For over four decades, Olusegun Obasanjo, in government or out of it, has strongly influenced his country's affairs and those of Africa generally. He had a remarkable career as a military commander in Nigeria's civil war (1967–1970) and as head of state in both a military regime (1976–79) and civilian government (1999–2007). After being blocked from running for a third presidential term, he imposed on his party a little-known governor from the far-northern state of Katsina, Umaru Musa Yar’Adua, and steered him to the presidency in the April 2007 elections.

Those elections, marred by extreme disorganization, widespread violence, and blatant vote rigging, were calamitous. Courts so far have annulled the election of numerous legislators and seven (of thirty-six) state governors. On February 26, 2008, an election tribunal upheld Yar’Adua’s lopsided victory, but the decision is being appealed to Nigeria’s Supreme Court. Whether Yar’Adua will be allowed to complete the remaining three years of his presidential term, or new elections are ordered, the legacy of his predecessor will be the central point of reference in assessing progress or regress in this complex nation.

The Obasanjo legacy is a paradoxical one of both far-reaching reforms and anti-reformist actions. He ushered his country away from military rule. He was the first Nigerian leader to serve two full elected terms and to transfer power to an elected successor. Yet he also engineered an effort that would have enabled him and state governors to serve more than two consecutive terms. After this initiative was defeated on May 16, 2006, in a tense vote in the National Assembly, Obasanjo installed himself as “Chairman for Life” of the ruling People’s Democratic Party. Under his direction, the party ran roughshod over the 2007 elections—with disastrous results.

This contradictory pattern of governance by Obasanjo sheds light on the systemic obstacles that impede economic growth, democratization, and good governance in Nigeria today. Under Obasanjo, groundbreaking reform in the banking sector was accompanied by a privatization of government assets tainted by cronyism. Anticorruption investigations appropriately removed from power some senior officials but at other times seemed instigated to protect allies and punish adversaries. Authorities conducted and publicized a major audit of the oil sector, but no one was held responsible for the financial discrepancies uncovered. And instead of Obasanjo’s tenure ending as a robust affirmation of Nigeria’s democratic accomplishments, the opposite occurred: His successor assumed the presidency after chaotic and dishonest elections.

Yar’Adua, though he came to power under a cloud, has won plaudits for his modest demeanor, for his frankness regarding the conduct of the 2007 elections, and for his accommodating approach (so different from Obasanjo’s autocratic style). Yar’Adua has moved swiftly, moreover, to launch significant reforms in the oil sector, the election system, police services, and power generation, and has initiated efforts to bring peace to the Niger Delta. Still, the complex politics of this large and diverse country throws obstacles in the path of all its leaders. Oligarchs, including many former and now-wealthy military officers, have to be appeased; the same can be said for representatives of myriad ethnic and regional constituencies. Nigeria’s clientelistic patronage system must be kept lubricated with money and with allocations of opportunities for the acquisition of wealth.

After taking office, Yar’Adua reversed some of Obasanjo’s decisions that seemed designed to benefit Obasanjo’s political allies, such as the privati-
reforms have been instituted in a half-hearted manner. In most cases, African governments adopted policies designed to reduce the role of the state and increase that of private actors in their economies. In most cases, such as restructuring the national oil company, eliminating fuel price subsidies, and reducing the size of the civil service—will require overcoming greater obstacles.

Defeated presidential candidates Atiku Abubakar and Muhammadu Buhari have decided to take their challenge of Yar’Adua’s election to the Supreme Court. If he is reconfirmed as president or wins a new election ordered by the court, his authority could be enhanced and he might be empowered to build on his predecessor’s economic reforms, including improved management of the vast revenues produced by the nation’s oil and gas industry. However, if his election is nullified and he is defeated in a rerun, Yar’Adua’s successor will be challenged even more than he has been to advance urgently needed yet difficult reforms.

