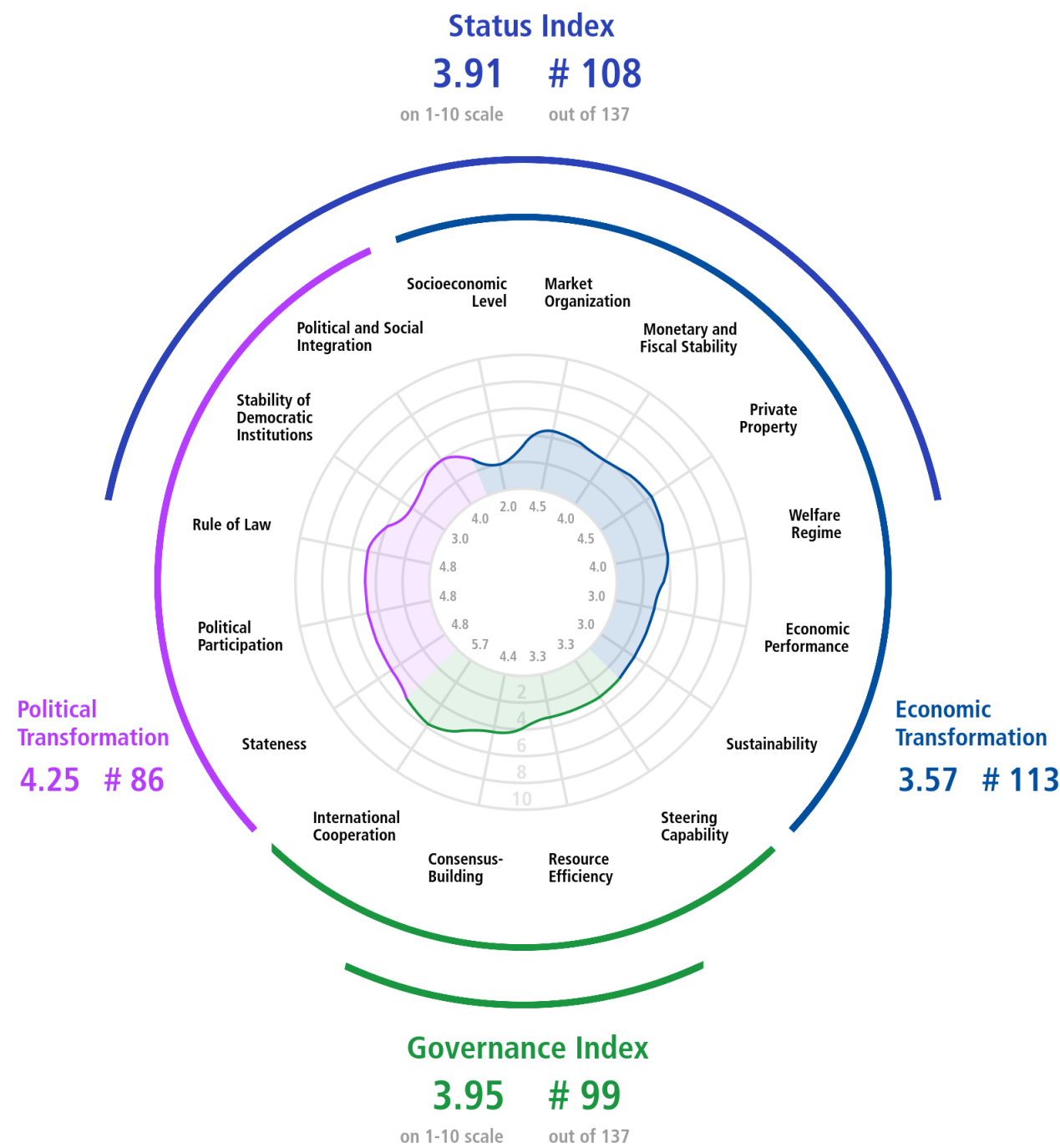


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Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner
Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann
Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Claudia Härterich
Phone +49 5241 81 81263
claudia.haerterich@bertelsmann-stiftung.de

Sabine Steinkamp
Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	206.1	HDI	0.539	GDP p.c., PPP \$	5187
Pop. growth ¹	% p.a.	2.5	HDI rank of 189	161	Gini Index	35.1
Life expectancy	years	54.7	UN Education Index	0.499	Poverty ³	71.0
Urban population	%	52.0	Gender inequality ²	-	Aid per capita \$	17.5

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The evaluation period coincides with a modest economic recovery in 2019 and a serious recession triggered by the outbreak of the COVID-19 pandemic in 2020. By mid-January 2021, the pandemic had cost the lives of more than 1,300 people, while close to 100,000 were infected with the virus. There is broad consensus that the reliability of data is fairly low and that the real number might be several times higher.

Apart from the pandemic, the ongoing and unabated Islamist insurgency in the northeast, increased sectarian crises and organized crime in central Nigeria and the northwest, ongoing piracy along the coast, well-organized kidnappings and killings in many parts of the country and violence in the Niger Delta constituted other major challenges.

Despite all these challenges Nigeria managed to hold presidential, gubernatorial and parliamentary elections in February 2019, which were marked by widespread irregularities. The presidential election was in particular seriously flawed, paving the way for a second term for the incumbent Muhammadu Buhari. Under these circumstances, his party, the All Progressives Congress (APC), won majorities in both houses of the National Assembly and most gubernatorial elections.

The poor performance of President Buhari's first term continued and even worsened because of the pandemic and his inability to professionalize the military in its campaign against the Islamist insurgency. The military suffered repeated setbacks and faced new challenges in central Nigeria and in the northwest, where several thousand people lost their lives, killed by organized criminal gangs that specialized in cattle rustling, looting villages and kidnapping ordinary people and students for ransom. In addition, the only halfheartedly pursued anti-corruption campaign did not yield any significant results. The increase in violence and crime indicates that endemic corruption has reached new heights, and the militarization of state and society is increasing.

The political system still faces fundamental problems regarding state coherence, institutional efficiency of the political and administrative system, internal security, patterns of democratic representation and attitudes, enforcement of the rule of law and economic reform. Likewise, economic structure and performance still suffer from major shortcomings: very modest economic growth rates and a COVID-19-induced recession in 2020, poor handling of economic and financial affairs, a high unemployment rate, poor handling of the pandemic. At the same time, the communication sector, the religious industry, retail trade and domestic construction flourished, although on a smaller scale than previously, due to the effects of the pandemic.

Significantly decreased crude oil and gas prices during the pandemic only began to recover on a modest scale toward the end of the period under review. This may pave the way for a slow recovery from Nigeria's worst economic recession in its history, depending, however, on how quickly the pandemic can be controlled globally and nationally.

Macroeconomic conditions were unstable, foreign reserves seriously depleted, domestic and foreign debts soared, prompted by huge deficit spending. The exchange rate on the parallel market fell to some NGN 480 to the U.S dollar after the government and the central bank devalued the Naira twice to NGN 381 to \$1 in 2020. As far as international credibility and cooperation are concerned, the achievements of the government under President Buhari are rather poor. Cooperation with neighboring countries in the fight against Islamist terrorists suffered setbacks. The government's relationship with ECOWAS was mixed. The already-precarious security situation worsened and created further uncertainties for the vast majority of Nigerians. Nigeria faces an uncertain future.

History and Characteristics of Transformation

Gaining independence in 1960, the economic and political transformation process in Nigeria is marked by small steps of progress and many setbacks. Apart from two brief phases of civilian government (1960 to 1966 and 1979 to 1983), the current dispensation (from 1999 onwards) is the third serious attempt to establish a democratic political system. In between, various military regimes had ruled after gaining power through coups d'état and palace coups. The first two coups d'état, in January and July 1966, triggered the Biafran civil war (1967 to 1970). It was only in 1979 that the military under the leadership of Olusegun Obasanjo more or less voluntarily handed over power to an elected government. On New Year's Eve 1983, the second attempt at establishing a democratic political system failed, and the military under Major General Muhammadu Buhari took over. Almost two years later, a palace coup brought General Ibrahim Babangida to power. He initiated a firmly controlled economic reform and democratization program, which, however, was meant to fail. After the annulled elections in mid-1993 and a military-controlled controversial Interim Government, General Sani Abacha took power in November 1993. Until his sudden death in 1998, Nigeria experienced the worst military dictatorship ever, and this experience contributed to the complete loss of legitimacy of military rule. General Abdulsalami Abubakar took over power, released all political prisoners and paved the way for elections and transfer of power to an elected president.

