



Nigeria

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Summary

Nigeria, the most populous nation in Africa, with an estimated 146 million people, is one of the United States government's key strategic partners on the continent. The country is Africa's largest producer of oil, and it is the fifth largest oil exporter to the United States. According to some estimates, Nigeria could replace Norway as the world's third largest exporter of oil within a few years, although social unrest and corruption in the country's Niger Delta region continue to pose significant challenges to oil production. As the continent's second largest economy, Nigeria's stability and prosperity affect not only those in the market for Nigerian oil, but the entire region.

The country has faced intermittent political turmoil and economic crisis since gaining independence in 1960. Nigerian political life has been scarred by conflict along both ethnic and geographic lines and misrule has undermined the authority and legitimacy of the state apparatus. After 16 years of military rule, Nigeria made a transition to civilian governance in 1999, when Olusegun Obasanjo, a former general, was elected president. Efforts to allow Obasanjo to stand for a third term were defeated in 2006. In May 2007, Obasanjo transferred power to a new administration, marking the country's first transfer of power from one civilian government to another.

Nigeria continues to face serious social and economic challenges. Although Nigeria's oil and natural gas revenues are estimated at over \$40 billion per year, its human development indicators are among the world's lowest, and a majority of the population suffer from extreme poverty. Nigeria remains relatively stable, although ethnic and religious clashes in parts of the country are common. Thousands have been killed and many more wounded in periodic religious clashes.

Under former President Obasanjo, Nigeria emerged as a major player in Africa. The government helped to resolve political disputes in Togo, Mauritania, Liberia, and Cote d'Ivoire. Nigeria also played an important role in facilitating negotiations between the government of Sudan and the Darfur rebels. Nigerian troops and police have played a vital role in peacekeeping operations in Sierra Leone and Liberia, and are currently in the Central African Republic, Cote d'Ivoire, the Democratic Republic of Congo, Haiti, Kosovo, Liberia, Sudan, Timor-Leste, and the Western Sahara.

Nigeria's most recent general elections were held in April 2007. The U.S. State Department called the elections "deeply flawed." Ruling party candidate Umaru Yar'Adua was announced as the winner of the presidential contest with over 70% of the vote, according to official returns. Domestic and international election observers reported widespread fraud, intimidation and violence. The results of several gubernatorial, parliamentary, and local races have been annulled by election tribunals. The two primary opposition presidential candidates rejected the elections and called for new polls, but the country's Supreme Court has upheld Yar'Adua's victory. Despite controversy surrounding his election, though, President Yar'Adua's pledges of reform have been welcomed by many Nigerians. Questions remain, however, regarding his health and the pace of those reforms. This report will be updated as the situation warrants.

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Background

Nigeria is considered a key power on the African continent, not only because of its size, but also because of its political and economic role in the region. One in five people in Sub-Saharan Africa calls Nigeria home. Nigeria's economy is Africa's second largest, and it is one of the world's major sources of high quality sweet crude oil and natural gas. Nigeria has mediated conflicts throughout the continent, and its troops have played a critical role in peace and stability operations in the region. The country ranks 4th among troop contributors to U.N. peacekeeping missions around the world. Nigeria, which is roughly twice the size of California, is also home to Africa's second largest HIV/AIDS-infected population and has the continent's highest tuberculosis burden. Some experts hypothesize that Nigerian poultry infected with the H5N1 virus may have been the source for avian flu outbreaks in neighboring countries. According to one senior foreign policy analyst, "no country's fate is so decisive for the continent. No other country across a range of issues has the power so thoroughly to shape outcomes elsewhere in sub-Saharan Africa."¹

Despite its oil wealth, Nigeria remains highly underdeveloped. Poor governance has severely limited infrastructure development and the provision of social services, hindering economic development and leaving much of the country mired in poverty. The government's human rights record is poor. Ethnic and religious strife have been common in Nigeria, and perceived differences have been politicized by political elites. The country is composed of over 250 distinct ethnic groups, of which ten account for nearly 80% of the total population. The northern Hausa-Fulani, the southwestern Yoruba, and the southeastern Ibo have traditionally been the most politically active and dominant. Almost half of the country's population, some 70 million people, are Muslims, who live primarily in the northern half of the country. Divisions between ethnic groups, between north and south, and between Christian and Muslim often stem from perceived differences in access to social and economic development. More than 12,000 Nigerians are believed to have been killed in local clashes in the last decade, and some three million have reportedly been displaced by those clashes.²

Nigeria at a Glance

Population:	146 million
Pop. Growth Rate:	2.025%
Independence:	October 1960
Comparative Area:	Slightly larger than twice the size of California
Religions:	50% Muslim, 40% Christian, 10% indigenous beliefs
Languages:	English (official), 250 local languages
Literacy:	68%
Infant Mortality:	95.74 deaths/1,000 live births
Life Expectancy:	46.5 years
Prevalence of HIV:	3.1%
GDP (Purchasing Power Parity):	\$328.1 billion (2008)
GNI Per Capita:	\$640
Exports:	\$83.09 billion
Imports:	\$46.36 billion
External Debt:	\$9.132 billion

Source: The CIA World Fact Book 2009, Economist Intelligence Unit (EIU), World Bank.

¹ Robert I. Rotberg, "Nigeria: Elections and Continuing Challenges," Council on Foreign Relations, April 2007.

² Ibid., p. 20.

Political Developments

Nigeria is a federal republic composed of 36 states; its political structure is similar to that of the United States. The country has a bicameral legislature with a 109-member Senate and a 360-member House of Representatives. Its president, legislators, and governors are elected on four year terms. Nigeria's most recent elections were held on April 14 and 21, 2007.³ Many, including the U.S. State Department, maintain that the country is still in political transition,⁴ and Human Rights Watch contends that "Nigeria has not held a free and fair general election since the end of military rule."⁵

Nigeria was ruled by the military for almost three decades after independence, and much of its political history has been dominated by a contest for power between north and the south. Northern military leaders dominated Nigerian politics until 1999, when the country made the transition to democracy. Today, the Hausa remain dominant in the military and the federal government, but have lost significant power in many state governments. Since the election of President Obasanjo in 1999, there has been a de-facto power sharing arrangement between the north and the south. The main presidential contenders in the April 2007 election were northerners, and with the retirement of former President Obasanjo, the office has been transferred to a former northern governor for the current presidential term.

Tension between the north and the south over perceived inequities in economic and educational development has the potential to lead to widespread political instability. Nigeria's 2006 census has drawn controversy over its representation of the regional breakdown of the population, reportedly concluding that 53.4% of the population lives in the north. This could ultimately affect the country's complex system for distributing oil revenues, which are derived from oil reserves in Southern Nigeria. Resentment between the northern and southern regions of the country has led periodically to considerable unrest. According to the International Crisis Group, an estimated 8,000 Nigerians were killed in sectarian clashes between 1999 and 2002, and up to 6,000 may have been the target of ethnic or religious killings.⁶ Some reports suggest those numbers may be much higher. One local human rights group estimates that some 57,000 people have been killed in religious violence in Plateau State alone since 2001.⁷ Violent incidents in the area diminished considerably after the federal government declared a state of emergency in 2004. Recent riots in the central city of Jos, spurred by disputed local elections in November 2008, resulted in at least 300 deaths and the displacement of thousands.

The Transition to Democratic Rule: 1998 and 1999 Elections

After years of military rule, Olusegun Obasanjo, who had formerly served as a military head of state from 1976 to 1979, was elected President of Nigeria on February 27, 1999 in nationwide elections. Prior to the presidential election, Obasanjo's party, the People's Democratic Party

³ State gubernatorial and state legislative elections were held on April 14. The following week, on April 21, the presidential and federal legislative elections were held.

⁴ U.S. State Department, "Nigeria," *Country Report on Human Rights Practices 2006*.

⁵ Human Rights Watch, "Election or 'Selection'? Human Rights Abuses and Threats to Free and Fair Elections in Nigeria," April 2007, and "Nigeria: Presidential Election Marred by Fraud, Violence," April 24, 2007.

⁶ The International Crisis Group, "Want in the Midst of Plenty," *Africa Report No. 113*, July 19, 2006, p. 15.

⁷ "Jos Voters Angry and Divided," *IRIN*, April 9, 2007.

(PDP), won the majority of municipalities in local elections, held in December 1998, while the All People's Party (APP) came in a distant second, followed by the Alliance for Democracy (AD). In the governorship elections in early January 1999, the PDP also dominated. Atiku Abubakar, a northerner who was elected governor of Adamawa State in the January elections, was chosen by the PDP as the running mate of Obasanjo, a Yoruba from southwestern Nigeria. The APP and AD nominated Chief Olu Falae, a Yoruba, as their joint candidate for president. A former Nigerian security chief from the north, Chief Umaru Shinakfi, was chosen as Falae's running mate. General Obasanjo was elected president by a wide margin.⁸ On May 29, 1999, he was sworn in as president and the Nigerian Senate approved 42 of 49 members of his cabinet.

