quality human resources; and a lack of a well-defined debt strategy, among others.

The office has been playing a major role in facilitating debt-rescheduling negotiations between Nigeria and the London and Paris Club of creditors, and in securing debt relief. These negotiations have resulted in agreement with the Paris Club on the rescheduling of the country's external debts owed to this group of creditors.

In particular, DMO was established to rationalize and streamline the management of both the external and domestic debt of the country. The first major assignment undertaken by DMO was the reconciliation of Nigeria's debts with the Paris Club of Creditors.

6 Jubilee Campaign , UK at http://www.jubileedebtcampaign.org.uk/?lid=938

7 Mobolaji E. Aluko (2000) Testimony Before the US Congressional Subcommittee on Domestic and International Monetary Policy, Committee on Banking and Financial Services, May 25, 2000, Washington.

8 http://www.dmonigeria.com/about.html

Establishment of the Debt Management Office has demonstrated in a concrete manner Nigeria's strong commitment to work in collaboration and partnership with all categories of creditors. In addition, it shows the country's commitment to be more prudent with domestic borrowing. The initiative to establish DMO is particularly commendable as good debt management practices affect growth and development, and have implications for the achievement of the MDGs. According to DMO (2002, p.22),

"A high outflow of resources for debt servicing erodes the capacity of government to alleviate poverty whereas a well-engaged debt negotiation scheme would secure debt reduction and the savings could be directed to poverty alleviation".

The establishment of an effective and efficient debt management system is now widely recognized as a major element of a sound economic management strategy, because of the crucial link with fiscal and monetary policies as well as overall macroeconomic economic management. The office was put in place in order to address major shortcomings including the diffusion of responsibilities across a multitude of agencies in debt management and loan procurement.

3.0 Aid and the MDGs

Nigerians have been paying out in debt repayments nearly six times the amount they receive in aid. The level of development assistance to Nigeria is low. In 2001, Nigeria received a total of USD 185 million as ODA, which accounts for only 0.4% of GDP and USD 0.9 per capita. It has been argued that the long-term initiatives to halve hunger and poverty will not materialize without a fundamental restructuring of the global economic relationship especially on commodity trade including dismantling of agricultural subsidies by the developed countries, lowered tariffs, debt relief, debt servicing, political will, Overseas Development Assistance (ODA), repatriation of stolen funds in foreign banks to the country of origin and inclemency terms of the international financial system. A new and more generous funding base is needed if Nigeria is to achieve the millennium development goals by 2015[9].

Table 5. Flows of aid, private capital and debt	
Official development assistance (ODA) received (net disbursements) Total (US$ millions), 2003	317.6
Official development assistance (ODA) received (net disbursements) Per capita (US$), 2003	2.3
Official development assistance (ODA) received (net disbursements) (as % of GDP), 1990	0.9
Official development assistance (ODA) received (net disbursements) (as % of GDP), 2003	0.5
Net foreign direct investment inflows (% of GDP), 1990	2.1
Net foreign direct investment inflows (% of GDP), 2003	2.1
Other private flows (% of GDP), 1990	- 0.4
Other private flows (% of GDP), 2003	- 0.4
Total debt service (As % of GDP), 1990	11.7
Total debt service (As % of GDP), 2003	2.8
Total debt service (As % exports of goods, services and net income from abroad), 1990	22.3

Given that ODA has declined markedly during the last decade, Nigeria has taken steps to ensure better and more effective aid delivery. In the main, Nigeria has attempted to encourage increased aid delivery by reducing corruption and rent seeking, improving transparency and accountability, and nurturing democracy. During the last few years of military rule, especially during the heavy-handed despotic rule of General Abacha, Nigeria virtually became a pariah nation and many aid agencies left Nigeria. One of the objectives of the democratic administration of President Obasanjo has been to lure back the aid agencies, bilateral donors, and multilateral donor organizations. In addition to establishing a conducive environment for increased aid allocations, the Nigerian government has engaged in active advocacy under the aegis of the Commonwealth, NEPAD and AU.

As a low-income country, Nigeria qualifies for Official Development Assistance (ODA).

Official Development Assistance, which comes mainly from OECD countries, consists of net disbursements of grants and loans on concessional terms (loans must have at least a 25% grant element). Such assistance is designed to promote economic development in the low-income countries. As a result of the oil boom, Nigeria's per capita income increased sharply from US$250 in 1973 to US$1,000 in 1980. This caused Nigeria to be classified as a middle-income country and ODA assistance naturally declined. The end of the oil boom and the economic crisis of the mid - 1980s led to a drastic fall in per capita income, causing Nigeria to be re-classified as a low-income country in 1989. ODA flows then increased.