In May 1999, the former junta leader Olusegun Obasanjo (1976 to 1979) took office as elected president. He was re-elected in 2003, and the ruling Peoples Democratic Party (PDP) confirmed its dominant position in the parliamentary elections. But the elections were marred by widespread fraud, violence and open ballot rigging. This also applied to the election marathon in April 2007, when presidential, gubernatorial, National Assembly and state assembly elections took place. The presidential elections were won by Umaru Yar' Adua, the two-term governor of Katsina state in the far north. He was sworn in as the first president who succeeded a previously elected president through the ballot box. His ill health, however, prevented him from fully executing his powers, and shortly before his death in May 2010, the National Assembly passed a resolution to enable Vice President Goodluck Jonathan to act as president. Immediately after Yar' Adua passed away, Jonathan was sworn in as executive president. Against all odds within the ruling party, he finally became the presidential candidate and won a landslide victory in Nigeria's first reasonably credible elections in 2011. Under his government, however, corruption reached new heights and Jonathan's poor leadership allowed the Islamist insurgents of Boko Haram to advance in the northeast and to challenge state and society. According to a rather modest estimate, tens of thousands lost their lives.

The short-lived economic boom, triggered by soaring oil and gas prices, came to a standstill toward the end of Jonathan's term in office. The numerous crises and his apparent incompetence empowered the opposition to establish a strong coalition among his political challengers in early 2015. Muhammadu Buhari and his party APC eventually emerged as the decisive political force. The new leadership was facing old and new challenges concerning security issues, corruption, organized crime, renewed nationalism, mushrooming militias, sectarian crises and economic recession. Although Buhari's government was able to reorganize the military, it was not successful in putting down the Islamic insurgency. Nigeria suffered several painful setbacks after Buhari was re-elected for a second and last term (2019 – 23), which was secured by a manipulated election process. The shifting of the election date at the eleventh hour on February 16, 2019 was tantamount to a silent coup d'état. One week later, on February 23, many anti-Buhari voters – most of them in the southern part of the country – did not go to the polls on election day or were harassed by security forces. However, the re-elected president and his government faced new threats and dangers in central Nigeria and the northwest, where large-scale cattle rustling and banditry and the brutal response of the military and other security forces triggered new hotspots. Therefore, the Fourth Republic will most probably continue experiencing a period of political and economic instability, uncertainties, violence, organized crime and Islamist terror.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is still limited. The Islamist insurgency of Boko Haram, other break away factions and the Islamic State in West Africa Province (ISWAP) continue to control several parts of the states in the northeast and are able to engage military and police forces. The insurgents still challenge any state authority. In the meantime, more than 30,000 people, both Christians and Muslims, and quite a number of security personnel have lost their lives. In northwest and central Nigeria, sectarian clashes with noticeable ethnic undercurrents and widespread organized crime hold the state at bay. In addition, criminal gangs with sophisticated weapons are involved in cattle rustling on a large scale, killing and wreaking havoc in northern Nigeria. Criminal gangs are also active in other parts of the country. Militias in the Niger Delta engage in oil theft, kidnapping and piracy along the coastal area. Radical activists in the Igbo heartland still keep the spirit of a sovereign Biafra alive, although less vocally than previously.

All Nigerians are considered Nigerian citizens, and the nation-state is widely accepted as legitimate. However, subnational identities are strong and prevalent. All citizens possess equal civic rights. This fact notwithstanding, the federal quota system enshrined in the constitution and upheld by the Federal Character Commission to a large extent determines access to offices and institutions on federal and state level according to ethnic, regional and other identities. By and large, it thus has a strong discriminatory effect against people who are qualified but cannot be hired because of the quota system. Furthermore, the very concept of indigeneness is discriminatory against the “non-indigenes” of a federal state, that is, migrants from other federal states. Although the political class and most elites are aware that this is an important issue, no real efforts have been made to deal with it. The manipulated presidential election of 2019, tantamount to a “silent coup d'état,” however, cast doubts on the legitimacy of the state among some parts of the population, although not in the sense of the legitimacy of the nation-state.

Question Score

Monopoly on the
use of force

4

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1

State identity

7

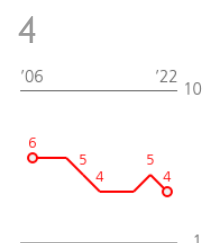
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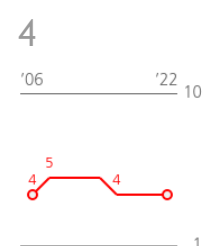
Under the constitution the separation of state and religion is guaranteed. But secularization suffered a substantial set back through the introduction of Shariah, or Islamic law, as generally applied law in 12 northern states where the vast majority of the population is of Muslim faith. In these states, however, non-Muslims are entitled to take any lawsuit to a secular court or be tried by such a court. An approximately equal number of Christians and Muslims live in the Middle Belt, dominated by ethnic minorities, and the Yoruba-dominated southwest. However, fundamentalism in both denominations is increasing and both religions are increasingly permeating politics in all tiers of government.

No interference of religious dogmas



Under the constitution, the three tiers of the federal system – federal, state and local government – offer a differentiated administrative structure with the federal government and the two chambers of the National Assembly, 36 governors and state assemblies and 768 local governments and six councils in the Federal Capital Territory Abuja. In addition, the statutory revenue allocation aims to finance the three tiers of government according to certain criteria, but in fact legally sustains the system of distributing the wealth among the elites. While the federal government, the National Assembly and the state governors execute real political power and have access to state funds, most of the other administrative institutions and the local tier suffer from very low political skills. The serious crisis in the entire north, considerable parts of the Middle Belt and in the Niger Delta is to a large extent due to the breakdown of the local government structure.

Basic administration



Jurisdiction at the state level – including local governments – is determined by the high courts and the federal high courts. While the former deal with capital offenses, theft and similar crimes, the latter see to all other issues, such as civil disputes and disputes between citizens and the state.

The tax authorities are present in all states and the federal capital, collecting taxes on behalf of the federal government. However, the states can also impose local taxes on their own behalf. With the exception of Lagos and some other southern states, tax revenues at the local level are still meager, meaning that an overdependence on federal statutory payments prevails.

The state's law enforcement power is weak, considering the many semi-autonomous regional power centers and veto powers with different political agendas.

Administration of communications, transport and basic infrastructure, such as water, electricity, health and education is rather weak and does not even exist in certain parts of the country.

Highly commercialized sectors, such as communications, transport (in particular domestic flights) and to some extent education and health function reasonably.

COVID-19 had only a marginal impact on the country's poor basic infrastructure.

2 | Political Participation

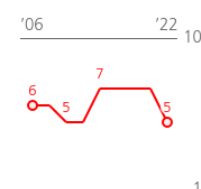
Universal suffrage and the right to campaign for elected office exist. The elections in 2019 with presidential, National Assembly, gubernatorial and state assembly elections were one of the most fraudulent and unlawful elections in Nigeria's Fourth Republic. Shifting the date of the election at the eleventh hour saved the incumbent president from a crushing defeat and secured him a second term in office. The Independent National Electoral Commission (INEC) performed very poorly. When the election eventually took place a week later than originally planned, armed security personnel in great numbers patrolled the streets in the south, thereby preventing hundreds of thousands of voters from casting a ballot. In addition, many southerners decided to register with their government of origin in case the election outcome resulted in violence because the incumbent was defeated. However, because of the costs of travel from their places of habitation to their respective polling stations, which were in many cases quite far away, numerous voters did not make a second journey after the last-minute postponement of the elections.

President Muhammadu Buhari and his government have the power to govern. As noted above, however, elections do not meet the standard of free and fair. Poor political performance concerning, particularly, internal security in large parts of the country, a lack of economic expertise and the tremendous socioeconomic impact of the COVID-19 pandemic revealed many weaknesses and highlighted the administration's inability to govern effectively. In addition, the many conflict hotspots served as further proof of the government's lack of response capacity to urgent problems affecting the majority of the Nigerian population. The military, in former periods a powerful veto actor, did not exert open veto power. However, according to the U.S. State Department, civilian authorities did not always maintain effective control over the security services.

According to the constitution, civic organizations can generally form and meet freely. However, civil society is severely fragmented and mostly active at a very local level. Thus, organizations' abilities to bridge the country's numerous social cleavages are limited. For example, during the anti-SARS protests that culminated in October 2020 when young people, mostly in southwest Nigeria, denounced widespread police brutality, the peaceful demonstrations got out of hand. Hoodlums and organized looters kidnapped the protestors, wreaked havoc worth millions of dollars, leaving several demonstrators and security personnel dead. During the first wave of the COVID-19 pandemic, the government announced a nationwide lockdown. Some citizens, however, did not observe the restrictions. During that period, more citizens died from gunshot wounds, mostly inflicted by government security forces, than from the virus. An increasing number of former high-ranking military officers, administrators, politicians and personalities from organized Christian and Muslim groups are founding their own NGOs.

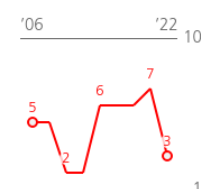
Free and fair elections

5



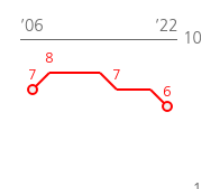
Effective power to govern

3



Association / assembly rights

6

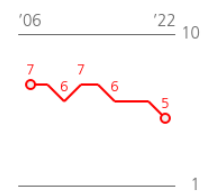


After being re-elected in 2019, the incumbent president and his government increasingly and to some extent have systematically intimidated and harassed citizens to keep them from exercising their association and assembly rights. The government has demonstrated its arbitrariness in evaluating requests for permits to associate and to assemble. In addition, this arbitrariness also applied to handling COVID-19 in 2020. In early 2021, however, COVID-19 is no longer considered a priority.