The 2003 Elections

In April 2003, Nigerians went to the polls for the second time under a civilian government. President Obasanjo was nominated by his party to serve a second-term. The All Nigeria Peoples Party (ANPP) picked another former military leader, General Muhammadu Buhari, as its presidential candidate. Meanwhile, the former rebel leader, Emeka Odumegwu Ojukwu, who led the secessionist region of Biafra in Nigeria's civil war in the 1960s, was picked as the presidential candidate of the All Progressive Grand Alliance (APGA). The National Democratic Party (NDP) picked former foreign minister Ike Nwachukwu as its presidential candidate.

President Obasanjo was reelected to a second term, and his PDP party won in legislative elections.⁹ The elections, however, were marred by serious irregularities and electoral fraud, according to both domestic and international election observers. Among the irregularities noted, much emphasis was placed on "inadequate election administration." Controversy surrounded the voter registration process, the certification of candidates, and poor logistical preparations for the elections. One INEC official allegedly admitted that the voters' register was "25-30% fiction."¹⁰ Reports of electoral malfeasance, or rigging, were also noted. Ballot box stuffing, falsification of election result forms, and threats of violence were among the most serious charges. In some states, observers noted "systematic attempts at all stages of the voting process to alter the election results."¹¹ Although reports of rigging varied widely among states, the extent of irregularities caused some to suggest that they "compromised the integrity of the elections where they occurred."¹² The European Union delegation noted that in at least six states "the minimum standards for democratic elections were not met."¹³ Several election results were later overturned.

⁸ Obasanjo won 62.8% of the votes (18.7 million), while his challenger, Chief Olu Falae, received 37.2% of the votes (11.1 million). In the Senate elections, the PDP won 58% of the votes, APP 23%, and AD 19%. In the elections for the House of Representatives, PDP received 59% of the votes, AD 22%, and APP 20%.

⁹ The Independent National Electoral Commission (INEC) declared that Obasanjo won 61.9% of the votes, while his nearest rival, General Muhammadu Buhari of ANPP, won 32.1% of the votes. In the Senate, the PDP won 72 seats out of 109 seats, while the ANPP won 28 and the AD 5 seats. The PDP won 198 seats in the 360-seat House of Representatives, the ANPP 83 seats, and the AD 30 seats.

¹⁰ Human Rights Watch, "Election or 'Selection'? Human Rights Abuses and Threats to Free and Fair Elections in Nigeria," April 2007.

¹¹ The International Republican Institute, *2003 Election Observation Report*, p. 65.

¹² The National Democratic Institute, "Statement of the NDI International Election Observer Delegation to Nigeria's April 19 Presidential and Gubernatorial Elections," April 21, 2003.

¹³ The European Union, *EU Election Observation Final Report: Nigeria*, p. 2.

In April 2006, the Nigerian Senate considered a bill to amend the constitution. One of the contentious proposals would have removed the two-term limitation and allowed a third-term presidency; Obasanjo supporters had reportedly pushed for this step for months. The Nigerian Senate rejected the legislation in May 2006.

2007 Elections

Nigeria's third national elections since the country's return to democratic rule were held April 14 and 21, 2007, amid widespread allegations of electoral mismanagement and fraud. The ruling party's presidential candidate, Umaru Musa Yar'Adua (then governor of Katsina state in northern Nigeria) was strongly supported by President Obasanjo. Yar'Adua's running mate, Goodluck Jonathan, had served as Governor of Bayelsa State in the Niger Delta. Yar'Adua was declared the winner with over 24.6 million votes, or 70%. Some critics suggest that Obasanjo "hand-picked" Yar'Adua in order to retain political influence after he left office.¹⁴ President Yar'Adua was sworn into office on May 29, 2007.

The country's two largest opposition parties, the ANPP and the Action Congress (AC), rejected the election results. The ANPP's presidential candidate, former President General Muhammadu Buhari, a northerner, received an estimated six million votes. Buhari lost the presidential election to Obasanjo in 2003, but some opinion polls conducted prior to the 2007 elections suggested that he enjoyed greater support than Yar'Adua.¹⁵ The AC's chosen candidate, former Vice-President Atiku Abubakar, also a northerner, was not among the 24 presidential contenders approved by INEC in May, allegedly because of pending corruption charges against him. His exclusion exacerbated tensions during the pre-election period, and his supporters contend he was unjustly excluded because he had opposed Obasanjo's third term. A last-minute ruling by Nigeria's Supreme Court restored Abubakar to the ballot, and he placed third with an estimated 2.6 million votes.

The ruling PDP won the majority of the state and federal elections, including 27 of the 36 state governorships. Opposition gubernatorial candidates won in at least six states, including the most populous states of Lagos and Kano. INEC rescheduled elections in five states (Delta, Edo, Enugu, Imo, and Ondo) because of widespread allegations of fraud, threats of violence, or the inability of voters to cast their ballots. The results of several of those repeat elections have been challenged in the courts. To date, the results of almost a third of the 36 gubernatorial races have been overturned, and the elections of several legislators, including Senate President David Mark, have been annulled. An appeals court later overturned the ruling on Mark's election and he kept his seat. A tribunal hearing the challenges to President Yar'Adua's win reached its verdict in February 2008, finding insufficient evidence to overturn the election. Nigeria's Supreme Court upheld that verdict in a December 2008 ruling.

Electoral Administration Challenges

With an estimated 60 million registered voters and 120,000 polling stations, the challenges in electoral administration are daunting in Nigeria. Prior to the 2007 elections, some observers

¹⁴ International Crisis Group, "Nigeria's Elections: Avoiding A Political Crisis," *Africa Report No. 123*, March 28, 2007.

¹⁵ "Yar'Adua Prepares for Power," *Africa Confidential*, April 13, 2007.

expressed concern over the pace of election preparations, and INEC's credibility and capacity to conduct a free and fair election was questioned. Nigeria's voter registration process began in October 2006 under a new computerized system. INEC originally allotted a six week period for the process, during which reports suggested the process had "so far fallen only a little short of disaster,"¹⁶ but later extended the registration period. Although concerns over the slow start of the registration process were largely resolved, criticism remained that the voter registration list was not widely posted so that voters could ensure their names were registered, in accordance with the Electoral Act of 2006. INEC later drew fire from critics who charged that the commission had not made contingency arrangements in the event of a court ruling that would allow Abubakar's candidacy. According to press reports, over 60 million ballots were printed in the weeks prior to the election that did not include his name. After the April 16 Supreme Court ruling, new ballots had to be produced, arriving from South Africa less than 24 hours before the vote. Distributing those ballots to the 120,000 polling stations was deemed a "logistical nightmare."¹⁷ Some observers questioned the Administration's influence over INEC's leadership and its finances; they alleged that INEC lacked independence and would not conduct elections fairly.¹⁸

Electoral Malfeasance and Political Violence

Pre-election reports by several domestic and international monitoring groups suggested that the credibility of the elections had already been undermined prior to April 14, and many analysts and observers expected a high level of electoral fraud.¹⁹ In addition to concerns over INEC's ability to administer the election, there were reports by human rights activists and media sources of harassment of domestic observers, opposition candidates and supporters, as well as reports of detention of journalists who had written articles critical of the government.²⁰ The State Department documented numerous incidents of police disbanding opposition gatherings, at times with excessive force, in its annual human rights report for 2006 and 2007.²¹ According to the reports, police used the 1990 Public Order Act to prevent meetings critical of the government in spite of a high court decision rejecting the authority of the police to do so. The State Department also tied the Nigerian government or "its agents" to politically motivated killings.

Tension between political parties and candidates during the election campaign led to violence in several locations; three gubernatorial candidates were assassinated in 2006.²² Clashes between party supporters reportedly resulted in over 70 deaths during the pre-election period.²³ The threat of violence was high in the Niger Delta region and other "hot spots," including the cities of Lagos, Kano, and Kaduna, as well in states such as Anambra, Benue, Plateau, and Taraba. The U.S. State Department accused several state governments of funding vigilante groups to "detain and kill suspected criminals," and suggested that police did little to investigate or stop the

¹⁶ The National Democratic Institute, "Is Nigeria Ready to Vote?," *Nigeria Election Watch*, November 2006.

¹⁷ Oxford Analytica, "Nigeria: Flawed Polls Affect Democratic Stability," April 23, 2007.

¹⁸ The International Crisis Group, "Nigeria's Elections: Avoiding A Political Crisis," *Africa Report No. 123*, March 28, 2007, p. 14.

¹⁹ Rotberg, p. 8.

²⁰ "Nigerian Secret Police Detain Journalists," *Voice of America*, January 11, 2007.

²¹ U.S. State Department, "Nigeria," *Country Report on Human Rights Practices 2006*.

²² The gubernatorial candidates assassinated were vying for positions in Ekiti, Lagos, and Plateau States.

²³ Human Rights Watch, "Election or 'Selection'? Human Rights Abuses and Threats to Free and Fair Elections in Nigeria," April 2007.

violence.²⁴ There is considerable concern that these groups were used for political purposes during the electoral period. Some election observer groups, including the European Union and the Commonwealth, did not send observers to the Niger Delta region because of threats of violence and kidnapping.

