

Decentralization Governance and Corruption

AT THE LOCAL LEVEL: EVIDENCE FROM NIGERIA



Supported by the UKAid through
the Overseas Development Institute
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1. Introduction

1.1 PROJECT OVERVIEW

This case study is a Department for International Development (UK) and British Academy supported project, coordinated by the Overseas Development Institute (ODI), and carried out in Nigeria by the Centre for Democracy and Development (CDD). The motivation for this study was to test theoretical debates around decentralisation. On the one hand, some theorists argue that decentralisation should reduce corruption through more accountable and transparent local governance.

Others suggest that increased autonomy and proliferation of actors increases opportunities for corruption. Yet on the ground, it is clear that the rentier state system in Nigeria continues to dominate the political economy affairs of the country. Other studies provide ambiguous evidence of the effects of decentralisation on corruption, while the reality of descriptions of the impact of decentralisation on corruption are

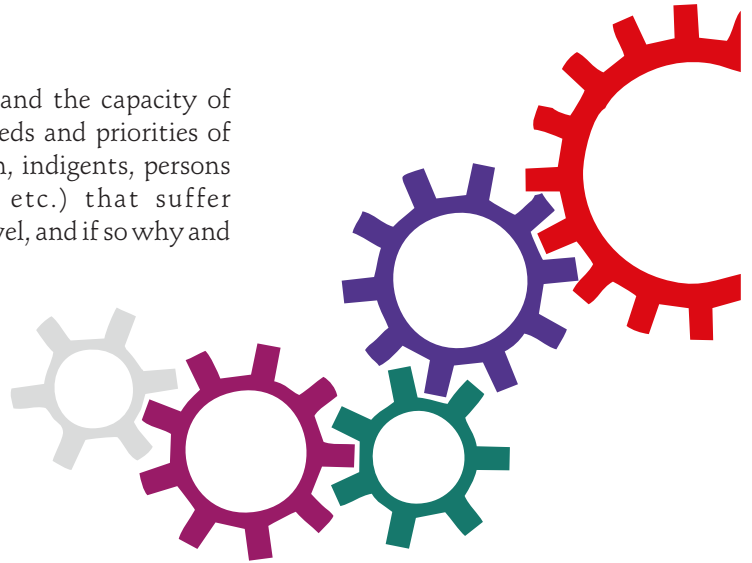
dependent on broad categories of quality of governance.

In partnership with ODI, this CDD study seeks to unravel and clarify these contradictions through empirical research. This study improves the understanding of the relationships between decentralised governance and corruption, and the effectiveness of anti-corruption measures at the local level. Three broad research questions guided the process of this study:

1. What are the differences and similarities in the prevalence, types and dynamics of corruption in different decentralised environments, and what factors – local, national, global – are driving them?
2. What are the likely effects/impact of different types of corruption at the local level, especially on issues related to

inequality, inclusion, voice and representation, and the capacity of state institutions to respond to the different needs and priorities of their populations? Are there groups (e.g. women, indigents, persons living with disability, ethnic minorities, etc.) that suffer disproportionately from corruption at the local level, and if so why and how?

3. What are the implications of these findings for tackling corruption in different decentralised settings, and for enhancing the effectiveness of anti-corruption measures?



1.2 Design and methodology

This study had three major phases: inception, research and synthesis. The first phase gathered preliminary information about the case study countries – Nigeria and Bangladesh – within the context of multi-level governance, decentralisation and corruption at the local level.

The second phase was research-based and included the finalisation of the study design and methodology, data collection and analysis, and the final report writing in the respective case study countries.

The third synthesis phase was carried out by ODI and the British Academy in the form of synthesis report, after the completion and harmonisation of the first two phases and submission of the final individual country's reports. It should be noted that the research design and methodology was a collaborative effort between CDD (Abuja), the Centre for Policy Dialogue (CPD) (Bangladesh), and the ODI (London) and British Academy team.

Two approaches were adopted in the research component of the study: a literature review

(desk research), which involved reviewing and synthesising existing evidence from primary and secondary documents on the relationship between decentralised governance and corruption; and primary data collection from key respondents and informants.

The secondary data was sourced to fill the inevitable gaps in evidence provided through the interviews and focus group discussions (FGDs). This also involved a rigorous desk review of the relevant and related literature on key issues (see Table 1), found in scholarly articles, government reports, media reports and publications of non-governmental organisations and that of international organisations.

From the extant literature reviewed, a range of different issues and contexts of corruption were identified and examined where we found that there were limited attempts by scholars to link multi-level governance and decentralisation with corruption and anti-corruption initiatives, particularly at the local level. Therefore, this study provides an analytical understanding of the relationships between decentralised governance and corruption, and the effectiveness of anti-corruption measures at the local level.

Table 1: Issues reviewed during the desk research

Key issues	Analysis
Corruption	Analysed the political and social context of corruption
Types of corruption and the drivers	Interrogated the differences and similarities in the prevalence, types and dynamics of corruption in different decentralised environments, and the key factors - local, national, global driving them
Effects of corruption	Examined the likely effects/impact of the different types of corruption at the local level, especially on issues related to inequality, inclusion, voice and representation, and the capacity of state institutions to respond to the different needs and priorities of their populations
Decentralisation, multi-level governance and corruption	Explored the concept of decentralisation, the nature of corruption, governance dynamics and their relationship across different levels of governance
Analysis of anti - corruption initiatives	Analysed the responsibilities, resources, accountabilities, organised incentives or opportunities; and forms of different anti-corruption initiatives

For the primary data collection, a case study approach was used to focus on three states across Nigeria (Federal Capital Territory¹- Abuja, Enugu and Lagos), targeting specific respondents and key informants who provided information during FGDs and interviews. The three states case studies were selected to provide variation on some key governance issues: whether the state had held local elections, and representation of rural and urban locations.

The study used largely qualitative research methods, including gathering data from primary sources through interviews with key informants and FGDs with the following categories of respondents (see Appendix for details):

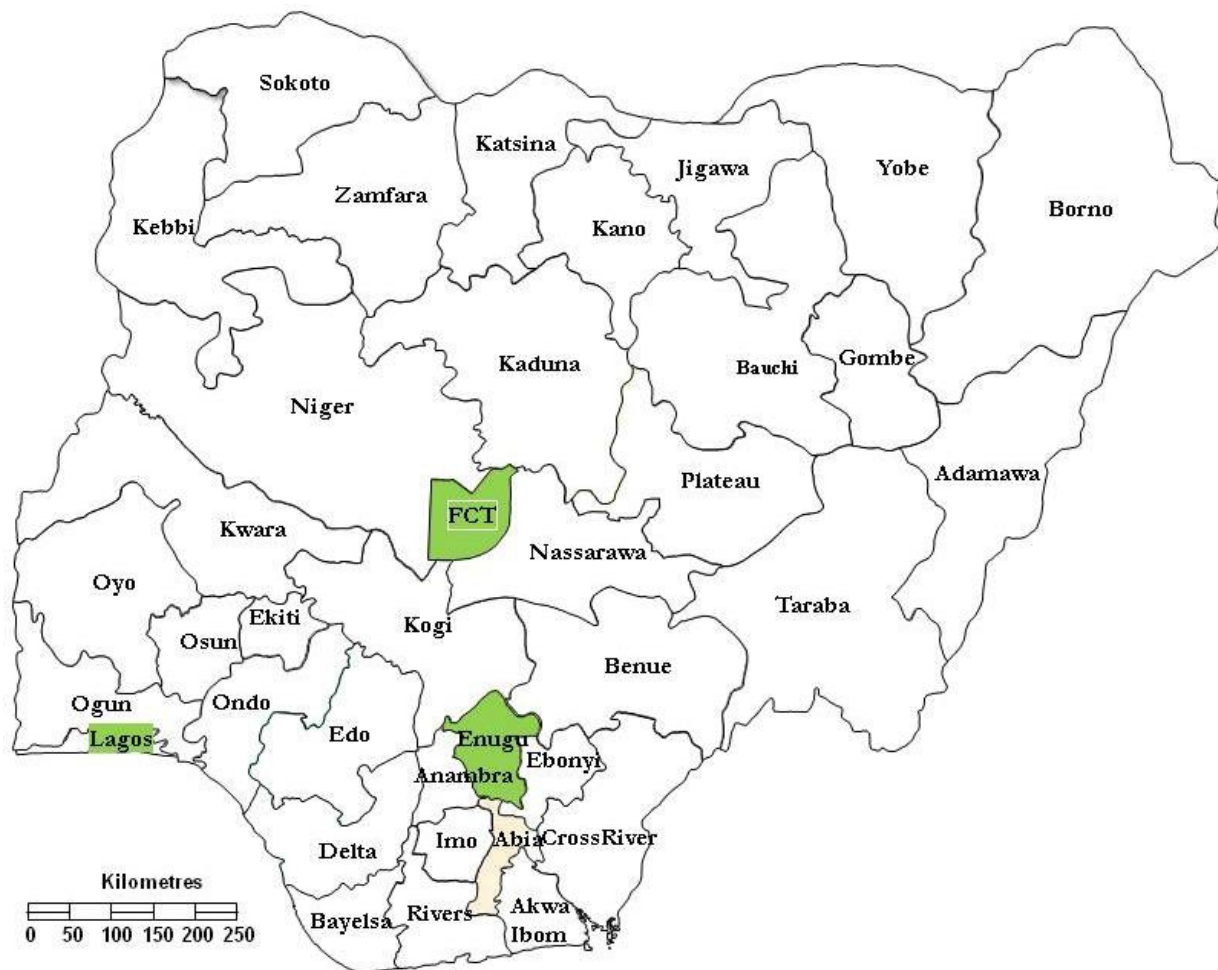
- i. Anti-corruption agencies officials,
- ii. School-based management committees,
- iii. Local education officials,
- iv. Civil society organisations;
- v. Local government administration staff (mid- and high-level cadre) and experts in local government administration;
- vi. Political party members;

- vii. Local elected officials;
- viii. Appointed local officials;
- ix. Women's groups and youth groups;
- x. Professional bodies and academics.

Three key sectors – education, anti-corruption initiatives and local government civil service, and public finance management – formed the bulk of the interviews and FGDs. A total of six FGDs were conducted; two FGDs were conducted per project location, and 23 interviews including key informants and group interviews were conducted across the three project locations. Participants in the FGDs were selected from school-based management committees (SBMCs), civil society organisations (CSOs) working on anti-corruption, academia, local government and local government administration experts, anti-corruption agencies, the media, politicians and professional bodies, among others.

The interviewees were key people identified and chosen from elected officials and caretaker chairpersons where applicable, local government administrators, local government finance staff

¹ The Federal Capital Territory (FCT) is referred to as a 'state' because it also has area councils (which is the same as local government areas in states) that receive allocations and operate a Joint Account with the Ministry of FCT, which is run by a Minister (and not a governor like in states).



The case selection for this study was based on criteria shown in Table 2. The criteria for selecting the states, institutions and relevant respondents at the local level was based on manifestations of corruption within specific, identified local sectors and on whether the locality is governed by elected officials or appointed officials. Three anti-corruption measures were identified at the local level and selected:

1. State level (sub-national) anti-corruption initiatives, and Local Government Civil Service Rule, which addressed issues relating to attitude, penalties, work ethics, etc.;
2. Auditor General of the Local Government whose role addresses issues relating to public finance management (PFM), especially at the local level;
3. School-based management committees in the education sector.

Table 2: Anti-corruption initiative selection criteria

S/N	Initiative	Criteria and key focus
1a	State level anti-corruption initiatives	<ul style="list-style-type: none"> National and sub-national anti-corruption initiatives. Sub-national and regional offices of anti-corruption agencies, and what the agencies are doing in the states, particularly at the local government level.
1b	Local Government Civil Service Rule	<ul style="list-style-type: none"> Focus on the effectiveness and application of the Local Government Civil Service Rule in addressing issues of corruption among local government employees.
2a	Auditor General of the Local Government	<ul style="list-style-type: none"> Focus on the performance of office of the Auditor General of the Local Government in Public Finance Management (PFM), etc. For the three states, the key informants interviewed selected were different local government officials who have worked in the council in the last four years in relevant units or departments, including finance, audit and administration. Elected and non-elected local officials were also considered.
3	School-based management committees	<ul style="list-style-type: none"> Focus on the education sector. SBMCs is an initiative of DFID through its Education Sector Support Programme in Nigeria (ESSPIN), which Enugu, FCT and Lagos states benefitted from. SBMC have been adopted as part of national policy on education. The purpose of selecting SBMC is to establish which anti-corruption initiatives or elements sit within the mandate of SBMC, and their effectiveness in addressing corruption in the education sector, particularly at management level.

1.3 Structure of the Report

After the Introduction, the Section 2 draws from the background research on local governance frameworks and prominent corruption issues in Nigeria. Section 3 describes in detail the methodology used for the research, followed by the presentation of the evidence from the research in Sections 4 to 6. Finally, we conclude with implications of the findings.

