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Thank you for the invitation to address this committee and for your sustained involvement with contemporary issues regarding Africa. I welcome the opportunity to discuss the current situation in Nigeria, Africa's most populous country and an important bilateral relationship for the United States. Although Nigeria and the U.S. share many common interests and have generally maintained cordial relations, Nigeria's chronic problems of poor governance and domestic turbulence have often raised dilemmas for U.S policy.

The current situation in Nigeria is fraught with challenges to the nation's political advancement and stability. At the same time, the temporary resolution of the succession crisis presents opportunities for change in Nigeria and advancement in our bilateral relations. The U.S. should continue to engage with Acting President Goodluck Jonathan, while consistently pressing for needed political reform and enhanced efforts toward peace and development in the Niger Delta.

I want to briefly address three questions: To what extent has Nigeria's leadership crisis been resolved? What are the critical issues for advancing governance and stability in Africa's most populous country? What role should the U.S. play at this juncture?

President Umaru Yar'adua has been absent from Nigeria for three months, apparently in grave condition in a Saudi Arabian hospital. He has not been seen by the public, nor has he spoken to anyone outside a tiny inner circle of family and retainers. There is no indication that he will be able to return to fulfill his official duties.

The timing and circumstances of his illness are especially unfortunate. Yar'adua's hospitalization came in the wake of a May military offensive against militants in the embattled Niger Delta, followed by a fragile amnesty initiative in October. Government forces also clashed in July with an Islamist sect in the northern states, resulting in a number of civilian deaths. Throughout this period Nigeria has been grappling with the effects of the global economic downturn.

Since the President's departure from the country, we have witnessed in quick succession the Christmas day attack on a US flight by a Nigerian national, confrontation with another group of Islamists in the northern Bauchi state, and an upheaval of inter-religious violence in the

central city of Jos with a death toll in the hundreds. The ceasefire in the Niger Delta also appears to be fraying, as some militants have resumed action or threatened to go back to war. Amidst these serious problems, the country has effectively lacked executive leadership.

The sense of drift and paralysis in Abuja has been aggravated by the political elite's reluctance to allow a constitutional transfer of power. Fearing their loss of influence and spoils, Yar'adua's inner circle and key notables have obstructed information and procedures that could have quickly dispelled the crisis.

Under mounting pressure from public opinion, a vocal political opposition, and growing concern about possible military intervention, the political establishment was finally moved to transfer authority to Vice President Jonathan. A February 9 motion by the National Assembly declared the President to be on medical leave, and empowered the Vice President to act in his absence.

The confirmation of an Acting President resolves the leadership question for the time being, in accord with the spirit, if not the formal letter, of the Constitution. Civilian politicians have crafted a workable solution that is preferable to the alternatives of a leadership vacuum, a power grab by a rival faction, or military intervention.

However, this incident serves to highlight deeper problems in a political system increasingly dominated by a single political party, lacking in broad accountability, and mired in corruption and patronage politics. The leadership crisis arises out of the deeply flawed 2007 elections, possibly the worst in the nation's history, which brought forward President Yar'adua and Vice President Jonathan through a back-room nomination process and a highly questionable election.

Nigeria's fragile democratic system has steadily been eroded by the near-monopoly of the ruling People's Democratic Party (PDP) and the associated cartel of elites that has come to control much of the government. Without a competitive, accountable electoral process, it was possible for an infirm president and a few retainers to take the reins of government. Without a well established rule of law, it was impossible to quickly manage leadership succession in the face of Presidential incapacity.

The transfer to Acting President Jonathan does not resolve these deep-seated challenges, but it does create opportunities for a modicum of governance and some progress on reform. Clearly more vigorous than his predecessor, Jonathan has articulated a set of goals for his brief tenure, including reform of the electoral system prior to next year's scheduled elections; an extension and consolidation of the peace process in the Niger Delta; improvement of the decrepit electric power grid; and a reinvigoration of anti-corruption efforts.

He also reportedly disavows any interest in contesting the presidency in 2011, which would upset the delicate regional power rotation that underlies national politics.

These are essential priorities for Nigeria, and the United States should take every opportunity to encourage progress in these areas, while offering support where possible.

However, even this limited policy agenda will face considerable challenges:

• Electoral reform: Elections in Nigeria have historically been compromised by weak administration, fraud and violence, carrying severe consequences for democratic development. Since the 1999 transition to civilian rule, there has arguably been a worsening trend in the quality of elections. The 2007 polls, marred by widespread violence and misconduct, produced an outsized majority for the ruling party, continuing a worrying trend that has limited pluralism and violated the rights of millions of voters. Not surprisingly, opinion surveys and popular commentary reveal a sharp decline in the legitimacy of the electoral system and public estimations of democracy.