The threat of violence and legal disputes surrounding the elections led many observers to question whether elections would be held as scheduled. On April 16, the Nigerian Supreme Court ruled that INEC must include AC candidate Atiku Abubakar on the presidential ballot. On the same day, an estimated 300 armed members of an Islamic group known as the Taliban stormed a police station in Kano State and killed 13 policemen, reportedly in retaliation for the assassination of a prominent Islamic cleric in a city mosque. Four days prior to the presidential and legislative elections, opposition parties called for the postponement of the elections and disbanding of INEC on account of problems associated with the April 14 state polls. The ANPP and the AC also demanded the cancellation of the state election results and threatened to boycott the April 21 election.²⁵ The ANPP reversed its boycott threat later in the week, as did the other parties.

Political violence during the elections was sporadic. Several police stations and INEC offices around the country were burned, and there was a failed attempt to blow up the INEC headquarters in Abuja. Some estimate that as many as 200 people may have been killed during the elections.²⁶

Preliminary statements from domestic and international observer groups were highly critical, and many questioned the credibility of the election results. Most cautioned, however, against making a final judgment on the elections until after the adjudication of electoral disputes. Violations and irregularities reported by election observers included polling locations opening late, closing early, or not opening at all; errors in printed ballots for the legislative races and presidential ballots lacking serial numbers and some candidates' names; underage voting; vote buying; ballot box stuffing and theft; and falsified results sheets. Media reports also documented widespread incidents of thuggery and coercion at polling places.²⁷ The largest domestic monitoring group, the Transition Monitoring Group, suggested that elections were so flawed that they should be held again.²⁸ According to the U.S.-based National Democratic Institute (NDI) delegation, led by former U.S. Secretary of State Madeline Albright and several former world leaders, "in many places, and in a number of ways, the electoral process failed the Nigerian people. The cumulative effect ... substantially compromised the integrity of the electoral process."²⁹ The Chief Observer of the European Union delegation said that the elections "have not lived up to the hopes and expectations of the Nigerian people and the process cannot be considered to have been credible." The Economic Community of West African States (ECOWAS) delegation was similarly critical, suggesting that "irregularities and the sporadic violence characterized and challenged the validity of the elections."³⁰ The U.S.-based International Republican Institute (IRI) called the elections

²⁴ U.S. State Department, "Nigeria," *Country Report on Human Rights Practices 2006*.

²⁵ "Presidential Polls: Buhari, Atiku, Others Call for Postponement," *This Day*, April 18, 2007.

²⁶ "Landslide Win for Yar'Adua is 'Flawed,'" *Financial Times*, April 23, 2007.

²⁷ See, for example, "Nigerian: Forced to Vote Against My Wish," *BBC*, April 23, 2007.

²⁸ "Call for Nigeria Street Protests," *BBC*, April 24, 2007.

²⁹ The National Democratic Institute, "Statement of the National Democratic Institute International Election Observer Delegation to Nigeria's April 21 Presidential and National Assembly Elections," April 23, 2007.

³⁰ "Nigeria: Elections Fraudulent; EU, Others," *Daily Trust (Abuja)*, April 24, 2007.

“below acceptable standards,” noting that the resolution of election disputes would be “critical” to restoring the credibility of the country’s democratic process.³¹

Former President Obasanjo reportedly acknowledged some electoral irregularities, notably “logistical failures,” violence, and ballot box theft, but announced that elections would not be re-held, saying “the magnitude does not make the results null and void.”³² Opposition calls for mass protests went largely unheeded, although according to media reports thousands gathered in the streets of Kano, northern Nigeria’s largest city, on April 23, before being dispersed by police with tear gas. World oil prices rose to \$68 a barrel in the week after the election, reportedly based in part on concerns surrounding the disputed polls.³³ Despite speculation that questions surrounding the credibility of the election results might trigger a military coup, Yar’Adua’s inauguration was unimpeded.

Yar’Adua Takes Office

Although many observers suggested that Umaru Yar’Adua’s presidency faced a “crisis of legitimacy” in its first year as a result of the allegations of systemic fraud underlying his electoral victory, some have expressed cautious optimism regarding his promises of reform.³⁴ The new President conceded in his inaugural speech that the electoral process was flawed, and appointed a panel of government officials, former judges, and civil society representatives to recommend changes to the country’s electoral institutions. The panel issued its findings in December 2008, but the President has yet to announce what changes, if any, will be made. Yar’Adua weathered early challenges to his administration, including a general strike by Nigeria’s labor unions over a rise in fuel prices and value-added tax. In response to the strike, Yar’Adua reduced the price hike and announced a review of privatization deals on two of the country’s refineries. He has also voiced commitments to countering corruption and restructuring the country’s oil and gas industry. An October 2007 report by Human Rights Watch (HRW) noted “encouraging gestures of respect for the rule of law and the notion of transparency in government.”³⁵ In January 2008, however, HRW suggested that “the credibility of President Yar’Adua’s rhetoric about promoting the rule of law is at stake,” after changes were made to the country’s lead anti-corruption agency.³⁶ President Yar’Adua has made efforts to distance himself from his predecessor; in late 2008 he replaced most of the armed services chiefs as well as 20 of the 43 members of his cabinet.

Politically Motivated Corruption Charges

The Obasanjo Administration won praise for some of its efforts to combat the rampant corruption that has plagued Nigeria, but some charge that the former president used corruption charges to

³¹ The International Republican Institute, “Nigeria’s Elections Below Acceptable Standards: Preliminary Findings of IRI’s International Election Observation Mission,” April 22, 2007.

³² “Obasanjo Appeals to Nigerians Over Election Results,” *Radio Nigeria-Abuja*, April 23, 2007, and “Nigerian President Olusegun Obasanjo Says Elections Flawed, But Not Fatally,” *Associated Press*, April 25, 2007.

³³ “Landslide Win for Yar’Adua is ‘Flawed,’” *Financial Times*, April 23, 2007.

³⁴ “Nigeria: Yar’Adua Faces Immediate Challenges,” *Oxford Analytica*, May 29, 2007, and Lydia Polgreen, “After Rocky Election, Nigerians Warm to New Leader,” *New York Times*, October 4, 2007.

³⁵ Human Rights Watch, *Criminal Politics: Violence, “Godfathers” and Corruption in Nigeria*, Vol. 19, No. 16(A), October 2007, p. 105.

³⁶ Statement of Peter Takirambudde, Africa director of Human Rights Watch on January 1, 2007, available at <http://hrw.org/english/docs/2008/01/01/nigeri17671.htm>.

sideline critics and political opponents.³⁷ Investigations by the Economic and Financial Crimes Commission (EFCC), a Nigerian law enforcement agency created in 2003 to combat corruption and fraud, resulted in the arrest of over 2,000 responsible for illegal email scams and in over 130 convictions for fraud during Obasanjo's tenure.³⁸ However, the International Crisis Group (ICG) suggests that the EFCC has been "used as a political weapon to whip political foes, especially state governors likely to stand for the presidency and their supporters, into line."³⁹ Five state governors, some of whom were considered contenders for the PDP presidential nomination, were impeached in 2005-2006 for corruption.⁴⁰ The ICG charged that the impeachments were conducted under heightened military presence in those states and lacked due process.⁴¹ Three of the impeachments were reversed by appeals courts. In October 2006 the head of the EFCC warned that investigations of alleged financial crimes were underway for 31 of the country's 36 state governors, and several have been prosecuted.⁴² In February 2007, the EFCC released a list of 135 candidates in the April elections who were "unfit to hold public office because of corruption," of which 53 were PDP and 82 opposition candidates.⁴³ The legality of INEC's decision to bar candidates on the EFCC's list from the elections has been questioned.⁴⁴

One of Nigeria's most controversial corruption scandals has centered on former Vice President Atiku Abubakar, whose own political ambitions may have been sidelined by allegations of corruption. Abubakar, once an ally of Obasanjo and a founding member of the ruling party, publicly opposed Obasanjo's third term bid. Abubakar was suspended temporarily from the PDP over corruption charges in late 2006 and was thus unable to participate in the PDP's primary. He subsequently changed his party affiliation, joining the Action Congress party, and the ruling party sought to have him removed from office. In December 2006 a Nigerian court ruled that as Vice President, Abubakar was immune from prosecution for corruption charges while in office. In February 2007, a Federal Court of Appeals in Abuja confirmed Abubakar's constitutional right to remain Vice President regardless of his change in party affiliation, but his legal troubles were not over. Abubakar's name appeared among those on the EFCC's February list of corrupt candidates, and INEC subsequently excluded him from the presidential ballot.

The March 2007 decision by INEC to exclude Abubakar from the ballot was part of a complex series of legal battles between the Obasanjo Administration and the former Vice President. In June 2006, the U.S. Federal Bureau of Investigations (FBI) allegedly requested the assistance of Nigeria's EFCC in the investigation of a U.S. congressman who had been accused of taking a bribe from Nigerian officials of the Petroleum Trust Fund, a state agency which Abubakar had chaired.⁴⁵ The EFCC inquiry allegedly uncovered evidence linking Abubakar with the bribery case and charged him with stealing over \$125 million in federal oil funds; Abubakar denies the charges. In August 2006, the results of the inquiry were provided to the President, who turned the

³⁷ "Strong Convictions: Nigeria's First Anti-Corruption Czar," *Christian Science Monitor*, February 8, 2007.

³⁸ *Ibid.*

³⁹ International Crisis Group, "Nigeria's Elections: Avoiding A Political Crisis," *Africa Report No. 123*, March 28, 2007. p. 3.