2. National context

Nigeria practices a federal system that is structured across three levels of government: national (federal), state and local. The country's federal units (states) grew from three

regions in 1960 to 12 states by 1967. In 1976, local governments became recognised as the third tier of government, entitled to statutory allocations from both federal and state governments, and seven additional states were created bringing the total number to 19. During the 1990s, the number of states almost doubled to the current number of 36 states (excluding FCT-Abuja) and 774 local governments, all of which were created under military rule². A major reason for the creation of local governments was to bring the government and development closer to the people at a local level, especially in a federal system where the central and state governments are removed from the grassroots.

² See: 'Fiscal Federalism and Service Delivery in Nigeria: The Role of States and Local Governments.' Paper prepared for the Nigerian PER Steering Committee by Stuti Khemani, July 24, 2001. Available: www1.worldbank.org/publicsector/decentralization/.../FiscalFedReport.pdf

Constitutional Responsibilities of Federal, State and Local Governments

Federal only	Defense; Shipping; Federal trunk roads; Aviation; Railways; Posts, telegraphs and telephones; Police and other security services; Regulation of labor, interstate commerce, telecommunications; Mines and minerals; Social Security; Insurance; National statistical system; National Parks; Guidelines for minimum education standards at all levels; Water resources affecting more than one state;
Federal-State (shared)	Antiquities and monuments; Electricity; Industrial, commercial and agricultural development; Scientific and technological research; Statistics and surveys; University, technological and post-primary education; Health and social welfare;
State-Local (shared)	Primary, adult and vocational education; Health services; Development of agriculture and non-mineral natural resources;
Local government	Economic planning and development; Cemeteries, burial grounds; Homes for the destitute and infirm; Markets; Sewage and refuse disposal; Roads, streets, street lighting, drains, other public facilities;

Source: 1999 Nigeria Constitution, K. Stuti, 2001



Local Government reforms in **Nigeria**



2.0 Local Government reforms in Nigeria

Nigeria has witnessed several local government reforms since 1900 (see Table 3). The most remarkable is the Federal Government of Nigeria's holistic reform of the local government administration in 1976. It was this reform that conceived local government as the third tier of government with a uniform institutional framework, with defined functions and responsibilities.

The 1976 reform was partly conceived to facilitate the exercise of democratic self-government at the grassroots, to mobilise human resources, and provide improved channels of communication between the state, federal and local governments. It was this

reform that led to the introduction of local government as a third tier of governance into Nigeria's governmental structure in the 1979 Constitution. The reform conceives local government as separate, and independent from the state governments.³

The creation of local governments was premised on the presumed superior capacity of local people to understand and conduct their local affairs (Oluwu and Lateye, 1988).

³ Section 7 of the 1999 Constitution of the Federal Republic of Nigeria as amended (hereafter to be referred to as 1999 Constitution, as amended). The same provision is repeated verbatim in section 7 of the 1979 Constitution.



Year/period	Reforms
1900	Native Courts Proclamation
1919	Native Courts Proclamation (Amended)
1943	Native Authority Ordinance
1950	Local Government Ordinance
1955	Local Government Law
1960	Local Government Law (Amended)
1963	Local Government Law (Amended)
1971	Divisional Administration Edict
1976	Unified Local Government
1989	Babangida Local Government Reform
1976-1979	Elected council on Zero Party basis
October 1979-December 1983	Handpicked (selected) local government chairmen and councillors
January 1984-Aug 1985	Sole Administrators/Management Councils
August 1985-Dec 1987	Management Committee System with Civil Servants as Sole Administrators
January 1988-July 1989	Elected Chairmen and Councillors. All elected on personal merit or recognition
August 1989-Dec 1990	Management Committees with Sole Administrators (Civil Servants) as Chairmen
January 1991-November 1993	Elected councils on party basis (Social Democratic Party and National Republican Convention)
November 1993-April 1994	Administration of Local Government by Directors of Personnel Management under Military Administrators' Directives
April 1994-1997	Selected chairmen and four supervisors (indigenes) to run the affairs of the councils
1997-June 1998	Elected councils of the five registered political parties under the Abacha regime
Since 1999	Creation of local development centres in some states across Nigeria

Despite the successive reforms, the local government system has continued in a way that renders them virtually redundant, coming up against many challenges.

4 Section 7(5) of the 1999 Constitution.

5 Key informant interviews (KIIs) with local government finance auditors and administrators in Lagos and Enugu states, 2017

2.1 Local governance framework and challenges

Although the constitutional structure of Nigeria aims to support autonomous local governments, in reality this autonomy is severely curtailed by several factors. One is the process by which state and federal governments must cooperate in the creation of local governments and in their funding. Second is the incomplete implementation of elections and the co-optation of those elections by state politics.

Third is the dependence of the local government on states for their finances due to the operation of a joint state-local government account. Alongside these factors, local governments also suffer various forms of capacity constraints.

Unclear local-state governments constitutional powers:

In the 1999 Constitution, the first sections deal with the exclusive functions of a local government; the second sections cover matters that are dealt with concurrently by the state and local government; and Section C focuses on other functions that may be conferred on the local governments by the State Houses of Assembly. The constitutional responsibilities of the local government include the collection of rates, provision of licenses, and the establishment of burial grounds, slaughterhouses and motor parks (Table 4).

Others include the provision and maintenance of primary, adult and vocational education; the development of agriculture and natural resources, other than the exploitation of minerals; the provision and maintenance of health services, and other such functions as may be conferred on a local government council by the State House of Assembly.

The federal constitution is clear that the functions of the local government council are not self-executing but must be conferred upon by law.⁴ This simply means that until the legislature (State House of Assembly) makes a law conferring the above-mentioned functions on the local government council, the council cannot validly exercise them.

The dilemma here is that the conferment is actually very effective where there are elected local government officials (chairpersons and councillors). However, in reality, whether there are elected or no elected local government officials, the state governments still assume and exercise the above functions of local government councils.

Therefore, in practice, state governments do collect fees, issues licenses and exercise functions that are constitutionally provided by local governments. For example, in states like Lagos, duties of local government such as waste management have been taken over by the state government and an agency, Lagos State Waste Management Authority, with the duties of the agency including house-to-house waste collection, a duty reserved for local governments. In addition, in Enugu state, waste disposal management contracts are said to be a means of looting LGA money, where thousands of dollars are allocated to waste disposal.⁵

Exclusive functions at the local level	Local government concurrent functions with state governments
Formulating economic plans and developing schemes	Providing and maintaining primary, adult and vocational education
Collecting rates and issuing radio and television licenses	Developing agriculture and natural resources other than the exploitation of minerals
Establishing and maintaining cemeteries, burial grounds and homes for the destitute	Providing and maintaining health services
Licensing bicycles, non - mechanically propelled trucks, canoes, wheelbarrows and carts	
Establishing, maintaining and regulating slaughterhouses, slabs, markets and motor parks	
Providing and maintaining public conveniences, sewage and refuse disposal	
Construction and maintenance of roads, streets, street lights, drains, etc.	
Naming roads, streets and numbering houses	
Registering births, deaths and marriages	
Controlling and regulating outdoor advertising, shops, kiosks, restaurants, laundries, etc.	

Section 7(1) of the 1999 Constitution as amended expresses that it is the duty of the state government, subject to Section 8 of the Constitution to ensure the existence of the local government councils under a law, which provides for the establishment, structure, composition, finance and functions of such councils. While this section vests the power of creation in the state, the procedure for creation of such new local government area is provided for in Section 8(3), (5) and (6) of the Constitution.⁶ However, the new local governments will still not take effect or come into operation until they are accommodated in Section 3(6) and Part 1 of the First Schedule of the Constitution by the National Assembly. i

The structure of administration in the local government is explained in the Appendix. While the State Houses of Assembly are empowered under the Constitution to create new local governments, the National Assembly is required under Section 8(5) of the Constitution, to make consequential provisions by an act with respect to the names and headquarters of the new LGAs for any such new local government to have constitutional recognition. The first notable problem is the fact that these constitutional provisions vest the power to create new local governments in both states and federal governments.⁷

⁶ 1999 Constitution as amended.

⁷ Constitutionally and currently, there are seven hundred and seventy four (774) Local

The request for a new local government usually comes from the people whose representatives at the federal level, National Assembly (NASS), starts the constitutional process, and the State Houses of Assembly must then agree to the outcome from the NASS. Both levels of governments (federal and state) must exercise their separate but complementary role to bring into being a local government.

This was seen in 2003 and 2004, where Lagos, Ebonyi, Katsina, Lagos, Nasarawa and Niger State governments created new local government councils (also referred to as local development centres [LDCs], or local council development areas [LCDA]) through the instrumentality of its State House of Assembly.

The erstwhile President Obasanjo, issued a circular letter⁸ addressed to all the governors of the states and all of the local government chairmen in these states to stop the release of statutory allocation from the Federation Accounts to the affected LGAs. These led the states to approach the court, such as in the case of AG Lagos State V. AG Federation.⁹ In this case, the supreme court held that while the plaintiff has the power under the constitution to create a new local government, the local governments so created will not take effect or come into operation until the National Assembly passes an Act to amend Section 3(6) and Part of the First Schedule to the Constitution.

Only a few states in Nigeria have either LCDAs or LDCs created from existing LGAs, done so for political expediency and revenue sharing under overarching local governments. Two of the three locations of the study have LCDAs – for example, Lagos State has 20 LGAs and 37 LCDAs, while Enugu State has 17 LGAs and 51

“ Constitutionally, state governments cannot create local government areas. It is only the federal government through the national assembly that has the power to create an LGA. They, however, noted that state governments through the State Houses of Assembly can create what is called local development centres within existing local governments. ”

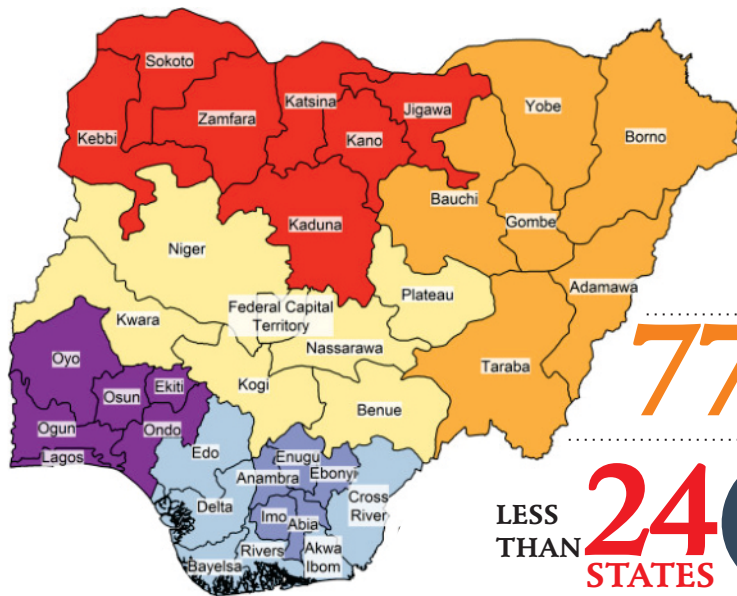
(FGDs in Lagos, Enugu and FCT – conducted July-August 2017)

LCDA. Participants during the FGDs across the study locations confirms that:

Democratic governance challenges at the local level:

Democracy at the local government level centres around two core pillars: representative and participatory democracy. Representative democracy covers issues such as elections, party politics and the relationship between elected officials and their constituencies. Participatory democracy involves civic engagement, activities of non-governmental and community-based organisations, and consensus-oriented policy-making. Yet in Nigeria, the performance of many local governments in both areas of local democracy has been very unsatisfactory. In many states, local government elections have not been conducted for several years. Where they were conducted, the elections fell far below standards, especially in terms of representing the will of the people, providing possibility of alternation, providing the voters opportunities

⁸ Circular Ref. No.F. 12090/VI/T2/322
⁹ S.C. 70/2004



36 STATES OF THE FEDERATION

774 LOCAL GOVERNMENT AREAS

LESS THAN **24** STATES HAVE CONDUCTED ELECTIONS



14 STATES APPOINTED CARETAKER COMMITTEES

to make informed choices, and ensuring the candidates and parties are operating on a level playing field¹⁰.

Governance based on transparency, accountability has eluded local governments in the current political dispensation of Nigeria due to irregular local government elections, and also the absence of free and fair elections.

The state government is vested with the power to organise elections at local government level through the State Independent Electoral Commission (SIEC).¹¹ The state appoints the chairpersons and commissioners of SIEC in such a way that means the appointment of local government officials is mainly selection, not election. The greatest challenge to democracy at the grassroots level is the failure to conduct elections in local governments. At the time of this study, of 36 states of the federation with 774 local government areas,

less than two-thirds (less than 24 states¹² and the FCT) have conducted elections in their respective local governments; five states have announced that they are planning to; while the remaining 14 states have been appointing caretaker committees to administer that particular tier of government.

This discrepancy in electoral accountability is a key focus of study for this research. The caretaker committees are appointed and fired at will by the state governors without any due process. This explains why the loyalty and mandate of the caretaker is solely to the governor and not the people – they depend on state governments for funds and directives on what to do at any point in time.

