Recent Developments in Anti-Corruption in Nigeria - CISLAC's contribution

Mr. Vaclav Prusa
Integrated Expert
Civil Society Legal Advocacy Centre (CISLAC)
Overview

1. Corruption in Nigeria: Policy, legal, operational context
2. Types of corruption: Bribery, Embezzlement, Corruption in political parties/ ‘political corruption’, Asset recovery
3. Sector snapshots: Corruption in the Energy sector
4. My work at CISLAC
Context

**Cost of corruption equates to 1000 USD per capita in 2014** and will go up to nearly 2000 USD per capita in 2030 (PwC 2016);

**20% of the honorable Senators** out of 109 face various corruption charges at the moment;

Nigeria scores **136th out of 176** countries in CPI (TI 2016);

In 2016, **Nigeria had 23 billionaires** with collective wealth reaching almost 78 billion USD, **43,000 individuals owning assets worth at least 1 million** while 61% of Nigerians live on less than 1.25 (2010);

In 2015, **78% of Nigerians** claimed that the government is doing badly in fighting corruption (Global Corruption Barometer, TI 2015);

Buhari’s administration was been elected in 2015 on the promise of curbing corruption.
Context: corruption & insecurity most troubling for Nigerians

Source: UNODC/ NBS, 2016

NIGERIA

Source: UNODC/ NBS, 2016
Corruption in Nigeria: Policy context

After 18 years, Nigeria produced a National Anti-Corruption Strategy (NACS 2017-2021);

Five pillars:
1. Prevention of Corruption
2. Enforcement and Sanctions
3. Public Engagement
4. Campaign for Ethical Reorientation
5. Recovery of Proceeds of Corruption

Challenge in implementation: lack of funds, executive versus legislative clash, weak judiciary, ‘overcrowding’ of anti-corruption institutions
Corruption in Nigeria: Legal context

- Arms trafficking, anti-corruption framework, fiscal transparency have sound legal framework
- Whistleblowing, lobbying, arms trafficking have the least developed legal framework

Source: CISLAC, 2017
Corruption in Nigeria: Legal context - recommendations

• Sign into Law the Mutual Assistance in Criminal Matters between Nigeria and other foreign countries in the fight against corruption and other cross-border crimes;

• Include in the Money Laundering Prevention and Prohibition Bill the bribery of foreign public officials and officials of public international organizations, and consider establishing the passive version of the offence;

• Criminalize trading in influence with an improved legal definition;

• Close loopholes in legal definitions related to criminalizing bribery between private sector actors;

• Eliminate legislative loopholes that enable obstruction of justice in bribery charges;

• Review the scope of persons covered by criminal immunities to ensure the possibility of effectively investigating and prosecuting politically exposed persons;

• Ensure full independence from political interference to anti-corruption agencies

• Eliminate duplication of mandate between EFCC and ICPC for more effective implementation of anti-corruption policy;

• Ensure that coherent statistics on prosecutions and investigations, including forfeited and confiscated assets are produced and updated regularly;
Corruption in Nigeria: operational context

**Figure 53** Percentage of people aware of the existence of different institutions and perceptions of their effectiveness in fighting corruption, Nigeria, 2016

<table>
<thead>
<tr>
<th>Institution</th>
<th>% Aware</th>
<th>% Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPF</td>
<td>78.3%</td>
<td>39.7%</td>
</tr>
<tr>
<td>EFCC</td>
<td>64.1%</td>
<td>47.7%</td>
</tr>
<tr>
<td>FHC</td>
<td>60.9%</td>
<td>34.9%</td>
</tr>
<tr>
<td>FMoJ</td>
<td>64.7%</td>
<td>30.0%</td>
</tr>
<tr>
<td>ICPC</td>
<td>59.6%</td>
<td>24.9%</td>
</tr>
<tr>
<td>HC FCT</td>
<td>67.1%</td>
<td>23.4%</td>
</tr>
<tr>
<td>CCT</td>
<td>60.7%</td>
<td>21.9%</td>
</tr>
<tr>
<td>PCC</td>
<td>64.6%</td>
<td>20.1%</td>
</tr>
<tr>
<td>CCB</td>
<td>54.6%</td>
<td>9.9%</td>
</tr>
<tr>
<td>BPP</td>
<td>58.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>SCUML</td>
<td>54.6%</td>
<td>5.7%</td>
</tr>
<tr>
<td>NFIU</td>
<td>53.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>NEITI</td>
<td>57.2%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: UNODC/ NBS, 2016
Corruption in Nigeria: operational context