9 National Millennium Development Goals Report (2004); Nigeria.

The table below shows data on ODA flows to Nigeria between 1960 and 2003. In 1991, per capita ODA flows to Nigeria amounted to only US$2.6, which fell far short of the average per capita ODA flows to low-income countries (excluding India and China), which was US$25.1. Similarly, in 1991, ODA flows to Nigeria amounted to 0.8% of GNP, which, again fell short of the 7.0% average for all low-income countries (excluding India and China). ODA as a percentage of GNP has further fallen to 0.4% in 2001 and 2002.

Table 6: Nigeria: Official Development Assistance and Official Aid Per Capita, 1960-2003

Year	ODA (current US$ million)	Aid Per capita
1960	32.2	0.788
1961	29.6	0.708
1962	29.3	0.683
1963	18.1	0.411
1964	42.0	0.927
1965	71.9	1.546
1966	63.2	1.324
1967	67.7	1.380
1968	68.8	1.365
1969	85.5	1.651
1970	108.0	2.026
1971	107.0	1.964
1972	83.2	1.479
1973	76.9	1.330
1974	73.4	1.234
1975	82.1	1.340
1976	53.4	0.848
1977	42.8	0.660
1978	42.7	0.639
1979	26.8	0.388
1980	35.7	0.502
1981	40.7	0.555
1982	36.8	0.486
1983	47.6	0.609
1984	33.0	0.409
1985	32.3	0.388
1986	59.2	0.691
1987	69.3	0.786
1988	120.0	1.322
1989	347.0	3.713
1990	258.0	2.684
1991	262.0	2.643
1992	262.0	2.571
1993	290.0	2.763
1994	190.0	1.760
1995	212.0	1.904
1996	190.0	1.661
1997	200.0	1.702
1998	204.0	1.685
1999	152.0	1.227
2000	185.0	1.456
2001	185.0	1.423
2002	314.0	2.360
2003	318.0	2.330

Source: UNDP (2004) and World Bank Africa Database 2005.

A detailed examination of the above table shows that in the early years after Independence, ODA levels were low, averaging US$27.3 million between 1960 and 1963. Thereafter, aid flows increased, peaking at US$108 million in 1970. Between 1972 and 1975, aid flows averaged US$78.9 million before falling to a low of US$26.8 million in 1979. ODA flows begin to rise slowly thereafter, peaking at US$347 million in 1989. Between 1990 and 1998, ODA flows averaged US$229.8 million before falling to US$152 million in 1999. Aid flows thereafter recovered, rising to US$318 million in 2003. Generally, ODA per capita to Nigeria has been very low.

At Independence in 1960, ODA per capita was less than US$1. It rose more or less steadily to US$2 in 1970. Thereafter, aid per capita fell steadily, reaching a low of US$0.388 in 1979. It then began to rise, reaching a peak of US$3.7 in 1989. Thereafter, it began to fall, and reached a low of US$1.2 in 1999. Aid per capita began to rise in the new millennium and amounted to US$2.33 in 2003.

Nigeria has received foreign aid from a wide array of agencies and countries. Between 1960 and today, Nigeria has received development assistance bilateral from donors (mainly OECD member countries), multilateral donors (mainly UN agencies) and private foundations.

3.1 The nature, type and method of aid allocation to various sectors of the economy

Since the return to democracy in Nigeria in 1999, donors who had previously abandoned the country have returned. In 1999, total external assistance to Nigeria amounted to US$156.0 million. This total could have been higher but for Nigeria's weak capacity to absorb aid and the rather cumbersome method used to disburse development assistance by some donors. Investment Project Assistance (with a TC component) has remained the major component of external assistance in recent years. In 1999, Investment Project Assistance (IPA) accounted for 58.2% of total aid to the country while freestanding technical assistance accounted for 42.1% of the total. For more, see Table 7, which provides data on the trends in the percentage distribution of development assistance to Nigeria between 1996 and 2000.

