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## Nigeria: From Pond Of Corruption to Island of Integrity

by **Olusegun Obasanjo**

*Text of Lecture Delivered by His Excellency, Chief Olusegun Obasanjo, GCFR, President, Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria at the 10th Anniversary Celebration of Transparency International, Berlin, 07 November, 2003.*

It is indeed a pleasure to be here today on this momentous occasion marking the tenth anniversary celebrations of an organization that has, in several ways, come to define the moral fabric of nations through its unrelenting campaigns against corruption in all its ramifications. Not only has TI focused global attention on corruption, it has also helped to build new coalitions to confront the adverse impact of corruption on development and democracy.

We must all commend Peter Eigen who initiated the idea of TI as a result of what he witnessed while working for the World Bank. I am indeed proud to identify myself as a founding member of this organization and must say that my association with TI has concretized my commitment to, and belief in anticorruption campaigns as well as to transparent and accountable governance structures. I commend you all for your doggedness and commitment to a just, fair and zero-corruption tolerant world.

The story of my country Nigeria is fairly well known. Until 1999, the country had practically institutionalized corruption as the foundation of governance. Hence institutions of society easily decayed to unprecedented proportions as opportunities were privatized by the powerful.

This process was accompanied, as to be expected, by the intimidation of the judiciary, the subversion of due process, the manipulation of existing laws and regulations, the suffocation of civil society, and the containment of democratic values and institutions. Power became nothing but a means of accumulation and subversion as productive initiatives were abandoned for purely administrative and transactional activities. The legitimacy and stability of the state became compromised as citizens began to devise extra-legal and informal ways of survival. All this made room for corruption.

At the root of the corruption quagmire in Nigeria, is the failure and virtual collapse of governance, the contamination of democratic values, the erosion of accountability procedures, and the prevalence of bad leadership. The erosion of public confidence in the country's political and economic institutions promoted a culture of contempt for the rule of law and ultimately and unfortunately, a societal tolerance for a myriad of conducts previously considered abominable.

In the present and long run, Nigeria cannot afford the social, political or economic costs that systemic corruption has inflicted. Reforms aimed at providing greater transparency and accountability of public institutions and government operations are urgently needed to redress our circumstances.

### **Nigeria in 1999: Laying the Foundations for Good Governance and Accountability**

The climate of corruption was identified at the outset of my Administration during the first term as one of the primary enemies to national development.

In recognition of the fact that only a well-designed public sector accountability reform package targeted at improving the governance indicators positively can reverse the wrong trajectory of our national integrity journey, I declared the campaign against corruption as a fundamental mission of our government.

My personal commitment to heralding a new transparent, accountable and zero corruption tolerant Nigeria is borne out of my profound personal conviction that only the commitment of the highest political authority to a national anti-corruption strategy will yield an integrity dividend that is deep, wide and far-reaching. During our first term, our Administration established a number of institutional and structural measures signaling a new attitude to governance. Some of these measures resulted in the establishment of new institutions with specific mandates on promoting transparency in government budgetary and financial operations. Such measures taken by my administration include:

1. Open and competitive tender arrangements for government contracts;
2. The establishment of a "Due Process" mechanism that vets and eliminates excess "fat" from government contracts,

3. Massive anti-corruption campaigns involving all public officials and the President,
4. Public sector reforms to reduce, if not completely eliminate, the opportunity for corruption, especially through the comprehensive monetisation of benefits to public officers;
5. A committed focus on privatisation and auctions for government licences such as happened with the telecommunication sector liberalisation;
6. Increasing the likelihood of exposing instances of poor governance and corrupt practices as well as sanctioning such acts through the establishment of an independent anti-corruption agency and an Economic and Financial Crimes Commission.
7. The establishment, in the President's office of a Policy and Programmes Monitoring Unit to build a comprehensive policy data-base, follow-up on all decisions of the President, and monitor programmes at in ministries and parastatals.

Our administration is strengthened by the relative success of these nascent efforts and, we have begun to deepen the governance reform measures that should in the next four years translate into various oasis of integrity in our nation.

Let me point out that what is important here is that we had the courage to make these moves in a society where corruption had almost become institutionalised. Though there are enough laws in our books to take care of corrupt practices, we have been able to make these laws relevant and enforceable through reforms in the justice, police, prisons, and other related sectors.

Let us examine just three of the specific policies adopted so far in Nigeria that are beginning to alter perceptions, attitudes and the ways in which public institutions work.

### **Enforcing Anti-corruption Laws**

Even before I was sworn in as President in my first term in 1999, I had prepared a comprehensive Anti-Corruption Bill drawing heavily on my experiences as a founding member of TI. Among other things, this draft Bill had included a clause that would have made it possible to investigate the source(s) of wealth of public officers who seem to live above their known means. I agonized as the former National Assembly kept this Bill in the cooler for over a year and eventually passed a rather watered down version of it, which does not empower investigation of people known to be living above their means.

