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A NEW TAXONOMY FOR CORRUPTION IN NIGERIA

Matthew T. Page

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CP 338

Contents

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Summary

Corruption is the single greatest obstacle preventing Nigeria from achieving its enormous potential. It drains billions of dollars a year from the country's economy, stymies development, and weakens the social contract between the government and its people. Nigerians view their country as one of the world's most corrupt and struggle daily to cope with the effects. Yet few analytical tools exist for examining the full range and complexity of corruption in Africa's largest economy and most populous country. This paper proposes a new, context-specific framework for understanding a problem that will remain a focus of international and domestic Nigerian policy discussions for decades to come.

The Remarkable Reach of Nigerian Corruption

- The scope and complexity of corruption in Nigeria is immense. This taxonomy details twenty overarching contexts (sectors) that are especially vulnerable to corruption. It also identifies twenty-eight corruption tactics in eight behavioral categories that cut across each of these sectors. These categories apply not only to national-level dynamics but also to corruption at the state and local levels.
- Some types of corruption (for example, extortion or contract fraud) are more prevalent in some sectors than in others. Likewise, some are more or less damaging—either directly or via negative multiplier effects—depending on where they occur. This taxonomy acknowledges that corruption in Nigeria is not always clear-cut or limited in focus, but rather it is interconnected, involving a range of behaviors that cleave across sectors.
- In Nigeria's political and institutional sectors, electoral corruption and kleptocratic capture of political party structures unlock corruption opportunities across a range of other sectors. Brown envelope journalism and other types of media corruption are commonly practiced and undermine democratic norms. Meanwhile, the symbiotic relationship between legislative and bureaucratic corruption, embodied by white elephants like Nigeria's three space agencies, influences a disproportionate share of government expenditures.

- Corruption is rife across the country's economic sectors: petroleum, trade, industrial, agricultural, infrastructure, power sector, banking, and environmental. Together, these forms of corruption erase billions of dollars from Nigeria's bottom line and prevent it from realizing its great human and economic potential.
- In Nigeria's security sectors, defense sector and police corruption are destabilizing and compounding security challenges in conflict hotspots like the Lake Chad Basin, the Middle Belt, and the Niger Delta. Corruption in the judiciary and within anticorruption agencies undermines the country's already anemic accountability mechanisms, thereby fueling corruption across the spectrum.
- Educational, health, and humanitarian sector corruption, meanwhile, saps the country's social capital and has an outsized impact on its most vulnerable citizens. This corruption also negates international development assistance and emergency aid, particularly in northeast Nigeria, where—in one of the world's largest humanitarian crises—over 2 million people have been displaced by the Boko Haram conflict.

Key Uses of the Corruption Taxonomy

- This taxonomy of corruption in Nigeria is of potential utility for several audiences. It can help national-level policymakers more effectively navigate Nigeria's complex and interconnected corruption landscape. It also provides a framework for mapping prospective policy initiatives and gauging the impact of bilateral engagements on corruption and governance issues.
- Adopting this taxonomy would make it more difficult for policymakers to treat corruption in Nigeria as a standalone issue. Instead, they would need to treat it as one that is intertwined with their democracy, security, and socioeconomic development goals.
- For international partners, diplomats, and Nigerian civil society groups engaged in anticorruption work, this framework also offers a more contextualized basis for conducting programmatic assessments and analyzing the relative prevalence, impact, and multiplier effects of different forms of corruption in Nigeria.
- Tailored to Nigerian realities, this taxonomy supports the World Bank's push to "do development differently" by forging more context-specific approaches to addressing development challenges like corruption.
- As an analytical tool, this taxonomy would be useful to corruption researchers looking to compare the situation in Nigeria—one of the world's most complex corruption environments—with conditions in other countries. Though Nigeria-specific, it could be adapted and applied to other country cases. Doing so could help answer a question much-debated among Nigerians: Is corruption in their country somehow unique?

Introduction

Corruption in Nigeria appears to be ubiquitous and takes many forms: from massive contract fraud to petty bribery; from straight-up embezzlement to complicated money laundering schemes; from pocketing the salaries of non-existent workers to steering plum jobs to relatives and friends. Some officials enjoy perquisites so excessive that they are widely seen as a form of legalized corruption.

Nigerians themselves view their country as one of the world's most corrupt; it perennially ranks in the bottom quartile of Transparency International's Corruption Perception Index.[1] Reports and commentary about corruption are a staple of the country's vibrant media and among its writers and filmmakers. Yet popular—and even official and academic—narratives about corruption in Nigeria lack a common framework for understanding a topic so expansive and variegated.

This paper articulates a two-part taxonomy designed to provide a better understanding of how corruption in Nigeria works. It sets out a wide range of sectors in which corruption happens, aiming to identify all the major areas where corruption occurs. It then provides a list of ways in which corruption happens, stipulating the many different types of behaviors, techniques, and tactics that corrupt actors use. Examined in conjunction, these two sets of categories give a fuller and more nuanced picture of the problem. This taxonomy spans Nigeria's three tiers of government (federal, state, and local); its rubric applies equally to the types of corruption found at all levels of government and society.

Nigerians themselves view their country as one of the world's most corrupt; it perennially ranks in the bottom quartile of Transparency International's Corruption Perception Index.

This paper builds upon the existing Nigeria-focused corruption literature as well as the work done by scholars and practitioners seeking to define and categorize different types of corruption. In his landmark book *A Culture of Corruption*, anthropologist Daniel Jordan Smith places corruption within everyday Nigerians' experiences of and attitude toward corruption, detailing how they use the term to describe a broader scope of behaviors

and phenomena.[2] In *Moral Economies of Corruption*, historian Steven Pierce argues that corruption in Nigeria is complex, multifaceted, and "polyvalent" (multidirectional), tracing how discourses on the topic have evolved over the last century.[3] Previously, political scientist Richard Joseph had coined the term "prebendalism" to describe how Nigerian public officials view their position as a personal financial entitlement, much as local officials (known as prebends) in medieval Europe did.[4]

Beyond the Nigeria-specific literature, this paper is also informed by corruption typologies in use by scholars and policy practitioners. These include the World Bank's 1997 "Helping Countries Combat Corruption" report that groups corruption into five broad categories: bribery, theft, political and bureaucratic corruption, isolated and systematic corruption, and private sector corruption.[5] The British Department for International Development uses a typology that keys onto ten types of corruption covered by the United Nations (UN) Convention Against Corruption: bribery, embezzlement, public procurement abuse, abuse of function, influence trading, nepotism, money laundering, conflict of interest, judicial corruption, and private sector corruption.[6] Also relevant are the thirteen corruption types scholar Susan Rose-Ackerman identifies and the diagram she uses to illustrates the various causes and consequences of corruption.[7]

The taxonomy presented here is not radically different from these existing frameworks but seeks to resolve a shortcoming that many share: they tend to conflate how corruption occurs (tactics and behaviors) with where it happens (sectoral context).[8] The goal here is to help policymakers, practitioners, and analysts differentiate more clearly between these two distinct but interactive elements of corruption in Nigeria.