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>No. of Staff</th>
<th>Ratio (staff/population)_million</th>
<th>Budget_annual_USD</th>
<th>GDP (per capita/USD)</th>
<th>Per capita expenditure USD</th>
<th>Expenditure as % of per capita GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>192000000</td>
<td>1100</td>
<td>5.72</td>
<td>48,500,000</td>
<td>2640</td>
<td>$0.25</td>
<td>0.0054</td>
</tr>
<tr>
<td>Rwanda</td>
<td>11000000</td>
<td>78</td>
<td>7.09</td>
<td>1,647,519</td>
<td>638</td>
<td>$0.15</td>
<td>0.04</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>94100000</td>
<td>308</td>
<td>3.27</td>
<td>2,000,000</td>
<td>505</td>
<td>$0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>Kenya</td>
<td>44350000</td>
<td>70</td>
<td>1.58</td>
<td>3,882,923</td>
<td>1245</td>
<td>$0.09</td>
<td>0.03</td>
</tr>
<tr>
<td>Uganda</td>
<td>37580000</td>
<td>376</td>
<td>10.01</td>
<td>10,988,460</td>
<td>572</td>
<td>$0.29</td>
<td>0.01</td>
</tr>
<tr>
<td>Botswana</td>
<td>20200000</td>
<td>294</td>
<td>145.54</td>
<td>8,305,513</td>
<td>7315</td>
<td>$4.11</td>
<td>0.09</td>
</tr>
<tr>
<td>Slovenia</td>
<td>20600000</td>
<td>41</td>
<td>19.90</td>
<td>2,180,704</td>
<td>23289</td>
<td>$1.06</td>
<td>1.07</td>
</tr>
</tbody>
</table>

Source: CISLAC 2017

In Nigeria, there are multiple anti-corruption agencies. The data is calculated for EFCC as this agency has the broadest mandate and seems to be most active in the anti-corruption fight.
Types of corruption: Bribery

- 28% of average monthly salary: 18,900 NGN
- Average size of a bribe: 5,300 NGN

Total value of bribe paid in 2016: 400 billion NGN

Source: UNODC/ NBS, 2016
Types of corruption: Bribery

Prevalence of bribery in relation to selected types of public official, Nigeria, 2016

Source: UNODC/ NBS, 2016
Types of corruption: Embezzlement

Definition: *theft or misappropriation of funds placed in one's trust or belonging to one's employer*

Between 1960 and 1999, **400 billion USD** lost to embezzlement

Conservative estimates suggest **that 70 % of the nation’s revenue is maintained less than 20%** of the Nigerian population that are public servants (PwC, 2016).

The launch of the Treasury Single Account (TSA), which merges separate banking accounts for Ministries, Departments and Agencies (MDAs) and creates into one single account, **N4.7 billion monthly saved on banks charges**, consolidation of over 20,000 bank accounts

The continuation and expansion of the Integrated Payroll and Personnel Information System (IPPIS) has **eliminated tens of thousands of ghost workers from the federal and state payrolls and the Government Integrated Financial Management Information System (GIFMIS)** made fraud and embezzlement harder in centralising and reconciling cash flows across the public sector
Types of corruption: Embezzlement – VIP cases

In 2015, former National Security Adviser to the President, Col. Sambo Dasuki was arrested for allegedly diverting and embezzling an estimated 2 billion USD of national resources meant to fight Boko Haram.
Types of corruption: Embezzlement in defence

15 billion USD is unaccounted for in military spending between 2010 and 2015 !!!!!

*Source: Vice President's office 2016*

**Military spending - 2000/2015, source MOD**

*Source: CISLAC 2017*
Corruption in political parties/ ‘political corruption

- Political Parties exhibit **very weak and in some instances none-existent** party structure and governance mechanism.

- The present practice is largely manipulated by overriding interests of very strong individuals who due to very weak party structures and non-adherence to party’s constitution and governance mechanisms.

- Two main parties, Peoples Democratic Party (PDP) and All Progressives Congress (APC), put arbitrary fees upon the party contenders for the candidacy, **in the 2015 elections reaching up to 27 million Naira (approximately 74 tsd USD)**, restricting the vast majority of the Nigerian public from running.

- Given the extensively reported culture of corruption within parties where **94% of respondents in Nigeria felt that political parties were corrupt/extremely corrupt** according to Transparency International’s 2015 Global Corruption Monitor.

- In the last national elections in 2015, there were 127 female candidates running (17% of the total number of candidates) for a Senatorial and 264 women for a House of Representatives seat (15% of the total number of candidates). Similarly, 14.36% women ran for the State House of Assembly (SHoA) seats. As a result, **women won a seat in the Senate (7.3%) and 18 were successful in the House of Representatives (5%)**. No woman was elected as a governor.

