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Cover Page Footnote

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Seized by Sleaze: The Siege of Corruption and a Search for Workable Options in Nigeria

Nigeria is a country born in hope and optimism, but one that has lived with anxiety for most of its fifty-four year history. The anxiety stems from the failure of successive leaders to nation-build, and those leaders inability to mobilize the country towards economic, social, and political development. In Nigeria, the political class has reduced governance to a veritable mechanism that boosts and consolidates their economic strength and fortune to the detriment of the country's economic growth and development. The annual budgets in Nigeria are proverbial buffets for the rulers, who have turned corruption into a trademark for governance in the country. The scale of corruption occurring in the corridors of power led to the creation of anti-corruption agencies, such as the EFCC (Economic and Financial Crime Commission), and the ICPC (Independent Corrupt Practices and Other Related Offences Commission). However, these agencies have made almost no headway fighting corruption. The culture of corrupt enrichment, the kleptomaniac tendencies and orchestrated thievery among the political office holders have rendered the national economy comatose.¹ Positions of authority are a means of siphoning, sharing, and manipulating the less privileged and down-trodden. Yet, what is indisputable is the fact that “no nation is going to create wealth if its leaders exploit its economy to enrich themselves.”² Corruption, generally defined as abuse of authority for private gain, is among the world's oldest practices and a fundamental cause of insecurity, providing a focal point for many social groups' grievances against governments.³ In the 2013 Global Corruption Perception Index (CPI) published by Transparency International, Nigeria was ranked as the 36th most corrupt country in the world. Nigeria placed 143rd of the 176 countries assessed, scoring 27 percent. The least corrupt countries were Denmark, Finland and New Zealand, who all scored 90 percent.⁴

In light of the above, it could be argued that the basic problem with Nigerian governance is its high level of corruption and its attendant poor governance. With a ranking of 143 in the 2013 Corruption Perception Index, Nigeria is depicted as one of the most corrupt nations in the world. The paper will serialize all the ills of corruption in Nigerian governance and the extent to which it undermines all the possibilities of national development and progress. With high level corruption, it is impossible to have good governance; without good governance, there will be no development; without development there cannot be peace; and without peace there will be no security. This paper also sets out to review the approaches to corruption prevention and to discuss some of the practical difficulties in minimizing the level of corruption in governance before making suggestions on options for tackling the menace in Nigeria. But in discussing corruption in Nigeria, some pertinent questions arise. For example, what nature does corruption assume in this country? What are the causes of corruption in governance in Nigeria? The importance of these questions lies in their analytic and normative consequences. Analytically, there is little hope of discerning how Nigeria's corruption in governance will end if its emergence and driving factors are not well understood. From a normative perspective, the task of prescribing solutions is at worst ad hoc, and at best merely palliative, without a proper diagnosis of the causes of corruption in governance. In the final analysis, this paper will examine how ending Nigeria's corruption will only promote genuine peace and stability.

Conceptual Framework of Corruption

Corruption is neither race-bound nor nation-specific. It is a universal phenomenon. However, its universality is not an excuse. Corruption is a complex socio-political phenomenon, a child of the society and social relations in which it occurs. In a way, the definitional complexity is deeply rooted. The complexity owes partly to the fact that ascription of corruption involves

both a descriptive and a normative judgment, and these judgments work in tandem all the way down to the root sense, that the political order may be subject to subversion or systematic distortion. As a result, we are not likely to find a universally agreed upon definition of corruption. What is needed is to identify the major elements of corruption, which could then be combined into a working definition – one that sketches a core concept while acknowledging that cases without all the core features may nonetheless count as corruption.

The key elements to consider when defining corruption include: a conception of political office with rules and norms for the conduct of that office—the office being defined partly in terms of the broader public interest that it serves, which may run against the personal interest of the political office holder or against interest that are deemed illegitimate but are not strictly personal; a view that corruption involves the distortion or subversion of the exercise of political office so that private, partisan, or sectional rather than public interest are the focus; and the idea that three actors are normally involved in or affected by corrupt activity. Those three actors are the occupant of the political office (A); the intended beneficiary of that political public office (B); and the actual beneficiary of the particular exercise of that political public office (C). This triadic relation does not always hold. In kleptocracy, for example, A and C are the same. However, with administrative payments B and C may be identical, but the identification of three distinct roles – the occupants of political public office, the intended beneficiary and the actual beneficiary, encourage us to distinguish theft or fraud from corruption, and helps capture how corruption distorts the exercise of political public office and power. Combining these elements in a suitably tentative definition will produce the following scenario:⁵ Corruption in politics occurs where a political public official (A), acting in ways that violate the rules and norms of office and that involve personal, partisan or sectional gain, harms the interest of the public (B) (or some sub-part