Sadly, the state government authorities including the Ministry of the FCT-Abuja, without exception, have usurped the duties of local governments. It is clear in the constitution

6 1999 Constitution as amended.

7 Constitutionally and currently, there are seven hundred and seventy four (774) Local Government Council Areas in Nigeria, and they are operating a uniform system of local government administration.

that the local government is the third tier of government, and as such in a democracy, must be governed by a democratically elected executive (chairman and vice-chairman) and legislature (councillors). But the reality in most states of the federation is that rather than organising local government elections, the states governors constitute caretaker committees that run the affairs of the local government.

Also, the flawed appointments process of the members of the SIECs further compound the challenges of having credible elected leadership at the local government. The SIECs officials are appointed by the governors and are mostly perceived to be partisan, and within such an appointment system, it has been difficult for opposition political parties to win elections at local council levels.

Fiscal structure at the local level:

The near absence of financial autonomy is another challenge experienced in local government administration in the country. The Constitution in Section 162 prescribes the operation of a State Joint Local Government Account,¹³ Section 162(5-8) is stipulated as follows:

- 1** The amount standing to the credit of local government councils in the federation account shall also be allocated to the states for the benefits of their local government councils on such terms and in such manner as may be prescribed by the national assembly.
- 2** Each state shall maintain a specific account to be called "state joint local government account" to which shall be paid all allocations to the local government councils of the state from the federation account and from the government of the state.
- 3** Each state shall pay to the local government councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National assembly.
- 4** The amount standing to the credit of local government councils of a state shall be distributed among the local government councils of the state on such terms and in such manner as may be prescribed by the house of assembly of the state.

⁶ 1999 Constitution as amended.

⁷ Constitutionally and currently, there are seven hundred and seventy four (774) Local Government Council Areas in Nigeria, and they are operating a uniform system of local government administration.

Through the operation of the State Joint Local Government Account, local government statutory allocations are withheld by the state governors or excessive deductions are made.

The pattern in reality and gathered from the FGD with local government personnel and experts at Nsukka, Enugu State, is that typically, state government do all payments and deductions, and remit what they decide as accruals to local government chairmen.

This action by state governments completely negates the principles of the local government chair as the chief accounting officers of respective local governments (LGs). The local government chair has no grasp of how much per month is accrued by their councils from the Federation Account before sharing. Ironically, even when the LGs are aware of their allocations, they are still unable to confront the state governments when they receive less than what was released from the Federal Government.

This is partly because it remains that governors decide who runs the local governments and so they are subject to agency pressures seen in the principal-agent theory. There have been cases in the past, as seen in the interviews with LG officials, where local government chairperson who queried such deductions by state governments and spending were removed from office.

There is a general sense that the role of LG has been hijacked by state governments. As observed in the states where there are either elected local government officials or caretaker committees, the structures suggest that it is the governors of the states that hold the decision-making power in deciding who is elected at the local government level, and also who is appointed to the caretaker committees.

This is evidence that the same governors issue direct control over the LGs' finances and administration.

The crux of the local government problem is, therefore, mainly fiscal. For instance, the residual funds eventually received by the LG from the state government, are not sufficient to cover recurrent expenses, much less capital and developmental programmes expenses. However, the case of FCT area councils appears different compared to LGs within states.

For example, and as noted by a key informant during one of the FCT area councils interviews, the usual practice is that the FCT area councils receive complete financial allocations direct from the Federal Government. Regrettably, the FCT minister who oversees the councils would request the councils to earmark a certain percentage of its allocation for a purpose that is typically undisclosed, or for a project that is not beneficial to the councils.

The State Joint Local Government Account has contrived to weaken the autonomy of LG rather than strengthen it, and provides an avenue for corruption and wasteful spending by states. For example, the bulk of LG revenue is utilised to pay the salaries of civil servants and political appointees. This further compounds the challenges of LG administration in Nigeria. Several of the statutory functions of LG such as collection of tolls from markets, motor parks, tenement rates etc., have been taken over by states, which has led to a further loss of revenues for LGs. A direct consequence of this is the gradual curtailment of the functions of LG, and the encroachment on its duties by the state government – for example, internal revenue collection in LG being carried out and/or controlled by state governments' agencies or contractors.

Challenges of LG administration:

Decentralisation is not been effectively implemented in Nigeria. This is particularly seen in the poor local governance and inefficient LG administration. Several factors were found to have contributed to this problem, such as unclear state-local government constitutional powers, which successive state governments continue to implement based on their own understanding of their powers, and largely for their own advantage.

The other key issues include the lack of fiscal autonomy of LGs. Coupled with severe challenges with LG administration, this encourages a dependency on state governments, stopping LGs from functioning independently as the third tier of government as enshrined in the constitution. The effect of this situation at the local level opens up opportunities for a lack of transparency and accountability in the running of government affairs at the local level. It also allows for the misappropriation of funds and abuse of power in the administration of LGs, leading to a tendency towards and expectation of corruption.

Another factor impacting on LGs' performance is the recruitment of individuals who do not possess the requisite leadership and managerial skills to deliver good governance. Most of what we see today as the poor performance of the local government councils (LGCs) in Nigeria is a consequence of state government influence on appointments in LGCs. State governors remove elected LGCs' chairmen as if they are bureaucrats appointed by the state governments (Ammani, 2012) – which is unconstitutional.

The Constitution makes clear that the qualification for election into offices of the chairman and the councillors shall be the same as that of the election into the house of assembly of a state.

Section 106 of the Constitution puts the minimum educational qualification for election into the House of Assembly of the State as a post-primary school certificate. Ostensibly, this encourages the average political office holder in LG to be non-technocratic or vested in any one discipline.

However, in reality, this has made LGCs a dumping ground for the semi-literate or a starting point for „political toddlers“.¹⁴

In the last five years, there had been a demand by citizens for LG autonomy, as the third tier of governance in the federation. with the Federal Government, National Assembly and other stakeholders joining the demands.

In 2013, during the Constitutional Review by the 7th National Assembly, the Association of Local Government of Nigeria, civil society organisations persuaded the National Assembly to ensure that LGCs are granted autonomy. In the same year, the House of Representatives agreed to LG autonomy; unfortunately, the constitutional process of granting LG autonomy could not be completed before the expiration of their tenure.

The debate continued during the 8th National Assembly in July 2015, and labour groups such as the National Union of Local Government Employees and civil society organisations

continued their advocacy of ensuring LGA autonomy.¹⁵ This shows a consistent call for LG autonomy in opposition to the views of the state governors and the houses of assembly. The opposing view led by the Nigerian Governors Forum, argues that there is no country in the world where there are three federating units.¹⁶

It does not follow that the constitutional intent was to prevent the autonomy of the LGAs, rather the constitutional provisions for the fiscal relations between the Joint Allocation Account Committee (JAAC) appears to be wrongly construed and implemented by state governments. As the Constitution states in Article 162(6).

Each state shall maintain a special account to be called "State Joint Local Government Account" into which shall be paid all allocations to the local government councils of the state from the Federation Account and from the Government of the state". This suggests that the control and disbursement of the JAAC is vested in the state government. What the local governments receive, when and how, becomes a subject to the discretion of the state government.

As Obaze (2015) noted, a three-dimensional problem subsists in state-local governments fiscal relations: first, governors expediently interpret provisions of JAAC as permitting them to unilaterally make deductions from the monthly allocation to LGs. The Local Government Councils get the residual funds, which are insufficient to cover recurrent expenses, much less cover capital and developmental programmes expenses. Second, the state executive and legislative arms – both beneficiaries – contrive JAAC laws to tilt the laws in favour of the state. Third, LG representatives are not members of JAAC, and where an LGA chairman is invited, it is because he or she is colluding with the state. Indeed, membership of JAAC is the exclusive prerogative of the state governor, which is often in line with the already skewed legislation passed by the State Assembly.

In order to sustain all of these, the state governments have continued to thrive on impunity by preventing Local Government Councils' elections, when held from being free, fair and credible.

15 For details of debates on local government autonomy in Nigeria, visit <https://www.informationng.com/tag/local-government-autonomy>

16 Governors and local government autonomy, *The Nation*, 12 November 2014. Available: <http://nationalmirroronline.net/new/governors-and-local-government-autonomy/>



2.2 Corruption context

The Principal-Agent Theory contends that corrupt acts are conceived of as the result of an information and interest asymmetry between an agent (either in the form of a bureaucrat or a ruler) – assumed to act in his or her own self-interest – and a principal (either in the form of a ruler or citizens), typically assumed to embody the public interest and hence being „a highly principled principal“ (Klitgaard, 1988).

A collective body of actors can be assumed to be the principal, who might delegate the performance of some government task to another collective body of actors - the agents. Within the principal-agent framework, corruption occurs when an agent betrays the

principal's interest in the pursuit of his or her own self-interest.

This betrayal is, in turn, made possible by the information asymmetry between the two groups of actors.

Depending on perspective, who is the agent and who is the principal in the principal-agent model may differ. In the classical treatment – which refers to situations of bureaucratic corruption – rulers are the principal and the bureaucracy the agent (Becker and Stigler, 1974; Van Rijckeghem and Weder, 2001).

The Principal-Agent Theory attempts to situate the analysis of corruption in the interaction and

interrelations that exist within government (public sector) based on two key assumptions: 1) that a goal conflict exists between so-called principals (who are typically assumed to embody the public interest) and agents (who are assumed to have a preference in favour of corrupt transactions insofar as the benefits of such transactions outweigh the costs); and 2) that agents have more information than the principals, which results in an information asymmetry between the two groups of actors (Klitgaard, 1988; Williams, 1999).

The problem of corruption at multi-level governance and decentralisation therefore arises when the government (principal) fails to address the issue beyond the national level, and especially at the sub-national level. This model corroborates the top 10 corruption scandals in Nigeria, which have remained unresolved. As reported by Premium Times (2015), all the corruption scandals are national affiliated corruption, with none at the sub-national or local level.

The 10 scandals include, the Maina Pension Scam; the kerosene subsidy scam; the police pension fund fraud; the case of Stella Oduah; the missing 20 billion naira oil money; a \$15 million private jet/arms scandal; the Abba Morro immigration; the Malabu Oil scandal; and the cases involving Ekiti and Farouk Lawan (see Appendix for details of the top 10 corruption scandals in 2015).

The issue of corruption has continued to occupy the centre of the national debate in Nigeria. The issue has persistently confounded development processes in the country, to the extent that citizens now accept it as one of the features of society. In the last half decade, Nigeria's ranking in Transparency

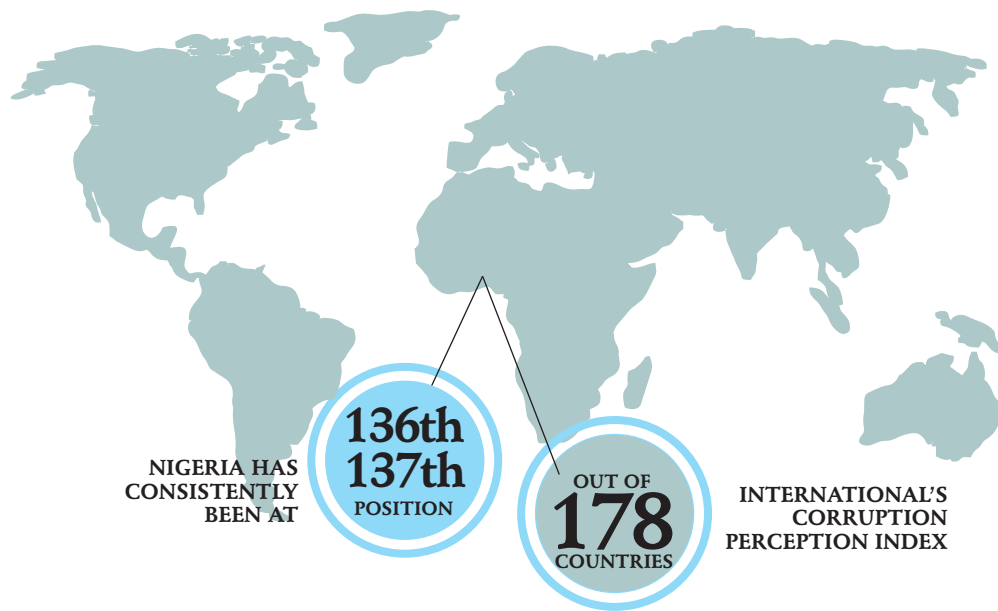
International's corruption perception index has consistently been at the 136th and 137th position, out of 178 countries.

The two levels of national and sub-national government have faced intractable corrupt practices among public office holders. For example, corruption at the higher level refers to corrupt acts involving the presidency, ministers, members of the legislature, governors and other high-ranking public and political officials. While lower-level corruption involves corrupt acts involving „ordinary“ civil and public servants. One key form of corruption that cuts across the two levels is bribery.