**PARTIAL-REFORM SYNDROME**

In view of Nigeria’s abundant resources in people, land, and mineral wealth, what are the country’s prospects for sustained progress in economic growth, democracy, and security? Nigeria’s population, at 135 million, is Africa’s largest. The population continues to grow by about 3 percent a year, meaning that Nigeria could be home to as many as 200 million people in 15 years. However, the World Bank estimates that 92 percent of Nigerians live on less than $2 a day; 52 percent survive on less than $1 a day. Economic growth, averaging between 5 percent and 6 percent annually, is concentrated in the oil industry, though progress has been made in other sectors in recent years, especially telecommunications. The basic institutions of Nigeria’s democratic system are weak. And security—whether against property theft and other crimes, or in terms of the satisfaction of basic needs such as nutrition, health, transportation, education, and electricity—remains deficient.

The Obasanjo years will be remembered for the economic reforms that Yar’Adua has pledged to continue. For almost a quarter-century, Nigeria like many other African nations has exhibited what Nicolas van de Walle has described as the “partial-reform syndrome.” Pressured by international financial agencies and bilateral donors, African governments adopted policies designed to reduce the role of the state and increase that of private actors in their economies. In most cases, reforms have been instituted in a half-hearted manner. Ibrahim Babangida, the Nigerian military head of state from 1985 to 1993, introduced structural adjustment policies supported by the World Bank, but the reforms were incomplete. Some industries were privatized and government subsidies to commercial agriculture were reduced, but cuts in social spending had a long-term negative impact on education and health.

Obasanjo built on the liberal economic reforms with a plan to create a corporate sector that could compete internationally with fast-growing economies such as Brazil’s and Indonesia’s. Under the guidance of highly capable technocrats such as Finance Minister Ngozi Okonjo-Iweala, notable achievements in macroeconomic management were realized. Nigeria’s external debt, valued at the time at roughly $36 billion, was largely erased in an impressive 2005 package of debt relief and buyback financed by the post-2003 boom in oil prices. Charles Soludo, appointed by Obasanjo to head Nigeria’s central bank, initiated extensive banking reform and consolidation after 2003.

Throughout the Obasanjo years the exchange rate for the naira was kept fairly steady, while inflation remained moderate. Other economic reforms were designed to attract international investors, particularly to Nigeria’s telecommunications market, which is one of the fastest growing in the world. A reform program negotiated with the International Monetary Fund and carried out from 2005 to 2007 exceeded expectations, producing an estimated 8.5 percent growth rate in the non-oil sector in 2007.

On the other hand, Obasanjo’s oft-stated intention to improve his country’s physical infrastructure proved less effective. A decline in the quantity and reliability of electricity has been one of Nigeria’s greatest obstacles to economic growth. Well-known management deficiencies in the electricity sector have made it necessary for companies and households to rely increasingly on their own generators. Obasanjo in 1999 promised to overhaul the power sector within months of taking office. Yet it was reported in early 2008 that the more than $10 billion his administration had spent to revive the power sector had achieved little.

Another roadblock to economic development has been the collapse of the country’s capacity to refine oil. Nigeria is Africa’s leading exporter of crude petroleum, yet it has to import much of the gasoline that its private and commercial vehicles use. Consumer prices for gasoline are heavily subsidized, at enormous cost to the government, and any attempt to reduce this burden on the treasury
provokes bitter conflict with labor unions and other groups.

Related to these problems is the state of the country's transportation sector. The government has invested heavily in expanding the national road network, but segments of the system remain in disrepair and key urban arteries require major overhaul. Air transport has grown significantly following the elimination of Nigeria Airways' monopoly in 1988, but weak government oversight has resulted in a dismal safety record. Meanwhile, among the greatest failures of successive governments has been the neglect of the nation's nearly defunct rail system. In the waning months of the Obasanjo government, first steps were taken to revitalize the system through a $4 billion agreement with China. If and how the agreement is implemented remains to be seen, but a viable rail system would allow many of the heavy goods now transported by road to be moved more cheaply. It would also provide a safer travel option for Nigerians who must cope daily with hazards such as badly maintained commercial vehicles, undisciplined drivers, constant demands for bribes from transport officials and police, and endemic armed robbery.