there-of) who is the designated beneficiary of that office, to benefit themselves and/ or a third party (C) who rewards or otherwise incentivizes A to gain access to goods or services they would otherwise obtain. The definition does not assume that A's behavior must necessarily break the law. Legal definitions of corruption can fail to capture some of the worst cases of corrupt activities because corrupt transactions can be institutionalized in the laws of the state or economy. This was recognized in a 2006 work by the World Bank on 'state capture,' which notes that corrupt relations can be used to pass laws that entrench, extend and legitimize corrupt gains. Not all corruption is about the corruption of politics. There is also economic corruption, as well as corruption in a range of public services, such as health, petroleum, and education. But all corruption has the same conceptual structure: a recognition of certain formal responsibilities attached to an idea of political office or a position of trust, which imply certain responsibilities and constraints on self-interested behavior; the violation of rules and norms concerning the exercise of that political office or trust; the harming of one set of interest identified by the rules and norms as legitimate, to serve others deemed illegitimate; and the benefitting of those not formally entitled to benefits.⁶

Corruption occurs where private wealth and public power overlap. It represents the illicit use of willingness-to-pay either in cash or kind a form of gratification as decision-making criteria. Frequently, bribes induce political officials to take actions that are against the interests of their principals, who may be bureaucratic superiors, politically appointed ministers, or multiple principals such as the general public. In light of the complexity of the concept of corruption, one way to improve the understanding of its consequence for efforts at development transformation is to distinguish between the different forms of corruption; first, by contrasting

grand and petty corruption; second, by differentiating corruption across sectors; and third, by examining different practices considered to be corrupt.

One of the most common distinctions made by scholars is between grand and petty corruption, at times also referred to as political and administrative corruption,⁷ or as state capture and administrative corruption.⁸ Despite the misleading terminology, the grand-petty dichotomy is not concerned with the scale of corrupt activity, but rather with the level and manner at which it takes place; either at the level of the political leadership, or with the bureaucracy that implements and administers policy. While the former has undoubtedly had a greater impact on the practices and functioning of the political system because it sustains networks of patronage and distorts the laws and procedures of government (rather than just their implementation), it is petty corruption that is experienced more directly by the population in its daily interactions with the state. For example, petty corruption occurs through favors granted and bribes paid regularly by the citizens to political public officials.⁹ While the impact of these individual acts of corruption on the overall development process may be minimal, it undermines citizens' trust in the state. In this sense, the routine nature of petty corruption can destroy the perception of state neutrality.

The second pathway to refine the analysis of corruption is to distinguish between corruption in different sectors (justice, security, procurement) as they differ in importance between different Nigerian states' institutions. In jurisdictions with substantial natural resources such as crude oil, corruption in the regulation of these sectors and the trade in these commodities are likely to be the central challenges to national development and progress efforts.¹⁰ In a country with substantial oil resources, such as Nigeria, government procurement and control of publicly-owned enterprises are key sites of corruption.¹¹

In the Nigerian context, the menace of corruption and the lack of effectiveness of the existing institutions to fight corruption prior to 1999 led to the establishment of the ICPC (2000) and EFCC Act (2004), as well as the Money Laundering Prohibition Act (2004). These Acts made comprehensive provisions to declare the laundering of the proceeds of a crime an illegal act. They also provided appropriate penalties and expanded the interpretation of financial institutions. They also provided scope of supervision of regulatory authorities on corrupt activities among others. Ironically, it is the EFCC, ICPC, police and the justice systems that are demonstrably weak and are also perceived to be among the most corrupt institutions.¹²

Corruption in these sectors is particularly problematic as it creates the (often justified) perception that some groups or individuals can act with impunity. This limits trust in the state and creates a sense of insecurity, thereby undermining national development and progress efforts. Additionally, Nigerian judges and prosecutors often display a strong bias in favor of the so called “big fish” (i.e. political elites), while ordinary citizens can barely get a fair trial (sometimes facing detention without charges), or being sent to prison for committing petty crimes. Importantly, the reason for this behavior is often indirectly for financial gain on the part of the judges and prosecutors. There is also general perception among elements of the Nigerian political elite that the judiciary is simply an instrument to promote the goal of independence. The EFCC distinguishes between seven different forms of corruption in Nigeria: fraud, illegal political bargains, embezzlement, bribery, favoritism, extortion, and the abuse of discretion.¹³ The ICPC identifies only three main forms of corruption: bribery, embattlement, and fraud.¹⁴ Some scholars identify seven basic forms of corruption from a study of corruption in Nigeria;¹⁵ these include commissions for illicit services, unwarranted payment for public services, gratuities, string-pulling, levies and tolls, sidelining, and misappropriation. Broadly, these

different lists bear all the lineaments of the kinds of practices that constitute corruption, but importantly many of them, such as favoritism, the abuse of discretion, or string-pulling can only be meaningfully examined and judged in their specific socio-political context. Therefore, focusing on different forms of corruption does not avoid the pitfalls of specific societal understandings of the concept. It can help, however, to present and analyze the specific cases of corruption trends in Nigerian governance [see the Table 1.1 below].