⁴⁰ The impeached governors represented Bayelsa, Oyo, Ekiti, Anambra, and Plateau States.

⁴¹ *Ibid.*, p. 3.

⁴² See, for example, Alex Mabayoje, "Closing in on Corrupt Governors," *Newswatch*, October 9, 2006, and "Nigerian Ex-Governors Are Charged," *BBC News*, July 17, 2007.

⁴³ "Strong Convictions: Nigeria's First Anticorruption Czar," *Christian Science Monitor*, February 8, 2007.

⁴⁴ The Economist Intelligence Unit, *Nigeria: Country Report*, March 2007.

⁴⁵ "Strong Convictions: Nigeria's First Anti-Corruption Czar," *Christian Science Monitor*, February 8, 2007.

matter over to an Administrative Panel of Inquiry, which in turn recommended prosecution. The indictment was passed to the National Assembly in September. In November, a Lagos justice nullified the EFCC report and “set aside” the Panel of Inquiry, ruling that the report had no legal foundation. The EFCC appealed the judgment.

According to Nigeria’s constitution, a presidential aspirant is ineligible to run if “he has been indicted for embezzlement or fraud by a Judicial Commission of Inquiry or an Administrative Panel of Inquiry.” In early March, 2007, a Federal High Court ruled that INEC lacked the authority to disqualify candidates unless ordered to by a court of law. On April 3, a Nigerian appeals court ruled that the disqualification of candidates was in fact within INEC’s authority. Hours later, the Federal High Court in Abuja contradicted that ruling, determining that INEC lacked the authority to exclude Abubakar from the election and ordering that the electoral body place Abubakar’s name on the ballot. Although the appeals court is the higher of the two judicial bodies, according to some legal analysis neither court has jurisdiction over the case of the other, leaving the issue unresolved.

The final decision rested with the country’s Supreme Court, which had been expected to consider the matter during the week of April 9, 2007. On April 11, President Obasanjo declared April 12 and 13 public holidays to allow voters to travel home for the elections on April 14, effectively postponing any ruling by the Supreme Court until the week of the presidential elections. On April 16, five days before the elections, the court ruled that INEC could not disqualify candidates and thus Abubakar’s name should be included on the ballot.

In August 2007, the government announced plans to “streamline criminal prosecution of corruption-related offenses” by requiring that all prosecuting agencies, including the EFCC and the Independent Corrupt Practices Commission (ICPC), report and initiate criminal proceedings with the consent and approval of the attorney general.⁴⁶ Prior to this announcement, the EFCC and ICPC prosecuted offenses independently from the ministry of justice. Critics have expressed concerns that the new procedures could impede prosecutions.⁴⁷

In late December 2007, Nigeria’s Inspector General of Police announced the transfer of EFCC head Nhuru Ribadu to the state of Jos to attend a one-year course at a Nigerian policy institute. Some questioned whether Ribadu’s transfer was linked to his order two weeks earlier for the arrest of former Delta State Governor James Ibori, one of the primary financial contributors to Yar’Adua’s presidential campaign. The Executive Director of the U.N. Office on Drugs and Crime wrote a letter to President Yar’Adua on January 7 suggesting Ribadu’s removal could be detrimental to ongoing investigations and might damage the reputation of the EFCC in the view of international donors.⁴⁸ Ribadu was later dismissed from the police service. In June 2008, the Senate unanimously approved the appointment of a former high-ranking police officer, Farida Waziri, to replace Ribadu as EFCC Chair. Some in Nigerian civil society expressed concerns that Waziri may have been appointed to derail the prosecution of Ibori and others.⁴⁹ The EFCC has continued to prosecute several high profile cases, however, and in January 2008 ordered the arrest of Lucky Igbinedion, former governor of Edo State, who is alleged to have stolen \$25 million. He later submitted a plea bargain and was released with a fine. The EFCC is appealing the judgment.

⁴⁶ “Nigerian Minister of Justice Takes Charge of Corruption Prosecution,” *VOA News*, August 7, 2007.

⁴⁷ *Ibid.*

⁴⁸ Matthew Green, “Nigerian Anti-Graft Police Arrest Governor,” *Reuters*, January 22, 2008.

⁴⁹ See, for example, “Nigerian Group Criticizes Choice of a New Corruption Chief,” *Voice of America*, May 27, 2008.

Who is Umaru Yar'Adua?

Until he was elected to be the PDP's presidential candidate in the ruling party's primaries in December 2006, Umaru Yar'Adua, who was declared the winner of the April 2007 presidential race, was largely unknown to most Nigerians. The former chemistry professor served most recently as governor of the northern Katsina State since his election in 1999. The reclusive Yar'Adua, 57, is reported to be a devout Muslim, and is one of few politicians in Nigeria that have been untainted by corruption scandals.

His better-known older brother, the late General Shehu Musa Yar'Adua, served as Vice President under Olusegun Obasanjo in Nigeria's first military government to transfer power over to civilian rule and was reported to be one of the wealthiest and most powerful men in the country. He died in prison in 1997 after having been sentenced by a military tribunal in 1995 for treason after calling for former dictator Sani Abacha to reestablish civilian rule. Yar'Adua's father was a prominent minister in the country's first government after independence.

Many observers suggest that President Yar'Adua will uphold his campaign promise to fight corruption; in 1999 he became the first governor to publicly declare his assets before he was sworn-in. Others have suggested that given the lack of credibility surrounding his election, Yar'Adua may have to resort to a system of patronage to garner support for his rule. There were concerns that former President Obasanjo hoped to use Yar'Adua to maintain his hold on power, although President Yar'Adua has moved to distance himself from Obasanjo, dismissing many of Obasanjo's political appointees in late 2008 and overturning several key government contracts made by the former administration. Significant questions remain regarding the new President's health— prior to his election, in early March 2007, he reportedly received kidney treatment in Germany. He has traveled to Europe several times for medical treatment since then.

Current Economic and Social Conditions

Nigeria has the second largest economy in Africa and generates almost \$50 billion a year in oil and gas revenue, and yet many of its people are among the continent's poorest. Over 50% of Nigerians live on less than \$1 per day, and the average life expectancy is less than 47 years. Nigeria has the world's third largest HIV/AIDS population (after South Africa and India), and was home to two-thirds of the world's polio cases five years ago.⁵⁰ The country ranks 154 of 179 countries on U.N. Development Program's (UNDP) Human Development Index.⁵¹ The U.S. State Department attributes Nigeria's lack of social and economic development to "decades of unaccountable rule."⁵²

Nigeria's economy depends heavily on its oil sector, and for decades, as the country's extractive industries grew, many of its other industries stagnated or declined. According to the World Bank, oil and gas production accounts for 85% of government revenues and 99% of export earnings, but the sector's share of the country's Gross Domestic Product (GDP) has fallen from 50% to about 20% because of decreased output. The European Union is a major trading partner, and the United

⁵⁰ Nigerian Muslim clerics in 2002 called for a boycott of the polio vaccine, citing safety concerns. In 2003, the Governor of Kano State, which had one of the world's highest incidences of polio, instituted an 11-month ban on the vaccinations. The ban was lifted in summer 2004. The World Health Organization linked a rise in Nigeria's polio cases and strains elsewhere on the continent to the interruption in vaccinations. For more information see "Nigeria: Restoring Faith in the Polio Vaccine," *IRIN*, August 30, 2006.

⁵¹ UNDP's human development index is a composite measure of life expectancy, adult literacy and school enrollment, and income. More information is available at the UNDP website, <http://www.undp.org>.

⁵² U.S. State Department, *Congressional Budget Justification for Foreign Operations FY2008 Budget Request*.

States is a significant consumer of Nigerian oil. Despite increased deepwater oil production, persistent conflict in the Delta and a significant drop in world oil prices threaten Nigeria's fiscal outlook. Annual GDP growth is expected to fall from an estimated 6.8% in 2008 to 3.5% in 2009. The country's non-oil sectors now drive the economy.⁵³ Once thriving agricultural production, on the decline for years, now contributes the greatest percentage of GDP. The country's banking sector has also performed well in recent years.

The Yar'Adua Administration has stressed its commitment to reforming the oil and gas industry. In August 2007, the government announced plans to restructure the Nigerian National Petroleum Corporation (NNPC), which oversees regulation of the industry and has been criticized for its lack of transparency. The President appointed Rilwanu Lukman, a former OPEC secretary-general, as a member of a new National Energy Council (NEC) and as chairman of the Oil and Gas Reforms Implementation Committee. The committee was charged with reviewing the contracts of foreign oil companies, a process through which Lukman suggested, "we may have to reconsider some of our generous terms."⁵⁴ The government reportedly has plans to consolidate its joint ventures into profit-driven units, similar to Malaysia's state-run oil company, Petronas.⁵⁵ Some analysts suggest the international oil majors would respond positively to such consolidation, which could increase efficiency in the approval of new projects.⁵⁶ Lukman was appointed Minister of Energy in late 2008. In an effort to increase its refining capacity, the government has granted permits for the construction of several independently owned refineries.