Though wide in scope, this is not the only corruption taxonomy that could be applied to Nigeria. Other systems could classify corruption in Nigeria according to other factors such as motivations or causal drivers (for example, greed, grievance, patronage, financial need, social pressure, or external influences). Likewise, corruption types could be classified according to their remedies and counter-behaviors,[9] relative social acceptability, harmfulness, or whether they are inclusive/redistributive or exclusive. Though not the focus of this paper, these distinctions are nevertheless policy relevant, as Chatham House's 2017 report on the social acceptability and behavioral context of corruption in Nigeria demonstrates.[10]

Figure 1: Corruption Taxonomy Overview With Categorized Examples

CORRUPTION BY SECTOR	Bribery	Extortion	Auto-corruption	Contract fraud	Subsidy abuse	Favoritism	Deliberate waste	Legal corruption
	CORRUPTION TACTICS							
Political Party								
Media		1						
Electoral	2							
Legislative								3
Bureaucratic								
Petro-corruption								
Trade-related					4			
Industrial								
Agricultural								
Infrastructure							6	
Power sector								
Financial sector								
Environmental				5				
Defense sector			7					
Police								
Judicial								
Anticorruption						8		
Educational								
Health								
Humanitarian								

1. Noisemaking (Media/Extortion)
Extortion that occurs when someone threatens to make noise in the press or by sponsoring protests to embarrass a public figure or government entity—and then extorts money to spare them from reputational damage and bad press.

2. 2015 INEC Bribes (Electoral/Bribery)
Former oil minister Diezani Alison-Madueke allegedly used $115 million to bribe election officials to help the PDP win in 2015. Although the payoffs did not affect the presidential election, it likely skewed many governorship and legislative races.

3. Excessive Pay (Legislative/Legal)
Though ostensibly legal, federal legislators' excessive salaries, allowances, and other benefits—amounting to $540,000 per lawmaker in 2017—are also seen by many Nigerians as akin to corruption. Top officials also receive generous retirement packages.

4. Import Duty Waivers (Trade/Subsidy)
Protectionist trade policies have made import duty waivers—granted by the president or trade minister to firms controlled by ruling party financiers—a lucrative form of patronage.

5. Eco-Fund (Environment/Contract)
Environmental remediation programs have long been a lucrative corruption mechanism. A recent audit of the Ecological Fund revealed how politicians, civil servants, and contractors connived to embezzle hundreds of millions of dollars.

6. PH Monorail (Infrastructure/Waste)
The previous governor of Rivers State spent $400 million on an inflated contract to build a mile-long monorail in Port Harcourt. Deeming it wasteful, the new governor abandoned the near-completed project.

7. Security Vote (Defense/Auto-corruption)
"Security votes" are opaque slush funds given to certain federal, state, and local officials. Totaling over $670 million annually, security vote expenditures are unaudited, cash-based, and exempt from procurement rules. Most of the money is diverted into private hands.

8. EFCC (Anticorruption/Favoritism)
Successive presidents have used the EFCC and its sister agencies to go after corrupt political rivals while pressuring them to turn a blind eye their own allies' misdeeds. Critics complain that President Muhammadu Buhari's anti-corruption efforts are similarly lopsided.

Where It Happens: Corruption by Sector

The first part of this taxonomy classifies corruption in Nigeria according to the context (sector) in which it takes place. These categories are based on *where* corruption happens, *who* may be engaging in it, and the nature of the damage it causes. The following section identifies twenty of these different sectors, discusses the scope and scale of corruption in each, and provides examples of its negative effects.

These sectors tend to be seen as stovepipes, however. In many instances, forms of corruption cut across two or more sectors, resulting in negative synergistic effects. Likewise, several of these areas—like the police and judicial sectors—overlap, blurring the lines between them. This taxonomy embraces these connections, recognizing that some forms of corruption can belong to more than one category.

Political and Institutional Sectors

Political Party Corruption

Kleptocratic capture of political party structures is a sine qua non of gaining power and thereby unlocking corruption opportunities across a range of other sectors. Little distinguishes Nigeria's two main political parties—the ruling All Progressives Congress (APC) party and the opposition People's Democratic Party (PDP)—in this regard. Both are constellations of fluid national, state, and local elite networks. Both are almost identically structured, non-ideological organizations. Both rely on misappropriated public funds to finance election campaigns.[11] Neither values internal party democracy, allowing money and high-level interference to corrupt candidate selection processes.[12]

Individual political gladiators jockey to secure high-level backing for their ambitions or to be granted lucrative public appointments. Working-level party operatives, meanwhile, seek to monetize their influence over internal party processes by soliciting cash from or seeking to be co-opted by aspiring politicians. According to the chairman of a national political party,

> [Party officials] are not supposed to [receive money for expenses and allowances] but they make money, sometimes in many, many crooked ways. The party sells membership cards . . . [but] party officials at that level keep the money for themselves. People who want to run for office . . . virtually bankroll the parties in their localities. Sometimes they even decide who becomes the chairman in their ward or the secretary of the party. They actually pocket the person, they take care of his daily needs. [Party officials] have no other business other than running the party. They also have to find a way of running their families, so the way they do it is through this very indecent manner.[13]

Media Corruption

Although Nigeria has a vibrant and (mostly) free press, brown envelope journalism is rife: for both media moguls and the journalists who work for them, accepting—or even soliciting—cash from politicians is a perquisite of the job. Over 75 percent of journalists surveyed as part of a 2013 study admitted to accepting such financial gifts, euphemistically referred to as "transport money," "matter," "load," and "kola nut."[14] As one presidential spokesperson told Al Jazeera: "There is a saying that 'the music that hunger plays in your stomach makes you deaf to reason.' You don't begin to preach ethics to a hungry man. Therefore when journalists are not paid, they are prone to being compromised."[15]

Above the working level, editors and publishers often receive even bigger bribes to manipulate their coverage and quash stories that might embarrass their political patrons. Nigeria's main anticorruption agency, the Economic and Financial Crimes Commission (EFCC), is currently prosecuting Daar Communications—owner of Africa Independent Television—and its chairman for accepting ₦2.1 billion ($12.4 million in 2015 dollars) in public funds diverted into then president Goodluck Jonathan's reelection campaign.[16] Such grand corruption not only erodes press freedoms and fuels media bias, it also sustains many fly-by-night media outlets that rely on brown envelope journalism to stay in business.