Nigeria—with a miniscule international debt, a large network of universities and colleges, under-exploited agricultural land, huge reserves of wealth at home and abroad, and the assurance of tens of billions of dollars in oil and gas revenues annually (55 billion in 2007 alone)—is ripe for transformation into a developmental state and economy. But addressing issues of electric power, fuel imports, and transport is crucial to capitalizing on the country’s favorable position. The most important missing ingredient, in the opinion of many Nigerians, is effective leadership.

**Federalism Nigeria-style**

Perhaps the greatest achievement of Nigeria’s leaders, including Obasanjo, when comparing their nation to other African countries with high economic potential (such as Ivory Coast and Kenya), is that they have kept their country fairly united as a single national entity. It is now widely recognized that Nigeria must continue to evolve as a federal democracy to deepen the sense of security required for political stability and equitable socioeconomic development. Leading Nigerian scholars such as Rotimi Suberu have emphasized that the country’s ethnic, regional, linguistic, and religious pluralism renders democratic representation and a federal system imperative for the country’s survival.

The existing constitutional order—organized around three levels of government, with executive and legislative responsibilities at each level—has acquired wide legitimacy. The key governmental challenge Nigerians face is not a need to reconstruct the system, despite recurrent demands by some for such an overhaul, but to make it work more effectively and fairly. Here the prospects, while not certain, are promising. Nigerians now have a multiplicity of governmental channels through which power can be pursued and redress of grievances sought. One of the accomplishments of the Nigerian political order is that it enables representatives of all of the country’s constituent groups to seek power, and thus gain access to governmental resources, at any level of the three-tiered system.

Despite changes in regimes, Nigeria has made steady progress in crafting its distinctive form of federalism. After decades of political experimentation, the country has established norms that include competitive federalism, ethnic rotation, and power sharing. If progress can be made in advancing electoral reform, facilitating the emergence of viable opposition parties, and curbing the theft and diversion of public funds, the 36 states of the Nigerian federation can evolve even faster as governing arenas. Yar’Adua appears more inclined than was his predecessor to delegate authority to the states and to create opportunities for state-led innovations.

Already, significant resources are being distributed by the central government to support progress driven at the state level. The Obasanjo government, for example, committed the money that was saved through international debt relief to fulfilling the Millennium Development Goals, the set of UN objectives that includes halving extreme poverty, halting the spread of AIDS, and providing universal primary education. In 2006, these funds amounted to 100 billion naira (approximately $833 million), and last year states vied for the money via a competitive process. However, while the resources devolved to states are significant, the risks regarding their use remain high. Historically, accountabil-
ity in the use of public funds has declined sharply as implementation of public projects has shifted from the federal center to the states and then to local governments. It is not surprising that many governors during Obasanjo’s time in office were accused of pillaging government funds.

Obasanjo initiated incremental efforts at reform of the federal bureaucracy—particularly in his second term, through the appointment of reform-minded technocrats to head a number of key ministries. These included the Finance Ministry, which improved transparency in the budgeting process and management of the economy; and Solid Minerals, which introduced greater competitiveness and transparency in the mining industry. If further progress can be made in improving governance at state and local levels, this could have an enormous impact on the provision of public services, the facilitation of economic growth, and the representative character of Nigeria’s political structures.

**The Rule of Law**

A unique aspect of President Obasanjo’s tenure was the work of the Economic and Financial Crimes Commission (EFCC), which spearheaded anticorruption efforts. Under Obasanjo, the EFCC arrested on corruption charges the inspector general of police, two governors, and other powerful politicians. It investigated many prominent office-holders, including 31 of Nigeria’s 36 governors, the vice president, and national legislators.

As Obasanjo’s campaign to secure a third term gained momentum, however, the attention of the EFCC seemed to focus increasingly on the president’s political opponents. After the defeat of the president’s third-term proposal, the EFCC appeared dogged in its pursuit of opposition politicians—notably Obasanjo’s arch-adversary Vice President Abubakar, who was able to run only a perfunctory campaign in 2007. Although Obasanjo’s EFCC was criticized for political bias in its selection of targets, few questioned the integrity of its actual investigations. Yar’Adua has promised to promote the rule of law and to continue the anticorruption campaign, but his removal of the EFCC’s chairman in early 2008 raised concerns that the campaign might lose energy and traction.