Politically exposed persons (PEPs)

A politically exposed person (PEP) is defined by the Financial Action Task Force (FATF) as an individual who is or has been entrusted with a prominent public function.

In 2011, Shell and Eni paid US$1.1bn for one of West Africa’s largest oil fields, situated off the coast of Nigeria. The payment was equivalent to 80% of Nigeria’s proposed 2015 health budget, but the money did not benefit the country’s citizens. Instead it went to a company called Malabu Oil and Gas, which was secretly owned by the former oil minister who had granted his company rights to the oil field in 1998. Like many others, this deal for a massive state asset was conducted behind closed doors, without the knowledge of the public or investors (Global Witness, 2015).

Nigerians in Panama papers: include a former Governor of Delta State, Mr. James Ibori; a former Minister of Defence, Lt.-Gen. Theophilus Danjuma (retd.); former President of the Senate, Sen. David Mark; Africa’s richest man, Mr. Aliko Dangote, and his cousin, Sayu Dantata; as well as the General Overseer of The Synagogue Church of All Nations, Prophet Temitope Joshua, and his wife, Evelyn (CISLAC, 2017).
Nigeria may have lost as much as **around 50 billion USD annually** to illicit financial flows through money laundering, tax evasion and corruption (Ministery of Finance, 2017)

Asset recovery

The acting President Osinbajo acknowledged during an OECD Global Anti-Corruption Forum, in Paris the challenges stating that “[t]he tracing, freezing and Return of stolen assets has proved in many cases to be exceptionally difficult for most African countries” (OECD, 2017).

$182 billion was illicitly taken out of Nigeria between 2000 and 2009

between May 29, 2015 and May 25, 2016, the authorities have recovered around 450 million USD
Sector snapshots: Corruption in Energy sector

- The total estimated financial loss to Nigeria from corruption in the electricity sector starting from the return to democracy in 1999 to date is **over Eleven Trillion Naira (N11 Trillion Naira)** (SERAP, 2017)

- **more than one-tenth (12 percent)** of Nigerian households and companies pay one form of bribes or another for electricity services.

Causes:
1. Lack of effective monitoring and supervision.
2. The top-down model of electricity governance in Nigeria.
3. Institutional decay and the current corrupt attitudinal dispositions of sector officials and other players in the power sector.
4. The current structural arrangement.
5. Institutional improprieties.
7. State-controlled electricity governance model.
8. The lack of Decentralized Energy Options.
Sector snapshots: Corruption in Energy sector

ENERGY SECTOR: BUDGET 16/17, USD MILLION

Lost to corruption annually, 1661

Energy budget (16/17), 1505

(SERAP, 2017)
Recent trends in anti-corruption fight

- Fast-tracking of important legislation,
- Cooperation agreements ratified/ established with foreign jurisdictions (e.g. Mutual Legal Assistance Act);
- Important reforms conducted (Know-Your-Customer, STA, IPPIS, GIFMIS);
- International support shifting from institutional support to the public domain;
- Level of impunity lowered

- ‘Empire strikes back’ – violence/ intimidation
- Grand corruption trials not brought to convictions
- Disillusion on political bias. Ongoing cases within the government
- ‘overcrowding’ at the national level, breakdown of accountability at the state level
CISLAC: 6 strategic axes, SP

<table>
<thead>
<tr>
<th>Strategic Axis (SA)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA 1.</td>
<td>Support to democratic processes</td>
</tr>
<tr>
<td>SA2:</td>
<td>Anti corruption and promotion of transparency in the public finance management</td>
</tr>
<tr>
<td>SA 3:</td>
<td>Promotion of peace, security and better management of Migration &amp; IDP</td>
</tr>
<tr>
<td>SA 4:</td>
<td>Promotion of legal framework for environment and conservation of nature</td>
</tr>
<tr>
<td>SA 5:</td>
<td>Promotion of human development and social inclusion</td>
</tr>
<tr>
<td>SA 6:</td>
<td>Institutional strengthening of CISLAC</td>
</tr>
</tbody>
</table>
CISLAC: 6 strategic axes, SP 2017-22

SA 1. Support to democratic processes

SA2: Anti corruption and promotion of transparency in the public finance management

SA 3: Promotion of peace, security and better management of Migration &IDP

SA 4: Promotion of legal framework for environment and conservation of nature

SA 5: Promotion of human development and social inclusion

SA 6: Institutional strengthening of CISLAC
My work at CISLAC

1) Support to the TI accreditation process
2) Managing strategic axis 2: Anti corruption and promotion of transparency in the public finance management
3) Institutional & Organizational support of CISLAC
Thank you