Electoral Corruption

In Nigeria, electoral corruption is not merely a means to an end (that being the perquisites of public office), it is also a lucrative pursuit unto itself. The Independent National Electoral Commission (INEC) estimates that it spent about $550 million on the 2015 election while the country's political parties perhaps spent as much as $2 billion campaigning.[17] Each of Nigeria's thirty-six states also infuse millions of dollars each year into State Independent Electoral Commissions tasked with conducting sham local government elections on behalf of the governor in power. This undermines Nigeria's democratic development right at the grassroots level. In the 2016 local government elections in Ogun State, for example, the ruling APC won 228 out of 234 council seats, while the main opposition party in the state (the PDP) incredulously won only two.[18]

Although corruption has been a defining feature of Nigerian elections since 1999, one recent example stands out. According to EFCC prosecutors, former petroleum minister Diezani Alison-Madueke used $115 million to bribe INEC officials to secure victory for the PDP in the 2015 election.[19] Although electoral corruption did not alter the outcome of the presidential poll, it almost certainly skewed many gubernatorial and legislative races. Likewise, as Ayisha Osori's election memoir, *Love Does Not Win Elections*, illustrates, corruption pervades political parties' primary and candidate selection processes—much to the detriment of Nigeria's democratic development.

Legislative Corruption

Nigeria's national assembly and thirty-six state legislatures are supposed to be a first line of defense against executive branch corruption. Like its U.S. counterpart, Nigeria's legislative branch is empowered to act as a check on executive power, approve and adjust budgetary expenditures, confirm key appointments, and undertake rigorous oversight of government activities. Instead of functioning as anticorruption watchdogs, however, legislators often monetize their constitutional roles, enriching themselves and building up their campaign war chests.[20] In the words of one state legislator: "We control the operation of the money, that's all anybody's looking for. You may appropriate it rightly or wrongly. But there are certain things, even if they are wrong, they are conventional."[21] Earlier this year, senior executive branch officials complained that federal legislators were leveraging their oversight role to solicit kickbacks, with the director general of one agency telling a Nigerian newspaper: "Many of them need money for re-election, and they see this budget approval process as a way of finding the resources."[22]

Legislative corruption extends beyond demands for kickbacks and the odd quid pro quo from ministries and agencies. Though ostensibly legal, federal legislators' excessive salaries, allowances, and other benefits—amounting to $540,000 per lawmaker in 2017—are also seen by many Nigerians as akin to corruption.[23] Senators and representatives also pad the national budget with constituency projects and use legislation to establish new, but often unnecessary or duplicative, government bodies. These new entities often become vassals of their political godfathers, who expect them to provide contracts and appointments to their supporters.

Bureaucratic Corruption

In the Nigerian context, the term "bureaucratic corruption" groups together several idiosyncratic examples of official corruption that awkwardly occur outside of the clear-cut sectors outlined above. Often these more abstract manifestations of official corruption have minimal second-order or multiplier effects because they involve agencies or government functions that have little or no impact on Nigerians' everyday lives. A prime example is Nigeria's three space agencies—the National Space Research and Development Agency, the Defence Space Administration, and Nigerian Communications Satellite Limited—which cost Nigerians a combined ₦11.76 billion ($32.7 million) in 2018.[24]

Similarly, the National Biotechnology Development Agency operates twenty-six centers nationwide, yet delivers no discernible public goods or economic return on its significant budget. The EFCC arrested the agency's director general last year in connection with a ₦603 million ($1.7 million) fraud.[25] Likewise, Nigeria budgeted ₦4.8 billion ($13.3 million) and ₦7.4 billion ($20.5 million) for its Atomic Energy Commission and Nuclear Regulatory

Authority respectively, despite the country's lack of nuclear facilities.[26] Given these agencies do not serve a purpose commensurate with their size and budget, it is likely their primary function is to serve as conduits for bureaucratic corruption.

Economic Sectors

Petro-corruption

Petroleum revenues are the lifeblood of official corruption in Nigeria because they constitute over 75 percent of total government receipts and well over 90 percent of export earnings.[27] Nigeria's federal, state, and local government structures essentially function as mechanisms for dividing up and spending what Nigerians refer to as their "national cake": oil and gas revenues. The epicenter of petro-corruption is the state oil company—the Nigerian National Petroleum Corporation (NNPC)—which shapes industry policy and regulations and spends lavishly on itself with minimal oversight in ways that are out of step with international best practices.[28]

The epicenter of petro-corruption is the state oil company—the Nigerian National Petroleum Corporation (NNPC)—which shapes industry policy and regulations and spends lavishly on itself with minimal oversight.

Those top officials who exercise control over the petroleum sector and the revenues it generates—usually the president, his petroleum minister, and the general managing director of NNPC—are easily capable of enriching themselves and their allies. One former petroleum minister embezzled hundreds of millions of dollars,[29] while another stands accused of giving an oil block to a company he secretly controlled.[30] In 2012, Nigerians took to the streets after it was revealed that politicians connived with indigenous oil companies to embezzle billions of dollars in fuel subsidy payments.[31]

Trade-Related Corruption

Since the country's independence, corruption has fueled—and been perpetuated by—macroeconomic mismanagement by successive governments, both military- or civilian-led. For decades, political and business elites have benefited from several well-practiced forms of economic corruption, despite its negative impact on public finances and non-oil economic growth.

Protectionist trade policies in particular have done little to boost domestic manufacturing but continue to be exploited by monopolists, black marketeers, and the politically well-connected. Such trade barriers have made import duty waivers—granted by the presidency or by the Ministry of Trade to firms controlled by ruling party financiers—an extremely valuable commodity.[32] Nigeria lost $2.8 billion in revenues to such import waivers over a five-year period (2011–2015), according to a Nigerian Customs Service report.[33]

Similarly, outright bans on the importation of certain items have benefited Nigerian tycoons like Aliko Dangote. The long-standing ban on imported frozen chickens, for example, has undoubtedly enriched its greatest champion—and the owner of one of the country's largest poultry farms—former president Olusegun Obasanjo.[34] Indeed, elites' corrupt misuse of tariffs extends back decades, as Singapore's former prime minister's description of a 1966 meeting with Nigeria's finance minister shows:

> He was going to retire soon, he said. He had done enough for his country and now had to look after his business, a shoe factory. As finance minister, he had imposed a tax on imported shoes so that Nigeria could make shoes. I [was] incredulous . . . convinced that they were a different people playing [by] a different set of rules.[35]

Industrial Corruption

Nigeria's industrial and manufacturing sector has declined steadily since the 1970s, hamstrung by infrastructure shortfalls, foreign exchange and credit shortages, misguided fiscal and trade policies, and corruption. Both federal and state governments have nevertheless clung on to loss-making state-owned enterprises, often because they are important mechanisms for distributing patronage and siphoning public funds. Nigeria is littered with these so-called white elephant projects: monuments to industrial corruption that consume large quantities of public funds every year despite incurring huge losses.[36]