The Independent Corrupt Practices and Other Related Crimes Commission (ICPC) formed by the Act, has recorded some degree of success in the primary objective of being a deterrent promoting institution. Also, it has recorded success in concluding investigation on about fifty-five cases and commencing prosecution of senior public officials including some former governors, ministers and high court judges and these are in various courts. As part of its strategy the government will strengthen the powers of the ICPC and ease the constraint of slow judicial process that has delayed the conclusion of cases that the Commission has so far placed before the regular courts.

The ICPC is not subject to external checks and those accused of corruption have sometimes accused the agency of heavy-handed behavior in violation of their rights. In response to this, an independent civil society oversight on the ICPC is proposed in the amendment bill placed by the Executive arm before the National Assembly. I make bold to assert that given where we started from, the ICPC has made tremendous gains.

Nigerians in all parts of the country now know that there is such an institution that is empowered to check corrupt practices. The Commission has been receiving hundreds of petitions and unsolicited information every month.

The Economic and Financial Crimes Commission (EFCC) was also recently established by an Act of the National Assembly. The Commission immediately began a vigorous campaign to arrest known fraudsters, many of who are still held in custody, awaiting trial. The leadership of the Commission has shown strong commitment to tackling the financial crime, money laundering and other economic misconducts that have created difficulties for the country with the OECD-Financial Action Task Force (FATF).

The widely known scam letters promising shares of proceeds of illicit activities that often emanated from some fraudulent Nigerians, and some other nationals posing as Nigerians, is fast losing its wide spread appeal. Through the efforts of the EFCC, tighter controls and enforceable sanctions have been applied on a number of cases and these have in turn signaled the undiluted commitment of the government to containing the corruption virus.

The work of the ICPC and EFCC is fully complemented by ongoing reforms in the system of justice administration and the police. These range from an anticorruption campaign, recruitment and training, the provision of equipment, increased wages and allowances, and general improvement in conditions of service. The multi-dimensional initiatives required by the FATF before the country can be removed from the Non-cooperating country list have been addressed at different levels and centers of government, ranging from the banking sector as led by the Central Bank, to the capital market and insurance sector, the review of judicial process on extradition and cooperation, and the setting up of a financial intelligence unit. It is my hope that the international community will appreciate and reward our efforts. The truth is that, it

is much tougher to fight corruption in a developing society than it is in the developed world.

### **Public Procurement Commission: The "Due Process" Mechanism**

Historically, it is in the award of contracts by various governments in Nigeria that the poor transparency image of the country is mostly ascribed. The Administration therefore set up the Budget Monitoring and Price Intelligence Unit (BMPIU) that commenced a process of contract award review, oversight and certification now commonly known as "Due Process". It is a simple mechanism that certifies for public funding only those projects that have passed the test of proper project implementation packaging. Such packaging must have adhered stringently to the international competitive bid approach in the award process. Through the instrument of certification, value for money is once again returning as the fundamental premise for public expenditure.

In the two years of the implementation of the Due Process, reasonable progress in promoting fair-play and competition resulting in huge savings through reduction in contract sums to the tune of \$500 million. There have also been a number of cancellations of contracts awarded by spending units that failed to comply with laid down open, competitive bid parameters. Respect and public confidence in the contract award process is gradually returning. I can say that today, all ministers and heads of unit know that it is almost a waste of time to inflate contracts. It will be detected and the consequences can be grave.

Good enough, Nigerians are also beginning to know about a mechanism that has been put in place by government to check corruption.

The reasonable success of the Due Process has strengthened the resolve of the Government to push forward a Public Procurement Commission with a broader mandate of overseeing all Federal procurements. A Bill that codifies public procurement policy and law and establishes a Public Procurement Commission is already being reworked for submission to the National Assembly. This law will streamline purchases, cut waste, eliminate duplication, and bring sanity into business transactions.

### **Information and Transparency in the Oil and Gas Sector**

Cognisant that the perception of opacity in the activities of the dominant oil sector of the economy accentuates the poor governance of resources record of government, we have signed on to the Extractive Industry Transparency Initiative (EITI). The Administration will seek to encourage private sector and civil society check on the exercise of power by government, by providing information about its actions, receipts and expenditures in the oil sector.

The Administration will in addition to publishing budgets, records of revenue collection, statutes and rules, encourage the NNPC and the oil companies to make full disclosure of revenue and cost of operation. The Offices of the Accountant General and Auditor General of the Federation will be strengthened to perform their statutory functions as effectively as possible to improve transparency and reduce corruption.

The position as at today is that Nigeria is resolutely committed to the "Publish- What-You-Pay" and "Publish-What-You-Earn" initiative.