Table 1.1: High Profile Cases of Corruption Trends in Nigerian Governance [2000-2013] as Reported by *Tell Magazine*, 9 January 2014 pp21-23

High Profile Cases 2000-2013					
Ayo Fayose, former governor, Ekiti State	Federal High Court, Lagos	Arraigned on 51 state counts. Plea already taken but defense lawyer keeps filling frivolous applications for long adjournments to frustrate and prolong trial.	N1.2 billion	Granted bail by court since 2007	Inherited cases filed since 17th Dec.2006
Joshua Dariye, former governor, Plateau State	Federal Capital Territory High Court, Gudu	Arraigned on 23 state counts. Plea already taken but defense lawyer challenged court jurisdiction. Case stalled at High Court while on appeal for stay of trial. This is part of calculated attempt to prolong trial.	N700 million	Granted bail by court since 2007	Inherited Cases filed since 13th July 2007
Saminu Turaki, former governor, Jigawa State	Federal Capital Territory High Court, Maitama	Arraigned on 32 state counts. Plea already taken but defense lawyer challenged court at High Court while seeking stay of trial at appeal court. It is part of usual attempt to frustrate and prolong trial.	N36 billion	Granted bail by court since 2007	Inherited case filed since 13th July, 2007
Orji Uzor Kalu, former governor, Abia State	Federal High Court, Maitama	Arraigned on 107 state counts. Plea already taken but defense lawyer raised preliminary objection against charges. Lost at trial court but has gone on trial. It is part of usual attempt to prolong trial.	N5 billion	Granted bail by court	Inherited cases filed since 11th June, 2007
James Ibori, former governor, Delta State	Federal High Court, Asaba	Arraigned on 170 state counts. Defense lawyer challenged Kaduna Federal Court jurisdiction, lost at trial court but won at appeal court. Case reassigned by CJ to Asaba FHC. Without taking plea, suspect applied to quash charges, prosecution but trial	N9.2 billion	Granted ball by court since 2008 Sentenced by UK Court	Inherited fresh charges filed in August, 2009

		judge quash the charges. Dec.19. EFCC filed appeal Dec. 23, 2009			
Lucky Igbinedion, former governor of Edo State	Federal High Court, Enugu	Arraigned on 191 state counts. Applied for plea bargain and convicted but EFCC has appealed the judgment to seek for stiffer sanctions	N4.3 billion	Case determined	Inherited case filed on 23rd Jan. 2008
Gabriel Aduku, former FCT minister of health	Federal High Court, Maitama	Arraigned on 56 state counts. Court judgment: no case against suspect under review by EFCC	N300 million	Case determined in 2008	Inherited Case filed on 2nd April, 2008
Jolly Nyame, former governor of Taraba State	Federal High Court, Abuja	Arraigned on 21 state counts. Plea already taken but case is stalled as defense lawyer challenged court jurisdiction. Lost at HC, Appeal court, now before supreme court. This is a typical example of frivolous appeal to buy time and prolong trial.	N180 million	Granted bail by court since 2008	Inherited Case filed since 13th July 2007
Chimaroke Nnamani, former governor of Enugu State	Federal High Court, Lagos, State	Arraigned on 105 state counts. Plea already taken but case is stalled as defense lawyer filed to transfer case to another judge on allegation of bias against trial judge even as counsel has filed to challenge court jurisdiction. This is equally an attempt to prolong trial.	N5.3 billion	Granted bail by court since 2007	Inherited case filed since 11th December, 2007
Michael Botmang former governor of Plateau State	Federal High Court, Maitama	Arraigned on 31 state counts, plea already taken but trial stalled due to suspect's ailment, on dialysis.	N1.5 billion	Granted bail by court since 2008	Commenced by Waziri on 18th July 2008 (Granted bail on health grounds)
Roland Iyayi, former managing director of FAAN	Federal Capital Territory High Court, Maitama	Arraigned on 11 state counts. Plea already taken. Trial on going Court taking prosecution witnesses testimony.	N5.6 billion		Commenced by Waziri in June 2008
Kenny Martins (Police Equipment Fund)	Federal Capital Territory High Court, Maitama	Arraigned on 28 amended state counts. Plea already taken and trial ongoing. Witnesses under cross examination Continuation of trial fixed for Nov.9.	N774 million	Granted bail by court since 2008	Commenced by Waziri in June 2008 (Accused set free by Federal High Court, Abuja)
Nyeson Wike, former chief of staff to governor of Rivers	Federal Capital Territory	Arraigned on state count. Court quashed charges. EFCC already appealed judgment.	N4.670 billion	Granted bail by the court since 2008	Commenced by Waziri on Oct.9