Of Nigeria's countless white elephants, none is larger or hungrier than the Ajaokuta Steel Mill in Kogi State. Since 1979, the federal government has invested well in excess of $5 billion in the moribund facility, which has never produced any steel.[37] The government has also paid out over ₦30 billion ($83.3 million in 2018 dollars) in worker salaries since 2010 and needs to make an additional $1.2 billion investment to make the facility operational, according to officials.[38] Yet despite its continued drain on public resources, Ajaokuta remains a political football as federal and state lawmakers tussle over ongoing efforts to concession the plant to private investors.[39]

Agricultural Corruption

The impact of agricultural corruption is disproportionately great because the sector is the backbone of Nigeria's non-oil economy, accounting for roughly 30 percent of GDP. It also has an outsized impact on the country's poorest citizens. The sector employs more people than any other but is dominated by small-scale subsistence farming. Nigeria's land tenure laws, which give corruption-prone state and local officials power to grant—and revoke—occupancy rights, discourage farmers from investing in their smallholdings. These laws also make establishing mechanized, well-irrigated, industrial-scale farms inordinately difficult. Smallholders are also hurt when government officials

misappropriate agricultural subsidies by granting them to family and friends or to shell companies owned by political elites.[40]

U.S. agribusiness Dominion Farms' attempt to establish an industrial-scale rice farm in Taraba State, one of Nigeria's poorest, illustrates why. Lured by promises of government support and community cooperation, Dominion abandoned the project—which proponents claimed would employ up to 15,000 local people—in the face of unrelenting official corruption and parochial political disputes.[41] Lacking top cover or outside help, Dominion's exit dealt a significant blow to a conflict-prone agrarian state where youth unemployment is high.[42]

Between 1980 and 2010, agricultural subsidies totaled ₦873 billion ($5.8 billion in 2010 dollars); of that amount, an estimated ₦776 billion ($5.2 billion) was lost to corruption.[43] Government programs to supply cheap fertilizer to smallholder farmers were especially fraud-prone. Farms have also been used by political elites to launder money skimmed from government coffers; under Nigeria's constitution, farming is the only outside employment public officials are permitted to undertake.

Infrastructure Corruption

Even as the federal and state governments have spent billions on roads, railways, ports, electrical power, schools, hospitals, universities, and other economic enablers, they have realized few gains. By inflating contracts, soliciting kickbacks, and mismanaging budgets, venal officials have derailed countless such projects. Spending on transportation infrastructure—roads, rail, and airports—is especially corruption prone. Notable among such projects is a trans–Niger Delta highway that a minister recently said was "designed to fail." Still incomplete after ten years of work, the mismanaged and graft-ridden project will eventually cost $4.5 billion or more.[44] Another such project is the $400-million, 2.6-kilometer-long downtown monorail in Port Harcourt.[45] Deeming it wasteful, the current Rivers State governor recently abandoned the near-completed project initiated by his predecessor.

Catastrophic building collapses kill scores of Nigerians each year because contractors use substandard materials and bribe building inspectors to ignore their shoddy work or lack of permits.

Beyond its drain on public funds, corruption in the construction industry has outsized economic—and even human—costs. Nigeria's economic growth has long been constrained by its inadequate transportation infrastructure. Furthermore, catastrophic building collapses kill scores of Nigerians each year because contractors use substandard materials and bribe building inspectors to ignore their shoddy work or lack of permits. Such corrupt corner-cutting caused two especially deadly church collapses, which killed 110 people in Lagos in 2014 and 160 people in Akwa Ibom State in 2016.[46]

Power Sector Corruption

Nigeria's notoriously anemic power sector has long been undermined by grand corruption. A recent study estimates that Nigeria has lost ₦11 trillion ($64.7 billion in 2015 dollars) to corruption in the power sector between 1999 to 2017.[47] To put this huge sum in perspective, it amounts to over seven times of Nigeria's annual defense budget.[48] Indeed, the more money the government invests in the sector, the less power the country has: Nigeria (with a population near 200 million) currently generates roughly the same amount of power (4,500 megawatts) as Oman (with a population of about 4.5 million).[49]

Meant to revitalize the sector and root out corruption, the 2013 unbundling and privatization of Nigeria's power generation and distribution networks was poorly executed and did little to remedy mismanagement, graft, and chronic underperformance. Most of the winning bidders had no prior experience in the power sector and little or no capacity to succeed.[50] Several of the figures behind these companies have been implicated in past episodes of grand corruption; all are either former top officials or bankers and oil moguls that enjoy close ties to political elites.[51]

Financial Sector Corruption

Nigeria's banking sector is in many ways sustained by its role in facilitating official corruption. Deeply rooted corruption in Nigeria's financial sector played a major role in triggering the country's 2009 banking crisis. In the wake of the 2008 global financial crisis, several of Nigeria's largest banks collapsed under the weight of bad debt and widespread misconduct, forcing the government to spend ₦620 billion ($4.2 billion in 2009 terms) bailing them out. In 2010, Lamido Sanusi, then Nigeria's Central Bank governor,[52] drew the link between banks' corruption and their collapse, remarking:

> In previous crises we said some banks had failed a passive and complicit phrase that masked a gross irresponsibility and crass insensitivity. . . . This is somewhat like coming across the corpse of a man whose throat was slit . . . and saying "the man died." . . .
>
> By using—or abusing—the term "failed bank" we are able to mask what is almost always a monumental fraud. . . .
>
> Among those parading themselves as role models in society [are] people who profited from failed banks. Owners and managers who go on to become governors and senators. [And] bad debtors who are multi-billionaires.[53]

Echoing Sanusi's comments, EFCC head Ibrahim Magu recently criticized banks for lobbying to separate the Nigeria Financial Intelligence Unit (NFIU)—responsible for combating money laundering—from his organization, saying "I don't trust the financial institutions. They create an enabling

environment for thieves to loot our money."[54] Ongoing struggles like this one to crack down on banks' misconduct suggest that Nigeria's financial sector remains in need of robust oversight and reform. Until that happens, tens of millions of poor and working class Nigerians will remain underbanked and unable to access affordable lines of credit.