Obasanjo’s autocratic tendencies eventually provoked other branches of government to assert their independence against him. In addition to blocking his bid for a third term, the National Assembly took preliminary steps to impeach him on three separate occasions for disregarding the prerogatives of the legislature, such as by impounding budgeted funds. Yar’Adua, for his part, has shown respect for the independence of the assembly, refraining from interfering in its budgetary processes. Growing alliances between legislators and civil society groups, including an NGO coalition advocating a Freedom of Information Act, should contribute to legislative independence.

The branch of government that has earned the most respect in recent years is the judiciary, particularly at the federal level. The renewed independence of the Supreme Court and the federal appellate courts, and their sustained insistence on the rule of law, have been reflected in a number of landmark decisions. The Supreme Court’s rulings on disputes between states and the federal government over electoral law, offshore oil reserves, and other issues have improved its image. As of February 2008, the court system had reversed seven of the 2007 gubernatorial contests because of election irregularities, and several more reversals were expected in other races for state governor and for the National Assembly.

**Political Priorities**

Despite the dramatic overturning of gubernatorial elections, however, much remains to be done to endow Nigeria with a viable political opposition. Opinion polls conducted before the 2007 elections indicated that opposition parties might win half the governorships and a similar share of seats in the national and state legislatures. Had these victories been allowed to occur, the opposition parties would have been in a stronger position to push for election reform, advance their policy initiatives, and confront the ruling party more sharply on corrupt practices. A priority of the post-Obasanjo era is facilitating the country’s evolution toward a much fairer multiparty system.

Among the country’s great resources has been the vitality of its civil society. Professional associations, independent media, and myriad interest groups have acted repeatedly to curb abuses of power. In addition to protesting Obasanjo’s third-term gambit, they formed themselves into monitoring teams for the 2007 elections. Although they were unable to stop the rigging and mayhem, they did expose many shortcomings of the elections and lay the basis for ongoing court challenges. Organizations that played a pro-democracy role during the era of military rule, such as trade unions and the Nigerian Bar Association, have regained their vigor in recent years and brought the country to
a halt on several occasions to protest actions such as fuel price increases and the government’s sale of oil refineries to Obasanjo’s allies. The media, meanwhile, though deeply affected by entrenched patronage relationships with politicians, have been largely responsible for deposing several Senate presidents and Speakers of the House by revealing corrupt practices.

One of Yar’Adua’s first acts after his inauguration was to establish an Electoral Reform Committee, which must submit recommendations to the president by August of this year. Nigeria has expended enormous sums on election planning over decades. Today’s Independent National Electoral Commission, however, is an example of deliberate mismanagement. The introduction of a truly independent commission with well-trained personnel would be eagerly welcomed in a country whose capacity to deliver democracy has fallen significantly beneath society’s demand for it.

Among the important achievements of the 1999–2007 Obasanjo administration was the neutralization of the military as a disruptive political force. Before his presidency, the armed forces had ruled Nigeria for four out of every five years of independence. The military has, in fact, been the country’s strongest political entity. Not only have army officers acquired great wealth as a consequence of these long periods of dominance, but ex-servicemen are also prominent in politics and business. With the assistance of Minister of Defense General Theophilus Yakubu Danjuma, Obasanjo restructured the military to minimize its capacity to undermine his government. There were brief concerns that soldiers might be tempted during the postelectoral disorder in 2007 to stage a coup. However, Nigeria now seems to have put the military-led era behind it, thanks in no small part to Obasanjo’s deep knowledge of the military and his success in depoliticizing it.

**Persistent Insecurity**

While Nigeria’s security as a nation-state and as a constitutional democracy is not under threat, insecurity persists in multiple areas of the country. Foremost among these is the Niger Delta region, where intermittent warfare, kidnappings, and armed attacks on oil facilities continue despite numerous peace and development initiatives, and despite huge investments of financial resources by the federal government and oil companies working in the region. The theft and smuggled export of petroleum from the Niger Delta is now a micro-economy of its own in which military officers, politicians, and others are implicated. Some of the militias in the region continue to espouse ethnic self-determination, but most are now motivated by the drive to acquire wealth from oil-related activities.