State	High Court, Maitama	Appeal pending at appeal court.			2008(case still in court)
Professor Babalola Borishade, former minister of aviation	Federal Capital Territory High Court, Maitama	Arrested on 11 state counts. Plea already taken and trial ongoing. Prosecution witnesses under cross examination.	N5.5 billion	Granted bail by court since 2008	Commenced by Waziri in June 2008(still in court)
Boni Haruna, former governor, Adamawa State	Fed. High Court, Maitama	Arrested on amended 28 state counts. Plea taken. Adoption of motion slated for Nov.	N254 million	Granted bail by court since 2008	Commenced by Waziri in 2008
Femi Fani-Kayode, former minister of aviation	Federal High Court, Lagos	Arrested on 47 state counts. Plea taken but case stalled as a result of trial court's refusal to admit e-print of suspect's statement of account as evidence. EFFC on appeal against the decision. Matter pending at appeal court.	N250 million	Granted bail by court in 2008	Commenced by Waziri in 2008 (case still in court)
Prince Ibrahim Dumuje (Police Equipment Fund)	FCT High Court, Abuja	Arrested on 28 amended state counts. Plea taken and trial ongoing. Prosecution witnesses under cross examination. Continuation fixed for Nov. 9	N774 million	Granted bail by court since 2008	Commenced by Waziri in 2008
Bode George, chieftain of the ruling party, PDP	Federal High Court, Lagos	Arrested on 68 state counts. Plea taken and trial concluded.	N100 billion	Accused convicted and sentenced to 2 years. Conviction appeal while serving jail term.	Commenced by Waziri in Dec.08(acquitted and sentenced quashed by supreme court) (December 2013)
Rasheed Ladoja, former governor of Oyo State	Federal High Court, Lagos	Arrested on 33 state counts. Plea taken and trial ongoing Prosecution witnesses slated for cross examination in Nov.	N6 billion	Granted bail by court since 2008	Commenced by Waziri
Nicholas Ugbade, serving senator) Hon. Ndudi Elumelu, Hon. Paulinus Igwe, serving members of House of Representatives Dr. Abdullahi (serving fed. perm.sec) Mr. Samuel Ibi, Mr. Simon Nanle, Mr. Lawrence Orekoya, Mr. Kayode Oyedeji, Mr. A Garba Jahun,(This is the rural electrification three serving members of the House of	Federal Capital Territory High court, Abuja	Plea taken while prosecution has filed more charges against suspects. Suspects filed to quash charges but application thrown out by court.	N5.2 billion	Remanded in prison custody and later granted bail by court in 2009	Commenced by Waziri in May 2009

Representatives, the permanent secretary of the ministry of power and other high profile public officers)					
Prof. Bridget Sokan, Molkat Mutfwang, Micheal Aule, Andrew Ekpanobi, (all directors) Alexander Cozman (MD, Intermarket Ltd)(This is the UBEC case where high profile public servants connived with an American, Alexander Cozman) to defraud government. Dr. Ransome Owan, Mr. Abdulrahman Ado, Mr. Abdulrasak Alimi, Mr. Onwuamaeze Iloeje, Mrs. Grace Eyoma, Mr. Mohammed Bunu, Mr. Abimbola Odubiyi (This is the Nigeria Electricity Regulatory Commission case where the chairman and his six commissioners corruptly enriched themselves) Dr. Yuguda Manu Kaigama, chairman, Taraba State Civil Service Commission	Federal High Court, Abuja	Arraigned on 64 state counts. Plea taken while more charges were filed against suspects due to appearance of Prof. Sokan. Matter adjourned to Nov 9 for suspects to take plea on amended charges.	N636 million	Suspects remanded in prison custody and later granted bail by court in 2009	Commenced by Waziri on May 19 2009
	Federal High Court, Abuja	Arraigned on 196 state counts. Plea taken. Trial billed to commence while more charges were filed against suspects. Further hearing slated for Oct 29 Tom Iseghohi, Muhammed Buba, Mike Okoli,(GM and Managers of Transport Group PLC).	N1.5 billion	Granted bail by court in 2009	Commenced by Waziri on 22nd April,2009
	Taraba State High Court 5, Jalingo	Arraigned on 37 state counts. Plea taken and matter adjourned for trial.	N17 million	Suspect remanded in prison custody. Co-accused, Yakubu Danjuma Takun, at large.	Commenced by Waziri on 10th October, 2009
Dr. Cecilia Ibru former CEO, Oceanic Bank PLC)	Federal High Court Ikoyi, Lagos Justice Dan Abutu	Arraigned on 25 state counts. Plea taken and case adjourned to November for trial.	N160.2 billion	Suspect remanded in EFCC custody, but granted bail on 14/9/09	Commenced by Waziri on Aug 31 2009 (convicted and sentenced to 6 months jail term).
Francis Atuche, former CEO, Bank PHB	Federal High Court, Ikoyi, Lagos.	Arraigned on 26 counts. Plea taken. Suspect challenged charges but court upheld charges. Matter set for trial.	N180 billion	Suspect remanded and later granted bail by court. His assets frozen.	Commenced by Waziri on 28th October,2009