A study in 2016 and 2017 by the Nigeria Bureau of Statistics (NBS) and United Nations Office on Drugs and Crime (UNODC) found that Nigerians fear the negative consequences of refusing bribery. In the study, confronted with a bribe request, Nigerian citizens do not always pay it, while a number of people turn down even the request made by a public official – out of every 100 citizens who paid a bribe every time it was requested, 20 refused to do so on at least one occasion.

It should be taken into account, however, that of those 5.3%, only 1.3% have never paid a bribe, while the remaining 4% refused to pay a bribe at least once but have paid a bribe on other occasions. These figures are low because more than half of those who refused to pay a bribe after a request by a public official suffered negative consequences as a result of that refusal (see the Appendix for details of the corruption profile of the three states – Enugu, FCT and Lagos – under study, produced by the NBS-UNODC nationwide study on corruption and bribery).¹⁷

¹⁷ For further on the NBS-UNODC study, see the first ever household survey on bribery in Nigeria. Available: https://www.unodc.org/.../data-and-.../Nigeria/Corruption_Nigeria_2017_07_31_web.pdf



In the case of Nigeria, corruption manifests in the form of a „diversion of federal and state revenue, business and investment capital, and foreign aid, as well as the personal incomes of Nigerian citizens’(PwC, 2016). As a result of corruption, an estimated \$400 billion between 1960 and 1999, and about \$182 billion between 2005 and 2014 was reported to be either stolen or lost from Nigeria’s public accounts (PwC, 2016).

Corruption has been given three categories based on the level of government in which it takes place: 1) “grand corruption” – an act committed at a high level of government to distort policies, thereby enabling leaders to benefit at the expense of public good; 2) „petty corruption”, which involved an everyday abuse of power by low- and mid-level public officials as they relate with ordinary citizens who try to access public goods and services; 3) „political corruption’, which has to do with manipulation of policies, institutions and rules of procedures¹⁸ by political decision-makers in the process of resource allocation to sustain their power, status and wealth (Hoffmann and Patel, 2017).

Corruption in practice, therefore, is an act of the abuse of public or private power for private

gain, which could be in the form of cash or in kind. However, corruption as seen in Nigeria is an overly general term that obscures a wide range of behaviours and patterns across the different levels of government.

This study largely focuses on the existing evidence on the types, forms and dynamics of corruption across the levels of government and public institutions, and their impact particularly at local levels. This involves identifying where corruption occurs, particularly in public sector activities, institutions or relationships, and making an overall assessment of which types of corruption are prevalent.

The prevalence of corruption on national and sub-national levels in Nigeria has not fully been ascertained. Much more attention has been focused on the national than the sub-national, which does not necessarily suggest that the prevalence of corruption is lower at the sub-national level, rather it shows that the government’s policy focus in fighting corruption has been at the national level. This study recognises the effect of corruption at the sub-nation level, particularly as it affects the local people and governance within the LG administration.

 **\$400
BILLION**
BETWEEN 1960 AND 1999

 **\$182
BILLION**
BETWEEN 2005 & 2014

**REPORTED TO BE EITHER STOLEN
OR LOST FROM NIGERIA'S PUBLIC ACCOUNTS**

(PwC, 2016).

2.3 Anticorruption context

As a country, Nigeria seems to be very good in enacting laws, policies and initiating measures for anti-graft at the national level, which are expected to trickle down to the sub-national level. Unfortunately, corruption in Nigeria has also continued to evolve in different and dynamic ways.

The national concern about corruption has prompted successive regimes and governments to make targeted efforts¹⁹ at curbing if not eradicating corruption through domestic and external anti-corruption mechanisms. However, these efforts have not been effectively explored or utilised in addressing the different dynamics of corruption and its effects.

The efforts have also not sufficiently demonstrated adequate potential in improving governance at the two key levels: national and sub-national. For instance, the 9th and 10th European Union Development Funds and other support funds from international organisations for anti-corruption activities over the last decade is expected to have

significantly improved the country's anti-graft approach.

However, as soon as the donor funds are exhausted, sustaining anti-graft activities becomes a huge challenge for public servants and civil society. Nigeria was among the first countries to ratify the United Nations Convention against Corruption (UNCAC) in 2004. Following the ratification were legislative initiatives to counter the growing incidences of economic and financial crimes, which include the creation of the following:

- The Code of Conduct Bureau, and the Code of Conduct Act (1989)
- The Independent Corrupt Practices and Other Related Offences Commission, and its Act of 2000
- The Economic and Financial Crimes Commission (EFCC) and its Act in 2004
- The enactment of the Advance Fee Fraud and Other Related Offences Act (1995)
- The Anti-Money Laundering Act (1995)
- The Failed Banks (Recovery of Debts) and Malpractice in Banks Act (1994).

¹⁸ In terms of adhering to formal and/or informal rules, the laws exist but some people (appointed, recruited, and elected office holders) choose not to follow the rules and regulations (Field Survey, 2017).

¹⁹ See the Appendix for some of the key anti-corruption initiatives in Nigeria between 1975-2015.

Prosecutions for corruption and related offences have actually increased since the corrupt practices laws were enacted nationally, while an insignificant number of convictions have been achieved compared with the increasing number of prosecutions. For example, out of the 70 corruption cases the Independent Corrupt Practices and Other Related Offences Commission (ICPC) prosecuted in 2016, only 11 convictions were recorded.²⁰

Since its creation in 2003 to 2017 (14 years), the EFCC has recorded only 1,500 convictions,²¹ even though the number of cases is estimated to be over 6,000 in the last 14 years. Interestingly, the anti-corruption efforts led to the removal of Nigeria from the global Financial Action Task Force list of non-cooperative states, and admission as the first West African country into the Egmont Group²² in 2007 (UNODC, 2008).

However, Nigeria is currently on suspension from the Egmont Group because of the failure to establish the Nigeria Financial Intelligence Unit (NFIU) as an autonomous standing unit.

The Egmont Group have claimed that the acting chairman of EFCC, Ibrahim Magu is interfering with the affairs of the NFIU, and sharing information that should be confidential to the unit with others, including the media (Egmont Group, 2017). The Group had also threatened to expel Nigeria permanently by January 2018 if the Nigerian government fails to grant the unit the autonomy required to be a member of the Group.

In response to this, the Nigerian Senate gave accelerated passage to the NFIU bill without conducting a public hearing.²³ The primary aim of the bill is to make the NFIU an independent body that would function effectively, rather than be subsumed by the EFCC as a department. On the other hand, the domestication of UNCAC and the need for a national strategy to combat corruption has created opportunities for strengthening three anti-corruption government institutions: the ICPC, the EFCC and the Code of Conduct Bureau (CCB).

(Though this troika are by no means the only anti-corruption initiatives in Nigeria, and further initiatives can be found in the Appendix.) It is also important to note that in Nigeria, the anti-corruption regime is mainly regulated by the Corrupt Practices and Other Related Offences Act of 2000 (CPA), while anti-corruption efforts are supported by legislations such as the ICPC Act of 2000, the EFCC Act of 2004, and the CCB Act of 1999.

The ICPC is perceived to be an independent agency because of a clause in the ICPC Act that requires the agency to report to the presidency and not the National Assembly. However, the issue of appointment, removal, security of tenure and appropriation of funds suggests that there is no guarantee of independence within the agencies.

20 See: <https://www.icirnigeria.org/icpc-prosecuting-303-corruption-cases-chairman/>

21 See: <https://www.premiumtimesng.com/news/more-news/223742-corruption-efcc-secured-1-500-convictions-2016-official.html>

22 The Egmont Group is a network of national financial intelligence units and the highest inter-governmental association of intelligence agencies in the world, with 154 member countries including the UK and the US. For more, see: www.egmontgroup.org

23 See: <https://www.vanguardngr.com/2017/07/egmont-group-suspended-nigeria-accused-magu-sharing-confidential-information-media/>

An aerial photograph of a city coastline, likely Lagos, Nigeria. The image shows a dense urban area with numerous high-rise buildings and a complex network of roads and highways. A prominent multi-lane highway runs parallel to the coast, with a large ship docked at a pier nearby. The sky is clear and blue.

Decentralised governance and corruption in **Nigeria**



3.1 Decentralisation, corruption and accountability

This section examines the relationship between decentralisation and corruption, particularly at the local level in Nigeria. Notwithstanding the national institutional frameworks for decentralised governance and anti-corruption described in Section 2, there are also anti-corruption initiatives embedded in LG civil service rules, public finance management procedures, and school-based management committees at the local level. These initiatives are operating in a challenging political and social context, which has prevented them from adequately addressing corruption at the local level.

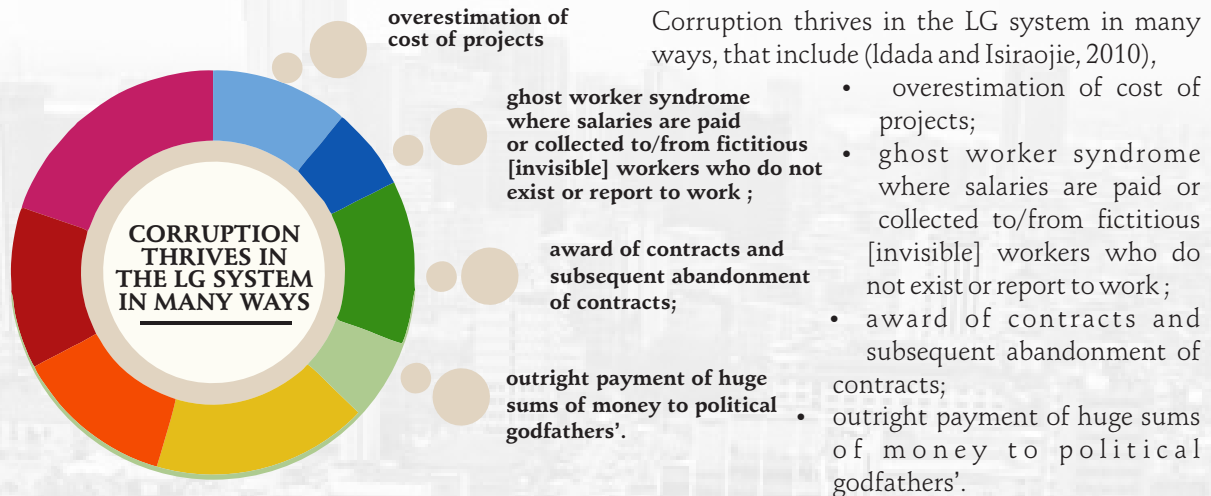
Some analysts have argued that decentralisation creates opportunity for governance-driven development at the sub-national level, rather than stagnating development at the local level.

Decentralisation is further argued to pave the way for social accountability to evolve, which gives the people a voice in the formulation and implementation of local governments policies and programmes. By these arguments, decentralisation is about redistribution of power within and between levels of government, with different actors having

opposing interests in the reforms. As Schroeder (2004) observed, there are four actors that are typically relevant in local accountability systems, they include: local residents, LGs, producers of LG services, and higher levels of government (including central government). Each of the levels of governance has a particular relation of accountability with the other. These relations depend on the historical, social, and political constitution of the powers of each actor, which may be based on ideology, wealth, heredity, election, appointment and other factors (Agrawal and Ribot, 1999).

To understand the political context of corruption at the local level, it is crucial to appreciate the factors that drive or undermine accountability, which include the structure of the local political setting that reshapes local actor and voter incentives by reformulating local electoral legislation, and redefining formal relationships between representative and executive bodies (Keating, 1995).

Also important in ensuring quality representation and accountability are what Lankina referred to as the structure of legislative bodies, the balance between elected local authorities and local executives and



administrators, the way councils are elected, the way executives are elected or appointed, and the structures for local legislative and executive bodies that relate to citizens (Lankina, 2008).

However, the practice as observed in the three locations in Nigeria – in Lagos, Enugu states and FCT – most community people and other governance stakeholders at the local level are not allowed to participate in most LG activities, especially during LG elections. The practice during LG elections is that state governors will usually select the people they trust to do their bidding and protect their interests, and make returns to them when they are put in a position of authority. As such, political leaders, traditional rulers and youth leaders at the local level who are loyal to governors are being awarded contracts which they rarely execute.

Over the years, the poor delivery of services and misappropriation of public funds especially at the local level has given rise to several reforms targeted at improving efficiency and service delivery within the LG administration. LG functions to bring democracy to the local citizens, as well as to educate and socialise them politically; participation of the citizens in governance is one of the underlying precepts of democracy.

Corruption thrives in the LG system in many ways, that include (Idada and Isiraojie, 2010),

- overestimation of cost of projects;
- ghost worker syndrome where salaries are paid or collected to/from fictitious [invisible] workers who do not exist or report to work;
- award of contracts and subsequent abandonment of contracts;
- outright payment of huge sums of money to political godfathers'.

This explains some of the reasons Local Government Council's administration has not been able to efficiently and effectively address the needs of the people at the local setting. Several other factors have alluded to this situation drawing on the dimensions of corruption outlined by Okolo and Akpokighe (2014, p35), which include:

- giving and receiving bribes;
- inflation of contracts;
- kickbacks and payments upfront;
- abuse of public property;
- lodging government funds in private accounts;
- examination malpractices;
- adulterated (counterfeited) food or hazardous drugs;
- misappropriation and embezzlement of funds;
- money laundering by public officers;
- using proxy names to buy property.