The Obasanjo administration made significant commitments to economic reform, including efforts to deregulate fuel prices and to improve monitoring of official revenue. But the country made slow progress in privatizing state enterprises and eliminating trade barriers. President Yar'Adua has pledged to continue Obasanjo's economic reforms, and has placed emphasis in his statements on tackling corruption. In December 2008, he proposed that the National Assembly amend the constitution to remove the immunity clause which prevents the President, Vice President, governors and deputy governors from being prosecuted for corruption while in office. According to the U.S. State Department, corruption in Nigeria is "massive, widespread, and pervasive."⁵⁷ In 2008, Nigeria rose from 147 to 121 out of 180 countries on Transparency International's Corruption Perceptions Index.⁵⁸ Many observers suggest that the country's development will be hindered until it can reverse its perceived "culture of impunity for political and economic crimes."⁵⁹ President Yar'Adua has ordered the review of all privatization agreements approved by former President Obasanjo, amid charges of corruption associated with the sales, and has already reversed several contracts. Deals related to electricity production have received particular focus, amidst a nationwide power crisis. President Yar'Adua has pledged to triple electricity production by 2010.

⁵³ Economist Intelligence Unit, "Nigeria," *Country Reports*, February 2009.

⁵⁴ Matthew Green, "Nigeria Considers Oil Contracts Review," *Financial Times*, October 23, 2007.

⁵⁵ "Nigeria Seeks Energy Industry Control Amid Rising Oil Prices," *Dow Jones International News*, November 20, 2007.

⁵⁶ *Ibid.*

⁵⁷ U.S. State Department, "Nigeria," *Country Report on Human Rights Practices 2006*.

⁵⁸ The Corruption Perceptions Index measures the perceptions of business people and country analysts regarding the degree of corruption among public officials and politicians. A high score indicates greater levels of corruption. For more information see http://www.transparency.org/policy_research/surveys_indices/cpi.

⁵⁹ International Crisis Group, "Want in the Midst of Plenty," *Africa Report No. 113*, July 19, 2006.

Misallocation of State Funds

Former Nigerian dictator Sani Abacha reportedly stole more than \$3.5 billion during the course of his five years in power. Switzerland, the first country to repatriate stolen funds to Nigeria, transferred an estimated \$505.5 million to Nigeria between 2005 and 2006. According to study by the World Bank, a significant percentage of those funds were used by the Nigerian government toward meeting the country's Millennium Development Goals (MDGs). The government has also recovered \$149 million of the funds stolen by Abacha and his family from the autonomous British island of Jersey and an estimated \$150 million from Luxembourg. Other Abacha funds remain frozen in accounts in Liechtenstein, Luxembourg, Switzerland, and the United Kingdom.

The EFCC estimates that over \$380 billion has been expropriated by Nigeria's political and military leaders since oil sales began in the 1970s.⁶⁰ In 2005, Nigerian Senate Speaker Adolphus Wabara was forced to resign after President Obasanjo accused him of taking more than \$400,000 in bribes from the Minister of Education, Fabian Osuji. The Education Minister was also dismissed. The Minister of Housing, Alice Mobolaji Osomo, was also fired for allocating more than 200 properties to senior government officials instead of public sale. In 2006, the governor of Ekiti State was impeached by local legislators on corruption charges. In a controversial move, Obasanjo declared a state of emergency in Ekiti, suspending the state's democratic institutions and naming a retired general as governor until the 2007 elections. In the view of some observers, Obasanjo's anti-corruption campaign was seen as the most serious and effective of such efforts in decades, but others contend there were political motivations behind some investigations. More recently, the Speaker and Deputy Speaker of Nigeria's House of Representatives resigned under threat of impeachment amidst allegations that they used \$5 million in government funds to renovate their official residences and to buy 12 cars.

Former President Obasanjo himself has not escaped charges of corruption. In March 2007, a Nigerian Senate committee report recommended that both Obasanjo and Abubakar be prosecuted for illegal use of government funds.⁶¹ Obasanjo has rejected the charges. Other parliamentary panels continue to investigate allegations of corruption during his tenure as president. His daughter, who chairs Nigeria's Senate Health Committee, was charged by the EFCC in 2008 with fraud.

Several multinational corporations are now under investigation for paying bribes in Nigeria. In December 2007, Nigeria suspended its contracts with Siemens after a German court found the company guilty of paying an estimated 10 million euros in bribes to Nigerian officials between 2001 and 2004.⁶² An alleged bribery case involving a Nigerian gas plant is being investigated in several countries, including France, Nigeria, Japan, and the United Kingdom. The companies involved in the natural gas project and the alleged bribery include Halliburton; Total of France; and Italy's Eni. The U.S. Justice Department led the probe into Halliburton's role, and officials have reported evidence of bribes paid.⁶³ Halliburton and Kellogg, Brown, and Root, Inc. (KBR) reached a \$177 settlement with the U.S. Securities and Exchange Commission in February 2009 related to the case, and KBR paid a \$402 million fine to settle the Justice Department charges.⁶⁴

⁶⁰ "Strong Convictions: Nigeria's First Anticorruption Czar," *Christian Science Monitor*, February 8, 2007.

⁶¹ "Obasanjo Rejects Graft Indictment," *BBC News*, February 22, 2007.

⁶² "Nigeria to Blacklist Siemens After Bribery Scandal," *Reuters*, December 5, 2007.

⁶³ "The Gas Ghost Keeps Haunting," *Africa Confidential*, May 9, 2008.

⁶⁴ "Halliburton, KBR Paying \$547 Million in Bribery Settlement," *Market Watch*, February 11, 2009.

The Effects of Corruption

Due to decades of economic mismanagement, political instability, and widespread corruption, the education and social services systems have suffered from lack of funding, industry has idled, refineries are in poor condition, and the largest oil-producing country in Africa suffers periodically from severe fuel shortages. The country has made significant gains in paying down its external debt, however. In 2005, President Obasanjo stated that he would stop Nigeria's foreign debt payment if parliament passed legislation requiring him to do so. Nigeria's House of Representatives subsequently passed a motion recommending that Obasanjo "cease forthwith further external debt payment to any group of foreign creditors," but then included \$1.3 billion in debt service payments in its 2005 budget. Speaking on behalf of African leaders at the G-8 Summit in Scotland in 2005, President Obasanjo welcomed a proposed aid package for Africa. Meanwhile, Nigeria reached a separate agreement with the Paris Club to reduce its external debt burden, and in 2005, creditors wrote off 60% (\$18 billion) of Nigeria's estimated \$30 billion in external debt to the Club's creditor nations. Nigeria paid the remaining \$12.4 billion from oil revenues. According to World Bank estimates, the country's debt elimination freed \$750 million for programs aimed at poverty reduction and reaching the country's Millennium Development Goals (MDGs).

HIV/AIDS

Nigeria's HIV/AIDS prevalence rate of 3.1% is relatively small in comparison to some Southern African nations with adult seropositivity rates of over 30%. However, the West African nation comprises nearly one-tenth of the world's HIV/AIDS infected persons with 2.6 million infected people (UNAIDS 2007 estimate), the largest HIV-positive population in Africa after South Africa. Nigeria's population is expected to double by the year 2025, which is likely to multiply the spread of the HIV virus. In addition to the devastation HIV/AIDS has caused and continues to cause among Nigeria's adult population, half of the current population is under the age of 15. With just over half of primary-school-aged children in school and the large number of HIV/AIDS-infected adults, Nigeria faces serious challenges and significant obstacles in the education and health care sectors.

Avian Flu

In February 2007, the World Health Organization (WHO) confirmed the presence of H5N1 virus, which causes avian influenza, or bird flu, in a 22-year-old deceased female from Lagos. She is believed to be the first human to have died from the disease in Sub-Saharan Africa. The H5N1 virus had previously been identified in poultry outbreaks in the country, and may be the source for infected poultry in neighboring countries.⁶⁵ A new strain of bird flu was detected in Nigeria in August 2008.

Islamic Sharia Law

Nigeria is home to Sub-Saharan Africa's largest Muslim population. Twelve of Nigeria's states in the Sunni Muslim-dominated North of the country have adopted Islamic Sharia law since 1999.

⁶⁵ For more information on the Avian Flu in Nigeria, see CRS Report RL33871, *Foreign Countries' Response to the Avian Influenza (H5N1) Virus: Current Status*, by Emma Chanlett-Avery et al..

In some states, the introduction of sharia proved to be a flashpoint between Muslims and Christians—sectarian clashes in Kaduna state in 2000 resulted in an estimated 2,000 deaths. The introduction of sharia has also resulted in much-publicized rulings, several of which have been criticized by human rights groups as well as by Nigerians in the Southern and mostly Christian part of the country. However, while sharia courts have issued several controversial stoning and amputation sentences, the U.S. State Department reports that none of these sentences have been implemented.⁶⁶ Kano state ruled in 2003 that all school girls attending government schools were to wear the hijab, Islamic head scarf, regardless of whether they are Muslim. Former President Obasanjo reportedly once said that the best way to respond to Sharia was to ignore it: “I think Sharia will fizzle out. To confront it is to keep it alive.” In 2002, in Katsina State, Amina Lawal was sentenced to death by stoning after a court found her guilty of adultery. In 2003, Ms. Lawal appealed her sentence to the Katsina State’s Appeals Court and won after the court ruled that her conviction was invalid. In another highly publicized case, a Sharia court in the State of Sokoto sentenced Safiya Hussaini in 2001 to death for adultery. Ms. Hussaini appealed her sentence and was exonerated on the grounds that she was impregnated by her former husband and that the affair took place before Sharia law was enacted. Despite such cases, many observers see the interpretation and implementation of Nigerian sharia as moderate in comparison to that of some other Islamic countries.