Environmental Corruption

Environmental remediation programs have long been a lucrative corruption mechanism. A recent audit of the Ecological Fund—a voluminous federal fund for undertaking preventative and remedial environmental projects—was the first since it was established in 1981.[55] It and other investigations have revealed how politicians, civil servants, and contractors have connived to embezzle a significant share of the ₦432 billion (over $2.5 billion in 2015 dollars) allocated to the fund from 2007 to 2015.[56]

Nigeria is already grappling with many of the most devastating consequences of global climate change. Desertification, coastal inundation, and shifting weather patterns all seriously threaten the country's long-term stability and socioeconomic development. Weak and corrupt governance—key drivers of deforestation, gas flaring, and other environmentally destructive practices—will magnify the impact global climate change has on Nigeria. In Taraba State, for example, corrupt officials have helped illegal loggers deforest much of Gashaka-Gumti National Park, Nigeria's largest and most ecologically diverse forest preserve. They also exact bribes from these illegal loggers and logging truck drivers in exchange for turning a blind eye to their activities.[57]

Security Sectors

Defense Sector Corruption

Nigeria has one of the most corrupt defense and security sectors in the world, according to Transparency International.[58] Decades of unchecked corruption have hollowed out the Nigerian military and security services and rendered them unable to effectively combat Boko Haram or address ethno-religious and communal conflict. The scope and scale of theft is staggering: over a six-month period in late 2014 and early 2015, for example, former national security adviser Sambo Dasuki allegedly diverted $2 billion in security spending into private hands.

Nigeria has one of the most corrupt defense and security sectors in the world.

High levels of defense sector corruption have serious frontline consequences. Despite sharp increases in ad hoc defense spending since 2011, operations in the northeast remain hampered by equipment, matériel, and pay shortages.[59] Military sources have privately blamed the deaths of eighty-three soldiers in a late 2016 Boko Haram ambush

directly on equipment shortfalls and low morale resulting from an uptick in corruption among army leaders.[60] In a 2015 BBC interview, a soldier anonymously recounted how his superiors refused to resupply frontline troops, leaving soldiers to face heavily armed Boko Haram fighters with only AK-47s and dilapidated, forty-year-old armored vehicles.[61]

Perhaps the most egregious form of defense sector corruption is the continued use of "security votes": opaque slush funds given to certain federal, state, and local officials totaling over $670 million annually, according to Transparency International.[62] At the federal level, the number of security votes tucked into the federal budget increased from about thirty in 2016 to over 190 in 2018, and their total value increased from ₦9.3 billion ($46.2 million) to ₦18.4 billion ($51 million).[63] Unaudited, in cash, and exempt from normal procurement rules, most security vote expenditures almost certainly are lost to corruption. Oil-rich Bayelsa State, for example, had twelve separate security votes in its last published budget—more than any other state.[64] Several recipients of this money—such as the senior special assistant for social media and the special adviser to the governor for beautification—play no security-related role, suggesting that the primary purpose of these payments is to divert public funds into private hands.

Police Corruption

One of the world's largest unitary police forces, the 270,000-strong Nigeria Police Force (NPF) is endemically corrupt, poorly paid, and often predatory. Police personnel are mostly absent outside Nigeria's towns and cities, except at road checkpoints where they can be seen soliciting petty bribes from motorists. Police officers are Nigeria's most-bribed type of official, according to a 2016 survey.[65] Senior police officers, meanwhile, operate a perverse system of returns in which rank-and-file officers must send up their chain of command a share of the money they extort from the public.[66]

Police officers are Nigeria's most-bribed type of official, according to a 2016 survey.

Corruption—whether extortion, embezzlement, or petty bribery—has hollowed out the NPF, leaving it unable to address Nigeria's many internal security challenges. Police manpower in particular has been severely impacted by corruption: in March 2018, Nigeria's accountant general revealed he had identified over 80,000 ghost (or fake) workers in the Nigeria Police Force: over 20 percent of the total force.[67] Filling the security vacuum left by the country's understaffed police, the Nigerian Army has assumed domestic policing roles for which it is ill-suited. This deterioration of NPF capacity was exposed in 2013 when journalists televised slum-like conditions at the country's supposedly premier police training college.[68] Though the scandal prompted Goodluck

Jonathan to visit the college, it did not lead to the kind of substantive reforms needed to halt the corruption-induced decay of Nigeria's police.

Judicial Corruption

Like the police, Nigeria's legal institutions are weak and easily compromised. The destructive effects of corruption extend well beyond the country's top judges: corruption also affects magistrates, lawyers, and administrative staff—many of whom are overworked, poorly trained, and underpaid. Judicial corruption is often not overt but rather involves judges accepting bribes in exchange for using obscure technicalities to dismiss cases, for excluding critical evidence, or for allowing defense lawyers to use spurious tactics to delay cases for years on end.[69] This has hindered the work of the EFCC and other anticorruption agencies. Wealthy defendants in anticorruption cases routinely use bribes to tamper with evidence and silence potential witnesses, or clandestinely convey cash gifts to judges hearing their case.[70] In 2016, security operatives seized a total of $800,000 in a rare crackdown on eight judges—including a Supreme Court justice—implicated in fraud and money laundering.[71]

Anticorruption Corruption

Though respected at home and abroad, Nigeria's three main anticorruption agencies—the EFCC, the Independent Corrupt Practices and Other Related Offences Commission, and the Code of Conduct Bureau—have at times faced corruption accusations themselves. Successive presidents have used the EFCC and its sister agencies to go after corrupt political rivals while pressuring them to turn a blind eye to their own allies' misdeeds. Critics complain that President Muhammadu Buhari's anticorruption efforts are similarly lopsided, with one senator from his own party asserting that his "government fights corruption within the government with sweet-smelling . . . perfume while it fights corruption against opponents and critics of government with a powerful insecticide."[72] This behavior is unsurprising given the huge financial stakes: by shielding themselves from scrutiny, incumbent officeholders can accrue more personal wealth and build a bigger political war chest while in office.

Nigeria's anticorruption efforts suffered a serious setback from 2007 to 2011 when then attorney general Michael Aondoakaa and then EFCC chairperson Farida Waziri actively worked to undermine them.[73] During his tenure, Aondoakaa reportedly tried to frustrate UK efforts to recover millions of dollars looted by the corrupt former governor James Ibori.[74] Waziri, meanwhile, allegedly sabotaged her own agency's prosecutions and investigative work, prompting the United States to temporarily suspend assistance to the EFCC.[75] Corruption allegations also reportedly prompted Buhari to dismiss Ibrahim Lamorde, EFCC chairperson from 2011 to 2015.[76]

Social Sectors

Educational Corruption

Even though Nigerians near-universally recognize education as key to socioeconomic advancement, the country's education sector has been hurt by decades of corruption and mismanagement. Whether it be officials embezzling money meant to build, furnish, and equip schools or extorting money from students in return for admission or exam grades, educational corruption remains a nationwide problem. Nigerian universities have been especially hard hit by the effects of corruption, which has hollowed out once-proud institutions like the University of Ibadan and the University of Nigeria at Nsukka.[77]

Several government entities involved in education—the Joint Admissions and Matriculation Board (JAMB), the Tertiary Education Trust Fund, and the Universal Basic Education Commission, to name a few—have experienced corruption scandals in recent years. One such incident recently went viral after a JAMB official, accused of embezzling ₦36 million ($100,000), claimed that a snake had slithered into her office and had eaten the money.[78] Although comical, this incident hints at the massive scope of corruption in the education sector; it is a major impediment to Nigeria's socioeconomic development.