In Nigeria, the responsibility, resources and accountability of governance are organised at the LG administration in such a way that corruption is accommodated within the system. And indeed, there are several ways that intended LG reforms have actually preserved the space for corruption and undermined accountability.



3.2 Lack of political and financial autonomy

As previously described, constitutionally, states at the sub-national level cannot create LGAs; this is the exclusive responsibility of the National legislature even though they would need state legislature buy-in during the process. The practice or the tradition at the local level is that the heads of departments are consulted to make projections of expenditure and income for a fiscal year.

The projections are compiled by the Finance Department^I in the local governments and submitted to elected councillors where they exist, or to the caretaker committee for deliberation. It is expected that the outcome of the deliberation will be sent to the state government through the LG service commission or State House of Assembly.

However, in most cases, regardless of what the outcome is, the state government operates an envelop system, a situation where the government operates under the guise that the available allocation (fund) is not adequate to fund the budget. The reason for this could be dwindling revenues, or a fall in oil prices after the budget has been passed into law. This gives rise to a situation where government executives disburse a certain amount to LG to use to fund whatever activity in their

workplan, regardless of what was in the original budget for those activities. State government also takes advantage of the joint account system they operate with LG on funds only meant for the local councils, by further operating and institutionalising an envelope system. This has been a regular monthly practice; the funding amounts are typically below the expectation of the local council and not necessarily tied to budget activities or plans (FGD with LG officials and experts in Enugu, 12 July 2017).

The joint account system as enshrined in 162 of the Constitution is a key driver of the corruption, and the basis for contestation by state. This has continued to reduce the powers of LG over the years. The envelope system that is a consequence of the joint account system sees governors releasing any amount (usually a lump sum) to LGs without any budget justification.

The money is then typically used at the discretion of the chairman, treasurer and head of administration at the local council. What appears to be a normal practice across most states is that the money disbursed to local councils by state governments is grossly insufficient, and mostly used to pay local staff salary. Therefore, since the money is not tied to any plan or budget items, according to one of the



finance persons interviewed, when retiring funds there would not be need for line item retirements coupled with the fact that auditors are usually aware of this practical norm between the state government and local government councils. This ongoing impunity towards corrupt practices has continued the underdevelopment of society, particularly local communities.

What the state does in practice is to create LDCs out of existing LGAs. The situation of using LGAs allocations to fund LDCs and LCDAs has continued to underfund LGAs, and also worsen their financial capability. It has also given opportunity for funds meant for local administration to be diverted elsewhere. Usually, the idea of LDCs should be de driven by decentralisation principles, ensuring participation of local communities in running the affairs of the local councils. However, the reality suggests that decentralisation is yet to be effectively achieved through the creation of LDCs from existing LGAs.

The standard of operations provided by anti-graft laws are not usually obeyed by local government. In procurement or project execution, it was mentioned during the FGD

with CSOs in FCT, that LG town engineers are also part of the corruption at the local level because they collaborate with the three main actors – the chairman, head of personnel management and treasurer – within the council to retire money that was not spent for a particular project. The LG audit system looks transparent in operation but not accountable in reality. In virtually all of the study locations, we found that:

“ audit is done quarterly by Local Council Auditor and, on a monthly basis, by the council’s internal auditor. Reports are written but findings are not communicated to anyone within the council except to the Chairman and Head of Finance. Because this is shrouded in secrecy, it becomes impossible to know if recommendations made are implemented. As a result, necessary actions could not be taken by those who are interested in bringing about change in the system.” (KIIs with a LG auditor, FCT, 18 August 2017)

”



3.3 Social dimensions of corruption

Other dynamics of corruption are associated with citizens' perception of the issue. The major types of corruption, especially in terms of awareness and acceptability, include the extortion of bribes, patronage and nepotism, theft of public goods, political corruption and clientelism.

In the local government setting, corruption is euphemistically referred to as „Egunje' (Lawal and Oladunjoye, 2010: 232), a Yoruba slogan which means illegal offer'. The use of the term and the practice is gradually being more widely adopted beyond local government into virtually all sectors, which now makes it look like it is a legalised practice in society.

It is a major hindrance to good governance at the local level (Onwuemenyi, 2008) and seen as a cause of the comatose state of some public institutions, and more especially, of the local government administration in Nigeria. The effect of this situation includes non-adherence to the policy provisions on financial memorandum, conspicuous consumption on the part of the local officials, lifestyles that are not commensurate with official sources of income, imposition of leaders on the local government through corrupt political process; and low wages of local government officials (Ali, 2008).

The level of impunity at the local councils in Nigeria is alarming. Corruption is a general problem that can be found in virtually all aspects of services delivered by local councils.²⁴ As a politician interviewed described:

“ *The major driver of corruption is society. They always expect more from you than you legally have. They want a salary-earning legislature to come and give them a scholarship, construct roads for them, buy a transformer for them, etc. Where do they expect him to get the money from? The executives get security votes that are far above their salaries, yet they don't account for it. It is a window for stealing.* (KII with LG administrator, Lagos, 23 August 2017)

”

It is envisaged that quality representation and participation of people at LG should help curtail corrupt practices. However, this is not the reality, as the people entrusted with public funds and trust perform far below expectations. The general sense from the FGDs and interviews on the issue of how best corruption could be addressed, shows that people are unhappy with the system and the present generation of leaders and civil servants:

“Corruption can be addressed but not the way it is being done now. It has to start from the primary school. Let them [pupils] know that stealing is corruption. Give them examples of people who stole and are jailed and those who lived an honest life and lived well. It requires re-orientation. Why do people give political office holders titles? We must let people understand that the money in your custody is not yours; it is with you for keep. So we must let the young ones know that there is no national cake to share. And we must stop the parading of thieves and such news items on our television; because the young ones watch it and they believe that is the right thing to do.”

(FGD with the media and professional bodies, Lagos, 23 August 2017)



Bribery and other corrupt acts are not always perceived as corruption in Nigeria. While the experience of bribery is widespread, and the refusal and reporting of bribery are still limited, the question arises as to whether bribery is actually a universally accepted practice in the country.

The data gathered by NBS and UNODC (2017) are very clear, especially as the study shows that almost two thirds of Nigerians actually consider most forms of corruption to be completely unacceptable while only a minority of Nigerians find corrupt practices „always acceptable’.

However, even for those who engage in corrupt practices, certain corrupt acts may not always be perceived as amounting to corruption. For example, almost a third of Nigerians consider the recruitment of public officials on the basis of family ties and friendship networks to be an acceptable practice, despite the fact that the Nigerian civil service professes to base professional recruitment only on merit rather than personal ties (NBS-UNODC, 2017).



Ex convict Chief James Ibori being conferred with a Chieftaincy title of “Ezi-Oyi Anioma”, also known as “a good friend of Anioma nation” at Oghara, Delta state

and they are operating a uniform system of local government administration.

Three sectors – basic education, public finance, and civil service – were selected as the focus of the study to disaggregate patterns of governance and corruption more effectively. The lack of financial autonomy leading to poor management of public finances by LG has been a major concern for the people. While fraudulent practices linked to basic education and civil service systems have continued to contribute to the inefficiency and unproductivity at the local level within these two public sectors.

3.4.1 Basic education

During the interviews and focus group discussions of this study, respondents identified the following as some of the core corruption issues within basic education sector:

- i. teachers' recruitment and deployment – incidents of people paying money to recruit teachers, and people paying „teachers who do not teach but receive salaries at the end of the month;
- ii. deployment – some people are unusually favoured during postings, and posted to more desirable urban schools; while others who may not have “godfathers” or due to unexplained reasons, will be posted to rural communities;
- iii. exam malpractice – here students, parents and teachers are found culpable. There are cases where parents withdraw their children from a school where they have been for a number of years, only to transfer them during senior school certificates examination to schools that are usually referred to as “miracle” schools. The “miracle” schools are known to be syndicate centres notorious in examination malpractice during certificate examinations;

iv. misappropriation of education resources: books that are meant to either be free or sold to subsidised costs to teachers and learners, are typically deemed scarce but are then found in the open market and tagged for sale.

Basic education is one of the responsibilities of state governments, with LGs playing some constitutional roles in ensuring the quality of service delivery across local education authority zones. The funding and management of primary education sit within the remit of provincial LG authorities, however the payment of primary school teachers salaries have been a source of tension somehow militating against the autonomy of local governments.

The state governments pays teachers' salaries as against the constitutional provisions that the local government councils should do so. While the state governments have removed this responsibility from LGs, primary schools have continued to support this anomaly by arguing that the powers of paying salaries should be constitutionally taken away from Local Government Council as they are perceived to be fraudulent and unaccountable. The National Union of Teachers (NUT) have consistently expressed preference to be paid by state governments.

SBMCs were established as part of the governance measures to address issues of transparency, accountability and efficient management of education resources at the sub-national level. The creation of SBMCs acknowledged that government and education providers and managers need to form partnerships within the community to enable the delivery of quality education in the long term. One of the key functions of SBMCs is

guiding the management of financial, human and material resources of schools. For instance, finance management in schools has been a major source of corruption in the education sector.

It is expected that SBMCs should function across all communities in Nigeria, however this has not been achieved because most states are yet to domesticate and implement the policy. In the states that do not have SBMCs, the parent-teacher associations (PTAs) are still used in their place. SBMCs also have a wider representation and oversight than PTAs, which is restricted to the parents of school pupils, school pupils and their teachers.

The SBMC is national initiative that received support from DFID through its ESSPIN programme, and other donor supported education programmes. The SBMCs have been adopted and established by the government to act as a bridge between the schools and the communities they serve. They have responsibility for the oversight of school finances, and work directly with the head teacher in managing school finance accounts

3.4.2 Public finance management

The funding of local government is primarily from two sources: the federal allocation (though controlled by the state governments), which is a main source; and the internally generated revenue, which is the minor source. The federal allocation is either mismanaged or misappropriated due to the lack of accountability created by the lack of fiscal autonomy, while the internal revenue is poor and unfairly generated.

As noted earlier, one of the key drivers of corruption in LGs is inadequate funding occasioned by the envelop system. The

insufficient funding is created by the state governments, who are typically uninterested in what LG administrators do with the limited resources released to them. It is vital to note that whatever amount realised to LGs monthly by the Federal Government is far less than what they actually receive from state governments through JAAC (KII and FGDs in Enugu, FCT and Lagos, 2017). In February 2017, NBS released that the Federation Account Allocation Committee disbursed the sum of 514.15 billion Nigerian naira (₦) to the three tiers of government in February 2017 from the revenue generated in January 2017. However the actual amount released by the state government to the local government is never known.

This poses serious challenges to LG authorities in the delivery of their mandate, and is a perennial issue at the local level regardless of elected or appointed local government officials within the local councils. Essentially, LG workforces are starved of funds and, as a result, this precipitates a tendency to resort to kickbacks and demands for bribes before delivering their statutory services. In the internally-generated revenue side, some elected LG officials and caretaker committee appointees will award contracts of internally generated revenue (IGR) collection to their friends, colleagues and cohorts thereby making LG staff in the IGR unit redundant.

Sometimes LG will be paid up front by the revenue contractor just to prevent them from complaining about the revenue generated. There are cases of the millions allocated to waste disposals being used as a mechanism for looting LG money (FGD with LG administrators, Nsukka, 12 July 2017).

In the public finance management, the issue of collecting revenue at LG level has remained a huge challenge. The study observed that:

- IGR is always minimal due to workers (outsourced companies and regular local government staff) printing their own receipts, and abandoning LG receipts given to them. This results in underpayments to LG (FGD with LG administrators, Nsukka, 2017).
- The issue of revenue mobilisation has prevented LG from operating a budget system. LG taxes to the state government is rarely remitted back to LG (KII with LG finance staff, Enugu, 2017).
- Some LG chairmen or caretaker committee appointees usually contract IRG collection to their friends, colleagues and cohorts thereby making LG revenue unit staff irrelevant. And sometimes, LG will be paid upfront just to make them not complain about the illegal activities of the leadership at LG (FGD with CSOs, FCT, 2017).

“As long as local governments continue to be non-independent, they cannot perform. For instance, it is part of their responsibilities to source funds but all the avenues have been taken up by the state government – for example, tenement rates. So LG are now left with the option of collecting “taxes” from commercial tricycle riders, market women, etc. That is to show the level of strangulation of the local government. So, financial resource is very key” (KIIs with local council official, Enugu, Abuja and Lagos, 2017)

Even though the study found that poor funding is a major challenge, hampering decentralisation from translating into governance and contributing to corruption, it is important to understand what happens to the meagre funds released to the local councils.

Oluwatobi (2012:194) rightly observed that corruption is the greatest challenge of LG administration in Nigeria, and accounts for the inability of officials at government at the grassroots to fulfil their constitutionally assigned responsibility.

A related study found that corrupt activities such as extortion by healthcare workers and law enforcement agents, is more prevalent at the sub-national level mainly because of poor funding of facilities at this level, which predisposes public servants to demand for money from health-seekers (Hoffman and Patel, 2017).