Conflict in the Niger Delta

Background of the Struggle

Oil from the southern Niger Delta region has accounted for over 75% of the country’s oil production since the 1970s, and yet the area’s political history remains one of conflict and marginalization. The Delta is home to an estimated 31 million people. Among them are the Ogoni, an ethnic minority whose members have received international attention for their efforts to highlight the extensive environmental damage done by oil extraction in the region. In 1994 author and activist Ken Saro-Wiwa, president of the Movement for the Survival of the Ogoni People (MOSOP), and 14 others were accused of involvement in the murder of four prominent Ogoni politicians. They pled not guilty, but nine, including Saro-Wiwa, were convicted and sentenced to death in 2005 by the Ogoni Civil Disturbances Special Tribunal. The execution sparked international outrage against the regime of Nigerian dictator Sani Abacha, who was accused of extensive human rights abuses. The United States recalled its ambassador and pushed a resolution at the U.N. General Assembly that condemned Nigeria’s action.

Criminality and Violence

Nigeria oil wealth is a source of continuing political tension, protest, and criminality in the Delta, where most of it presently originates. The conflict has been linked to the vandalism of oil infrastructures; massive, systemic production theft known as “oil bunkering,” often abetted by state officials; protests over widespread environmental damage caused by oil operations; hostage taking; and public insecurity and communal violence. Several thousand people have been killed in pipeline explosions in southeast Nigeria since the late 1990s; the largest single toll from an explosion was approximately 1,000 in October of 1998. These explosions are triggered when

⁶⁶ U.S. State Department, “Nigeria,” *Country Reports on Human Rights Practices*.

people siphon off oil from holes punched in the above-ground pipeline for personal use, resulting in a reported loss of some 200,000 barrels of oil per day. The government established a national task force on surveillance of petroleum pipelines in order to prevent a recurrence of the 1998 pipeline explosion tragedy.

In 1998, militants from the Delta's largest ethnic group, the Ijaw, initiated "Operation Climate Change," triggering violent conflict between the Ijaw and the Nigerian military and disrupting oil production in the region. Threats of an "all out war" against the government and the oil companies by Mujahid Dokubo-Asari, one of the leaders of that group, in 2004 reportedly played a role in the unprecedented rise in the world price of oil above \$50 a barrel.⁶⁷ The threat was later called off after negotiations with the government.

In September 2004, a new rebel movement, the Niger Delta People's Volunteer Force (NDPVF), led by Dokubo-Asari, launched a series of attacks against government forces and threatened to attack foreign oil workers. The NDPVF is demanding autonomy for the region and a share of oil revenues. An estimated 500 people were reportedly killed that month in the ensuing violence, according to Amnesty International, though the Nigerian government disputes this figure. On September 29, 2004, the NDPVF and the Nigerian government reportedly reached a cease-fire agreement. Dokubo-Asari stated that "there should be a cessation of hostilities on both sides. Apart from that, we have not agreed on anything else for the time being." He was arrested in September 2005 and charged with plotting to overthrow the government. In November 2005, the Nigerian army deployed additional troops to the oil-rich Bayelsa State after lawmakers began impeachment proceedings against State Governor Diepreye Alamieyeseigha. In September 2005, British authorities had charged Alamieyeseigha, while visiting in London, with money laundering. The former governor, who returned to Nigeria, was found guilty of money laundering and embezzlement in July 2007. He was later released by President Yar'Adua on a plea bargain to help advance peace talks in the Delta. The British government has returned over \$2 million in assets allegedly stolen by Alamieyeseigha to Nigerian authorities.

Conflict between the Delta's militants and the Nigerian military has escalated since early 2006, and the kidnapping of foreign oil workers has increased exponentially. A new rebel group, the Movement for the Emancipation of the Niger Delta (MEND),⁶⁸ emerged in late 2005 and has used the kidnappings to bring international attention to its cause and to demand that the government release various regional figures, including Dokubo-Asari and Alamieyeseigha. Media reports suggest over three hundred foreigners were kidnapped in the last two years, including several American citizens. Attacks by militant groups like the MEND have cut Nigeria's oil production by as much as 25%, and analysts partially credit supply disruptions in Nigeria with raising the world price of oil.⁶⁹ Nigeria's deep-water production has proven vulnerable to militant attacks as well, and the threat of sea piracy is high. Delta militants attacked Shell's offshore Bongo platform in June 2008. According to some estimates, up to 10% of Nigeria's oil is stolen

⁶⁷ "Pumping Up the Oil Price; the Price of Oil," *The Economist*, October 1, 2004.

⁶⁸ The identity and composition of MEND has changed since it first emerged. Various militant groups in the Niger Delta have claimed actions under the name of MEND, and analysts suggest that it is now an umbrella group with a decentralized structure.

⁶⁹ See, for example, "Oil Steady Over 70 USD as Concerns about US Gasoline Supply, Nigeria Continue," *AFX News Limited*, May 22, 2007, and "Assault at Gas Pumps Related to Attacks on Nigerian Pipelines," *CNN*, May 23, 2008.

every year, and some experts suggest that the heightened violence and criminality in the Delta has been used to fund local political campaigns.⁷⁰

In June 2007, MEND declared a one-month truce, declaring it would cease kidnappings and attacks on oil facilities during that period in exchange for dialogue with the new Yar'Adua government. As part of the truce, the group released several hostages taken from a Chevron facility, including at least one American.⁷¹ The NDPVF extended a similar 90-day truce offer a week later, and groups represented under the so-called Joint Revolutionary Council (JRC) also declared a temporary ceasefire. Other smaller militant groups remained active; an unidentified group invaded a flow station in Bayelsa State on June 17. In July 2007 the truce unraveled, and in August MEND announced that it would resume attacks on oil installations. Gang violence in Port Harcourt, the region's main city, escalated into running street battles until government troops imposed a curfew on the city. Street clashes erupted again in February 2008, and random violence in the city continues. MEND spokesman Henry Okah was arrested in Angola in September 2007 on suspicion of arms-trafficking. He was extradited to Nigeria in February 2008 and now faces trial.

Efforts to Address Environmental and Development Challenges

Oil production in the Delta has caused major damage to the area's fragile riverine ecosystem, and ultimately to the livelihoods of its inhabitants. Some reports suggest up to 2.5 million barrels of crude leaked into the Delta's fragile ecosystem between 1986 and 1996.⁷² Gas flares, which burn unwanted natural gas when drilling for oil, have plagued the Delta with acid rain and air pollution.⁷³ This pollution has severely limited locals' access to clean water, and has largely destroyed the fishing stocks the majority of Delta inhabitants depended on to make a living.⁷⁴ In 2006, Shell Oil was ordered by a Nigerian federal court to pay \$1.5 billion to compensate local communities for environmental damage; Shell appealed the ruling. In June 2008, President Yar'Adua announced that Shell would be replaced by another company in the oil fields of Ogoniland; the decision has been praised by the Ogoni.⁷⁵ In part to reduce gas flaring, the government is now backing projects to store and export natural gas.

The Yar'Adua government appears to be taking steps to engage the Delta's disaffected communities. An unprecedented 20% of Yar'Adua's federal budget proposal for 2008 was to be allocated for security and development projects in the Delta, although Delta activists expressed concern that the amount allocated for security far outweighed funds dedicated to development.⁷⁶ President Yar'Adua reportedly requested U.N. assistance in resolving the crisis during an introductory meeting with U.N. Secretary General Ban Ki-moon. NDPVF leader Dokubo-Asari was released from prison on bail in June 2007, allegedly because of the militant's failing health. According to media reports, upon his release he denounced the practice of hostage-taking in the

⁷⁰ Human Rights Watch, *Criminal Politics: Violence, "Godfathers" and Corruption in Nigeria*, Vol. 19, No. 16(A), October 2007.

⁷¹ "Nigerian Militants Free Six Hostages, Suspend Attacks for a Month," *Agence France Presse*, June 2, 2007.

⁷² "Blood and Oil," *The Economist*, March 15, 2007.

⁷³ The government has ordered an end to large-scale flaring by 2008, but several major oil companies have reported they will be unable to comply in that time frame.

⁷⁴ International Crisis Group, "Fueling the Niger Delta Crisis," *Africa Report No. 118*, September 28, 2006.

⁷⁵ "Nigeria's Removal of Shell Hailed," *BBC News*, June 5, 2008.

⁷⁶ "Nigeria's Pledge to Increase Niger Delta Spending Elicits Skeptical Response," *VOA News*, November 11, 2007.

region and has been assisting in government's negotiations with militants.⁷⁷ In December 2007, the Bayelsa state government announced the signing of a peace agreement with the state's militant groups, although MEND rejected the truce, declaring it would increase its attacks until Okah was released. MEND declared another cessation of hostilities in mid-2008, but it suspended the ceasefire in January 2009.