Table 7: Type of Assistance - Percentage Distribution

Sector/Subsector	1996	1997	1998	1999	Average 1996-99	(Planned) 2000
Emergency and Relief Assistance			0.0	0.3	0.1	0.0
Free-Standing Technical Co-operation	100.0	100.0	42.1	40.2	70.6	64.1
Investment-Related Technical Co-operation			0.0	0.6	0.2	16.6
Investment Project Assistance						
Investment Project Assistance (including a TC component)			56.5	58.2	28.7	18.1
Programme/Budgetary Aid or Balance of Payment Support			1.4	0.7	0.5	1.2
Grand Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: UNDP. 2001

In order to minimize duplication, there is some amount of co-ordination among donors in Nigeria. At the highest level, the coordination takes place under the Chairmanship of the UNDP Resident Representative who is also the UN Resident Coordinator. Technical coordination is also undertaken along sectoral/ thematic lines. The sectoral/thematic groups and the lead agencies in Nigeria are:

((1)	Agriculture and Food Security	WB/FAO
(2)	Capacity Building for Economic Management	WB/IMF
(3)	Education	UNESCO/USAID
(4)	Environment and Natural Resources	CIDA/UNDP
(5)	Health	WHO/DFID
(6)	Gender and Women Promotion	UNIFEM
(7)	Governance	UNDP/USAID
(8)	Micro-Finance and Private Sector Promotion	IFC
(9)	Poverty Alleviation and Job Creation	UNDP/EU
(10)	Regional/Special Development Issues	UNDP/EU

Source: UNDP, DCR, 1998/99

Clearly, there is room for improvement here. It is imperative for donors to raise their level of assistance to Nigeria in order to ensure the attainment of the MDGs by 2015. Besides, many of the donors are yet to meet the target of 0.7% of their GDP as has been agreed for years.

4.0 Trade and the MDGS

The unfair global trading system, global economic injustice and the lack of diversity in economic production and the heavy dependence on agriculture for most African countries makes them vul nerable to climatic changes, notably floods and droughts, with some regions being particularly drought prone. The market access opportunities can only be effective if LDCs are assisted to build their capacities to produce tradable goods of higher value and acceptable quality at competitive cost. MDGs will be difficult to attain for debt-sustaining countries surviving on exports of raw cashew nuts, coffee, tea, cotton, while importing everything else in the form of industrial goods from abroad, using the foreign exchange earned from primary exports.

Subsidies for agricultural products in developed countries pose an impossible challenge to most developing countries' efforts to export farm produce to European markets. And, yet it is in this area where they have comparative advantage that would enable them to attain MDGs if given an opportunity for fair competition.

It is fairly clear that our efforts to enter effectively into the globalized market have not benefited the poor in the country-Anonymous, Nigeria.

In order to ensure fair trade, Nigeria has actively participated in WTO negotiations and, in concert with other developing countries, Nigeria has pressed for a solution to the long-standing issues of agricultural protection and export subsidies in industrialized countries, and the stubborn problem of lack of access to the markets of the advanced countries. Nigeria is a prime mover and co-initiator of the New Economic Partnership for Africa's Development (NEPAD). Nigeria's President is also the current President of the African Union (AU). Through NEPAD and AU, Nigeria has strongly advocated the reduction of agricultural export subsidies in the advanced industrialized countries, and canvassed debt forgiveness.

Nigeria has adopted and implemented measures to restructure and reform the economy in order to improve its competitiveness. Clearly, only by improving its competitiveness can the country expect to penetrate foreign markets and benefit from the U.S. initiated Africa Growth and Opportunities Act (AGOA) and the WTO provisions and opportunities. In addition, domestic incentives have been put in place by the authorities as a way of encouraging the exportation of non-oil products. According to UNDP (2004, p. 62), these incentives:

"include huge reduction of customs duty rates on all raw materials (inputs) needed to stimulate capacity utilization and output in all sectors of the economy…"

Nigeria, since its return to civilian rule in 1999, has committed itself to trade liberalization for economic growth; and, has also been involved in the consistent application of sound macroeconomic policies which are believed to being capable of yielding positive dividends.

4.1 Regional Links

Nigeria, as a member, plays a pivotal role in the region's Economic Community of West African States (ECOWAS). In addition to implementing the free trade zones agreements, and the process of creating a single currency, the government plays a leading role in promoting regional security through ECOWAS military observation group (ECOMOG)[10]. ECOWAS is a 15-member regional organization of West African nations formed in 1975. The main objective of forming ECOWAS was to achieve economic integration and shared development so as to form a unified economic zone in West Africa. However, Nigeria has experienced negative and slow growth and is one of the weakest growing economies in the world on a per capita basis, especially for the period 1981 to 2000.