The study further revealed that this phenomenon is present even in health facilities. For example in the FCT Abuja, the primary health centres were mentioned during the interviews and focus group discussion to be receiving more funding and services than those at the sub-national level governments like Enugu, Rivers, Lagos or Adamawa.

This situation is perceived to be an unequal treatment across multi-level governance and to the detriment of the teeming population at the sub-national levels than the FCT. Sequel to this is also the argument that acts of corruption in the health sector persists more at the sub-national level because workers in the FCT have a sense of being closer to the federal seat of power makes them develop greater fear of being exposed for asking for payment from the public because of the higher concentration of public-sector employees among healthcare users in Abuja (KIIs and FGDs in FCT, 2017).

On the other hand, some individuals who are widely known to have acquired their wealth through corrupt means are being celebrated with

titles and awards conferred on them in their communities and religious institutions LG funds have also been misappropriated. For example, it is used to pay and sponsor activities at the state level, like state football clubs – Enugu state LG funds are being used to sponsor Rangers Football Club of Enugu.

Similarly, LG funds will be used to finance projects in the interest of the state governor, rather than in the interest of the people. One remarkable piece of feedback from the FGD with CSOs:

“Misappropriation of funds by public office holders is a major corrupt practice that affects LG administration. Development projects at local level are mostly not viable and not based on needs assessment but what local office holders conceive of as a priority. The prevailing practice in the council now is that local people are not consulted at all during the identification of projects; contracts are inflated and most of the executed projects are sub-standard.”(FGD with civil society organisations who work on accountability projects, FCT, 20 July 2017)

In examining the governance and corruption within the context of public finance management at LG level, the study focused on the audit system across both the regular (permanent) staff, and the political appointees who run and manage affairs in LG councils.

The extant literature and LG auditors during the interviews reiterated the constitutional mandate of the Auditor General of the Local Government but implementing the mandate has been limited

by the overbearing influence of the governor, who appoints the Auditor General and is prone to meddling in the running of the office.

The secrecy and highly confidential nature of the modus operandi of the Auditor General’s office made it very difficult for the study to elicit information, or establish information on sanctions, embezzlement, fraud and misappropriation of LG funds.

However, during interaction with finance personnel and auditor generals of LGs in Enugu, and area councils in FCT, the study learned that the oversight and responsibility of checking and correcting problems around LG finance is the duty of the auditor general. Unfortunately, LG auditors are observed to be engaged with those that loot money at the local levels, and after taking their share of the loot, it inevitably becomes difficult for them to do their job properly.

While this is more common with the finance unit, it also happens in other units. In the area of administration, some LG staff will print their illegal receipts and collude with the internal auditor to perfect the voucher, making it difficult for the external auditor to detect. There are incidents of over-invoicing – inflating the cost of any construction work or contract carried out in a particular LG (KIIs with LG auditors in Enugu, 3 August 2017).

“The Finance and General Purpose Committee (FGPC) at the local government usually hijack the process of public finance management because they are responsible for overseeing the financial activities of LG. Sometimes, traditional rulers also collaborate with FGPC in looting LGA money, to the detriment of their communities” (KIIs with LG auditor, Enugu, 3 August 2017.)

In terms of salaries and wages, the chairman of an LG will abuse the constitutional and political powers they have by unilaterally deciding to delay staff salaries in order to receive a financial return from financial institutions where LG money has been deposited – sometimes this delay will be for about a year or more.

There is also the issue of salary padding which was found to be pervasive – when fictitious figures are integrated into the payment voucher of the payroll system of LGs. Another issue is the prevalence of ghost workers, which is rampant in virtually all of the local councils in Nigeria. Ghost workers include those who are on the pay roll, and receive salaries but either do not come to work, or have retired, have been dismissed or are deceased. Most ghost workers are also not given appointment or confirmation letters, but can still earn pay.

The misappropriation and embezzlement of public finances meant for the healthcare can lead, in extreme cases, to a loss of life. As observed in the constitution, LGs are responsible for carrying out certain key sectoral functions, such as road construction, maintenance of cemeteries, provision of health centres, primary education, portable water, etc.

In all of these, local councils have delivered these responsibilities far below the expectation as a result of inadequate funds. In the health sector, health workers are observed to be the highest paid in LG but delivering one of the poorest services because of poor facilities, and other corruption related issues. For example, the introduction of the National Health Insurance Scheme at LG level has actually facilitated even further corrupt practices. The leadership at LG sees it as yet another avenue

through which to corruptly access LG treasury funds. As noted by one of the key informants during the study, a recurring corrupt practice within the health sector at LG is usually:

"The issue of registering underage pupils, generating pictures that never exist and claiming to have purchased healthcare items, without actually having purchased them." (KII with local government administrator, Enugu, 8 July 2017)

3.4.3 Local government civil service:

At the level of LG administration, it is the responsibility of the administrator to organise promotion exams/tests in a transparent manner.²⁵ Unfortunately, informal relationships are always used by local civil servants to pass a promotion test, taking roles from qualified staff. Furthermore, participants during the FGDs claimed that the absence or delay in conducting LG elections gave governors the opportunity to appoint people as caretaker committee chairmen, which much like other appointments, contract awards, and other sensitive positions, are usually based on personal relations with the governor and not based on merit or experience.

The phenomenon of ghost workers is the most prominent form of corruption at LG level. In Nigeria, the number of ghost workers in local councils is typically higher than the legitimate number of workers in employment at the councils. In August 2017, Enugu State Government published that it had discovered and removed 6,280 ghost workers and pensioners from the payrolls of a number of LG councils and its pensions board (Vanguard, August 6 2017).²⁶ In Lagos, the EFFC online magazine reported that LGs in Lagos had discovered that dead

⁶ 1999 Constitution as amended.

⁷ Constitutionally and currently, there are seven hundred and seventy four (774) Local Government Council Areas in Nigeria, and they are operating a uniform system of local government administration.

workers were still receiving salaries. And between January and March 2016, the sum of ₦25 million was recovered from illegal salaries paid to retired ghost workers and deceased officers of various LGs and LG education authorities. The Lagos State Government also noted that it uncovered a further ₦82 million fraud, traced to payments for ghost workers in the state.²⁷

In FCT-Abuja, in July 2016, the Daily Trust newspaper reported that there were investigation and verification exercises to unearth ghost workers from the local education authority and the council secretariat because the monthly allocation that came to the council always went into the payment of teachers' salaries. Related to this was the high incidence of fake projects which council officials used to siphon allocations meant for budgeted projects (Ayodele and Oluronke, 2016). Adebisi (2012) suggests that LG bureaucrats collude with politicians to perpetrate corrupt acts such as inflation of contracts, outright embezzlement of council funds, taking kickbacks on contracts, and non-execution of contracts. Similarly, Waziri (2010: 5) remarked that at the state and LG level, corruption manifests mainly in the area of contracts.

The consequences of this level of corruption is a loss of hope and a lack of trust in the LG system – people no longer believe the system works for them. LGs' objectives are primarily to bring the government closer to the local people to ease participatory governance, but this vision is still a long way off.

A Civil Service Handbook in Nigeria (covering federal state and LG levels) provides a reference point for good practice for civil servants for those within the public sector. The handbook is intended to ensure application of the Internal Personnel Regulations, using aspects of civil service regulation created to deal with corruption within LG. Unfortunately, most public servants across all levels of governance are not aware of the handbook, until there is a promotion opportunity or disciplinary action.

The procedure of early induction of public employees to the handbook is important to acquaint individuals with the rules, procedures, ethos and values of the civil service. Unfortunately, the handbook induction and orientation of new employees is no longer being taken seriously and in most cases, never takes place. This has contributed to the corrupt behaviour of public servants, and there is a clear sense of unethical behaviour and a lack of accountability in the public service.

6 1999 Constitution as amended.

7 Constitutionally and currently, there are seven hundred and seventy four (774) Local Government Council Areas in Nigeria, and they are operating a uniform system of local government administration.

3.5 Summary of local corruption dynamics

Table 5 brings together the study respondents' views about the prevalence of each type of corruption, identified across the three thematic sectors of the study. From Table 5, it is obvious that bribery, nepotism, favouritism, clientelism, abuse of power and extortion, are issues found across PFM, LG civil service and basic education, both at the urban or rural areas whether LG has elected or non-elected officials. While ghost worker cases are prevalent in the education authorities and LG civil service.

Table 5: Identified forms of Corruption across selected sectors

Levels ²⁸	Corruption type	Sectors
Urban and rural local governments	Bribery	PFM at the local level
		Local Government Civil Service
		Education at the local level
Metropolis and non-metropolis local governments	Favoritism/nepotism/clientelism	PFM at the local level
		Local Government Civil Service
		Education at the local level
Elected and non-elected LG councils	Fraud/embezzlement/inflation of project budget items	PFM at the local level
	Abuse of power/extortion	PFM at the Local Level
		Local Government Civil Service
		Education at the local level
	Absenteeism, exam malpractice	Education at the local level
	Promotion exam malpractice/promotion/recruitment scandal	PFM at the local level
		Local Government Civil Service
	Ghost workers syndrome	Education at the local level
Local Government Civil Service		

²⁸ The levels here refers to the point that regardless of the location (urban or rural) of LG or status (elected or non-elected), the nature or type of corruption does not change.

Figure 2: Selected sectors and identified corrupt practices

Common Forms of Corruption Across Sectors at Local Level

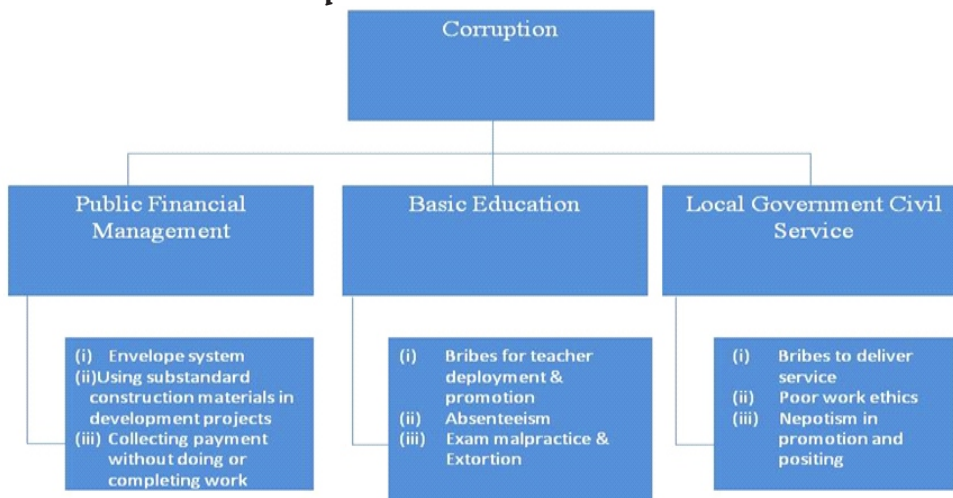


Figure 2 shows the common forms of corruption mentioned by respondents during the interviews and FGDs across Enugu and Lagos states and FCT-Abuja. In harmonising their views, the study notes that the kinds of corruption that occur in managing the public finance of LG is driven or enabled by the envelope system.

Here, state governments release any monthly amount to LG administrators without any budget timelines. When this happens, LG management decides on how they want the money to be spent, and since the money released is not based on budget provisions or approval, accountability becomes a problem.

This situation as confirmed by the respondents, also leads to the use of cheap and sub-standard materials for projects, where contractors are expected to complete the work with any amount given to them. Regarding the civil service in LG, the study found that monetary incentives impacts on employee work ethics; LG workers become motivated by

bribes over their duties to the public. While recruitment and promotions of LG workers are characterised by nepotism and favouritism rather than merit.

To examine the nature of corruption at the local level, Figure 3 below shows the various clusters of corruption. After a review of the evidence gathered for this study, two key clusters of corruption emerged: political process and administrative process. The former is driven by the leadership, while the latter is facilitated by the ad-hoc and permanent workers within the system. Across the two clusters, findings show that the same corrupt practices exist regardless of whether the LG is being administered by an elected official or an appointed official.

These practices include, bribery, favouritism, nepotism, fraud, embezzlement, abuse of power/office and extortion. Corrupt acts appear institutionalised, and exacerbated by LG employees shaping the corrupt working of the system.



4. Anti-corruption measures and its effectiveness

In Section 2.3, we offered a summary of anti-corruption measures. This section assesses the effectiveness of these measures, and the policy implications. As previously described, Nigeria has several anti-corruption initiatives and institutions, however two major agencies are prominent and are specialist anti-corruption bodies: the ICPC and EFCC.

Coordination of the anti-corruption agencies across their different mandates is another major challenge in the Nigerian system, largely contributing to its ineffectiveness at the sub-national level. A lack of coordination between national and sub-national stakeholders in fighting corruption inspired the Government in 2012 to formalise the creation of the Technical Unit on Governance and Anti-corruption Reforms.