Most observers agree that the crisis in the Delta must ultimately be solved politically, rather than militarily, but there is considerable disagreement on the details of such a solution. The current federal system provides states with a 13% share of local revenues (predominately from oil sales). Groups like MEND argue that the states should receive a 50% share, as was stipulated in the 1960 constitution. A technical committee nominated by President Yar'Adua to identify policies to stimulate development and improve security in the Delta region issued a report in December 2008. In the report, the committee advocated raising the share of oil revenues allocated to the oil-producing states to 25%. Some analysts suggest that corruption within the state governments is so high that the local populations would see little improvement even if the state share were raised. Some of the oil-producing states have reported revenues of up to \$1.3 billion per year but have dismal records of development or service delivery.⁷⁸ Other analysts question what effect a change in revenue allocation might have on the northern states, several of which have lower development indicators than those in the Delta.

In September 2008, President Yar'Adua created a new cabinet-level Ministry for Niger Delta Affairs. The Ministry is intended to build on development plans started under the Obasanjo Administration in 2007 under the auspices of the Niger Delta Development Corporation (NDDC), which was established in 2000 to improve social and environmental conditions in the Delta. Improvements in infrastructure and education were identified as areas of major focus for Obasanjo's 15-year, \$50 billion plan.⁷⁹ The government's 2008 budget included \$566 million for the NDDC, more than double the 2007 allotment, but the Delta states have been critical of the 2009 budget request for the NDDC and the new Ministry. Others have been critical of the slow pace at which the Ministry has been established, and there are concerns that its programs and those of the NDDC, which is intended to be a part of the Ministry, may be duplicative. Some analysts suggest that given the level of corruption endemic in the Delta, the international community should work with the Nigerian government to establish a new development fund that would have independent oversight. New opportunities for foreign investment in the Delta, including a potential \$16 billion development venture by Dubai World Corporation, could also contribute to improvements in the region, although the ongoing unrest may deter investors.

Effects on the Oil Industry and the World Market

Nigeria has an oil production capacity of 3 million barrels per day (BPD), but output has decreased since 2005. Oil production dropped from an estimated 2.13 million bpd in 2007 to 1.95 million bpd in 2008.⁸⁰ Instability, criminality, and oil leaks in the Delta have cut output by one-fifth since 2006. By comparison, Saudi Arabia produces an estimated 10.7 million bpd, Iran

⁷⁷ "Freed Militant Opposes Kidnappings," *This Day*, June 17, 2007.

⁷⁸ "Blood and Oil," *The Economist*, March 15, 2007.

⁷⁹ "Nigeria Launches New Development Plan for Niger Delta," *Voice of America*, March 27, 2007, and "New Hope for Old 'Master Plan' on Niger Delta," *IRIN*, November 19, 2007.

⁸⁰ Economist Intelligence Unit, "Nigeria," *Country Reports*, February 2009.

an estimated 4.1 million bpd, and Venezuela an estimated 2.8 million bpd.⁸¹ In 2005, a group of former senior U.S. national security officials convened a working group to develop a possible U.S. response to a simulated world oil crisis.⁸² Under the scenario given to the participants, civil unrest in northern Nigeria required the Nigerian government to move troops from the unstable Niger Delta region to quell violence in the north. Unprotected, oil companies in the Delta ceased production, and the country's contribution to the world oil market was reduced by 800,000 bpd for an extended period. Combined with an unseasonably cold winter and hypothetical terrorist attacks in Saudi Arabia, oil prices rose to \$120 per barrel and U.S. gasoline prices at the pump rose to \$4.74 per gallon, triggering a recession and potential job losses of up to 2 million. As was seen in 2004, even the threat of a coordinated militant attack against oil targets in the Delta can affect the price of oil on the world market. A longer and more sustained disruption of the country's oil supply, particularly if combined with the disruption of another major supplier's product, could have a significant impact on the world economy.

In addition to its oil reserves, Nigeria is has the seventh largest natural gas reserves in the world, but they currently provide little benefit to the Nigerian economy. Its reserves, also predominantly located in the Delta region, are estimated at over 182 trillion cubic feet. The government has plans to increase gas exports to 50% of oil revenues by 2010, but many of Nigeria's fields currently lack the infrastructure to produce natural gas and would require significant investment to meet that goal. The government has also set several deadlines for oil companies to stop flaring gas, estimated at 40% of annual production in 2007, at oil wells, but reports suggest they have not been met.⁸³

International Relations

Since the 1990s, Nigeria has emerged as an important player in regional and international affairs. Nigeria is one of the twelve members of the Organization of the Petroleum Exporting Countries (OPEC), and is a key member of the Economic Community of West African States (ECOWAS). The government has helped to resolve political disputes in Togo, Mauritania, Liberia, and Cote d'Ivoire. Nigeria has also played an important role in facilitating negotiations between the government of Sudan and the Darfur rebels. Nigerian troops have played a vital role in peacekeeping operations in Sierra Leone and Liberia, and are currently in the Central African Republic, Cote d'Ivoire, the Democratic Republic of Congo, Liberia, Sudan, and the Western Sahara. Nigerian police and military observers are also participating in UN missions around the world in such areas as Timor-Leste, Kosovo, and Haiti.

The Bakassi Peninsula

In 2006, Nigeria and Cameroon reached agreement on a long-standing border dispute regarding an area known as the Bakassi peninsula. The International Court of Justice (ICJ) ruled in 2002 that the peninsula belonged to Cameroon, but that its residents, most of whom reportedly consider themselves to be Nigerian, could retain their Nigerian nationality. Despite the ruling, tension

⁸¹ Production figures acquired from the Department of Energy's Energy Information Administration.

⁸² For more information on the exercise, known as "Oil Shockwave," see http://www.secureenergy.org/reports/oil_shock_report_master.pdf.

⁸³ "Nigeria Gas Profits 'Up in Smoke'," BBC, January 13, 2009.

remained, and the transfer of possession was delayed. The presidents of the two countries met with UN Secretary General Kofi Annan in June 2006, and President Obasanjo agreed to withdraw Nigerian troops from the area and transfer complete control within two years. Nigeria formally handed control of the peninsula to Cameroon on August 14, 2006, although it remained under Nigerian civilian control until August 2008 while a mixed commission conducted a demarcation of villages along the border. Some have refused to accept the transfer; in November 2007 militants killed 21 Cameroonian soldiers on the peninsula. Two weeks later, the Nigerian senate approved a motion declaring the transfer illegal because it had not been ratified by the National Assembly. Under pressure from President Yar'Adua, the agreement was ratified and a final deal was signed in Cameroon in March 2008. In June 2008, the Cameroonian deputy governor of Bakassi and his security detail were kidnapped and murdered. By some estimates, one-third of the peninsula's population, approximately 100,000 people, have moved to other parts of Nigeria as a result of the settlement.⁸⁴

Issues for Congress

Administration Policy on Nigeria

After a period of strained relations in the 1990s, U.S.-Nigeria relations steadily improved under the administration of former President Obasanjo, and they have remained strong under President Yar'Adua. The Bush Administration praised the government's improved budget practices, banking sector reform, and efforts to eliminate the country's foreign debt, although it remained critical of the country's human rights record and questions its commitment to ensuring free and fair elections. President Bush visited the country in July 2003, and First Lady Laura Bush visited Nigeria in January 2006. Following the April 2007 elections, though, the Bush Administration expressed concern with what a State Department spokesman called "a flawed election, and in some instances, deeply flawed."⁸⁵ The White House reportedly denied a request from Obasanjo for a farewell visit to Washington following the elections, and the Administration did not send a high-level delegation to President Yar'Adua's inauguration.⁸⁶ Nevertheless, the State Department has stressed the need to "engage" rather than isolate the country in order to "nurture Nigeria's fragile democracy," and President Bush met Yar'Adua at the White House in December 2007.⁸⁷

Nigeria is an important trading partner for the United States, and is the largest beneficiary of U.S. investment on the continent. The country is eligible for trade benefits under the African Growth and Opportunity Act (AGOA). The country's AGOA-eligible exports, which account for over 90% of Nigeria's total exports to the United States, were valued at \$30.1 billion in 2007.

Nigeria vies with Venezuela to be the United States' fourth largest source of imported oil (behind Canada, Mexico, Saudi Arabia), depending on how much of its oil production is shut-in in any

⁸⁴ Neil Ford, "Fields of Black Gold," *Jane's Intelligence Review*, October 2008.

⁸⁵ "Governing Party Wins in Nigeria, but Many Claim Fraud," *New York Times*, April 23, 2007.

⁸⁶ The U.S. delegation was led by Assistant Secretary of State for African Affairs Jendayi Frazer and the U.S. Ambassador to Nigeria. For more information see testimony of Lorne Craner, President of the International Republican Institute, at a hearing of the House Subcommittee on Africa and Global Health, "Nigeria at a Crossroads: Elections, Legitimacy, and a Way Forward," June 7, 2007.