Citizens, organizations and the mass media express opinions freely. The freedom of information act, however, allows public access to federal government information only. Since the re-election of President Buhari in early 2019, individuals and organizations expressing critical views are frequently harassed by state security services and occasionally taken in custody and to court. The COVID-19 pandemic has led to an increase in harassment and intimidation, while at the same time the media have received hardly any reliable information from the government concerning the extent of the pandemic. However, in most cases the government prosecutes against the media, the courts decided in favor of the media. Like many civilians, media representatives have become victims of Islamic terrorism, sectarian clashes and criminal gangs. State-owned media have lost out to the private media. The private media, electronic as well as print, possess a high degree of autonomy and often voice sharp criticism. But this contrasts with the fact that the private media are increasingly adopting deliberately biased attitudes. Additionally, the media are increasingly turning themselves into public relation agencies for different interest groups, presenters of soap operas and tabloid-like content. Moreover, “brown envelope journalism” is widely spread. The power of issuing licenses for radio and television resides with the president, and the National Film and Video Censors Board regulates and curtails this booming industry. Against this background, the Press Freedom Survey by Freedom House still considers Nigeria only “partly free.” Ranking by Reporters Without Borders ranks Nigeria 115th out of 180 countries surveyed.

Freedom of expression

5



3 | Rule of Law

The most important democratic institutions – the presidency, the two chambers of the National Assembly and the structures on state level (governorship and state assemblies) – are still reasonably stable despite the precarious security situation in almost all parts of country. The positions of the vice president and the deputy governors have been strengthened to avoid political instability and turmoil in case of leadership crisis. The controversial re-election of the incumbent, President Buhari, and the pandemic have weakened the power of the legislature. This entails a significant erosion of the constitutionally enshrined checks and balances. Against the background of the COVID-19 pandemic, there was no need to declare a state of emergency ever since legislators surrendered to the executive without any resistance. Parliament suspended activities for two weeks on March 3, 2020 but resumed its activities thereafter. The judiciary is generally not well equipped to provide full checks and balances.

Separation of powers

5



The Supreme Court serves *inter alia* as constitutional court, and any verdict concerning constitutional issues automatically becomes law. The Court of Appeal is the first court of jurisdiction for presidential and gubernatorial election petitions. Its verdicts can be petitioned at the Supreme Court. Petitions concerning parliamentary elections are dealt with at election tribunals – a dubious inheritance from military rule and military tribunals. Rulings can be appealed at the Court of Appeal and the Supreme Court. During the period under review, the courts passed dozens of verdicts in the aftermath of the 2019 elections and made decisions regarding several petitions concerning parliamentary by-elections and gubernatorial elections. The rulings of the Supreme Court, the Courts of Appeal and the Federal High Courts were generally accepted. Shortly before the 2019 elections, however, without resistance from legislators, the executive illegally interfered in the Supreme Courts' internal rules of procedure and forced the then-chief justice to resign. He was eventually sentenced for having breached the Code of Conduct by not declaring all his assets at the time he was appointed. The newly appointed chief justice and his colleagues paved the way for the re-elected president by rejecting all petitions about his election victory and his eligibility as a candidate. Buhari's school certificate was a serious bone of contention, since he could not present any legal documentation to provide proof of the necessary level of education to run for high office. As far as Islamic law is concerned, no case has so far reached federal courts to question the constitutionality of applying completely different legal systems. In the past, all stoning sentences passed by lower Shariah courts for marital infidelity, extramarital sex or blasphemy were declared null and void by upper Shariah courts. Over the course of the period under review however, some death sentences for blasphemy were passed by Shariah courts. The accused appealed and the cases were still pending at the beginning of 2021.

Corruption and white-collar crime are endemic. Government efforts to master the problem through the anti-corruption agency, the Economic and Financial Crimes Commission (EFCC), and, to a lesser extent, the Independent Corrupt Practices Commission (ICPC) have some public support. The government under re-elected President Buhari has vowed to strengthen the fight against corruption, after anti-corruption results during his first term in office were at best mixed. Toward the middle of his second term in office, the government's efforts made via the attorney general more or less stopped short of taking serious action. Some well-known and high-ranking people, such as the former national security adviser, were arrested and prosecuted. But later those same people were released on bail, meaning that the whole process will come to naught. In some exceptional cases, former high-profile staff were sentenced and imprisoned. The government and its respective agencies were however partly successful in tracing stolen money stashed abroad and confiscating luxury estate property. An increasing number of court cases concerning corruption occur in Britain and the United States, thus shaping Nigeria's relations with Britain and the United States via legal issues involving members of Nigeria's large overseas diaspora.

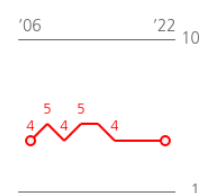
Independent judiciary

6



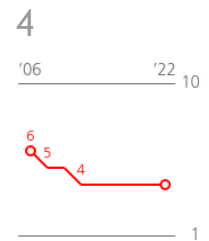
Prosecution of office abuse

4



Many citizens do not enjoy their full civil liberties because the state's monopoly on the use of force is rather limited. Against this background, security forces, militias, vigilantes, religious fundamentalists and criminal gangs regularly violate civil liberties. In addition, torture, mistreatment in police custody, extrajudicial killings and illegal military detention camps are still part and parcel of law enforcement operations, once again underlined by the brutal crackdown during the end-SARS protests in October 2020 and the COVID-19 pandemic. The performance of the once-weak Human Rights Commission has slightly improved. However, the crisis-ridden regions in the northeast, northwest, east and south experienced waves of sectarian and ethnic violence, organized crime and local warfare. Far more than two million internally displaced people live in camps in the northeast, in central Nigeria and in the east. Concerning women and girls, in particular of lower socioeconomic status, the state still lacks the willingness and capacity to protect them against acts of violence, including rape, spousal abuse, female circumcision and abuse by customary law. However, the statutory rights of women have slightly improved, given that women can now take their husbands to court for criminal assault and that rape has been legally defined as a serious crime everywhere in Nigeria. Notwithstanding, almost all Nigerians who are not members of the elites would fail if they were to seek redress for human rights violations through judicial procedures.

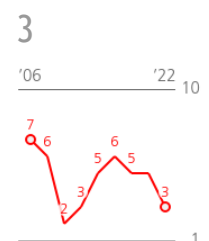
Civil rights



4 | Stability of Democratic Institutions

Democratic institutions at federal and state levels such as the federal government and the state governments, the National Assembly and state assemblies were reasonably stable, despite a high number of violent conflicts in most regions of the country. In addition, they were still able to carry out their main realpolitik task of redistributing wealth to the political class and the elites. This, however, does not apply to the local government level, which suffers from incompetence, lack of funds and legitimacy. The standing of the judiciary suffered a setback after the previous chief justice was forced to resign in contradiction to established procedures and eventually was sentenced in a court of law for breaching the justices' code of conduct. As a result of the manipulated elections in 2019, the performance of the INEC also suffered a setback. The elections have promulgated a loss of trust in the commission as well as in the electoral process as a whole. However, a somehow-reliable voters' register, efforts made to issue Permanent Voters' Cards (PVC) and the use of card readers at a number of polling stations have partly compensated for these weaknesses and the INEC's poor performance under the current leadership. The public administration at large, however, barely delivers statutory services for the majority of Nigerians.

Performance of democratic institutions



Most influential political, social and economic actors within and outside the state system are formally committed to democratic institutions and regard them as legitimate. In contrast, Islamists such as Boko Haram, ISWAP and other Islamist fundamentalists consider the Nigerian state in general and the democratic institutions in particular as illegitimate. In addition, small radical groups among the Igbo still demand a sovereign Biafran state although on a smaller scale than previously. Militias in the Niger Delta legitimize their armed struggle by referring to the late Isaac Boro and his short-lived Niger Delta Republic in 1966. With or without a pandemic such as that caused by COVID-19, the administrations at various levels normally use their executive powers as they see fit, as long as this suits and benefits them.

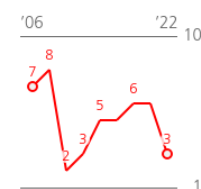
5 | Political and Social Integration

Institutional inefficiency was closely related to the lack of stable patterns of organization for political representation. Two socially embedded parties have been more or less firmly established. The ruling PDP has dominated elections at the federal and state levels from the time the democratization process began again in 1999 until the elections in 2015, when the PDP suffered a crushing defeat. The APC, however, a conglomerate of different factions of the elites including PDP strongmen who defected, managed to establish a formidable platform, which, under the leadership of the former military dictator Buhari, ousted the president. With the apparent unlawful support of the electoral commission and the top echelons of the military, the APC remained in power at the federal and state levels after the controversial elections in 2019 (the results of which do not allow for an assessment of volatility, which however is not very high). Neither dominant party, however, has partisan objectives (so ideological polarization is low). Both are dominated by money bag politicians and local godfathers and basically serve as networks to regulate distribution of the country's wealth among the elites, in general, and the political class and the state and security apparatus, in particular. The widespread mistrust among the electorate, the increasing grievances with regard to the current party system, a lack of interest in the concerns of the vast majority of the population and the very low voter turnout – 35% in 2019 – are proof of this.