Although the awareness of this unit is only at the national level, it is expected that the unit's engagement with stakeholders will impact the sub-national level before trickling down to the local level. Participants during the FGD with CSOs in FCT argued that it was a result of no national anti-corruption strategy in Nigeria that the agencies and stakeholders have been ineffective in fighting corruption. In July 2017, Nigeria adopted a National Anti-Corruption Strategy (NACS); the challenge therefore remains with implementation and adherence to the guidelines by agencies and stakeholders. NACS seeks to develop and implement mechanisms aimed at improving the governance of public institutions at federal, state and LG levels, removing corruption-related factors that inhibit accessibility and capacity to deliver quality services to Nigerians (Waziri-Azi, 2017: 1-5).

5. Conclusion

We conclude by highlighting and bringing together the specific corrupt practices found within the selected sectors, and suggesting some implications for action. The fact remains that there is a lack of LG autonomy, inadequate devolution of power, and a lack of separation of power at LG level. This situation has further strengthened the secrecy that exists in the management of public finance of LGs, which affects every other sector within the LG administration.

Critical ongoing constitutional amendments will go a long way to ensuring that decentralisation can bring about positive development at the local level, while also curtailing corruption due to the influence of state governments on LGs. The National Assembly amendments that still await agreement include:

1 Constitution of the Federal Republic of Nigeria, (Fourth Alteration) Bill, No. 4, 2017 (Financial Autonomy of State Legislatures) – This alteration seeks to provide for the funding of the Houses of Assembly of States directly from the Consolidated Revenue Fund of the State.

2 Constitution of the Federal Republic of Nigeria, (Fourth Alteration) Bill, No. 5, 2017 (Distributable Pool Account) – This Bill seeks to alter section 162 of the Constitution to abrogate the State Joint Local Government Accounts and empower each Local Government Council to maintain its own special account into which all allocations due to the Local Government Council shall be directly paid from the Federation Account and from the Government of the State, and also make provisions for savings in the Federation Account before distribution to other levels of Government.

3 Constitution of the Federal Republic of Nigeria, (Fourth Alteration) Bill, No. 6, 2017 (Local Government) – The alterations here are aimed at strengthening local government administration in Nigeria by guaranteeing the democratic existence, funding and tenure of local government councils.

The present state of LG affairs is exacerbating the underdevelopment as a result of the actions of those entrusted to manage public funds, administer LGs, and execute the basic education system. The actions include the non-execution of social and infrastructural and other development projects, non-payment of workers, non-recruitment of qualified personnel, and inflation of contract funds, among others. Table 6 summarises some of the key elements of corruption and its effects as observed across the selected sectors.

Table 6: Sector, forms of corruption and the effects

Sector	Key prevalence/form(s) of corruption	Effects/implications
Public finance management	Outsourcing of internally generated revenue collection	<ul style="list-style-type: none"> • Abdication of local government responsibility of collecting local tax to a compromised firm owned by cronies of political leaders. • This creates avenues for fraud as most of the consulting firms have personal accounts to which they divert government resources. • The outsourced firms produce and use their own receipt for tax collection, which makes it difficult for government to effectively account for money collected. • This impunity is most often done to compensate political associates who perhaps aided them during elections. In this case, the motive is usually to recoup what they have 'invested', and to remit some share as corrupt proceeds to their principal or appointer.
	Ineffective audit system and shrouded in secrecy	<ul style="list-style-type: none"> • Reports of both internal and external auditors are written but findings are not communicated to anyone except the Chairman and Head of Finance of LG. • The secrecy of audits make it impossible for anyone to know if recommendations made are implemented, and also the justification for the recommended actions.
	Misappropriation of LG funds, and starvation of LG with insufficient funds	<ul style="list-style-type: none"> • Shortage of funds poses a serious challenge to LG authorities in the delivery of their mandate. • The essence of creating LG is to bring government closer to local people. This sense of inclusion is nullified since people are not aware what their funds are used for.

	Joint account system	<ul style="list-style-type: none"> • Constitutional power given to the state governments usurps the authority of LGs. The allocation meant for LG are cornered by the state. This curtails the responsibilities of the local government. • Also, all the responsibilities of LG like primary schools, local roads and burial grounds are not carried out because they are not allowed to function as a tier of government rather as an appendage of the governor's office.
Local Government Civil Service	Nepotism, and jobs for sale	<ul style="list-style-type: none"> • In terms of LG administration, there is now a different form of 'localisation of corruption' because professionalism in most cases is no longer a prerequisite for employment. • Jobs are acquired largely based on who the individual knows, and not on competence. The effect of this is poorly qualified civil servants in the system.
Education	<p>Embezzlement of school funds, and purported delay and irregular payment of teachers' salary.</p> <p>Nepotism during deployment and promotion.</p> <p>Exam malpractice and fraud</p>	<ul style="list-style-type: none"> • Teachers are not motivated when salaries are not paid, and their promotion is irregular. • No reward system, and staff appraisals are not linked to performance. • Absenteeism is rife because employees are protected by nepotism. • Poor quality of graduates are churned out into the society.

The endemic nature and debilitating effects of corruption on the cultural, economic, social and political foundation of Nigerian society has been most concerning (Akanbi, 2001).²⁹

Corruption ruins the economy of nations, eroding society's hopes and encouraging a negative global perception of the nation. Schloss (2001), the former Executive Director of Transparency³⁰, observed that despite the abundant human and material resources in Nigeria, at the root of Nigeria's underdevelopment are the twin evils of graft and corruption. Schloss' argument is that bribery and corruption not only create more costly public investment, low government revenues, low expenditures on operation and maintenance, but also make for lower resource surpluses: corruption in Nigeria is directly contributing to poorer economic performance at a national level.

Some of the negative consequences of corruption that have been highlighted by different schools and perspectives, include:

- Poor investment: Companies that would have invested in Nigeria are less likely to do so because they do not know if the corrupt

practice will ruin their industries in time. Because of this, they refuse to invest in Nigeria and this exacerbates unemployment and the poverty rate.

- Rise in poverty: The poor attitudes of managers of public service who launder public funds meant for creating employment and reducing poverty, has led to a rise in the poverty level of the country.
- Destruction of democratic values: Corruption tends to destroy the democratic ethos in the LG system. All the values of democracy, such as responsiveness, accountability, participation and human development, are either subdued or neglected where corruption thrives (Lawal and Oladunjoye, 2010: 233).

Corruption clearly undermines political governance and the prospects for economic investment. By offering bribes to secure political positions and business, national and international companies undercut legitimate economic competition, distort economic growth and reinforce inequalities. Although the business (and the corrupt official) may gain in the short run, the bribe payment takes money away from potentially productive longer-term investment

²⁹ See, *The Fight Against Corruption in Governance*, by the former Chairman of the Independent Corrupt Practices and Other Related Offences Commission (ICPC), Justice Mustapha Akanbi (rtd.), 2001.

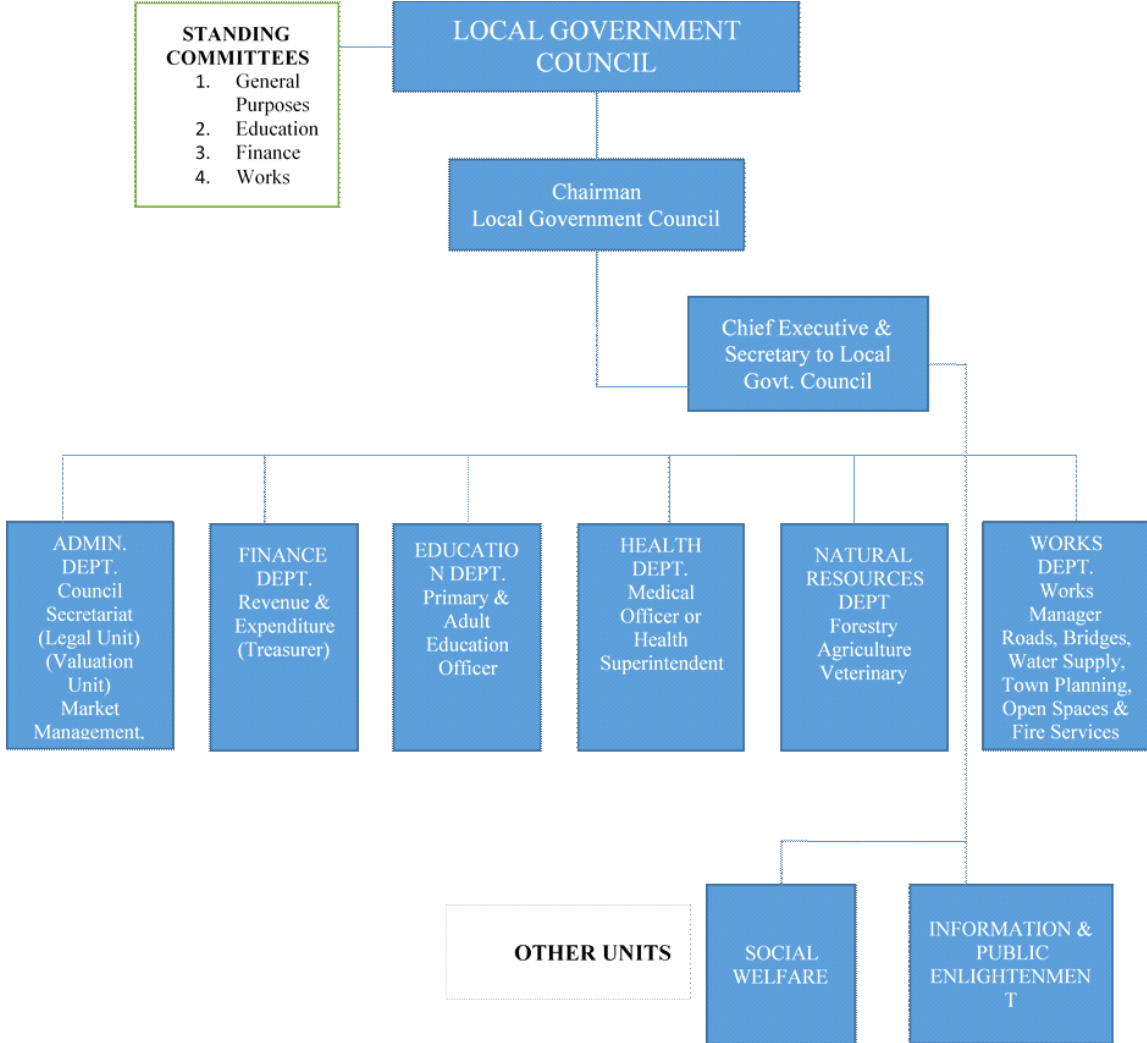
³⁰ Transparency International (TI) is known for its annual global corruption perception index (CPI)

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Appendix



Top 10 Corruption Scandals Nigeria's 7th National Assembly Did Not Resolve

1 The Maina pension scam:

This involved a probe into pension funds that affected about 141,790 pensioners. Abdulrasheed Maina, the Chairman of Pension Reform Task Team, was accused of looting ₦195 billion. The Senate set up a committee to investigate the matter. During investigation, Mr Maina alleged that Aloysius Etuk, representing Akwa Ibom State, demanded \$100,000 dollars from him as bribe. A former director of pensions in the office of the Head of Service of the Federation, Sani Shuaibu Teidi, who was prosecuted along with 31 others, also alleged that Mr Etuk and other members of the committee collected a bribe of ₦3 billion from him. Although the Senate seemed furious about the allegations, it did not take decisive steps to investigate. The 7th National Assembly also did not push the executive hard enough to implement its report recommendations on the pension scam to punish the offenders.

2 Kerosene subsidy scam:

The kerosene scam is considered a monumental fraud by the average Nigerian. Kerosene, which is supposed to be sold for ₦50, sells for between ₦100 and ₦120 per litre. Many years after a presidential directive ended the subsidy for kerosene, the Nigerian National Petroleum Corporation (NNPC) claimed it had continued to subsidise the product. Yet, Nigerians are not benefiting from the subsidy as the product sells for far above the official price at the pumps. Several billion naira is believed to have been stolen under the guise of kerosene subsidy. The National Assembly made a feeble attempt to get to the root of the matter but it issued no indictment, and did not take concrete steps to resolve the matter. No official of the NNPC, or the petroleum ministry have been sanctioned over the matter.

3 Police pension fund fraud:

Five people, including the former Director of the Police Pension Fund, Esai Dangabar, were accused of misusing ₦32.8 billion from the police pension fund. Mr Dangabar accused some committee members of the Senate of benefiting from the loot. The Senate denied the allegation without ordering an investigation.

4 Stella Oduah:

Before her removal as Aviation Minister, Stella Oduah was embroiled in a ₦255 million armoured car scandal. She was accused of abusing her office by compelling an agency under her ministry to buy expensive cars. The House of Representatives has so far failed to release a detailed report of its investigation into the matter. Although Ms Oduah later lost her ministerial post, other officials involved in the matter remained in place.