Hopes were raised in the Niger Delta when Yar’Adua assumed office with a promise to implement a “Marshall Plan” to promote comprehensive development in the region. His vice president, Goodluck Jonathan, a former governor from the area, was tasked with leading a peacemaking initiative that engaged many of the leading militias and in fact lowered levels of violence for several months. The slow pace of this peace effort, however, has contributed to renewed outbreaks of violence. Yar’Adua has promised to unveil a comprehensive peace plan in 2008. In addition, governors from the region have initiated their own dialogues with militants to accelerate the peace process.

Obasanjo’s successors have considerable room for progress in reducing the high levels of crime that exist in many parts of the country. But achieving this objective is complicated by the federal nature of the police forces. State and local governments, even when they are inclined to improve policing in their jurisdictions, are hampered in their capacity to do so. As individuals and communities acquire arms and employ personnel for their own protection, a proliferation of squadrons of bodyguards—who were much in evidence during the 2007 electoral campaigns—increases the sense of general insecurity. Nevertheless, as the court system becomes more reliable at providing redress of grievances, as more economic opportunities are created for the unemployed and underemployed, and as police forces achieve greater professionalism, the pervasive insecurities of daily life can be reduced.

**The Islam Factor**

Nigeria enjoys geostrategic importance in Africa not only because of its buoyant oil and gas exports and the central role the country has...
played in regional security, but also because of its sizable Islamic population (the world’s sixth-largest). Islamic and Christian radicals have long been active in Nigeria, and the country has experienced periodic interreligious clashes. But Islam in Nigeria, as in much of Africa, is overwhelmingly moderate and accommodative, as are the dominant Christian traditions.

The adoption of sharia (Islamic law) by 12 northern Nigerian states in 2000 seemed to herald an era of greater religious confrontation. As president, Obasanjo was criticized for not acting to reverse this trend, which seemed to violate the federal constitution. But in the end his cautious approach appears to have paid off. Sharia courts have refrained from imposing draconian punishments for crimes. Northern Muslim politicians seeking federal office have been induced to tone down their advocacy of sharia and emphasize its moderate rather than punitive elements. The sharia states have even seen local groups make use of the Islamic code to expand democratic protections and accountability. There have been precedent-setting sharia judicial decisions to expand women’s rights, and Islamic zakat (tithing) precepts have been cited to lobby for greater assistance for the poor.

The elevation of Yar’Adua, a devout Muslim, to the presidency showed that, in this nation with near-equal numbers of Muslims and Christians, power can alternate peacefully between them. In an era marked by terrorism, and with counterterrorism assuming in global affairs the role formerly held by anticommunism, Nigeria has an opportunity to demonstrate that vibrant Islamic communities can coexist with constitutional and pluralist democracy.

Most Nigerians and outside observers would agree that the country’s priorities should be economic growth, democracy, and security. But harnessing Nigeria’s resources to pursue these priorities poses great difficulties. Under Obasanjo, to be sure, there were notable successes. Partly as a result of reforms particularly in banking, Nigeria’s long-promised expansion of its private capitalist sector—one that could attract longer-term domestic and external investors—has begun to take shape. Great fortunes were made during the Obasanjo years (including by the head of state himself, who is now far richer than the man who transited from prison to the state house in 1998–1999). Yet the country’s economic advances over the past decade failed to generate sufficient employment to meaningfully reduce the poverty that still characterizes the lives of most Nigerians.