Health Sector Corruption

Like the country's educational institutions, Nigeria's public health infrastructure is inadequate and incapacitated by a cocktail of mismanagement, corruption, and funding shortfalls. Nigeria spends a paltry $217 per capita on healthcare annually; taking into account corruption, real expenditures are likely far lower.[79] Top officials and health facility administrators routinely embezzle funds or inflate construction or equipment contracts. Too often they build clinics or purchase expensive equipment that—after the initial photo op—are never used or properly maintained.[80] Beyond the many anecdotes that can be found in press and social media, however, it is difficult to measure the impact health sector corruption has on individual Nigerians' health outcomes.

Health-related corruption recently made headlines after Nigeria's health minister sacked the head of the National Health Insurance Scheme (NHIS) after an internal investigation found he misused ₦919 million ($2.5 million) in training funds and steered consulting work to his brother's firm, among other malpractices.[81] Buhari controversially overruled his minister and unilaterally reinstated the NHIS head, who is still under EFCC investigation.[82] Beyond revealing the scale of kleptocratic capture possible in just one of many government health bodies, the NHIS scandal also calls into question top officials' willingness to combat a form of corruption that is of life-or-death importance to tens of millions of Nigerians.

Humanitarian Sector Corruption

Graft, fraud, and extortion within the humanitarian sector continue to exacerbate one of the world's largest humanitarian crises: the displacement of over 2 million people by the Boko Haram conflict. Assuming the role of middlemen in the relief effort, officials from the National Emergency Management Agency (NEMA) and its state counterpart agencies (SEMAs) frequently obstruct international aid efforts, embezzle relief funds, and waylay supplies meant for internally displaced persons (IDPs). Led by political cronies—vice aid professionals—these agencies have become conduits for diverting millions of dollars in emergency humanitarian spending into private hands. In 2017, the EFCC arrested the head of Gombe SEMA Danlami Rukuje—a partisan politician who played an active role in his party's 2015 election campaign—for allegedly redirecting and selling relief materials meant for IDPs.[83]

Another such pseudo-humanitarian is Mohammed Sani Sidi—director general of NEMA from 2010 to 2017—who allegedly padded the agency's budget, using inflated contracts to embezzle millions for himself and more senior government figures.[84] Corporate records hint that he may have used his public office for personal gain, awarding consulting contracts to a UK company he co-owned.[85] Sani Sidi also awarded a $128,000 contract to provide temporary shelters for IDPs to a company belonging to the son of Ali Modu Sheriff, the former Borno State governor who was an early political sponsor of Boko Haram founder Mohammed Yusuf.[86,87]

How It Happens: Corruption Tactics, Techniques, and Behaviors

The second part of this taxonomy relates to *how* corruption occurs in the sectors discussed above. It details twenty-eight of the many different tactics, techniques, and behaviors that span eight overarching forms of corruption in Nigeria. It highlights how some types of corruption (for example, extortion or contract fraud) are more prevalent in some sectors than in others. It also shows how some corruption methods are more damaging—either directly or via negative multiplier effects—than others depending on the sector in which they occur.

Bribery

Bribery is such a common form of corruption that the two words are used somewhat interchangeably in popular narratives, academic theories, and legal texts. Yet bribery is distinct from other corruption methods. Unlike extortion, it is consensual. In fact, it is transactional—involving payments, gifts, or favors provided in exchange for an improper or illicit benefit. In the Nigerian context, these benefits range from the mundane (getting permission from a police

officer to pass through a road checkpoint) to the munificent (receiving a license from the petroleum minister for a lucrative oil block).

The scale and scope of bribery in Nigeria is massive: in 2016 alone, Nigerian officials collected an estimated 82.3 million bribes totaling $4.6 billion.

The scale and scope of bribery in Nigeria is massive: in 2016 alone, Nigerian officials collected an estimated 82.3 million bribes totaling $4.6 billion, according to a recent study based on a nationwide survey.[88] Bribe-paying Nigerians spend an average of ₦28,200 (about $80) annually on cash bribes—equivalent to 12.5 percent of the annual average salary.[89] Bribery plays into many other types of corruption such as vote buying, examination fraud, scuttling criminal prosecutions, and contract manipulation. It also is deftly used by kleptocrats to compromise and co-opt junior officials needed to facilitate grand corruption, a strategy that forges long-term partnerships and underpins patronage networks.[90]

Extortion

Extortion is commonly understood as the use of threats or coercion to obtain money, property, or services. In Nigeria, abuse of power by officials—whether legislators who refuse to pass a budget unless they receive a kickback or a police officer who will not allow a motorist to pass through a checkpoint unless bribed—is a common form of extortion.

- **Oversight abuse.** Legislators, financial auditors, procurement monitors, and anticorruption agents play an important oversight role but can also abuse their authority by demanding bribes in exchange for issuing approvals or turning a blind eye to misconduct. Unscrupulous senators and representatives—especially those assigned to juicy committees that oversee high-budget ministries—routinely abuse their important oversight function, threatening to deny budget/appropriation approvals in exchange for kickbacks or contracts for their cronies.[91]
- **Toll-taking.** Though perhaps not as powerful as the country's top legislators, many other federal, state, and local government officials use their positions for personal financial gain by charging a toll or demanding a quid pro quo from subordinates, superiors, and/or the general public in exchange for discharging (or not discharging) their official duties. Toll-taking by customs officers at border crossings and other ports of entry can be very lucrative: in 2017, one customs unit in Lagos demanded a ₦50,000 ($140) bribe for each shipping container it exempted from inspection.[92]
- **Protection rackets.** This is a common form of security sector corruption. Nigerian security personnel are deeply involved in various kinds of rackets that protect the activities of armed robbers, kidnappers, illegal miners and loggers, and drug smugglers.[93] Protecting the activities of crude oil thieves in the Niger Delta—who steal as much as 100,000 barrels of oil per day—can yield large returns.[94]

- **Noisemaking.** This opportunistic type of extortion occurs when an individual or organization threatens to make noise—drawing attention either by writing in the press or by sponsoring public protests—with the aim of embarrassing or discrediting a political elite or government entity. By agitating them publicly, an individual can extort money from their target, who is often willing to buy their silence in exchange for averting potential reputational damage and negative press coverage.

Auto-corruption

While most of the aforementioned kinds of corruption involve two or more people, "auto-corruption" defines activities that create a one-way flow of benefits to a corrupt official. These include various types of embezzlement as well as property misappropriation, salary fraud expenses, and revenue diversion.[95] The tactics Nigerian officials use range from the obvious and undisguised, to the cautious and clandestine, to the complicated and situation-specific.