⁸⁷ Testimony of Assistant Secretary of State Jendayi Frazer, *Ibid.*

given month. U.S. imports of Nigerian crude account for over 40% of that country's total oil exports, and the United States is Nigeria's largest trading partner. Nigeria has more than 36 billion barrels of proven petroleum reserves, and reports suggest significantly increased output from deepwater wells in the coming years.⁸⁸ The government plans to increase its reserves to 40 billion barrels by 2010, although experts suggest funding shortfalls inhibit increased production. U.S. energy companies may face increasing competition for rights to the country's energy resources; in 2008, China offered Nigeria a \$2.5 billion loan for infrastructure projects in exchange for oil exploration rights, and Russia's Gazprom is reportedly looking to tap its gas fields. The Chinese offer was rejected by the Yar'Adua Administration.

Gulf of Guinea crude is prized on the world market for its low-sulphur content, and Nigeria's proximity to the United States relative to that of oil producing countries in the Middle East makes Nigeria's oil particularly attractive to American interests. In 2005, the United States, Nigeria, and other interested partners initiated the "Gulf of Guinea Energy Security Strategy," a forum through which participants work to address the challenges of oil production in the Niger Delta. Regional heads of state met in April 2008 and called for the creation of an international security force to protect the oil industry in the Gulf. Nigeria's waters have been named the most dangerous in the world; the country ranked first in global pirate attacks until it was overtaken by Somalia in 2008. The U.S. Navy has increased its operations in the Gulf of Guinea to enhance security in the region. Through its Global Fleet Stations (GFS) concept, the Navy has committed itself to more persistent, longer-term engagement and in October 2007 launched a new initiative, the African Partnership Station (APS).⁸⁹ The Department of Defense's newest regional combatant command, Africa Command (AFRICOM), is expected to maintain this increased focus on maritime security in the region.⁹⁰

Nigeria plays a significant role in peace and stability operations across the continent. Former President Obasanjo reportedly played a critical role in building consensus on the continent for cooperation in U.S. counter-terrorism efforts. The United States provides the country with military training with an emphasis on professionalization and respect for human rights and civilian authority through the International Military Education and Training (IMET) program and other security assistance. The State Department has established ten "American Corners" to share information on American culture and values with Nigerians. In November 2007, Nigerian security forces arrested a group of Islamic militants in northern Nigeria. The suspects, who were charged with plotting to attack government buildings, were alleged by the government to have ties with Al Qaeda.

In 2003, the United States offered a \$2 million reward for the capture of former Liberian president Charles Taylor, who was in exile in Nigeria. Taylor has been charged with war crimes by the Special Court for Sierra Leone. The \$2 million reward was inserted in the Iraqi Emergency Supplemental bill, S. 1689, which became P.L. 108-106 in late 2003. The provision did not

⁸⁸ Energy Information Administration, "Nigeria Energy Data, Statistics and Analysis," *Country Analysis Briefs*, April 2007, available at <http://www.eia.doe.gov>.

⁸⁹ Under APS, the USS Fort Henry was deployed to the Gulf of Guinea from fall 2007 to spring 2008 to serve as a continuing sea base of operations and a "floating schoolhouse" to provide assistance and training to the Gulf nations. Training focused on maritime domain awareness and law enforcement, port facilities management and security, seamanship/navigation, search and rescue, leadership, logistics, civil engineering, humanitarian assistance and disaster response.

⁹⁰ For more information on AFRICOM and Nigeria's response to the command's creation, see CRS Report RL34003, *Africa Command: U.S. Strategic Interests and the Role of the U.S. Military in Africa*, by Lauren Ploch.

specifically refer to Taylor, although it is widely believed that the reference was to him. The Bush Administration stated that Taylor should be held accountable for the crimes he committed in Liberia and Sierra Leone,⁹¹ and reportedly encouraged Nigeria to offer Taylor political asylum. President Obasanjo was opposed to transferring Taylor to the Special Court for Sierra Leone (SCSL), which indicted Taylor on 17 counts of war crimes, crimes against humanity, and violation of international humanitarian law in March 2003. The Nigerian government said that any attempt to kidnap Taylor would be viewed as “a violation of Nigeria’s territorial integrity.”⁹² In May 2005, President Obasanjo met with President Bush and other senior Administration officials in Washington to discuss the crisis in Darfur, Sudan; debt relief; and the legal status of former Liberian president Charles Taylor. Taylor was captured by Nigerian authorities in late March 2006, after his failed attempt to flee to a neighboring country. A day after Taylor’s arrest, Obasanjo visited Washington and met with President Bush. Taylor is now being tried by the SCSL at the Hague.

U.S. Assistance to Nigeria

The United States is the largest bilateral donor in Nigeria, and the State Department requested almost \$487 million in foreign assistance to the country for FY2009. Democratic governance, agriculture and economic reform, improved education and health services, professionalization and reform of the security services, and HIV/AIDS have been the main focus for U.S. assistance programs in Nigeria (see **Table 1** for more on U.S. assistance to Nigeria). Working with local partners, USAID is supporting early warning networks to prevent conflict in the Niger Delta. The State Department’s FY2009 security assistance request, which focused on peacekeeping support and training, counter-narcotics, and law enforcement programs, included \$800,000 for International Military Education and Training (IMET) and \$1.34 million in Foreign Military Financing (FMF). Nigeria is a participant in the State Department’s Trans Sahara Counterterrorism Partnership (TSCTP) initiative, and it also receives security assistance through Department of Defense funds. U.S. economic and agriculture assistance supports programs that will increase productivity. Nigeria is one of 15 focus countries under the President’s Emergency Plan for AIDS Relief (PEPFAR), and received approximately \$305 million in FY2007 to support HIV/AIDS programs. That funding increased in FY2008 to an estimated \$448 million. U.S. assistance aims to halve Nigeria’s tuberculosis incidence in the next decade.

The United States government provided over \$12 million in assistance for programs aimed at strengthening democratic governance in Nigeria in FY2007. The Administration obligated an estimated \$10.6 million for such programs in FY2008 and requested \$14.3 million for FY2009. FY2009 funds will support programs aimed at strengthening the capacity, transparency, and independence of the judiciary; improving anti-corruption efforts; enhancing government responsiveness in the areas of service delivery and fiscal management and oversight; and building civil society capacity. Such assistance will also support post-election activities to foster the independence and capacity of the electoral commission.

⁹¹ “Confronting War Crimes in Africa,” Statement of Pierre-Richard Prosper, U.S. Ambassador-at-Large for War Crimes Issues to the House Subcommittee on Africa, June 24, 2004.

⁹² “Security Beefed Up Around Taylor,” *This Day* (Nigeria), November 12, 2003.

Congressional Interest

The 110th Congress

The 110th Congress closely followed Nigeria's 2007 elections. On April 6, 2007, Representative Tom Lantos, then Chairman of the House Foreign Affairs Committee, issued a press release with three committee members expressing "serious concern about the prospects for free, fair, and peaceful conduct of the upcoming elections in Nigeria."⁹³ Representative Donald Payne, Chairman of the House Foreign Affairs Subcommittee on Africa and Global Health, expressed similar concern in a statement on April 20.

Following the elections, Senator Russ Feingold issued a statement condemning electoral irregularities, saying "President Obasanjo's leadership over the last eight years has been called into question by the failure of efforts to reform Nigeria's electoral system and combat political corruption. The Administration should not legitimize this election as doing so would undermine our commitment to good governance and transparency, and to building strong democracies."⁹⁴

The House Subcommittee on Africa and Global Health held a hearing entitled "Nigeria at a Crossroads: Elections, Legitimacy, and a Way Forward" on June 7, 2007. Nigeria's flawed elections also featured prominently in a July 17, 2007 hearing on Democracy in Sub-Saharan Africa by the Senate Subcommittee on African Affairs. Earlier, in January 2007, the Senate Energy and Natural Resources Committee held a hearing on the Geopolitics of Oil and its Implications for U.S. Economic and International Security. The potential disruption of Nigeria's oil supply due to instability in the Niger Delta was among the topics covered in the hearing, and the issue has been raised in several subsequent congressional hearings.

⁹³ For more information, see <http://foreignaffairs.house.gov/>.

⁹⁴ See "Statement of U.S. Senator Russ Feingold on the Marred Nigerian Election," April 23, 2007 at <http://feingold.senate.gov>.

Table I. U.S. Assistance to Nigeria
(\$ millions, fiscal years)

Program	2004	2005	2006	2007	2008	2009
	Actual	Actual	Actual	Actual	Estimate	Request
DA	13.6	14.8	12.5	25.2	29.7	37.5
CSH	42.5	28.2	21.5	32.4	31.3	35.8
ESF	4.9	4.9	4.9	6.5	-	-
FMF			1	1	1.4	1.4
GHAI		85.9	138.6	282	467.5	410
INCLE		2.2	1	0.4	1.2	1.2
IMET			0.8	0.7	0.8	.8
NADR	-	0.1	.2	1.9	-	.05
Total	61.1	136.2	180.4	350	533.6	486.7

Source: U.S. Department of State annual Congressional Budget Justifications.

Table Abbreviations:

DA = Development Assistance

CSH = Child Survival and Health Programs Fund

ESF = Economic Support Fund

FMF = Foreign Military Financing

IMET = International Military Education and Training (Notification required)

INCLE = International Narcotics Control & Law Enforcement

GHAI = Global HIV/AIDS Initiative

NADR = Nonproliferation, Antiterrorism, Demining, and Related Programs

Figure 1. Map of Nigeria



Source: Central Intelligence Agency (CIA).

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