At a meeting in Washington early in 2007, Nuhu Ribadu, then Head of Nigeria’s Economic and Financial Crimes Commission, made an impassioned speech in which he spoke about Nigeria becoming a “normal country.” By this he meant a country that had made a decisive break from the corruption and disorder with which its public affairs had been handled in the past. This dream has been around for decades. It was once memorably articulated by Lieutenant Colonel Chukwuma Kaduna Nzeogwu who, following the overthrow of Nigeria’s first civilian government in January 1966, railed against those who tarnished the country’s international prestige with their corrupt practices. Hardly a week goes by when the dream is not evoked in public lectures and media events by civic critics such as the Nobel laureate Wole Soyinka. Over and over again, Nigerian leaders, military and civilian, have summoned the country to live up to its potential, stressing the destructiveness of pervasive corruption and mismanagement.
In his inaugural address of May 29, 2007, Yar’Adua put forward a plan that made promises of progress in seven areas: power generation, food supply, agriculture, health, education, the Niger Delta conflict, and African economic and political integration. But his government, assuming the Supreme Court ratifies his election, will be judged more by what he does than what he promises. He has, in fact, the opportunity to do a great deal. Yar’Adua inherited an ample treasury. And as foreign oil companies are forced to renegotiate the production-sharing contracts of 1993 and 2002 that govern Nigeria’s offshore oil fields (the better to reflect higher global oil prices), the government can expect additional inflows of unbudgeted revenues that can be targeted to development projects.

Lifted from obscurity and promoted for the presidency by Obasanjo, Yar’Adua spent his first months in office trying to wrest power from the barons of the government and the ruling People’s Democratic Party. He achieved modest success in this quest, but the legal challenges to his presidency have kept the influence of Obasanjo and the party mandarins well in play. While attempting to restore the rule of law, the priority he mentions most, Yar’Adua is daily challenged to demonstrate the capacity to govern openly, democratically, and effectively.

The president, fortunately, is not the only force for change in Nigeria. The legislatures and courts continue to grow in importance, and civil society remains significant. Even so, more bridges between civil society and political leaders must be built. Without a credible, organized political opposition capable of mobilizing the public for elections and development projects, Nigeria’s reform agenda will continue to depend on the initiative of a presidency that is constantly pressured to submit to patronage politics.

**Reform or Transformation?**

A theme that cuts across many of the deficiencies in Nigerian governance is the need for political and economic institutions that perform the tasks for which they were intended. The Electoral Reform Committee is a start. Yar’Adua has set up similar committees to prepare road maps for reforming the petroleum sector and police forces.

The government also needs to extend the reforms in power generation and transportation infrastructure that Obasanjo started. Nigeria is in a strategic position to negotiate important infrastructural improvements: China has already contracted to help rebuild railroads, and Russia is exploring energy-production opportunities with Nigeria’s natural gas. But corruption could still defeat such efforts. In the past, bad politics and bad management have caused Nigeria to waste billions on projects that were intended to raise productivity—such as the Ajaokuta steelworks, for which there was nothing to show after a $5 billion investment. Hundreds of millions were spent to provide the teeming city of Lagos a mass transit line that never got off the design board.

What Nigeria needs above all is a transformation of institutions and infrastructure that can engage the energies of the country’s myriad entrepreneurs, revitalize its universities and healthcare system, and attract the talent and capital of Nigeria’s large overseas diaspora. Unlike many poor countries, Nigeria can satisfy much of its development needs without relying on foreign aid. If there is follow-through on the core items of Yar’Adua’s initial reform agenda—cleaning up the electoral system, strengthening the economic infrastructure, and bringing peace to the Niger Delta—this could help Nigeria better sustain its growth and democratic development.

If the Supreme Court orders a rerun of the election for president and vice president, Nigeria will enter a period of great uncertainty. Contradictions in the constitution and electoral law invite rival interpretations over whether Yar’Adua or the Senate president (whose own election was nullified by a tribunal on February 23, 2008) would preside over the transitional government that must hold new elections within 90 days. Potential challengers, already angling to replace Yar’Adua as the People’s Democratic Party candidate, add to the uncertainty. After losing a million dead in the 1967–1970 civil war, Nigerians have come to believe that their nation will always pull back from the abyss through compromises among its political leaders. Yet Nigeria needs more than the false peace of corrupt patronage politics, which has enabled it to survive as a nation-state but has impoverished its people.

An important component of Obasanjo’s ambiguous legacy, about which he was repeatedly warned, was the precarious situation in which he would leave the country if the 2007 elections were bungled. A high price has already been paid for his refusal to heed these warnings. How big the price will become will only be known when the dust settles and Yar’Adua, or someone else, is left standing as president, trying to lead Nigeria onto a surer path of growth, democracy, and security.