Adamu Abdullahi, former governor of Nasarawa State	Federal High Court, Lafia Nasarawa	Arrested on 149 court charges. Suspect granted bail by court. Case slated for trial.	N15 billion	Suspect on court bail	Commenced by Waziri on 3rd March,2010
Attahiru Bafarawa, former governor of Sokoto State	Sokoto State High Court	Arrested on 47 counts.	N15 billion	Suspect remanded in prison custody and later granted bail by court. Case slated for trial	Commenced by Waziri on 16th December 2009
Francis Okokuro, Bayelsa State accountant general	Federal High Court, Abuja	Arrested on 47 counts.	N2.4 billion	Suspect remanded in prison custody till April 13	Commenced by Waziri on 24th March,2010 (case adjourned to January 23, 2014)

It should be noted from Table 1.1 that in all these cases of corruption none of the culprits is currently detained or serving a jail term apart from James Ibori, the former governor of Delta State, who is currently serving a jail term in the United Kingdom. This is a clear indication of the failure of the Nigerian judiciary to prosecute politicians and ex-public officials. Even Ayo Fayose, who is a chief culprit on the list, has recently been reelected as the governor of Ekiti State. The inclusion of one of the most corrupt political office holders, Mr. Diepreye Alamiyeseigha, in the ongoing national conference plays down the seriousness of the government in fighting corruption in high places. Given these two scenarios, where offenders are not held accountable for their corrupt crimes, and are in fact rewarded with political appointments, corruption in Nigerian governance can therefore be described without too much hyperbole as a viper draining the blood of the Nigerian state. Also, in a situation where political elites have been prosecuted and jailed, they are usually given a light jail term, and granted amnesty prior to completing their terms in jail.

Governance and Corruption

A number of Nigerian laws pertaining to corruption reflect good practice, but inconsistent and weak implementation, and as a consequence lack of positive results, and have led to a continuous decrease in political public trust in the country's institutions. The analysis of corruption trends shows that it is pervasive among the government authorities or officials.¹⁶ This is unsurprising, given that contact between citizens and public administration mostly takes place at the government level, while the price of corruption is certain to rise at higher levels of power. In most cases, the incriminating trail of activities, such as the misappropriation of public funds, the mismanagement of public companies, and irregularities in the privatization process are manifestations of official recklessness and corruption in high places. This leads to the conclusion that most of the criminal activities could not happen without the direct engagement, approval, or patronage of high ranking government officials.¹⁷

From the perspective of those concerned with transparency and accountability, it is disturbing that the key positions in the privatization and regulatory agencies and on the managing boards of public enterprises are held by persons whose most important qualification is their membership in the right political party. It is little wonder then that the public perceives the political parties as the most corrupt segment of the society, and fault them for introducing fraud, theft, cronyism and other corrupt behavior into executive and legislative institutions, as well as indirectly undermining the law enforcement institutions of the judiciary, prosecutions services and police.¹⁸

Another issue worth noting is the lack of a multi-stakeholder approach to fighting corruption. Most efforts have concentrated on strengthening individual institutions and have very rarely taken a holistic, countrywide approach that brings key parties together to discuss agendas

and priorities. A good example of this type of failure is judicial reform in Nigeria.¹⁹

Strengthening the judiciary without implementing simultaneous and integrated measures in the police, the prosecution services, the public attorney's office, and the legal professions will not bring about any improvement in Nigeria. While progress has been made in professionalizing the judiciary, the police and other institutions of the legal system, a lack of communication and cooperation between these institutions has prevented substantive systemic change.

It has been almost fourteen years since the end of military rule and a return of democratic order in Nigeria, yet there have been few serious prosecutions of corruption offences by the judiciary, or of economic crimes committed during President Olusegun Obasanjo administration or after. This highlights how the current decentralized and uncoordinated system is unsustainable in the long-term, and vulnerable to political influence.²⁰ The anti-corruption agencies (EFCC, ICPC and Judiciary system) have been unsuccessful due to a lack of commitment, the lack of cooperation between the principal agencies, and the lack of political will to combat corruption. In Nigeria, politicians continue to maintain non-transparent, semi-autonomous, feudal domains and rely on networks supported by financial and economic resources at their disposal. Until these change, the public sector will remain unable to effectively address Nigeria's governance and corruption problems. The apparatus of orderly government is too often hijacked by political elites who siphon proceeds from the national treasury and transform government bureaucracies into bribe-collection agencies which impede business.²¹

A slow process of using the proceeds of property transformation to drive capacity building has left state-owned capital languishing, still ruled by an economic policy characterized by nepotism and cronyism. A large share of public expenditures remains outside the budget (including the road directorates and the power companies). Economic and political observers are

inclined to cavil at the lack of national and developmental progress in the privatization strategy, particularly in the federation, as undermining the country's health. Given that it is time-consuming to address key transition challenges and that much valuable time has already been lost, any further delay in systemic anti-corruption efforts may threaten the expected reform processes with far-reaching consequences, such as increasing rate of corruption and arrested development. More worrisome is the privatization of large, strategically important companies which has been characterized by a lack of transparency and failure to follow legal prescribed procedures.²² In 2012, Transparency International Nigeria raised the issue of illegal privatization of the Niger-Delta oil refinery and the electric power plant; both operations resemble more closely a money laundering operation than respectable Foreign Direct Investment (FDI).²³ Such an environment deters much-needed foreign investments and makes domestic investments less appealing and profitable.