10 UNDP (2004) Nigeria Development Profile, UNDP , Nigeria

Since independence the economy has never had a growth rate of 7% or more for more than three consecutive years.

The Members of ECOWAS are; Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. The revised African Economic Community (AEC) treaty of 1993, which was to extend economic and political co-operation among ECOWAS member states, designates the achievement of a common market and a single currency as economic objectives. However, it has not been easy to work towards all these objectives. Although all ECOWAS member states have rich natural resources, most of them are still struggling to meet their operating government expenditure without external financial aid. Due to problems associated with civil conflict, embezzlement of public funds and corruption, for most of their public expenditure, most of these countries depend entirely on foreign aid from multilateral institutions such as the World Bank, the Fund and the Paris Club. Since September 2002, a military rebellion in Côte d'Ivoire has drawn ECOWAS into peacekeeping duties in that country.

Currently, the level of Foreign Direct Investment (FDI) inflows into Nigeria is quite low. Table 6 provides data on foreign direct investment inflows to Nigeria from 1970 through 2003. In the Table, there is data both on the level of FDI inflows (in US dollars) and FDI inflows as a percentage of Nigeria's GDP. An examination of the data in Table 6 shows that FDI as a percentage of GDP has been very low. FDI as a percent of GDP exceeded 3% for only 2 years between 1970 and 1992. Although the ratio shot up to 8% in 1994, it had collapsed to 2% by 2003. Between 2000 and 2003, the ratio of FDI to GDP averaged a mere 2.3%. The low level of FDI flows into Nigeria compares quite unfavorably with the high inflows into Asian countries, especially China. Analysts believe that high FDI flows have contributed significantly to China's rapid economic growth since the 1980s. Hence, Nigeria should take more proactive measures to induce substantial flows of FDI into the country in the years ahead so as to enhance the chances of attaining the Millennium Development Goals by 2015.

Table 8: Nigeria: Foreign Direct Investment, 1970-2003

Year	FDI, net inflows (US$ million)	FDI, net inflows (% of GDP)
1970	205.0	1.63
1971	286.0	3.11
1972	305.0	2.48
1973	373.0	2.46
1974	257.0	1.03
1975	418.0	1.50
1976	339.0	0.93
1977	440.5	1.22
1978	210.9	0.58
1979	309.6	0.66
1980	-738.9	-1.15
1981	542.3	0.91
1982	430.6	0.87
1983	364.4	1.04
1984	189.2	0.67
1985	485.6	1.71
1986	193.2	0.96

Year	FDI, net inflows (US$ million)	FDI, net inflows (% of GDP)
1987	610.6	2.60
1988	378.7	1.66
1989	1884.3	7.90
1990	587.9	2.06
1991	712.4	2.61
1992	896.7	2.74
1993	1345.4	6.30
1994	1959.2	8.28
1995	1079.3	3.84
1996	1593.5	4.51
1997	1539.6	4.25
1998	1051.3	3.27
1999	1004.8	2.89
2000	9	2.21
2001	1104.4	2.30
2002	1281.1	2.74
2003	1200.0	2.06

Source: World Bank 22005. *World Bank Africa Database CD-ROM.*

With an average annual investment rate of barely 16% of GDP, Nigeria is far behind the minimum investment rate of about 30% of GDP required to reach a growth rate of at least 7-8% per cent per annum required to achieve the Millennium Development Goals by 2015. Most of the foreign direct investment into the country is geared to the oil and extractive sectors. Thus, the economic structure remains undiversified and oil exports account for 95% of total export earnings, while the manufacturing sector accounts for less than one percent[11] .

It is unfortunate and regrettable to note that potential investors are cognizant of the fact that caution must be exercised when considering any kind of business transaction connected with Nigeria. Business scams are not always easy to identify because con artists are highly organized and very well informed. Any unsolicited business proposition from Nigeria or concerning Nigerians must be carefully examined before paying out money, providing goods or services, or undertaking a trip.

A scenario in which a developing country like Nigeria is required to open up their markets without meaningful access opportunities into the markets of developed countries, inevitably leads to de-industrialization in developing countries. This has debilitating consequences in terms of growth, employment and the whole fight against poverty to attain the MDGs. As long as developing countries do not have a say in the pricing of primary commodities, they will not be able to determine how much they can get from their exports but will remain at the mercy of international global markets.