### **Transparency in the Privatization and Market Liberalization Processes**

The implementation of the privatization and liberalization of key economic sectors has been deliberate and timely to entrench transparency and accountability, and build consensus in support of reforms. The sale of government-held equity in cement, petroleum marketing and banking companies in 2000 and 2001 was by open, competitive bidding - the first time this level of transparency has been displayed in recent history was a clear signal of government's commitment to privatization and deregulation.

The televised auction of digital mobile licenses, carried out with the technical assistance of consultants from the United Kingdom in 2001, was hailed as one of the most transparent license auctions in the world. The second and third phases of the privatization and market liberalization program have been implemented, with the assistance of the World Bank, USAID and DFID, from 2001 to date with the same degree of transparency advertisement of all advisory services being procured. assets and shares being sold, and live televised auctions with national coverage for all divestiture transactions. It is encouraging to note that private companies and parastatals of government are now following this trend.

### **Political Process Transparency Issues**

At the political level, we are embarking on several initiatives designed to either complement our anti-corruption drive or at the broad level, establish a strong environment that would enhance the campaign. From our emphasis on efficiency, civil service reform, and service delivery to our campaigns for quality leadership at the local level, democratisation of political parties, empowerment of civil society, and the transformation of institutions, we have unleashed a new energy directed at building accountability movements in the country. The on-going Local Government reform initiated by the government is designed to check indiscipline, waste, disorganization, inefficiency, and corruption. Poor performance along with corruption at the local level in particular destroys the hopes of our people in democratic governance and contaminates the spirit and enthusiasm of our people for positive leadership. Poor leadership also dims opportunities for social justice, tolerance, and democratic development. There is a current campaign to get the various state governments to adopt the Federal reforms. New initiatives are also being worked out to consolidate structures of transparency and accountability. Thus, with federal reforms, state government level reforms, and reforms at the local level, Nigeria will be on a new

pedestal to march in development from the pond of despair and corruption to an island of hope, growth and integrity.

### **Current Challenges in the Anti-Corruption Campaign**

I must not fail to state that the premium anti-corruption success of the Administration as was reluctantly conceded by some critics of our government is the fact that Nigerians do not have to worry that over 50% of the treasury is being pillaged by their President, his family and cronies! I have never failed as the highest political authority to set the example of personal integrity that we always preached in TI as being fundamental to any comprehensive national strategy against corruption, I remain personally committed to leading by example, the anticorruption war,

My deep seated aversion for corruption leaves no room for any personal compromise.

Yet, many challenges abound. This is why Nigeria needs the support of the international community and many of you here today can be part of the on-going anti-corruption campaign. It is not enough to criticize and classify Nigeria as a corrupt nation. What is important is: what are you doing to help? The major challenge is that of institutionalizing, internalizing and building ownership for the multitude of reforms within the public sector to ensure that it survives the vicissitudes of changes in the political arena and political actors. There is equally a feeling in some quarters that the judiciary and legislature are not matching the enthusiasm of the executive in the anti-corruption campaign.

The Legislature must not only play a lead role in enthroning the principles of openness, accountability, probity and transparency, but it must be seen and perceived by the public as the epitome of integrity. To gain such respect, the Legislative bodies and their members should reflect the highest corporate and personal standard of ethics and integrity.

On the part of the Judiciary, the persisting perception of the public is that it is still battling with the widespread corruption that made prosecution and the judicial process less than effective under the military. This perception does not build confidence for its extremely important role in the sanctioning of corrupt conducts. Criticism of the Anti-Corruption Commission for its inability to successfully prosecute and sentence any high level public official for corruption, has often been rebutted by the Commission as being the consequence of the failure of the judicial process to respond speedily and appropriately to the quest for effective sanctioning of corrupt acts.

The recent efforts of the Judiciary led by the Chief Justice of the Nigeria to improve and sanitize the court processes are indeed positive signals that deep change is on the horizon.

The other major challenge is the one foisted on the polity by virtue of the fiscal federalism that governs the relationship of the Federal, States and Local Governments. By the autonomy constitutionally accorded states and to a large extent, local governments, the Federal Government has no instrument beyond moral suasion to put to use in encouraging the rest of the federation to embrace transparency and Accountability in government operations. This has reflected damningly in the general and pervading sense and perception that transparency is a sliding scale, high at the federal level, low at the state level and near absent at the local level.

It is hoped that the Fiscal Federalism and Responsibility Bill currently under design by the Federal government would address this challenge. It is expected that the on-going effort at reforming and reconfiguring the local governments for efficiency, service delivery and accountability would work to contain the virus of corruption and fiscal indiscipline.

On the part of the private sector, successfully weaning them of the old guarantees of profit from little productivity through failure and distortions in public sector operations and policies is a Herculean task. It will in the short to medium term result in social dislocations from the creative destructions that will follow. However, our Administration will remain resilient in promoting only those economic policies (like privatization and deregulation) that improve creativity and innovation by value driven productive private sector initiatives.