Corruption in governance has created an atmosphere of ambiguity that stymies investors from investing and initiating new operation in the Nigerian economy, assuming the rule of law is a prerequisite for investment and pervasive corruption has long term consequences on investment, which is the fulcrum upon which a country's economic development and progress is erected. Corruption has also played a key role in driving foreign investments away, as some foreign companies have refused to set up operations after demands from the officials to pay bribes and do business exclusively with local party officials.²⁴ Nigeria thus remains one of the very few countries where production industries were discouraged from entering.²⁵ Until 2010, Nigeria maintained the lowest regional FDI figures, with only a slight improvement since then. Administrative barriers are numerous. The country has the highest costs for setting up business

and among the highest social and fiscal corruptions. These barriers serve as discouragement for for investors and thus impact negatively on the quest for development.²⁶

Causes of Corruption and Poor Governance

Given the scale of corruption and poor governance in Nigeria, economic and political reformers need to isolate the causes of these phenomena. Recognizing trends in Nigerian corruption helps pinpoint the underlying causes of corruption and poor governance. It seems possible to conclude, first, that poor governance contributes to low growth and that weak institutions facilitate corruption. While Bassey found out that trade openness and transparency reduce corruption, and that countries with fewer rents to share are less corrupt, Akindele and Adeyemi locate the problem with Nigeria's inability to secure appreciable foreign investment in weak law enforcement, insecurity of property rights.

Historical and social factors help explain Nigerian differences on unity and progress. For example, Salul and Aremu used the mortality rates of European settlers as a gauge for the type of colonial regime put in place by the colonial powers and find that it does a good job predicting expropriation risk (and corruption levels in governance) at the end of the twentieth century.²⁷ Taylor considers legal origin, religion, ethno-linguistic fractionalization, latitude and per capita income as determinant of a range of features of economic, social and political life.²⁸ More so, colonial heritage, legal tradition, religion and geographical factors seem to be associated with corruption in Nigerian governance and other measures of government dysfunction, but these are not policy variables that can easily be tampered with by economic and political reformers in Nigeria. The key issue is whether these historical regularities directly affect Nigerian government quality or whether they help determine intermediate Nigerian government institutions and attitudes that present day policies can affect. Amundsen contends that historical

variables are not always significant, and may even be entirely insignificant if income and latitude are taken into account.²⁹

These historical patterns may operate through their impact on underlying Nigerian government institutional structures, not as direct determinants of corruption in Nigerian governance. If so, that may be good news for Nigerian economic and political reformers in development and transformation settings who seek to create new institutions that facilitate economic growth and high income.³⁰ However, the issue is not really the absence of an institutional framework; rather, the major problem is the adulteration of these institutions. Latitudes and history need not be destiny especially if an economic and political situation has created a space for the creation of new institutional framework in Nigerian governance. Less optimistically, the destruction of government economic transformation institutions can open the way of old ethnic, tribal, and religious rivalries to flare up.

Within the universe of democracies, features of government structure, such as presidentialism, closed-list proportional representation, and federalism facilitate corruption.³¹ Presidential systems that use proportional representations to elect their legislatures are more corrupt, especially in Africa. Many parliamentary democracies that elect legislatures by plurality rule have a heritage of British colonial rule and many proportional representations systems had French governments. Present day levels of political freedom also have historical roots. However, if constitutional reform, protection of rights, women's rights, and electoral institutions are important determinants in and of themselves, then Nigeria has policy levers available even if they cannot change their past.

Assessing the Consequences of Corruption in Nigeria

Contemporary empirical work started with the development of countries indices measuring the perception of corruption. The most widely used are compiled by anti-corruption NGO Transparency International. Developed countries have, on average, high growth rates, fewer reported corruption cases, and better functioning governments.³² However, it is unclear whether a low level of income and growth are the cause of corruption in Nigeria. Most likely, the casual arrow runs both ways creating vicious and virtuous of corruption. A high level of corruption is associated with a lower level of investment and growth, and corruption discourages both capital inflows and Foreign Direct Investment (FDI) in Nigeria.