11 UNDP (2004) National Human Development Report , UNDP , Nigeria

5.0 The Role of Stakeholders in Nigeria

5.1 The Role of Parliament

In Nigeria, the Federal Government under President Obasanjo is the coordinator of programmes designed to ensure the attainment of the Millennium Development Goals. The Special Adviser to the President coordinates the National Economic Empowerment and Development Strategy (NEEDS), which is the overall framework for attaining the MDGs. Also, the Debt Management Office (DMO), which is charged with ensuring external and domestic debt sustainability, is under the Presidency. The President himself, as AU President and NEPAD initiator, has been in the forefront of advocacy for increased aid, debt forgiveness and a better deal in trade for African countries.

The National Assembly or Parliament has also been quite committed to programmes and policies designed to ensure the attainment of the MDGs. Recently, the National Assembly raised an alarm at the enormous resources being expended on debt servicing and members have begun to canvass for debt relief and debt forgiveness. However, given that Nigeria has been under military rule for decades and that the newest attempt at installing democracy is barely five years old, Parliament is still trying to find its feet and play a visible role. The executive is still all powerful and will probably remain dominant for many more years. Currently, the National Assembly plays only a minor role in debt management, which is under the purview of the Debt Management Office (DMO), which itself reports directly to the President. Similarly, the National Assembly currently plays only a minor role in trade negotiations, an activity which is under the Presidency. Nevertheless, any needed legislation has to be presented to the National Assembly for passage. Finally, the National Economic Empowerment and Development Strategy (NEEDS), the umbrella organization coordinating programmes of economic reform, poverty alleviation, and achieving the Millennium Development Goals, is directly under the President. However, any legislation needed for implementing these programmes is sent to the National Assembly for passage as and when needed.

5.2 The Role of the Private Sector

Nigeria is currently intensifying its privatization programme. The main objective is to reduce government ownership of companies in the power and telecommunication areas and leave the Private sector to run them. The deregulation of the economy has continued and key sectors like telecommunications have now been effectively privatized. The private sector is also heavily involved in the efforts to improve Nigeria's competitiveness so that it can fully participate in world trade and reap the benefits of WTO provisions and globalization. It is well known that improved competitiveness is a prerequisite for benefiting from the ongoing globalization process especially in the areas of trade, finance and investment. Both the Private and Public sectors are currently engaged in efforts to ensure the existence of a conducive environment for the increased inflow of foreign direct investment.

In Nigeria, the private sector is too heavily dependent on government patronage. Private sector activity depends heavily on government contracts and the yearly release of capital allocation. Thus, currently, the private sector is an appendage of government and is not yet acting as an engine of growth in the economy. By extension, the private sector is not yet contributing in any significant way to the achievement of the Millennium Development Goals. Unfortunately, the capacity of the private sector to contribute to economic growth has been constrained by large debts owed to it by the three tiers of government, but most importantly in quantitative terms, the debt owed to contractors by the federal government. The sum total of the unsettled obligations to contractors by the three tiers of government is estimated to be in the hundreds of billions of naira. Clearly, these debts reduce the ability of the private sector to increase employment and the rate of growth of the economy and contribute meaningfully to attainment of the Millennium Development Goals.

5.3 The Role of Civil Society

Without the active role of advocacy activists, scholars and some NGOs, the overall debate over development especially on matters of trade, debt and aid would have been more one sided than it has been. Both development orientated NGOs (those providing related services and interventions in health, education and social welfare) and the advocacy orientated NGOs ((those putting pressure on the government on issues related to democracy, human rights, trade justice, debt cancellation and better aid management) have had varying influences by presenting varying views, implementing certain projects and improving the status of the citizenry.

Civil Society, including the non-governmental organizations (NGOs), has been in the vanguard of the struggle to establish democracy, good governance, transparency and accountability — as a means of ensuring the achievement of the MDGs in Nigeria. Many NGOs have been in the forefront of the fight for debt forgiveness, a reduction in the importation of frivolous and fake products, and advocacy of increased aid. It seems clear that continued pressure from NGOs would enhance the chances of attainment of the MDGs in Nigeria.