Electoral reform is a requisite for credible and peaceful elections in 2011. A commission inaugurated by President Yar'adua in 2007 has furnished strong recommendations for revising the electoral system, including new leadership and increased financial independence for the Independent National Electoral Commission (INEC). Acting President Jonathan has an opening to implement these measures, though the window of opportunity is brief, with the election season just a year away. Resolve will be needed to surmount resistance from within the ruling party and the political class, who benefit from the flawed status quo.

• The Niger Delta: The situation in the Niger Delta has degenerated into a virtual insurgency, depressing oil production and undermining security throughout much of the region. The restiveness in the Delta is grounded in long-standing grievances over poverty, government neglect, environmental degradation and the abuse of human rights. In recent years, the economic agendas of militant groups engaged in abduction and oil smuggling have aggravated the situation. A comprehensive solution to the crisis in the Niger Delta will require a sustained peace process, political reform, and accelerated development efforts throughout the area.

In October 2009, following a military offensive against key militant camps, the government concluded an amnesty program for fighters in the Niger Delta. Several important commanders brought in thousands of supporters and surrendered a significant cache of weapons. The lull in hostilities permitted a recovery of oil production and

encouraged hopes for a more sustained peace. Unfortunately, the amnesty was not accompanied by broader conflict resolution efforts, steps toward political change, or development initiatives. After a few months, the amnesty program lost momentum, and some militant commanders warned of a resumption of conflict.

Acting President Jonathan is from Bayelsa state in the "core" Niger Delta, and has played a role in negotiating with militants and community members in the region. He can also draw upon the comprehensive recommendations of last year's Technical Committee that outlined a map for resolving the Delta crisis. Jonathan has already sounded a different note in allowing for the possibility of international cooperation in addressing the Delta's problems. External assistance can be especially helpful in implementing a demobilization, disarmament and reintegration (DDR) process, and in advancing development programs for the region. Professionalization of security forces and improvements in the human rights situation are additional areas of potential cooperation.

- Infrastructure: It is widely recognized that Nigeria's economic growth and diversification are seriously constrained by deficient infrastructure. Significant advances have recently been achieved in telecommunications, but transport, domestic fuel supply, and electric power fall well short of need. Several billion dollars have been allocated over several years to the revitalization of the power system, with little result. A substantial increase in electric power supply would jump-start the economy and boost approval for the civilian regime. Concerted attention from the Presidency can potentially yield results, as regulatory and technical changes are in prospect, and resources have been devoted to this program. Improvement of the regulatory and investment climate will also be imperative.
- Anti-corruption: Nigeria's leading anti-corruption agency, the Economic and Financial Crimes Commission (EFCC), made dramatic progress under the leadership of Nuhu Ribadu from 2003-2007. Hundreds of prominent public officials were investigated, indicted or jailed, and billions of dollars in illicit funds were recovered. Since Ribadu was demoted and sidelined by the new administration, the agency's efforts have lagged considerably. In explaining the shift, many observers note the prominence of figures in Yar'adua's inner circle such as James Ibori, a former Delta State governor charged with corruption.

Acting President Jonathan is not burdened by a reputation for misconduct, and he has pledged to revitalize the anti-corruption campaign. Obviously, there are many powerful interests in Nigeria who will oppose such efforts, and political resolve will be essential here as well. Largely as a result of the EFCC's work, Nigeria has improved considerably in Transparency International's corruption perception rankings. Continued

efforts to stem malfeasance could improve the business climate, attract investment, and rejuvenate political life.

There are of course a number of other areas that require attention, including the management of Nigeria's volatile religious and ethnic tensions, and rising concerns about religious extremism and security. In addition, the administration has to grapple with controversial reforms in the oil sector, a set of overdue constitutional changes, improved supervision of banks, continued prudent macroeconomic management in the face of global economic distress, security sector reform, and reform of the ruling party to encourage internal democracy and accountability. In view of the limited tenure of the Acting President, Jonathan has outlined a modest and potentially achievable agenda. If he is able to shepherd electoral reform and conflict resolution in the Niger Delta, improve electricity supply and tamp down corruption, this will be an impressive legacy.