- **Unreported revenues.** The failure to report revenues—or remit them to the Treasury Single Account (TSA)—has historically been a major avenue of official corruption. The Buhari government claims to have cracked down on this practice since 2015 by forcing government ministries, agencies, and parastatals to close hundreds of off-book commercial bank accounts that had been used to waylay public money or skim interest before the money was disbursed. After recent reforms, remittances to the TSA from one fee-collecting agency increased from just ₦3 million ($8,300) to ₦9 billion ($25 million) annually.[96]
- **Misappropriation of property.** Officials at all levels of government are free to use government property—vehicles, computers, smartphones—for their own personal needs with impunity. After they leave office, ministers, legislators, and other top government officials often misappropriate vehicles and even official residences. In one such case, authorities in 2016 seized dozens of vehicles stolen by officials at the Ministry of Water Resources, including thirteen pilfered by the director of water quality control and four taken by the director of irrigation and drainage.[97]

After they leave office, ministers, legislators, and other top government officials often misappropriate vehicles and even official residences.

- **Salary and pensions fraud.** Employing ghost workers is a common form of official corruption at all levels of government. In March 2018, Nigeria's accountant general discovered the government was losing ₦14.3 billion ($39.7 million) in corrupt payments to ghost police personnel annually.[98] Theft from pension funds is also common: even the former head of Nigeria's pension reform task force is wanted by the EFCC in connection with a ₦2 billion ($5.5 million) fraud.[99]

- **Re-looting.** Although only a small percentage of stolen public funds are ever recovered, those that are seized domestically or returned by international partners are vulnerable to being re-looted by serving officials. These stolen assets—whether in the form of cash or property—are not handled transparently nor are they governed by clear cut policies or laws. One such instance of re-looting—the theft of $250 million in assets recovered by the Swiss government that were repatriated to Nigeria in the final few months of Goodluck Jonathan's term—is currently under EFCC investigation.[100]

Contracting Fraud

Malfeasance involving government contracts is perhaps the most common and lucrative type of official corruption in Nigeria today. From multibillion-dollar, presidentially approved infrastructure contracts down to routine requisitions of office supplies, the public procurement process gives kleptocrats many opportunities to enrich themselves and dole out patronage.

- **Unnecessary procurement.** Often the most lucrative contracts are ones that are spurious from inception. Such contracts are often initiated by influential politicians against the wishes of the recipient agency (known as budget insertions) or in cahoots with senior officials seeking a piece of the action.[101] In 2017, the National Assembly reportedly inserted 400 such projects into the federal budget, provoking a sharp rebuke from the presidency.[102]
- **Unqualified or untrustworthy contractors.** Government agencies routinely award contracts to newly formed firms with no track record or technical know-how, despite rules intending to prevent them from doing so. Often these companies are controlled by officials' friends or relatives—or even by the officials themselves. Contracts are sometimes split between reputable firms and unknown consultants or middlemen who serve little function beyond channeling a share of the contract value back into the hands of a top official.
- **Single-source procurement.** Although single-source (noncompetitive) procurement is sometimes warranted, the practice is frequently abused by Nigerian government agencies. By claiming such contracts are exigent (dubbed emergency) or security-related, federal government agencies can bypass competitive bidding procedures designed to award cost-effective contracts to qualified firms.[103] Circumventing this process frees up officials to award inflated contracts to companies in which they have a vested interest.
- **Bid manipulation.** According to one veteran Nigerian anticorruption investigator, "There is an element of bid manipulation in every fraudulent contract."[104] For example, one common tactic used by officials is to ask a business associate to bid on a particular contract using multiple different

companies to make the bidding process appear competitive. From the outside, the contract will appear to have been won by the lowest bidder—while in reality the award was inflated and the process rigged.[105]

- **Conflict of interest.** There are few safeguards in place to prevent companies in which officials enjoy an indirect—or sometimes even direct—conflict of interest from winning government contracts. Determining the beneficial ownership of firms bidding on government contracts is also difficult: registration numbers, names, addresses, and incorporation dates can be searched online via the Corporate Affairs Commission (CAC) website, but information on companies' directors and shareholders can only be obtained for a fee by a lawyer conducting an in-person query at a CAC office.
- **Weak oversight and contractor underperformance.** Beyond the conception, bidding, and award phases, corruption also thrives in the contract execution phase. One common fraud tactic involves unscrupulous contractors abandoning projects and absconding with hefty up-front payments (called mobilization fees). In other instances, contractors bribe officials to overlook shoddy workmanship, substandard products, or failed performance objectives.
- **Contract inflation.** This corruption tactic essentially determines the multiplier effect of the aforementioned tactics, allowing officials to maximize the illicit gains they make by engaging in contract fraud. Negligent officials might also award inflated contracts if they fail to assess the market value of the goods or services they are procuring.

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Subsidy Abuse

A significant share of Nigeria's federal budget is spent on various passbacks, whether in the form of subsidies, grants, tax waivers, or other financial concessions. Virtually all of these arrangements are currently—or have recently been—used as conduits for corruption.

- **Petroleum-related subsidies.** The Nigerian government continues to operate a range of different petroleum-related subsidies, all of which have, to some extent, been converted into mechanisms for siphoning public funds. The best-known subsidy scandal was the $6-billion fuel-importation fraud scheme that rattled the Jonathan government in 2012.[106] Kerosene subsidies, tax breaks for indigenous oil companies, equalization payments made to gasoline marketers in northern Nigeria, among other schemes, all play a role in fueling petroleum sector corruption and perpetuate black marketeering and smuggling.

- **Concessionary foreign exchange rates.** Nigeria has as many as eight different naira-dollar exchanges rates, several of which are propped up against market forces by the Central Bank using public funds.[107] Opportunistic individuals, businesses, and even banks continue to exploit these different rates, making huge profits by buying dollars at cheap subsidized rates and then selling them at full market value: a scheme known as round-tripping. Since 2015, the Nigerian government has created a whole new class of foreign exchange subsidy billionaires, according to former Central Bank governor Sanusi.[108]
- **Tax waivers and tariff barriers.** In addition to abuse of import duty waivers and other tax holidays (as described earlier), Nigeria's formidable array of tariffs also facilitates corruption by boosting certain politically favored firms at consumers' expense.[109] Protectionist policies and government overregulation of certain imports—particularly refined petroleum products—can be easily manipulated to create artificial shortages, which drive up prices and boost black market profits.
- **Aid and other grants.** Humanitarian aid, empowerment grants, and funds meant to support small businesses are fungible and extraordinarily vulnerable to misappropriation and embezzlement in the Nigerian context. Up to ₦39 billion (over $108 million in 2018 dollars) in federal government assistance to micro, small, and medium enterprises (MSMEs)—disbursed to state governments just months before the 2015 election—likely was misappropriated by state officials.[110]