Thus, corruption in Nigerian governance lowers productivity, reduces the effectiveness of industrial policies and encourages business companies to operate in the unofficial sector in violation of tax and regulatory laws. According to Usman, if a country such as Nigeria could achieve the corruption score of the United Kingdom, its GDP would increase by more than 20 percent and net annual per capita capital inflows would increase by 5 percent.³³ Highly corrupt countries like Nigeria tend to under-invest in human capital by spending less on education, to over-invest in public infrastructure relative to private investment, and to have lower levels of environmental quality.³⁴ High levels of corruption in Nigerian governance produce a more unequal distribution of income and can also undermine the programs designed to help the poor in Nigeria. As a result, the government loses legitimacy in the eyes of its people.³⁵ The venality of public officials in Nigeria leads to frustration and despondency on the part of the citizenry, and contribute to the spiraling of violence and anti-government riots in the country. For example, the riots inspired by the fuel subsidy removal that occurred on January 1, 2012 reflected this lack of trust in government and this level of illegitimacy gave donors much concern.³⁶

Political supporters of the corrupt incumbent government, not surprisingly, express more positive views of that government. Presumably, this difference depends upon the individualized benefits that flow to these political supporters. A survey carried out in the country between 1999 and 2012 shows that those exposed to corruption had both lower levels of belief in the political system and lower levels of interpersonal trust.³⁷ In the survey, the Nigerian respondents were asked if the payment of bribes facilitate getting things done in the bureaucracy. Interestingly, those who agreed that corruption gets things done were the same who were highly likely to believe in the legitimacy of the political system in place in 2012.³⁸

When there is low government legitimacy, citizens try to avoid taxes and firms go underground to hide from the burden of bureaucracy, including attempt to solicit bribes. Using data from Transparency International, Lawal and Oladunjoye show that high levels of perceived corruption are associated with high levels of tax evasion in the country. Their survey data regarding Nigeria shows that those who believe that an individual is obligated to pay taxes have more trust in government.³⁹ Similarly, Mauro's study of attitudes toward tax evasion in Nigeria shows that when individuals perceive that corruption is high, they are less likely to say that people have an obligation to pay taxes.⁴⁰ Thus, one indirect impact of corruption is that it creates the impression that it is acceptable not to pay taxes because the government is administered by corrupt officials.

Another consequence of corruption is that it can precipitate armed conflict. To the extent that economic variables, such as the level, structure, and growth of income influence the risk of armed conflict, corruption can undermine national development and progress in the country.⁴¹ Corruption often plays a major role in informal economic and political activities, having negative effects on public revenue, economic formalization, and the protection of workers and the

environment. Yet any attempt of tackling corruption in governance by formalizing the economy should consider the social consequences and the possible impact on the conflict, since informal economic and political activities support social livelihood and act as a valuable ‘social pressure valve.’ In a country like Nigeria, formalization and legalization of the economy would do more harm than good. In addition, another political consequence of corruption maybe the entrenchment of an imbalance of power or the political status quo inherited from the conflict. As groups empowered by the outcome of violence continue to sustain dormant economic and political positions through corruption, they prevent the redistribution of power by stifling institutional checks and balances. At the extreme, donors will end up dealing with political criminals as official interlocutors; a situation that has been avoided in some cases in Nigeria by granting executive powers to agencies through trusteeship and transitional authority mandates.⁴²

Recommendations

Much has been made of the importance of moral leadership from the top, but this is not sufficient. Too much moralizing risks degenerating into empty rhetoric – or worse, witch hunts against political opponents. Policy must address the underlying conditions that create incentives for corruption, or it will have no long-lasting effects. Some scholars argue that the remedy for corruption in Nigeria is economic growth and that economic growth is furthered by good policies promulgated by a good government, especially through the promotion of education.⁴³ However, that claim reflects an overly simplistic view of the roots of both economic growth and corruption. In the Nigerian situation, policy recommendations that concentrate only on macro-economic aggregates can hardly be effective in engendering economic growth. No growth can occur unless institutions are restored to at least a minimal level of competency. Corruption is a symptom that indicates the dysfunctional level of the state-society relations, which undermines the legitimacy

of the state and lead to wasteful public policies. Good policies are unlikely to be chosen or to be carried out effectively without honest institutions. The ordinary options for institutional reform fall into several broad categories: programme redesign, policies that increase transparency and accountability, and, in severe cases, constitutional change. These will be needed for national development and progress in Nigeria, but sometimes they will not be sufficient or even possible, due to the level of political instability and weaknesses of state institutions. Therefore, this paper seeks to offer some recommendations that are more directly targeted at development situations. The first line of policy response needed is the redesign of programs to limit the underlying incentives for payoffs. This might mean eliminating highly corrupt programs, but, of course, the state cannot abandon its responsibilities in many areas where corruption is pervasive. One response might be to limit official discretion by, for example, streamlining and simplifying regulations, expanding the supply of benefits, making eligibility criteria clear, introducing legal payments for services, giving officials overlapping jurisdictions to give citizens choices, or redesigning systems to limit delays. Political reformers should consider if cleanups in one area will just shift corruption to another sector of the government. Programs may need to be comprehensive to have any impact. In addition, service delivery can be improved by civil service reforms that provide better salaries, improved monitoring, and the use of incentives.⁴⁴