There are only weak traditions of organized interest groups. Despite the fact that the number of active NGOs is increasing, the landscape of voluntary organizations is still meager and plagued by scarce organizational resources and controversial state regulations. However, at times, in particular in the run up to elections, interest groups such as civil society and business groups attempt to sway the possible outcome. But they are not able to rouse broad citizen participation. This also holds true for the development of a civic culture in support of democracy, which suffered a setback after the 2019 elections and the end-SARS protests in October 2020. The “godfather system,” characterized by local strongmen all over the country and deeply enshrined in Nigeria's political, socioeconomic and cultural systems, still has a strong impact on national and regional policies. In addition, small groups of both religious faiths play dubious roles by politicizing religion.

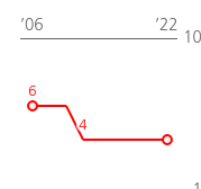
Commitment to democratic institutions

3



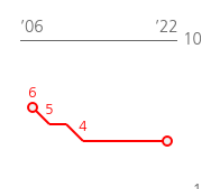
Party system

4



Interest groups

4

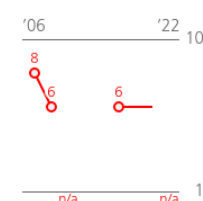


Due to the slow pace of civic development, serious security problems, the manipulated elections in 2019, the state's high-handed and brutal attitude toward the end-SARS protests in October 2020 and many shortcomings concerning the state's capacity to resolve widespread problems, such as corruption and lack of adequate infrastructure, public faith in the democratization process has suffered a serious setback. The outcome of the elections in 2019 and the end-SARS protests against police brutality demonstrated the contempt of the elites and the political class of democratic principles and citizens' commitment to democracy. An unprecedented 35% of eligible registered voters totaling over 80 million cast their votes in the presidential and National Assembly elections. In 2020, the very low voter turnout continued in several by-elections on national and regional levels. The state's handling of the COVID-19 pandemic further undermined the already-fading trust in democratic institutions, in particular, against the backdrop of the violent attitude of the security services toward citizens during the temporary lockdown.

The lasting socioeconomic and political crises triggered by weak leadership, ill-advised ministries and security services, and external factors that Nigeria cannot influence, such as the volatile international energy market, constantly reinforces Nigerians' well-known approach of not having significant amounts of interpersonal trust. That means civil society remains weak and fragmented. This also applies to the trade unions, which lost political ground and increased the space for the state apparatus, state-run companies and parastatals to redistribute income from the bottom up. The private sector, particularly multinational companies and a growing number of large Nigerian enterprises, also benefit from weak civil society, meaning that, for the foreseeable future, Nigeria's labor movement will only marginally be able to serve as a channel through which societal interests can be articulated. The economic crisis and the many internal security challenges put on hold any meaningful reforms. For that, all Nigerians were to large extent forced to organize themselves at the local level, where the large informal sector dominates. Moreover, almost all citizens are members of one or another denomination of Christianity or Islam, which have become the most important communication platforms and social and economic security institutions for people. In addition, religion, in particular the Christian faith with its innumerable parishes of mainstream and Pentecostal megachurches, serves as a social anchor and, at the same time, as a highly profitable industry – the so-called religious industry – inside and outside Nigeria. The COVID-19 pandemic had no noteworthy impact on promoting the solidarity, trust and self-organizational capacities of civil society.

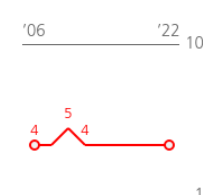
Approval of democracy

n/a



Social capital

4



II. Economic Transformation

6 | Level of Socioeconomic Development

Key indicators still show a low level of development, which severely restricts freedom of choice. The very low 2020 HDI score of 0.539 makes Nigeria 161st out of 189 countries ranked. There is widespread and deep-seated social exclusion caused by poverty. Some 60% of the over 200 million Nigerians live on less than \$2 per day. The loss of HDI due to inequality was estimated at 35.4% in 2018. The Gini-Index was 35.4 and the poverty rate 70.1% in the same year.

The economic crises, in particular the COVID-19 pandemic, significantly reduced the GDP in 2020 and caused a negative growth rate of 3.2% in 2020. Nigeria's lower, middle and upper middle classes, however, still represent the highest purchasing and consumption power in Africa. Nigeria's GDP slightly increased from some \$398 billion in 2018 to some \$428 billion in 2020, although the latter figure will most probably be lower at year's end. Nigeria's adult literacy rate is around 51%. But this figure does not reflect the extreme north-south dichotomy. School enrollment in the south is 70% and in the underdeveloped and poverty-stricken north only 30%. While school attendance in the south is, on average, 10 years, attendance in the north is only 4 – 7 years. Government expenditure on education decreased over time and is currently some 4 – 5% of the annual budget at around \$28 to \$34 billion. Nigeria has not succeeded in reducing the extreme inequalities and income differences during the period under review; quite the contrary. In addition, extreme regional imbalances of development remain unchanged. However, private education is growing rapidly. Currently, 79 private universities in the country compete with 89 federal and state tertiary institutions. Among the private tertiary institutions several are run by megachurches, such as the Winner's Chapel and the Redeemed Christian Church of God.

Question
Score

Socioeconomic
barriers

2

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Economic indicators		2017	2018	2019	2020
GDP	\$ M	375746.5	397190.5	448120.4	432293.8
GDP growth	%	0.8	1.9	2.2	-1.8
Inflation (CPI)	%	16.5	12.1	11.4	-
Unemployment	%	8.4	8.5	8.5	9.0
Foreign direct investment	% of GDP	0.6	0.2	0.5	-
Export growth	%	8.7	-1.4	15.0	-27.0
Import growth	%	4.8	49.2	27.3	-23.3
Current account balance	\$ M	12689.3	6260.6	-14627.0	-16975.9
Public debt	% of GDP	25.3	27.7	29.2	35.0
External debt	\$ M	45772.2	54183.9	60006.2	70318.4
Total debt service	\$ M	3530.1	5367.7	5130.2	5537.7
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	4.4	5.6	5.6	8.7
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	0.5	0.6	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.4	0.5	0.5	0.6

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

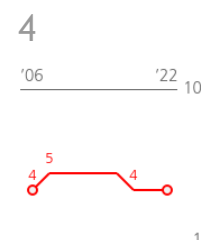
The foundations of market-economy based competition exist. However, the informal sector remains strong. According to Make Tax Fair, the size of the informal sector in Nigeria is estimated at about 65% and consists of activities that range from agricultural production to mining and quarrying, small-scale building and construction and machine-shop manufacturing. The state sector still has a monopolistic structure in key segments of the economy, such as oil and gas production, and the import and distribution of petroleum and related goods.

Subsidization of fuel – almost all of which is imported – has been abandoned and the ailing power sector further deregulated. This, however, did not lead to progress in establishing reliable private power generation industries outside the large national and international companies. These companies have firmly established a “captive power” sector with some 15,000 MW as against 4,000 MW shared by citizens. The vast majority of Nigerians suffer from regular power outages. Those who can afford to do so use generators. It is estimated that these generators alone produce up to 6,000 MW and, as a side effect, cause widespread pollution. In the recent past, several power projects, including the construction of privately run refineries, were abandoned due to incompetence, corruption and intrigues. The competitive and booming telecommunications market, privately owned media, the building and construction industry, and food processing and retail trade play important roles in Nigeria’s economy. Despite such positive developments and some improvements in doing business, Nigeria is still listed among the countries with the worst business climate worldwide (2020: 131st out of 190 countries). According to the Doing Business report, it takes 7.2 days and seven procedures to start a business.

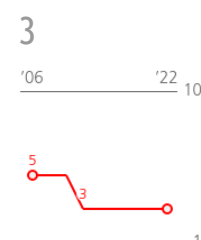
COVID-19 and (indirectly related) low oil and gas prices increased pressure on the overvalued official exchange rate, which the central bank could not maintain. Consequently, the central bank devalued the local currency, the Naira, twice, thereby bringing the rate a bit closer to the parallel market.

There was no anti-cartel legislation as such. To a certain extent, however, the steady privatization trend and competition have broken some state monopolies and state cartels. This was particularly true for the banking sector, the construction sector, the media, the highly competitive, largest telecommunications market in Africa, retail and wholesale trade. Toward the end of 2020, active mobile phone subscriptions were 190 million. Most subscribers use internet as well and broadband coverage has reached some 40%. Close to 30 million subscribers had a Facebook account. Administrative incompetence in conjunction with widespread corruption, particularly in the state-controlled oil and petrol sector, an increasing north-south dichotomy and the precarious security situation in most parts of the country still take their toll to the disadvantage of a competitive and enabling environment.