Many Civil Society Organizations are active in the fields of aid, debt, and poverty alleviation. These include the African Network for Environment and Economic Justice (ANEEJ), LAPO, and the International Centre for Solar, Environmental and Economic Development (ICSEED). ANEEJ is a leading CSO in fighting for debt cancellation and against environmental degradation in the Niger Delta. LAPO is a leading CSO in poverty alleviation through the provision of micro finance, especially to women. ICSEED has also staked out a position in canvassing for debt relief and promoting environmental sustainability *inter alia* through the use of solar and other renewable energy sources. The CSOs are committed to working with the government to achieve the Millennium Development Goals as soon as practicable. True enough; the CSOs sometimes have problems in getting through to high government officials and ensuring that their views are reflected in policy. However, they are determined to achieve their goals of helping the poor and needy, and in ensuring that policies that would enhance the attainment of the MDGs by improving the general welfare of citizens are adopted and properly implemented.

ANEEJ has in the past few years, championed the call for the repatriation of stolen wealth stashed in vaults of foreign banks and offshore countries. It is believed that over US$55 billion belonging to Nigerians are kept in these vaults by ex-dictators and their accomplices who also include foreigners. The campaign had made little progress given the Western conspiracy against moves by the new Nigerian Government to repatriate illicit wealth to develop the country.

5.4 The Donor Community

Currently there are many development partners or donors active in Nigeria. These include bilateral and multilateral donors. Basically, the multilateral agencies are members of the United Nations System, the European Union and the World Bank Group (IBRD). The list of donors currently active in Nigeria is presented in Annexure I.

Since the level of ODA in Nigeria is low and has been declining during the past decade, there is a lot that the donors can do in order to assist the country to achieve the MDGs. A more encouraging response from development partners is imperative since, according to UNDP, "this low level inflow of ODA is a constraint to the achievement of the MDGs" UNDP (2004, P.59). The development partners also have an important role to play in ensuring a better environment for trade and facilitating debt forgiveness. These would in no small way contribute to the ability of Nigeria to achieve the MDGs by 2015.

There has been a significant improvement in the perception of Nigeria and its citizens by donors and development partners since the return to democratic governance in May 1999. The government of President Obasanjo has been trying to install democratic norms, reduce corruption, and increase transparency in governance.

These achievements have received applause from the donor community and increased their willingness to assist the country to development rapidly and attain the Millennium Development Goals. This change in perception and attitude to Nigeria was recently demonstrated in concrete terms by the decision of the G-8 countries to consider debt reduction for Nigeria that is not a HIPC country. It is true that the G-8 countries ruled out 100% debt cancellation but the 60% debt reduction agreed upon in principle is a giant step forward. Unfortunately, not much progress has been achieved in the area of reducing tariff and non-tariff barriers to trade. Thus, rapid economic growth and development will still be impeded. Yet, with a reduction in the previously crushing debt burden, it is clear that there has been a significant improvement in Nigeria's chances of attaining some or all of the Millennium Development Goals by 2015.

6.0 Recommendations

Nigeria should pursue vigorously all the options for debt relief, including outright cancellation especially with the Paris Club, although unilateral repudiation of the debt is an option.

6.1 Government

- Government should vigorously pursue economic policy reforms, not just as an attempt to meet the requirements of donors for debt reduction, but as a fundamental national imperative. Such reforms should address issues such as the prohibitive cost of doing business, transparency and accountability, macroeconomic stability, efficiency and competition. The reforms should also address the poor state of infrastructure, enforce the rule of law and minimize the risks and uncertainties associated with the business environment.
- There is need to strengthen or reform the institutional/legal and administrative framework for public resource management. This is to ensure effective and efficient utilization of present and future public resources so as to prevent the waste and inefficiencies of the past. Among other things, this institutional re-engineering would ensure due process and due diligence, transparency, accountability and sanctions.
- Appropriate mechanisms should be put in place to check the ballooning of domestic debt, especially with the seeming reckless borrowing and spending of states and local governments. Such domestic borrowing has implications for the ability of the Federal government to maintain macroeconomic stability and should be checked.
- A legislation should be enacted by the National Assembly. Such legislation should stipulate when to borrow, from where, for what purpose, evaluation and due process requirements, accountability and sanctions for failure, involvement of Parliament and civil society in oversight functions, etc. Currently, there is no such law, except the constitutional provision defining who has the power to borrow.
- Government should take steps to domesticate technical assistance. Much of the debt and ODA came with technical assistance, but these merely funded expatriate consultants and with hardly any domestic capacity built.