5 Missing 20 billion naira oil money:

In 2013, a former Governor of the Central Bank of Nigeria, Lamido Sanusi, alleged that the NNPC failed to remit billions of naira in oil proceeds to the state. This caused a huge rift between the Central Bank of Nigeria Governor and President Goodluck Jonathan, which led to the President suspending Mr Sanusi from office. The National Assembly investigated the matter but was unable to bring it to closure.

6 \$15million private jet /arms scandal:

A private jet brought \$15million in cash to Johannesburg for a purported arms deal between Nigeria and a South African firm, which the National Assembly failed to investigate. Attempts by lawmakers of the All Progressives Congress to table the matter at the House of Representatives were frustrated by their Peoples Democratic Party's counterparts.

7 Abba Morro immigration scandal:

Despite the deaths of over 15 individuals who went to write entrance examinations into the Nigerian Immigration Service on March 13, 2015, the Minister of Interior, Abba Morro, has remained in office. Before the entrance test, candidates were made to pay ₦1,000 for application forms. A private company, Drexel Nig Ltd, was also implicated in the recruitment scam. Although federal lawmakers commenced investigation into the incident, no progress has been made. Nigerians suspect a cover up, especially because the minister involved Mr Morro, is a core loyalist of the then David Mark, the President of the Senate, who is also the Chairman of the National Assembly.

8 Malabu oil scandal:

One of the biggest oil scandals involving a former Petroleum minister, Dan Etete, who was convicted in France for money laundering. His illegal company, Malabu Oil, received an illegal \$1.1 million from the Nigerian government as proceeds for the sale of an oil block. Upon receipt, the money was immediately disbursed to certain individuals. The 7th National Assembly did not bring this matter, which involves officials of the presidency, ministers and business people, to closure.

9 Ekiti-gate:

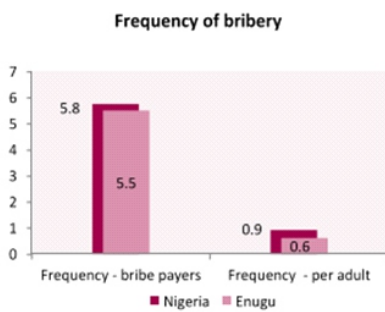
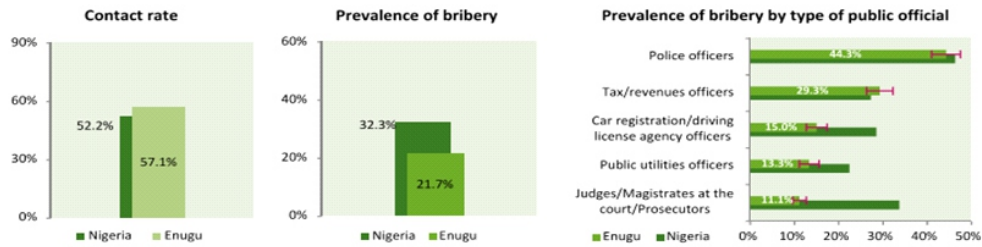
A leaked tape of the alleged electoral malpractices during the gubernatorial election in Ekiti State caused a major stir in the country. Four principal characters were heard discussing how to manipulate the election. The voices were those of former Minister of State for Defence, Musiliu Obanikoro; the Minister of Police Affairs, Jelili Adesiyun; former Deputy governor of Osun State, Iyiola Omisore, and the eventual winner of the election and current governor of Ekiti State, Ayo Fayose. Despite the overwhelming evidence in the public domain, the Presidency said it would not investigate the matter. The National Assembly has failed to investigate the matter. Mr. Obanikoro went on to receive a National Assembly approval for ministerial appointment

10 Farouk Lawan:

House of Representatives member, Farouk Lawan, was caught on tape collecting \$620,000 out of a \$3 million bribe while his committee investigated the fuel subsidy scam. He was seen collecting the money from oil mogul, Femi Otedola. The House of Representatives referred the bribery allegation to its committee on ethics. No report has been issued yet.

Enugu

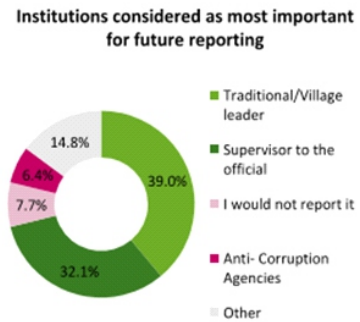
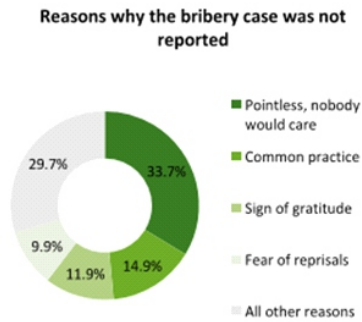
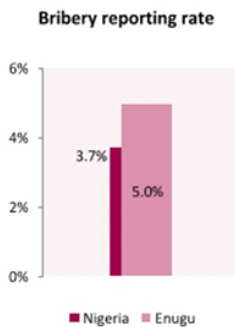
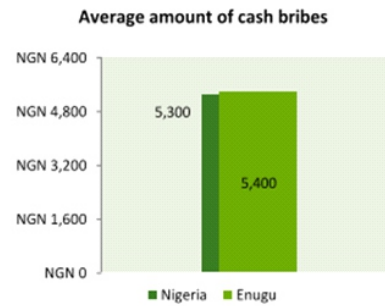
Region: South-East
Population: 4,263,786 (source: NBS, 2016)
Urban: 20.6 %; **Rural:** 79.4 %



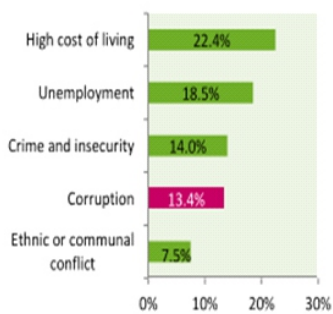
Share of bribes paid in cash



85.1 %



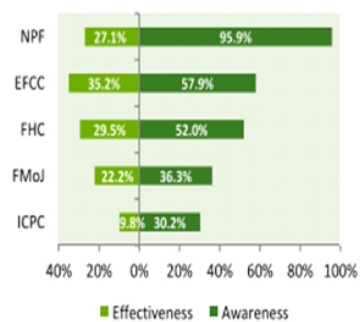
First most important issue affecting Nigeria



Perception of corruption trend



Awareness and perception of effectiveness of anti-corruption institutions

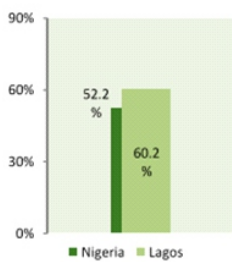


Lagos

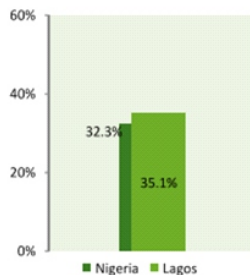
Region: South-West
Population: 12,100,616 (source: NBS, 2016)
Urban: 90.3 %; **Rural:** 9.7 %



Contact rate

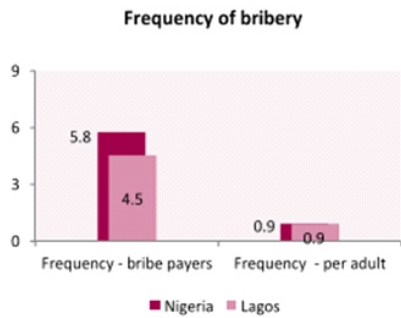


Prevalence of bribery



Prevalence of bribery by type of public official

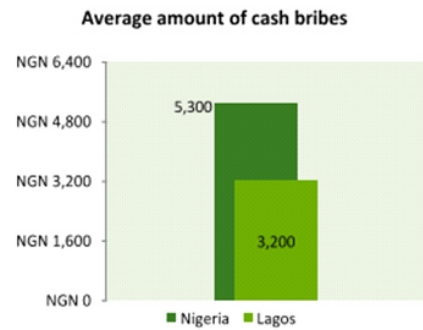




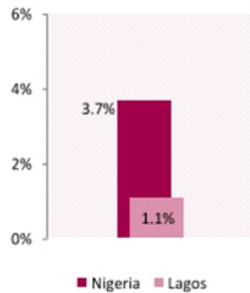
Share of bribes paid in cash



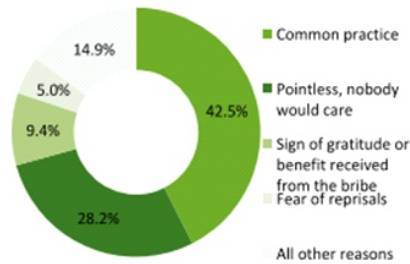
96.1 %



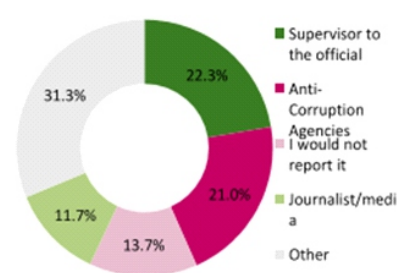
Bribery reporting rate



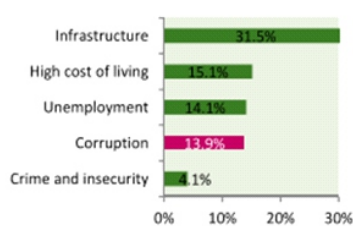
Reasons why the bribery case was not reported



Institutions considered as most important for future reporting



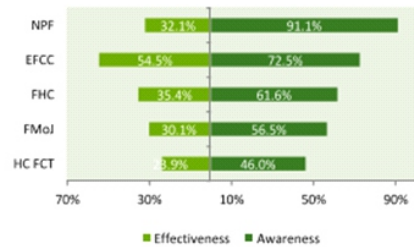
First most important issue affecting Nigeria



Perception of corruption trend



Awareness and perception of effectiveness of anti-corruption institutions

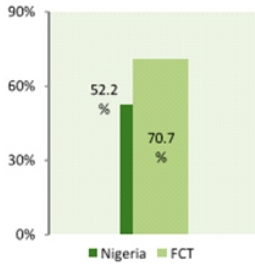


FCT

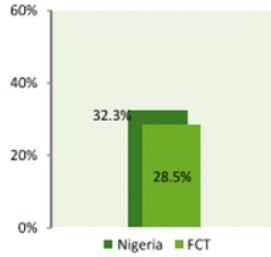
Region: North-Central
Population: 3,130,694 (source: NBS, 2016)
Urban: 53.3 %; **Rural:** 46.7 %



Contact rate



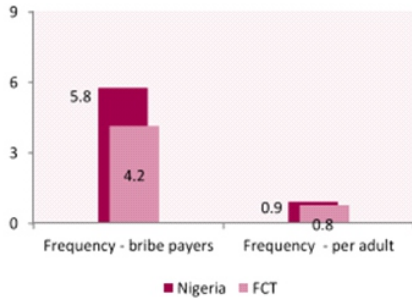
Prevalence of bribery



Prevalence of bribery by type of public official



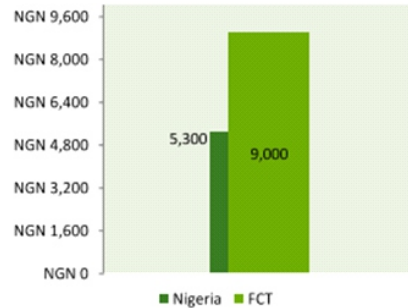
Frequency of bribery



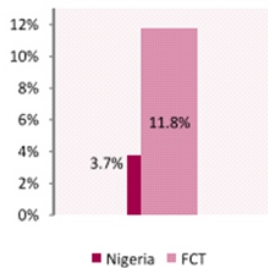
Share of bribes paid in cash



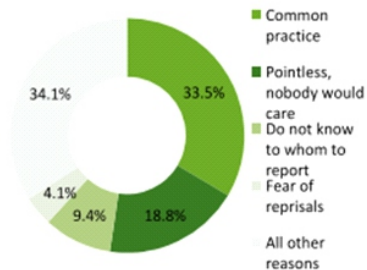
Average amount of cash bribes



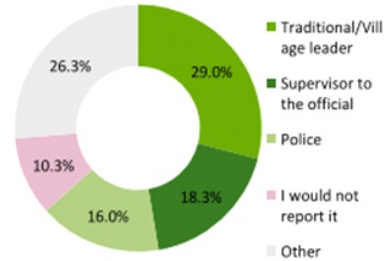
Bribery reporting rate



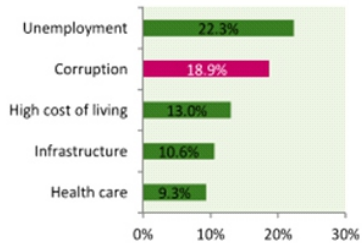
Reasons why the bribery case was not reported



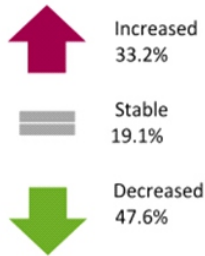
Institutions considered as most important for future reporting



First most important issue affecting Nigeria



Perception of corruption trend



Awareness and perception of effectiveness of anti-corruption institutions