Market organization



Competition policy



The government's attitude toward foreign trade is mixed at best. On the one hand, the government advocates free trade when it seems to benefit the local business community. On the other hand, it acts arbitrarily and unlawfully whenever this suits the government and its allies. The long-delayed signing of the historic free trade agreement AfCFTA 2019, the closure of all land borders in the same year – allegedly to fight transborder crime and smuggling of food and other agricultural products – and the aloofness concerning the Economic Partnership Agreement with the EU reveal an inconsistent approach toward foreign trade and fundamental state intervention in times of poor leadership, coupled with crises and uncertainties. This is in stark contrast to Nigeria's overdependence on revenues from the export of oil and gas, which connects Nigeria's economy to the world market. The most favored nation applied tariff stood at 12.1 in 2019.

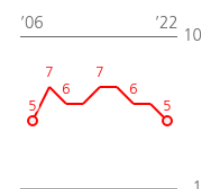
This particularly applies to the treatment of the significant foreign investment in the oil, gas, brewery, information and communications technology and retail sectors and to some extent to agrobusiness. This notwithstanding, in light of the lasting economic crises and drastic fall of oil prices partly triggered by the COVID-19 pandemic, foreign investors were quite cautious and even reluctant to invest in Nigeria, leading to large capital outflows during the COVID-19 pandemic.

The banking sector was quite stable and in fact quite resilient, proved by the fact that four Nigerian banks such as First Bank of Nigeria and Zenith Bank belong to the top banks in Africa and to the top 500 worldwide. In 2019, the bank-capital-to-assets ratio stood at 7.3 but bank non-performing loans at 6.0, indicating relatively good numbers, at least by sub-Saharan Africa standards.

In addition, the Development Bank of Nigeria, established in 2018 and supported by international stakeholders such as the World Bank, the European Investment Bank, KfW, the African Development Bank and French Agency for Development, performed quite well, although on a relatively small scale. This notwithstanding, since it started its activities it has disbursed some 150 billion Naira (almost \$500 million) to micro, small and medium-scale enterprises (MSMEs). As in the past, the Asset Management Company (AMCON), better known as “Bad Bank,” established after the serious banking crisis in 2009, did not perform as expected during the period under review. Most of the debtors who form the nucleus of the rich and super rich ignore outstanding accounts. To make things worse, in most cases these defaulters even don't pay back their loans, thereby leaving the affected private banks to resolve the issue at their own expense. The COVID-19 pandemic hardly had an impact on this pre-existing structural dilemma.

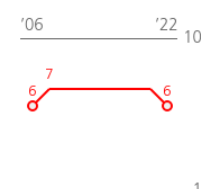
Liberalization of foreign trade

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Banking system

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8 | Monetary and fiscal stability

Inflation and exchange rate policy have been rather inconsistent during the assessment period, characterized by the pursuit of multiple objectives. Through aiming at price and exchange rate stability, credit growth, domestic industrialization and fiscal financing all at once, the government has not been able to rein in inflation. In 2019, the inflation rate was around 12% but gradually increased, triggered by COVID-19 and its impact on internal energy markets through plummeting oil and gas prices. Toward the end of 2020, it was close to 15%. The inflation rate will most probably increase by another percentage point or more at years end. In early 2020, the official exchange rate was artificially kept at NGN 305: \$1. On the Interbank Forex Market, however, the exchange rate was about NGN 360: \$1, an improvement considering the parallel market exchange rate was close to NGN 480: \$1. Shortly before the outbreak of the pandemic, the central bank adjusted the official rate to NGN 360: \$1 and in the midst of the pandemic again to NGN 379: \$1. Plummeting oil and gas prices, which fell to \$26 for Nigeria's high-quality crude at the outbreak of the pandemic and slowly recovered above the \$50 mark, had a disastrous effect on the socioeconomic situation in general and the inflation rate in particular.

Monetary policy is to a large extent inconsistent and confusing, taking into account four exchange rates: the central bank rate, the I&E (Investment & Exporters) windows rate, the bureau de change rate and the parallel/black market rate. The difference between the official central bank and the parallel/black market rate amounts to some 80 to 100 Naira, i.e., about 30%.

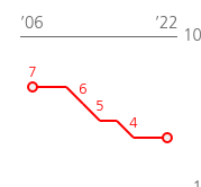
In fact, a mixed calculation of all but central bank rates provides the frame for the real effective exchange rate.

In addition, the central bank is to a large extent dependent on the presidency's erratic and inconsistent financial and economic policy, which, for example, sticks to huge deficit spending and borrowing on national and international financial markets.

The deficit of 17% of GDP of the current account balance was to some extent prompted by the aftermath of the lasting economic recession and the 2019 re-election of a weak leadership represented by President Buhari. However, the balance was negative before 2019. In contrast to expectations of positive current account balances within the foreseeable future, the COVID-19 pandemic caused a deepening socioeconomic crisis with all its ramifications, such as a negative current account in the years to come. The overall public debt was \$85 billion toward the end of 2020, comprised of \$54 billion in domestic and \$31 billion in external debt, which was equivalent to close to 50% of GDP. While the external debt of the federal government was around \$27 billion, the state governments, including the Federal Capital Territory Abuja, recorded more than \$4 billion. On the domestic front, the situation was quite grave since the federal government had debts of some \$43 billion and the states plus

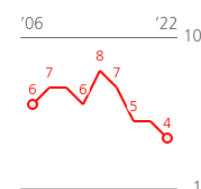
Monetary stability

4



Fiscal stability

4



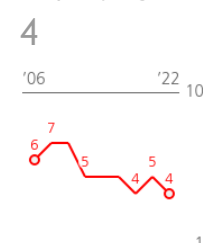
Abuja recorded around \$11 billion. The annual debt service is almost equivalent to the annual revenues, which implies that Nigeria may be heading for bankruptcy. Meanwhile, the forecast suggests further borrowing on national and international capital markets. This will further deplete foreign reserves, which stood at \$35 billion at the end of 2020. With no economic recovery and no end of the pandemic in sight, the federal government will keep financing the budgets with huge deficit spending and continue borrowing on international capital markets.

9 | Private Property

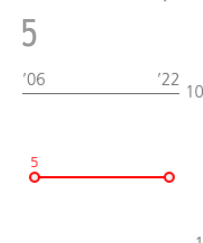
On paper, property rights and acquisition of property are adequately defined. All land belongs to the federal states with the exception of the coastal strips and certain riverbanks, which belong to the federal government. Thus, land is granted only as a hereditary lease. In reality, however, this sector is suffused with opaqueness, corruption and crime, meaning that in the final analysis the regional governments do not effectively guarantee property rights. Change in ownership of a hereditary lease is difficult and complicated. The state governors, acting as custodians of the land and handling leases, quite often abuse their offices by rewarding their clientele. Property ownership reaches its limits when raw materials, which belong to the federal government, are found underground. In such cases, the land is usually expropriated and the owner compensated, at least in theory. In many cases the government is bending the rules to the disadvantage of the lease holder. In several cases, evidence of the title is brought into question and it usually takes years to settle the matter in court. Quite frequently, local chiefs or communities lease land with a controversial status, which might hamper private investment. From time to time, the question of an overdue constitutional amendment to the Land Use Act is discussed in public. But as long as the governors and the majority of the elites are the sole beneficiaries of the act, nothing will change. In addition, prices for property and land, particularly in urban areas and in economic and political hubs such as Lagos and Abuja, are unrealistically high, a fact which maintains the status quo.

Private companies are considered important engines of development and growth. But the re-elected president and his government quite often neglect the private sector's efforts to establish a functioning environment. In general, the private sector encounters considerable economic, political and social barriers to development. Nevertheless, to a large extent private companies can act freely. The banking, insurance and IT sectors, electronic media, which were deregulated due to external pressure (World Bank, IMF and other western donors), and construction were still flourishing. The COVID-19 pandemic and its political and socioeconomic consequences further adversely affected the economy, which was already suffering from a lasting recession during the period under review. At the same time religion (Christian religious industry) and private education, particularly in the south, are booming. Religious organizations are exempt from corporate income tax, a fact

Property rights



Private enterprise



which transforms the religion into a highly lucrative business. As in the past, state companies and international conglomerates in the oil and gas sector monopolize the economic system.

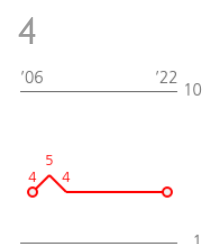
10 | Welfare Regime

In general, the burdens of aging, illness, underemployment and unemployment are carried mostly by extended family networks and the informal sector. This means that only civil servants and employees in higher education, state-owned and partially state-owned companies and medium-sized and large international companies enjoy a certain level of social security. The National Pension Commission (PenCom) supervises pension departments, which have been created to carry out the functions of the relevant pension boards or offices in the public service of the federation and Abuja, with a view to making regular and prompt payments of pensions to existing pensioners. More than 8.0 million Nigerians have registered under the Contributory Pension Scheme (CPS), which has more than \$32 billion available (mid-2020). The expectations of the National Health Bill were not fulfilled, meaning that the state barely looks after the health situation in the country. Even the COVID-19 pandemic did not change the government's attitude of neglect, despite the fact that a number of well-known top elites passed away due to COVID-19.