6.2 Civil Society Organizations

- Participation of civil society in formulating community development plans needs to be enhanced in order to create more people-centered development. Strategies must be put in place so as to create space for people's struggles for re-instating social justice, recognizing the specific and different contexts of marginalized groups.
- There is need for social activists to persuade/pressurize the government to undertake an audit (review) of each of the projects/programmes for which the loans were incurred. Two reasons warrant such an audit. First, it would enable the government to truly verify the genuineness or otherwise of the debts that we are servicing. Second, the responsible officers who contracted the odious loans and/or those who expended them should be prosecuted. This action would help to signal the seriousness of the government about accountability as well as heal the country's battered image.

6.3 The Donor Community

- A combination of debt cancellation and Official Development Assistance would result in increased resources for development in Nigeria. The increasing debt burden has meant that more of the current resources are being deployed to finance past consumption. If sustainable development is to be achieved, the extrication from crippling foreign debt and the economic and political conditionality would offer new opportunities for the reconstruction of the ailing economy.
- International Financial institutions and donors should work towards international conventions against stolen wealth and reform of the global financial architecture to ensure that looted funds are not safe anywhere in the world and also ensure that such looting by Nigerians is speedily returned to the Nigerian people. Also, there is a need for an international law stipulating adequate penalties for looters and their foreign collaborators.
- Democratizing the WTO to give poor countries like Nigeria a stronger voice is important[12]. Good international trade rules can create an enabling environment for poverty reduction. Bad rules have the opposite effect. Key to this is the need for donor countries to work towards improving market access for poor countries and ending the cycle of subsidized agricultural over production and export dumping by rich countries.
- Ending the use of conditions attached to donor programmes which force poor countries to open their markets regardless of the impact on the poor people.

12 Democracy is failed as long as the Executive Directors representing France, Germany, Japan., Russia, Saudi Arabia, the UK and USA as leading economic powers with 46% of the World Bank voting rights and 48% in IMF make key decisions for all WTO members in "green room" meetings.

7.0 Conclusion

In understanding Nigeria's challenges to meeting the MDGs one can easily conclude that there is need for global level changes on economic and political power relationships that should impact on regaining people's right to better and effective aid delivery, fairer trade and market opportunities and a lasting solution to the debt that is tearing down schools, clinics and hospitals that they need most if attaining MDGs are to be a reality in their lives. Without these there are no ways MDGs can be attained among Nigerians, and neither shall poverty be made history in their lives.

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9.0 Appendices

AP 1: Nigeria: Trends in external debt burden indicators, 1971-2003

Year	External Debt	Debt per Capita	Debt/GDP Ratio	Debt Service Ratio
	US$ million	US$	Percentage	percentage
1971	309	6.4	2.7	2.3
1972	401	8.0	3.7	1.8
1973	421	8.2	2.5	1.8
1974	523	9.8	1.8	1.3
1975	559	10.2	1.6	0.5
1976	594	10.5	1.4	0.7
1977	763	13.1	1.1	0.3
1978	2164	36.1	3.5	2.7
1979	2825	45.6	3.7	1.7
1980	3444	53.2	3.7	0.8
1981	3668	54.9	4.6	5.0
1982	13124	191.9	17.1	8.9
1983	17765	251.3	18.5	17.8
1984	17347	237.6	23.3	29.1
1985	18904	250.4	23.9	31.7
1986	25574	328.3	56.7	28.0
1987	28316	351.8	92.6	11.9
1988	30693	368.9	92.2	24.2
1989	31589	372.1	106.9	25.3
1990	33099	381.8	114.6	23.9
1991	33730	381.1	101.4	25.7
1992	27565	302.9	99.0	18.2
1993	28718	305.2	90.8	16.2
1994	29429	304.0	71.1	18.8
1995	32585	327.5	36.7	15.2
1996	28060	274.6	22.5	13.4
1997	27087	258.0	21.0	10.9
1998	28773	265.4	22.9	16.1
1999	28039	179.3	77.2	9.0
2000	28274	245.4	86.4	9.0
2001	28347	236.6	57.9	11.9
2002	30990	253.7	62.3	7.5
2003*	32917	261.3	64.4	9.8

Source: Debt Management Office Nigeria. 2004. Annual Report and Statement of Accounts for the Year ended December 31st, 2003.