Such a productive private sector will be capable of taking advantage of the opportunities prevalent in a cleaner, more efficient and incentive- structured public sector and should ultimately develop into a real engine of economic growth. The growth that is possible through such a private sector is certainly the antidote to the army of underpaid, underemployed, and unemployed persons who at their level constitute a willing constituency for corruption for a number of economic survival reasons.

On the part of the media, the civil society, including professional bodies and the public at large, there remains a veil of cynicism and distrust of government that inhibit the opportunities for synergy, cooperation and collaboration for a united assault on a cancer that everyone acknowledges- as a common foe to the development imperatives of our nation. Overcoming the gulf between government and these three important groups in a well-defined comprehensive anti-corruption strategy tests the democratic interaction skills not only of government, its institutions and operators but also of these very important groups. We are only beginning to let our people know that it pays to celebrate successes rather than focus repeatedly on disappointments and that they must develop the courage, dedication, and networks to expose and fight corruption at all times and places.

The metaphoric island of integrity that we seek to arrive at in the course of our journey of strategic warfare against corruption may not yet be reached.

But one thing I know is that the Chinese were right about the one step that is critical for the journey of a thousand miles. For us, the deeper revelation that, that one step must not simply be a step, but a step in the right direction gives us a sense that the journey we have embarked upon will take us to our integrity island.

As I hinted earlier, Nigeria and Nigerians cannot achieve this alone. For, in this global war against corruption, no nation can carry on as an island unto itself. The international community must recognize the key - role it ought to play in moving international businesses toward non-corrupt competition for markets and procurement in developing economies by developing global standards and providing the technical and where appropriate the financial support that some of the developing countries require to adequately respond to those standards.

I note with sadness, the involvement of some corporations from the developed world that have, even in recent times, been heavily involved in criminalizing our business cultures, compromising our policy makers, contaminating our institutions, and subverting due process. In particular, I note the celebrated case of our aluminum project in which a company from this country is heavily involved in corrupt practices. The railway rehabilitation in which a Chinese company was heavily compromised as an agent of corruption is another example. Only recently our national identity card programme in which a French company was involved was found to be a veritable agent of corruption.

International development and financial institutions and the OECD nations with the United States showing leadership should by their conducts acknowledge and respond through wellstructured and optimally designed economic support interventions to the politically, economically and socially costly reform measures of reform minded governments in many developing countries. They must appreciate the serious political risks we face in fighting corruption and join us in celebrating our gains rather than complicate issues for us. For instance, the absence of a global mechanism for quick resolution and repatriation of the embarrassing proceeds of corruption money belonging to poor countries like ours, now hoisted in financial institutions of advanced economies leaves a sour taste in the mouth.

Less rhetoric and more actual support would help reinforce anticorruption reforms in our countries. Waging a global war on corruption is not only an idea whose time came through the indefatigable effort of TI, but it is non-negotiable for the peaceful coexistence of nations of the world as the borders of territorial integrity continue their daily collapse. Clearly, governments in the developed world must outline enforceable sanctions to be imposed on corporations and individuals that become involved in corrupt practices abroad. I am pleased to announce that Nigeria is in the leadership of the Anti-Corruption Convention within the UN. The signing of the Convention next month must be hailed by all who have led anticorruption campaigns within national and extra-national borders.

Indeed, allow me to challenge TI on the need to extend and strengthen its famous classification of countries with high corruption perception index.

TI must henceforth compile and publicise a complete list and index of nations that are fighting corruption as well as the measures they are employing.

Perhaps more importantly, TI must publish a list of countries that are encouraging in various ways, corruption and corrupt practices in other nations, receiving stolen funds, and keeping stolen funds. It is unfortunate that such nations that appear to willingly receive and keep the proceeds of corruption are mostly in Europe where there seem to be a high degree of tolerance for receiving monies derived from corruption practices. Thus, it would be of great value to see a **Corruption Encouraging Index**, a **Corruption Perception Index**, and a **Corruption Reduction Effort Index**. These three indexes would give the total picture on the campaign against corruption and corrupt practices nationally and globally. Only such a hol-istic approach will give us a realistic picture of the task that we have set for ourselves A zero-corruption tolerant world.

I end on a note of optimism and challenge for both TI and our country. Whenever the history of a hopefully successful defeat of corruption as a global disease is written, I know for sure that both TI and our country will receive generous mention. TI will be celebrated by history for pioneering the effective building of global coalitions of all kinds that have helped and will continue to help extricate the world from the stranglehold of corruption. As for Nigeria, history will smile on us for becoming the model of a country that achieved a successful reversal of the climate of corruption to emerge as a landscape of integrity, transparency and accountability. We behold history as we continue our journey to the Newfoundland of integrity, the New Nigeria.

I thank you for your kind attention.