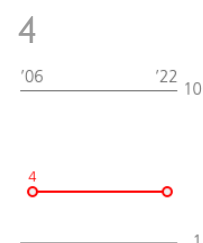
The administration under President Buhari tried to modestly mitigate the impact of widespread poverty and COVID-19 for those in dire straits. It extended some programs such as the Nigeria Youth Employment and Social Support Operation (YESSO), the Social Investment Program (N-SIPs), the Government Enterprise and Empowerment Program (GEEP), the Home-Grown School Feeding Program (HGSFP), and the N-Power Program, which includes regular payments to the deserving poor and instituted a minimum hourly wage of NGN 30,000 .

The distribution of income in Nigeria is highly unequal. Some 60% of the estimated 200 million people live in absolute poverty. Implementing the Sustainable Development Goals (SDGs) as part of the Agenda 2030 has been hampered by a weak government, poor governance, endemic corruption and the COVID-19 pandemic. Nigeria took part in the Voluntary National Review (VNR) only once (2017), and the findings did not show any significant improvements. President Buhari and his government are aware of the precarious level of unemployment among youth and its frightening consequences. The federal and state governments have started financing various programs of training and empowerment such as the N-Power Program, Nigeria Youth Employment and Social Support Operation (YESSO), the Social Investment Program (N-SIPs), the Government Enterprise and Empowerment Program (GEEP), Home-Grown School Feeding Program (HGSFP), transfer payments for the poor and an increase of the minimum wage. The legal situation of people with disabilities has improved. In 2019, a bill entered into force which

Social safety nets



Equal opportunity

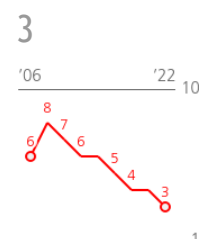


established a National Commission for Persons with Disabilities, responsible for ensuring that people with disabilities have access to housing, education and health care. The commission was empowered to receive complaints of rights violations and to support victims seeking legal redress, among other duties. Women with secondary or even tertiary education have access to state and public institutions and increasing numbers of well-educated women have entered the expanding private sector (banking, insurance, private media, consultancies, etc.). Some women occupy prestigious positions within government and the judiciary. Gender-based discrimination against women in the legal system has been reduced among the middle and upper social classes. However, despite the fact that women from within the elite can get to the top of ministries and state agencies (for example the Supreme Court, the Ministry of Finance and the coordinating office for the SDGs), women hardly play any political role at state and local government levels, let alone at the grassroots level. The general literacy rate is 62%. The male literacy rate, however, is 71% while women trail way behind, at 52%. The south-north dichotomy means school enrollment in the more developed south is at some 70%, against 30% in the poverty-stricken north. School enrollment is about 84% at primary school level, 42% at secondary and just 10% at the tertiary level.

11 | Economic Performance

In 2020, the COVID-19 pandemic aggravated the socioeconomic crisis, which had already begun a couple of years previously. The pandemic ended the modest recovery of 2019 and triggered a painful decline in all relevant indicators. Oil and gas prices plummeted, slightly recovering only during the last quarter of 2020 above \$50 per barrel. GDP was expected to fall by at least 3.2% for the calendar year 2020. Inflation increased to some 14% and the official currency exchange rate was eventually fixed at NGN381: \$1. On the parallel market, however, the rate was around NGN480: \$1. Compared to recent years, foreign reserves were depleted to some \$35 billion and 21 tons of gold. External debt reached new heights, amounting to \$31 billion. Domestic debt, however, amounted to a worrisome \$54 billion. The debt/GDP ratio was close to 50%. Current account balance deficits were on the rise, indicating a long-lasting negative trend (the current account balance \$ -17,016.4 million in 2019). The budget deficit in 2020/2021 of close to 50% heralded new hardship and high unemployment rates all over the country, particularly in the poverty-stricken north. Official unemployment rates are unreliable, given the large size of the informal sector, but it was 8% in 2020.

Output strength

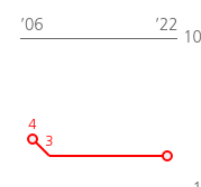


12 | Sustainability

Environmental issues did not have priority at all although a Ministry of Environment exists. The COVID-19 pandemic worsened the already-appalling situation. In conjunction with international donors and partners, the federal government and to a larger extent some state governments promoted some renewable energy projects in central Nigeria. The government's commitment to addressing the threatening impact of climate change and the National Oil Spill Detection and Response Agency (Establishment) Act, which was aimed at addressing oil pollution, particularly in the Niger Delta, has had no impact yet. Deforestation, overgrazing, desertification, lack of garbage collection and sewage systems, air and water pollution, open defecation, industrial pollution, particularly in the oil and gas sector, and the pollution caused by several million privately operated generators all over the country, which cost around \$20 billion per annum, and a very poor national power grid were the nation's primary environmental problems. In fact, worsening ecological problems, aggravated by a continued demographic growth, continue to cause serious harm to the socioeconomic system. The Environmental Performance Index of Nigeria was 31.0, which makes Nigeria 151st out of 180 countries rated.

Environmental
policy

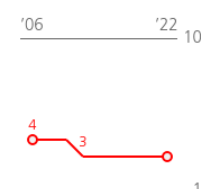
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Education and training facilities were available in important segments. However, the enormous political, socioeconomic and socio-cultural north-south dichotomy is also reflected in education in general and school enrollment, in particular. The U.N. Education Index stood at 0.499 in 2019 and the literacy rate was 62% (2018). While general enrollment at primary level amounts to some 84% of all school-aged children, enrollment in the north is just 30% and in the south 70%. While in the north the mean years of schooling are 4 – 7 years, school attendance in the south is about nine years. Nationwide, mean years of schooling are 6.2. Serious shortcomings persist in research and development. Notwithstanding these shortcomings, the state's expenditures for education accounted for some 6.7% (\$2.3 billion) of the 2020 federal budget. But the pandemic restructured the budgets of several ministries, including the Ministry of Education. This will further foster private education on all levels. At the end of 2020, more than one-third of all 218 tertiary institutions were privately run universities, a strong indicator of continued commercialization of the education sector. The trend in favor of private schools and universities run by private investors such as charismatic and Pentecostal churches, who consider education a lucrative business continues unabated. Each year, the number of applications presented to the Nigerian Universities Commission increases, which means that private education is highly competitive. Against this backdrop and almost unnoticed, the state is silently withdrawing more and more funds from the public education sector.

Education policy /
R&D

3



Governance

I. Level of Difficulty

The structural constraints of transforming the political and socioeconomic system are very high, even though the main democratic institutions are still reasonably stable, despite the weak leadership under President Buhari. No government has ever addressed, let alone seriously attempted to overcome the socioeconomic and socio-cultural dichotomy between the underdeveloped poor north and the rather advanced and better-off south, or the even more striking divide between the small, but enormously rich elite and the vast majority of poor Nigerians. Unprecedented challenges include grinding poverty, relatively more in the north, a precariously high unemployment rate among youth, youth and secret cult violence, endemic corruption at every administrative level, inefficient state structures, significant and politicized ethnic and social heterogeneity, organized crime and banditry, kidnapping, the still-threatening Islamist insurgency in the northeast, which has spread across borders and caused a dangerous crisis in the region, increasing violence and organized crime and cattle rustling in central Nigeria and in the northwest and piracy along the coast. Widespread violence in the oil- and gas-producing Niger Delta increase the level of difficulty. In addition, very poor infrastructure, an ailing power sector, unabated population growth, widespread HIV/AIDS infections and the COVID-19 pandemic – mainly by means of low worldwide demand for oil – compounded Nigeria's structural problems during the evaluation period. Otherwise, it remains to be seen how other factors, such as the unknown number of infections or restrictions, will affect the country in the long run.

Traditions of civil society are still weak, although private media and religious groups of both major faiths play an increasing role in strengthening this segment of society. In addition, digital technology made enormous headway during the period under review and has an impact on political processes and Nigeria's political culture. Use of social media is rapidly expanding and has already had some impact on the weak leadership of President Buhari. Against this backdrop, dozens of civil society groups, reinforced by numerous groups in the overseas diaspora, try to establish a common platform for closely monitoring the government. However, the end-SARS protests in October 2020 that mobilized youth and critics of the government revealed some structural weaknesses in civil society. The protests provide evidence of the mobilization power of social media, but the ease with which hoodlums and organized gangs hijacked the peaceful protests and turned them into mayhem also reveal their shortcomings.