Appendix (AP 2)

Economic performance

GDP (US$ billions), 2003	58.4
GDP (PPP US$ billions), 2003	143.3
GDP per capita (US$), 2003	428
GDP per capita (PPP US$), 2003	1,050
GDP per capita annual growth rate (%), 1975-2003	- 0.5
GDP per capita, highest value (PPP US$), 1975-2003	1,086
GDP per capita, year of highest value	1977
Average annual change in consumer price index (%), 1990-2003	26.0
Average annual change in consumer price index (%), 2002-03	14.

Demographic trends

Total population (millions), 1975	58.9
Total population (millions), 2003	125.9
Total population (millions), 2015	160.9
Annual population growth rate (%), 1975-2003	2.7
Annual population growth rate (%), 2003-2015	2.0
Urban population (% of total), 1975	23.4
Urban population (% of total), 2003	46.6
Urban population (% of total), 2015	55.5
Population under age 15 (% of total), 2003	44.7
Population under age 15 (% of total), 2015	41.3
Population age 65 and above (% of total), 2003	2.4
Population age 65 and above (% of total), 2015	3.2
Total fertility rate (births per woman), 1970-75	6.9
Total fertility rate (births per woman), 2000-05	5.8

Commitment to health: resources, access and services

Public health expenditure (% of GDP), 2002	1.2
Private health expenditure (% of GDP), 2002	3.5
Health expenditure per capita (PPP US$), 2002	43
One-year-olds fully immunized against tuberculosis (%), 2003	48
One-year-olds fully immunized against measles (%), 2003	35
Children with diarrhoea receiving oral rehydration and continued feeding (% under age 5) 1, 1994-2003	28 4
Contraceptive prevalence rate (%), 1995-2003	13
Births attended by skilled health personnel (%), 1995-2003	35
Physicians (per 100,000 people), 1990-2004	

Source: htt//hdr.undp.org/statistics/data/city/indicators.cfm?x

Notes:

1 - Estimate produced by UNESCO Institute for Statistics in July 2002.

2 - Preliminary UNESCO Institute for Statistics estimate, subject to further revision.

3 - Estimate produced by UNESCO Institute for Statistics in July 2002.

4 -

5 - Data refer to a year or period other than that specified, differ from the standard definition or refer to only part of the country.

6 - Estimate produced by UNESCO Institute for Statistics in July 2002.

7 - Preliminary UNESCO Institute for Statistics estimate, subject to further revision.

8 - Survey based on consumption.

9 - Estimate produced by UNESCO Institute for Statistics in July 2002.

10 - Preliminary UNESCO Institute for Statistics estimate, subject to further revision.

11 - Estimate produced by UNESCO Institute for Statistics in July 2002.

12 - Preliminary UNESCO Institute for Statistics estimate, subject to further revision

Appendix 3

MDG 8 Targets and Indicators on ODA, Debt and Trade

Targets	Indicators*
Target 12: Develop further an open, rule-based, predictable,non-discriminatory trading system	Official Development Assistance indicators: **Indicator 33:** Net ODA, total and to LDCs, as percentage of OECD/DAC donors'gross national income **Indicator 34:** Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) **Indicator 35:** Proportion of bilateral ODA of OECD/DAC donors that is untied
Target 13: Address the special needs of LCDs. Includes: tariff and quota free access for LDC exports	**Indicator 38:** Proportion of developed country imports (by value and excluding arms) admitted free of duties and quotas from developing countries and LDCs **Indicator 39:** Average tariffs on agricultural products and textiles and clothing from developing countries **Indicator 40:** Agricultural support estimates for OECD countries as a percentage of their GDP **Indicator 41:** Proportion of ODA provided to help build trade capacity
Target 14: Address the special needs of land-locked Countries and small island developing states through The Programme of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions	**Indicator 36:** ODA received in landlocked countries as Proportion of their GNIs **Indicator 37:** ODA received in small island developing states as proportion of their GNIs
Target 15: Deal comprehensively with the debt Problems of developing countries through national and international measures in order to make debt sustainable in the long term	**Indicator 42:** Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative) **Indicator 43:** Debt relief committed under HIPC initiative, US$ **Indicator 44:** Debt service as a percentage of exports of goods and services

NB the numbering and the description of the indicators has changed over time. These are taken from UN2004 and are not exhaustive.

Source: Commonwealth Foundation (2005) Breaking with Business as Usual : Perspectives from Civil Society in the Commonwealth on the Millennium Development Goals, Commonweealth Foundation, London.

About AFRODAD

AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

1. To enhance efficient and effective management and use of resources by African governments;
2. To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
3. To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled to enable poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level to protect the interests of the weaker nations.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.