The second collection of reform strategies focuses on the accountability and transparency of government actions. For example, a freedom-of-information law can give citizens access to government information, and many government decision-making processes should be open to public scrutiny and participation. Open government also depends on rigorous and free media that can perform a watchdog function. Other options to improve accountability include the creation of independent oversight agencies and the use of external and internal benchmarks. Ongoing

experiments with grassroots democracy need more study to determine their impact and their transferability to other contexts.⁴⁵

Third, Nigeria may need to consider more radical economic and political reforms in the government structure. Democracy is valuable for many reasons, but, taken by itself, is hardly an antidote for corruption. Some evidence suggests that presidential systems, above all those using proportional representation in the legislature, may be especially corrupt.⁴⁶ Furthermore, elections are not always effective and sufficient. The state must protect civil liberties and establish the rule of law. Rules must be clear and fair and be administered competently and fairly. This entails having an honest, professional, and independent judiciary, and police and prosecutors who have integrity and competence. With these conventional reform options as background, what are the particular factors that must be considered in the Nigerian polity? What can international bodies do to help create a window of opportunity for reform? Admittedly, each case is different, but here are some general suggestions.

Anti-corruption and government reform efforts can either set the stage for more reforms or destabilize a fragile equilibrium.⁴⁷ Thus, policymakers may be needed to create a space in which reform can occur. They can only do this, however, if (a) they have the resources to operate effectively, (b) pick their fights carefully to achieve some early and visible victories and to fit reform programs to the capacities of the country, and (c) start simple. For example, ensure that primary systems of financial control inside agencies are in place before creating secondary bodies such as anti-corruption commissions.⁴⁸ Another necessary step is, (d) not simply pouring in funds without clear checks on their use. One option for experts is to use trust funds administer aid programs with ultimate goal of turning over programs to government. Other elements include, (e) create bodies both inside government agencies but independent of the executive for

the administration of a freedom of information law, to audit and monitor government spending, etc., and (f) strengthen the independence of prosecutors and courts. International technical assistance can help in programs such as the creation of internal financial controls and independent agencies, the development of methods to incorporate public input, or the training of government personnel or media. There is also a need for, (g) stressing the creation of systems to monitor public spending and policymaking in general, not just to control the disbursement of aid funds. These institutions are especially important in states, such as Nigeria, where political party competition is weak. A careful examination of corruption in Nigeria evinces how the overlap of state and party limits accountability and undermines both nominally independent public bodies, such as the judiciary and the institutions for the control of corruption.⁴⁹ Another example is the control of fuel subsidies in Nigeria. Losses of 53 percent of the total were controlled by hiring an independent auditor to deliver the funds to local marketers. This apparently cut losses but was itself expensive, costing the Ministry of Petroleum and Natural Resources 14 percent of the funds dispersed.⁵⁰

A more systematic study of interventions by the federal government is needed to see what works and what does not, including the gathering of baseline data so that donors can track programs as they develop and document progress and setbacks. The federal government should also work to develop stronger anti-corruption controls on money laundering at the state level in order to make it more difficult for corrupt officials to export their gains. In addition, the focus on strengthening anti-corruption institutions is rooted in the idea that weak formal institutions fuel corruption. However, as the Nigerian case has shown, corruption is also the consequence of concomitant informal power structures that fuel and shape corruption. Such efforts to strengthen

formal institutions are rarely accompanied by similar efforts to weaken or co-opt these informal structures, limiting the impact of anti-corruption reforms, as highlighted in Nigeria.⁵¹

Conclusion

This paper has demonstrated that despite experimentation with various political government institutions and anti-corruption campaigns, nothing has succeeded in reducing or eliminating corruption in Nigeria. Given this, this paper concludes with two instructive ideas. First, corruption is a political problem, and hence requires a political solution. Second, a technical approach will not succeed on its own. In practice, this means that establishing anti-corruption institutions and passing reforms are unlikely to be effective without real political support from the government – no matter how well funded they are or how well designed the anti-corruption programs. Corruption is difficult to tackle because there are underlining structural issues that make it a rational strategy in several societies. In the Nigerian governance context, the approach that is most likely to achieve long-term success is to embed anti-corruption reforms within efforts to create legitimate political institution. Ideally, these two agendas should be seen as complementary. Studies have found out that accountability is one of the basic elements of good governance. In wise, good governance is the dependent variable that requires selfless leadership, openness and free media to flourish. Apart from enhancing legitimacy, good governance promotes the economy by attracting investments and by so doing triggers productivity. The net effect of good governance is therefore reduction in corruption and improvement in socioeconomic development. In essence therefore, good governance offers the best way for Nigeria to combat the scourge of corruption.

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