Structural constraints

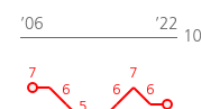
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Civil society traditions

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The north-south and Christian-Islamic dichotomies, the deep north-south and vast majority-small elite socioeconomic divides, widespread sectarian clashes, ethnic cleavages and increasing religious fundamentalism cause severe tension and mistrust in all walks of life. The Islamist insurgency, reinforced by new breakaway groups such as the Islamic State West Africa Province (ISWAP) in the northeast, has expanded and continues challenging the government and the unity of the country. The increasing violence and organized crime in central Nigeria and in the northwest, the return of nationalist movements in the southeast and in central Nigeria, well-organized violence in the Niger Delta and widespread crime, in particular kidnappings for ransom and killings, indicate high conflict intensity in almost all the regions of the country.

During the first wave of the COVID-19 pandemic, the government announced a nationwide lockdown. Some citizens, however, did not observe the restrictions and during that phase more citizens died from gunshot wounds, mostly inflicted by government security forces, than from the virus. This violence however was limited and it remains to be seen whether there will be long-term effects.

Conflict intensity



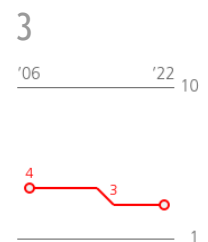
II. Governance Performance

14 | Steering Capability

President Buhari, re-elected under suspicious circumstances in 2019, and his government's policies during the sixth legislative period (2019 – 2023) are strongly affected by serious security and economic challenges. The modest economic recovery at the beginning of his second term was put on hold by the COVID-19 pandemic, by weak leadership and an unprecedented level of organized crime in most regions of the country. Nigeria's socioeconomic system is more vulnerable than ever. External factors such as the volatile global market prices for oil and gas, which Nigeria cannot influence, amplify this vulnerability. These structural problems permit pursuing only selected medium-term goals at best. Despite all these challenges, the federal and state governments and the National Assembly were still able to formally govern and to pass several bills and implement them. However, the weak or inefficient enforcement of these bills rendered them more or less mere declarations of intent. There was hardly any progress concerning the restructuring and reorganization of the ailing power sector, the construction and privatization of refineries and the rehabilitation of transport and road infrastructure. Not even the counterinsurgency in the area plagued by Boko Haram in the northeast was successful. In addition, the fight against endemic corruption returned barely any positive results. In sum, the government failed to set meaningful priorities, let alone to implement structural reforms that had the potential to address Nigeria's numerous socioeconomic and political challenges.

Question
Score

Prioritization



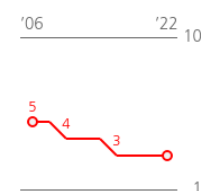
The president and his government were in principle committed to democracy and market economy. Nevertheless, President Buhari and the state governments neither have the capability nor the capacity or political will to establish, enforce or execute consistent priorities regarding required socioeconomic and political reforms, particularly concerning the economy, security and infrastructure, such as power, refineries, water and roads. The federal and state governments often fail to properly implement their respective budgets. Despite their poor implementation capacity, the governments were still able to redistribute ample resources in favor of the political class and the elites.

Lagos and the Federal Capital Territory Abuja are noticeable exceptions, as far as implementation is concerned. Neither the federal nor the state governments have a discernible political strategy to move the country forward. COVID-19 highlighted this deficiency.

Nigeria's political leadership has learned how to successfully deal with the international donor community and the relevant international financial and political institutions. However, as far as domestic politics is concerned, the outcomes of the learning process are poor. The federal government was not able to counter the multiple social, ethnic, sectarian and economic challenges, let alone establish a reasonable strategy to manage the COVID-19 pandemic or defeat the Islamist insurgency. In almost all relevant fields, in particular security and anti-corruption campaigns, the government failed. It harshly reacted to protests in October 2020, showing little willingness to respond to the demands of the population. The government maintained its careless approach of large-scale, ineffective deficit spending. Poverty increased and the affluent benefited. In the foreign exchange regime, the government at least caved to pressure and reluctantly devalued the overvalued national currency, which however contributed to rising inflation. In summary, the government's track record in the area of policy learning remained poor.

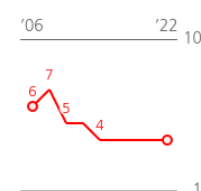
Implementation

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Policy learning

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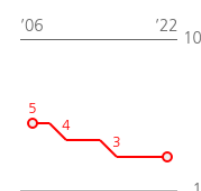


15 | Resource Efficiency

The federal government and the state governments do not make effective use of available human and organizational resources for their transformation policy. The consensus still exists that all 36 federal states and the Federal Capital Territory should be represented in government. Nigeria's federalism is tantamount to a disguised legal modus operandi of enriching the political class, the huge state apparatus and large portions of the elites. The leadership responded to fluctuating revenues triggered by erratic changes in oil and gas prices and widespread corruption causing budget deficits by borrowing billions of dollars on national and international financial markets. In addition, the fight against the COVID-19 pandemic was only pursued halfheartedly. The government also failed to reorganize the military and the national police force, despite their high input in terms of human and financial resources.

Efficient use of assets

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The government and the National Assembly are quite efficient in formulating and passing budget proposals. In this environment, parliamentarians, well aware of their veto power as far as budgets are concerned, creatively deal with the government's budget proposals to their own advantage, meaning they increase the budgets. In almost all cases in the past, any indication that the president intended to veto any increase would most likely lead to nothing and to a humiliating defeat, since there is a common front in both houses of the National Assembly to overrule the presidential veto as soon as it affects finances.

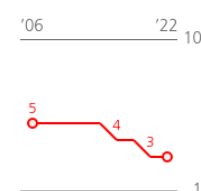
During the period under review, the president and his government were not able to overcome conflicting objectives within the government and between the government and other democratic institutions, like the federal parliament and regional governments and parliaments, particularly concerning socioeconomic and financial affairs. The main conflicts persist in the oil- and gas-producing Niger Delta, in central Nigeria, and in the northwest with increasing sectarian crises and organized crime and in the northeast, where Boko Haram and its breakaway groups are still very active. Against the backdrop of influential veto powers within the political class and the elites and endemic corruption at all levels, the government's inability of overcoming conflicting objectives likewise applies to other fundamental questions: fighting the pandemic; overcoming the economic crisis; developing an adequate infrastructure; establishing sustainable development goals; managing demographic development; effective anti-corruption policies; tackling the issue of widespread unemployment among youth; and executing transparent and fair elections. This notwithstanding, the elites in general and the political class and lawmakers in particular still find common ground in legally and illegally distributing the country's wealth among themselves.

During the period under review, the leadership under President Buhari vowed to focus on a results-oriented anti-corruption campaign and to provide more financial resources to the two anti-corruption commissions, the EFCC and ICPC. Due to structural dilemmas in the weak institutions, which are constantly challenged by strong veto-powers, their efforts yielded only limited success. The commitment to anti-corruption, however, is maintained by the justice minister and the attorney general. The latter was reappointed during President Buhari's second term and continues to consider the anti-corruption campaign his most important mission. However, the results are mixed, at best. Overall, the government has changed its strategy and focused more on tracking and repatriating stolen money and confiscating real estate acquired by illegal means than on prosecuting offenders. With this approach, many culprits managed to get away without being convicted.

The "Nigerian System," even under democratic rule and the ostensible rule of law, does not provide for any integrity mechanisms designed to battle corruption. The sheer number of high-ranking officials charged with corruption and eventually discharged provides proof of this. At the federal level, transparency and auditing are

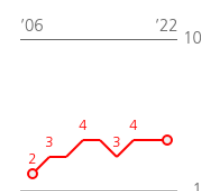
Policy coordination

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Anti-corruption policy

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guaranteed at least to some extent. Auditing at the state and local government levels only exists in theory. Take, for example, the opaque “security vote” which allegedly amounts to some \$600 million annually, which serves as regular payments to state governors aimed to reinforce their capacity to fight organized crime. The governors, however, are not obligated to keep records as to how the funds are utilized. In fact, most of the funds are stashed away by the governors.

There is no public procurement system worthy of the name.

One can hardly speak of conflict of interest rules. Arbitrariness, blackmailing and erratic, ad hoc decisions shape the system to a large extent. The most striking example of this is the fact that the elites cannot even guarantee property ownership because rules are vague and can easily be ignored or challenged.

The media is entitled to information from the federal government. In contrast, state governments deny the right to information. Ordinary citizens have no opportunity to obtain access to information.

There are no regulation of party or campaign financing.

16 | Consensus-Building

The ideological differences between the ruling party, the APC, and the opposition party, the PDP are the difference between six and half a dozen. Both parties were predicated on a long-existing network of the old political class, which survived the various military regimes of the 1980s and 1990s, supplemented by members of the military-turned-politicians elite. However, both parties, as well as most Nigerians from all walks of life, are in favor of establishing and consolidating democracy and a market economy as strategic goals for development and transformation. However, there is still a deep divide over the question of how to achieve these strategic goals, given the grave north-south dichotomy, endemic corruption, sectarian crisis, Islamist insurgency, nationalistic movements, violent militias and organized crime in large parts of the country. Whenever a serious crisis occurs, however, the political class refer to the civil war with the aim of coming to a consensus concerning the unity of the country, which, according to most of them, is not negotiable.