It is fortuitous that the National Assembly acted during a visit to Nigeria by Assistant Secretary of State Carson. His immediate engagement with the Acting President, and the statement of Ambassador Sanders, has helped to improve communication with an administration that has frankly been chilly toward U.S. overtures. This is a promising basis for working with the new leadership on important common interests, as well as cooperation on strengthening Nigeria's democratic stability.

In engaging the Nigerian leadership, it is essential to send a clear and consistent message on the need to reform and strengthen democratic institutions, build a rule of law, and resolve problems through constitutional means. We can and should address immediate bilateral issues and the preferred agenda of the current leadership in Abuja, though we must not lose sight of our broader concerns for a Nigeria that is democratically governed, respects the rights of its citizens, manages conflict effectively, and promotes economic expansion and the reduction of poverty. There is much room for cooperation, but also an imperative to press for a more competitive, transparent, and accountable state in Nigeria.

One urgent concern is obviously the potential of terrorist activities emanating from Nigeria. Following the December 25 incident involving a Nigerian national, Umar Farouk Abdulmutallab, Nigeria was included by the Transportation Security Administration (TSA) among fourteen 'countries of interest' connected with terrorism. Nigerians are understandably affronted by this classification. Abdulmutallab was substantially radicalized and trained outside the country, and was brought to the attention of U.S. authorities by his father, a prominent banker and moderate Muslim. Fortunately, the U.S. government has outlined a viable path for Nigeria to be dropped from the TSA list, including the denunciation of terrorism, passage of anti-terrorist legislation, and improved airport security. This early step could open the door to further cooperation in other policy areas.

In the domain of electoral reform, the U.S. can play a constructive role in supporting Nigerian initiatives. If the Independent National Electoral Commission (INEC) receives new leadership, rules and funding, it could warrant technical and financial assistance from external donors, including the U.S. The leading U.S. democracy-promotion organizations have been working in Nigeria since 1998, and could readily engage in the development of electoral institutions. These efforts will of course be contingent on initiative from Nigerian leaders.

In the Niger Delta, there is significant opportunity for external assistance in conflict resolution and development. Outside actors, many of whom are already intensively involved with the issues in the Delta, can be helpful in engaging or mediating among militants, companies, and the government. Bilateral and multilateral assistance can furnish technical support and pivotal resources for development programs. International organizations, notably the UN, can provide essential oversight of DDR efforts. Here too, Nigerian officials and constituencies must lead, but there are several potential areas of effective external collaboration.

On the economic front, the Nigerian administration has sustained prudent macroeconomic policies throughout the economic downturn. The privatization and reorganization of critical infrastructure has largely been supervised by Nigerian officials and advisors, with support from the multilateral financial institutions. The crucial factor in guiding investment toward the power sector will be a credible regulatory regime, and a generally favorable setting for the private sector. There is room at the margins for external technical assistance, but this is an area in which Nigerian initiative will be the deciding factor in success.

If the new leadership demonstrates clear commitment to a renewed anti-corruption drive, there is much that the United States can do to cooperate. One important measure would be to tighten restrictions on money-laundering and the movement illicit assets through this country and our banking system. The London Metropolitan police have made the UK much less hospitable for corrupt Nigerians who seek a haven there, and we should seek to match that level of effort through our own regulatory and police institutions. We can also render direct resources and assistance to the EFCC, as has been done in the past, to enhance local capacities for insuring accountability and enforcing the law.

In conclusion, Nigeria's leadership succession crisis highlights deeper problems of governance and social stability. The failure of the political establishment to respond promptly to the President's illness reflects division and self-interest among governing elites, and the general weakness of constitutional rule. The poor quality of elections, an increasingly dominant ruling party, and limited accountability throughout the political system have increasingly alienated the Nigerian public. In a setting of poor governance, the country's multiple social tensions have

fostered violence and polarization. These dilemmas reverberate well beyond the country's borders.

While the political settlement elevating Vice President Jonathan leaves open some legal issues, this measure alleviates the leadership vacuum in Abuja and presents a reasonably strong agenda for the rest of the administration's term in office. Acting President Jonathan has targeted essential priorities including conflict resolution in the Niger Delta, electoral reform, and new action against corruption. If the government demonstrates resolve in pursuing this agenda, the United States can find many areas of cooperation in advancing these goals.

More generally, the change in leadership holds out the possibility that the United States will have better channels of dialogue with the administration in Abuja. We should take this opportunity to press for needed political reform and improvements in governance, while extending areas of common interest and collaboration. An active, but critical engagement holds out the best opportunity for working with Nigerians to advance democracy, better governance, and a more dynamic economy. Thank you for your interest and attention, and I welcome questions.