Favoritism

Nepotism as well as ethnic and religious favoritism are widespread in Nigeria, though normative perceptions of them vary depending on whether one benefits from them or not. Anthropologist Daniel Jordan Smith explains how Nigerians abhor—yet feel obliged to show—favoritism. As one state official admitted to him, "Even if I wanted to avoid the practice of awarding contracts on the basis of favoritism, I could not. My people would say that I am selfish and foolish. Who gets to such a position of power and then refuses to help his people? Only the worst kind of person."[111]

As these comments illustrate, nepotism and favoritism are very much demand-driven and consistent with prevailing social and cultural norms. Thus, popular perceptions of whether favoritism constitutes corruption are subjective and swiftly change when outgroups and ingroups abruptly swap places. Ethnic favoritism is fueled by the fact that many of Nigeria's 360-plus ethnic groups have relatively small and tightly knit political classes bound together by deep-seated patron-client, familial, and even marital ties.

Deliberate Waste

Over the last nineteen years, Nigeria's executive branch and legislators have worked together to create costly but unnecessary government agencies, start projects that they later abandon, and build projects of little socioeconomic value. This waste is itself a form of corruption because it is often done deliberately to create openings for embezzlement, contract fraud, and patronage distribution. Yet even as Nigeria's many challenges continue to mount, its leaders have shown little willingness to rein in this wasteful spending.

- **Abandoned projects.** Nigeria's cities and countryside are littered with projects abandoned due to negligence, mismanagement, and corruption. Many other projects may have been completed but were not maintained or staffed by successive governments—or officials embezzled the funds budgeted to do so. This has retroactively converted significant sums of potentially worthwhile past expenditure into deliberate waste. Abandoned projects offer opportunities for repeat corruption when officials later spend money to rebuild and resuscitate them.

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- **Vanity projects and white elephants.** Nigerian politicians' proclivity for wasting public funds on vanity projects or expensive construction projects of little socioeconomic benefit is well documented. Most recently, Imo State Governor Rochas Okorocha made headlines when he used public funds to erect two multimillion-dollar towering bronze statues of South Africa and Liberia's former presidents. At the heart of Nigeria's capital, meanwhile, construction on one of former president Olusegun Obasanjo's white elephant projects—the 560-foot-tall Millennium Tower—has stalled. Started in 2006 but only 40 percent complete as of 2018, successive governments spent ₦35.7 billion ($210 million in 2015 dollars) on the project through 2015 when the current government balked at spending the $102 million needed to complete it.[112]
- **Other questionable expenditures.** Looking through the details of federal and state budgets, one can easily identify a variety of dubious expenditures—large outlays or even whole government agencies whose purpose is questionable given the many competing demands—healthcare services, education provision, and socioeconomic development—on public funds. One such activity is federal and state government sponsorship of religious pilgrims—both Muslims traveling to Saudi Arabia and Christians traveling to Israel.

Legalized Corruption

Many forms of self-enrichment that Nigerians readily identify as corruption are not necessarily illegal—and some are even protected by law.

- **Excessive pay and benefits.** In addition to sky-high legislators' salaries, other top Nigerian officials receive large allowances amounting to several times their basic salaries. These include allowances for housing, office rent, transport, utilities, clothing, entertainment, domestic and international travel, domestic staff, and furniture—as well as generous severance gratuities. Controversially, top officeholders receive generous upkeep packages after leaving office: from 2005 to 2016, Nigeria spent ₦14.4 billion ($84.7 million in 2015 dollars) on its handful of former presidents and vice presidents, including state-funded medical treatment and annual month-long vacations abroad.[113]
- **Land grants.** Under the Land Use Decree of 1978, all land in Nigeria is owned by the government, which decides who may occupy it and how it is used. Governors are capable of monetizing or politically benefiting from their power to grant certificates of occupancy and construction licenses.[114] In Abuja, the minister of the Federal Capital Territory similarly controls some of Nigeria's most valuable land; this power has allowed successive ministers to enrich themselves.[115] Even though such discretionary powers are legal, they nevertheless facilitate corruption.
- **Gratuities.** Nigeria's federal and state budgets are replete with many questionable—but legal—gratuities that are classified as welfare packages, honoraria, gifts, refreshments, and sitting allowances. In 2018, the federal ministries budgeted roughly ₦6.5 billion ($18 million) just for welfare packages and refreshments for their officials—an amount greater than the entire budget for Nigeria's Ministry of Women's Affairs.[116]
- **International investments.** Nigerian kleptocrats often derive legal, albeit laundered, income from corrupt wealth they have stashed abroad. These funds—whether in the form of investments held by companies registered in secrecy jurisdictions, like the British Virgin Islands, Jersey, the Isle of Man, and the Seychelles, or high-end properties in London, Dubai, and Manhattan—can generate significant amounts of income for their owners back in Nigeria.

Potential Uses

This taxonomy of corruption in Nigeria is of potential utility for several reasons. First, it can help national-level policymakers more effectively navigate Nigeria's complex and interconnected corruption landscape. Comprehensive but easily digestible by busy decisionmakers, it demonstrates the scope and

scale of the country's corruption challenges and provides a framework for mapping prospective anticorruption policy initiatives and gauging the impact of bilateral engagements on corruption and governance issues.

Second, adopting this taxonomy would make it more difficult for policymakers to treat corruption in Nigeria as a standalone issue; rather, they would have to treat it as one that is intertwined with democracy, security, and socioeconomic policies. It also supports the aims of Article 61 in the UN Convention Against Corruption, which asks signatory states to work together to develop "common definitions, standards and methodologies" that facilitate better monitoring and analysis of the "effectiveness and efficiency" of anticorruption policies.[117]

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Third, it offers international partners, diplomats, and Nigerian civil society groups engaged in anticorruption work a more contextualized basis for conducting programmatic assessments and analyses of the relative prevalence, impact, and multiplier effects of different forms of corruption in Nigeria. Tailored to Nigerian (vice global) realities, this corruption taxonomy supports the World Bank's push to "do development differently" by forging more context-specific approaches to addressing development challenges like corruption.[118] It could also help frame efforts to monitor, evaluate, and map the influence and impact anticorruption agencies like those discussed in Sofie Arjon Schütte's 2017 brief.[119]

Lastly, this taxonomy gives researchers working on corruption globally an analytical tool for comparing the situation in Nigeria—one of the world's most complex corruption environments—with conditions in other countries. Though Nigeria-specific, it could be adapted and applied to other country cases. Doing so could help answer a question much-debated among Nigerians: Is corruption in their country somehow unique?

Notes

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