In general, the leadership, the elites, the political class and the vast majority of Nigerians are in favor of a free market economy. However, the government lacks the capacity and willingness to formulate and implement a strategic governance and economic framework that would benefit the socioeconomic system at large. In this respect limited political will and economic incompetence hamper reforms and progress.

Consensus on goals

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The majority of the political class, the elites, the business community and the electorate formally support democracy and market economy. Nonetheless, there are strong anti-democratic veto powers within democratically legitimized institutions, the security services and both major religious communities. The military shapes domestic and security politics to a significant extent and in doing so frequently abuses democratic norms and goals. The military no longer plots coups as in the past, but according to U.S. government authorities, the government cannot fully control the armed forces. Quite a number of actors, both Muslim and Christian, do not fare well when it comes to the acceptance of democratic and transparent principles.

Regarding the management of social cleavages, the political leadership's record is quite poor. The pacification of the oil- and gas-producing Niger Delta was only partly successful. Resolving the deep crisis in the northeast, where the Islamist insurgency still challenges state and society, failed and there is no end to the crisis in sight. On the contrary, the number of violent and threatening hotspots has increased over time, which means that hardly any region in Nigeria can be considered safe. Numerous sectarian clashes with quite noticeable ethnic undertones, organized crime and piracy compound the cleavages. The administrative structure of 36 federal states, 768 local governments and six councils theoretically aims to provide an adequate framework for managing social cleavages. However, corruption, greed, weak leadership and socioeconomic incompetence exacerbate and further politicize deep-rooted local and regional grievances.

Generally, any political leadership in Nigeria has tended to ignore civil society actors to the greatest extent possible. At times, however, particularly during crises, a small number of NGOs, freelance experts and professionals, private media and representatives of mainstream churches and charismatic megachurches, Islamic organizations and trade unions have a limited impact on the political process and decision-making. If it suits the political leadership, prominent civil society actors are often successfully co-opted. In addition, organized groups, such as the officers' club comprised of retired high-ranking military staff or former presidents, politicians or administrators, serve the government whenever possible. Neither the COVID-19 pandemic nor the end-SARS protests in October 2020 had an impact on strengthening civil society at large.

The political class and the elites have in most cases successfully managed not to reveal the causes of crises. Against the backdrop of several crises, such as the COVID-19 pandemic and the protest against SARS, this approach has been strengthened. This notwithstanding, the government is rather successful in reconciling conflictive interests within the political class and the elites, in particular through sharing state revenues as quietly and secretively as possible. This includes the so-called security vote, opaque but regular payments to the state governors to help them enforce their regional security duties. In fact, most of these funds are utilized by the governors for their personal gain. The approach mentioned above, however,

Anti-democratic actors

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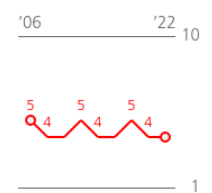
Cleavage / conflict management

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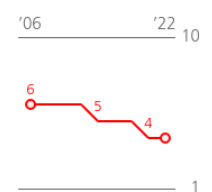
Civil society participation

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Reconciliation

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does not apply in relation to the vast majority of people, who are left behind and belong to the huge number of losers to and victims of failed policies, fierce power struggles on all administrative levels, extrajudicial killings, arbitrariness and lack of access to justice. In the end, all these factors thwart any reconciliation efforts.

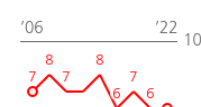
17 | International Cooperation

No matter how small, any progress in the transformation process toward a market economy and liberal democracy is mainly related to pressure from outside actors (the IMF, World Bank, African Development Bank, foreign high-profile consultants from privately run finance organizations and Nigerian experts from the diaspora in the United Kingdom and the United States). The role of outside actors like the United States or the EU in the democratic transformation process, however, is rather marginal. With the COVID-19 pandemic, volatile oil and gas prices, conflicting interests and approaches concerning the anti-terror campaign in Nigeria's northeast and increased organized crime in most parts of the country, cooperation with the international community, in particular with the WHO and other U.N. organizations, increased. This also applies to closer military and intelligence cooperation with the United States, Britain and to some extent with the EU than existed previously. However, this approach did not produce the expected results in the fight against terrorism. For example, throughout the period under review, Islamist insurgents were able to maintain their insurgency on a significantly high level and maintain significant pressure on the security forces, which cost the lives of hundreds of security personnel. Nonetheless, Nigeria is committed to the Sustainable Development Goals (SDGs) and has firmly established a coordinating office. The many overwhelming security and socioeconomic challenges, however, will overshadow any implementation of SDG-related policies for the foreseeable future.

Nigeria's credibility and reputation in the international community has suffered serious setbacks, since the manipulated presidential election in 2019, which was tantamount to a silent coup d'état, and additionally, due to several questionable results in gubernatorial and parliamentary elections. The country's poor reputation was made worse by the ongoing Islamist insurgency and the state's failure to handle the worsening security situation in almost all parts of the country. As far as dealing with the COVID-19 pandemic is concerned, the government's record is similarly poor. This notwithstanding, Nigeria still plays a visible role in institutions such as the African Development Bank, ECOWAS and the U.N. However, the country's long-lasting border closure did not go down well with the neighboring states and ECOWAS, and once again underlined Nigeria's frequently high-handed policies with regard to its neighbors. This behavior also applies to domestic affairs, as demonstrated by the security services, in particular the military and the police. They frequently abuse their powers, allegedly in the fight against terrorism, crime and militias, which prompts widespread criticism from within and outside Nigeria.

Effective use of support

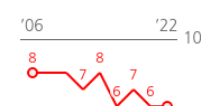
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Credibility

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Nigeria's credibility in the realm of regional cooperation has suffered setbacks during the period under review. The inability to end the Islamist insurgency and rather poor performance in terms of cooperating with neighboring states to combat the insurgents have damaged Nigeria's reputation. In addition, the border closure, which clearly breached ECOWAS protocol, and cross-border organized crime weakened Nigeria's position in terms of regional cooperation. Even signing the treaty on trade and economic cooperation in Africa in 2020 – AfCFTA – was seen by the other African countries as a reluctant act, since Nigeria had refused to do so the previous year. On the whole, this has a negative impact on Nigeria's self-proclaimed leading role in the West African subregion.

Regional cooperation

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Strategic Outlook

Under the weak leadership of President Muhammadu Buhari, dangers and uncertainties in all political fields will persist and continue to shape the “Nigerian System” in the years to come. After the election challenge against re-elected President Buhari and his All Progressives Congress (APC) was dismissed, Buhari and his party have consolidated their power at the center, at least until the end of the legislative period 2019 – 2023. Since almost all lawsuits against the results of the important gubernatorial elections were also dismissed, the APC was equally able to consolidate its position at the regional level, so that the political front was more or less calmed. This was also due to the attitude of the opposition, Peoples Democratic Party (PDP), which no longer saw any possibility of challenging the election results by legal and political means during this legislative period. The peaceful end-SARS protests against police brutality and the government, which were hijacked by hoodlums and criminals, turned into mayhem. But the protests only temporarily interrupted the fragile calm.

The level of violence throughout northern Nigeria (almost three quarters of the country’s territory) has increased again and continues to claim many victims among jihadists, security forces and, above all, the civilian population. Violence is committed by different groups of Islamist insurgents, organized criminal gangs and state and para-state security forces. The multidimensional violent conflict with various groups of insurgents has spread fast to the border areas of the neighboring states and will further continue shaping the political and socioeconomic system. Beyond this, people in the southern regions of the country remain in the sphere of influence of the border conflict with the anglophone part of Cameroon, as well as of piracy, kidnapping and robbery. The COVID-19 pandemic and the accompanying economic recession once again exposed the central and regional governments’ poor capacities to act and manage, especially in times of crisis.

It remains unclear how the central government and regional governments intend to successfully counter Islamist terror, gangs and piracy in the medium term. As far as Islamist terror is concerned, there are plausible indications that Nigeria is trying to shift this violent conflict to the countries bordering Lake Chad, thus avoiding responsibility for this long-lasting conflict. So far, this approach seems only partially successful since the insurgents are able to continuously launch attacks within Nigeria. Mutinies within the security forces are on the rise and commanding colonels and generals regularly face sharp criticism. There is no coherent policy in place to deal with the high numbers of internally displaced people (more than two million at the end of 2019, according to UNHCR), who are regarded with indifference by the state and most Nigerians. This attitude will prevail and the international community will have to assume responsibility for these IDPs. The question as to how to manage the COVID-19 pandemic and its expected long-term effects remains unanswered. However, the shock ran deep among the wealthy elites, when, despite their fortunes, they found themselves cut off from international-quality health services for the first time. Several well-known and powerful people died from the virus. It is highly unlikely this situation will trigger an attempt to revive the completely run-down basic health system. The most likely scenario is that hardly anything will change so that the resilience of the Nigerian people continues to be challenged.