

Transparency and Accountability

The Problem

Transparency is widely recognised as a core principle of governance, embodying the main features of consultation, service standard, access, courtesy, openness, redress, value for money, accountability, and responsiveness. More importantly, transparency in governance serves to enhance resource management and deter corrupt practices. By the advent of democratic governance in 1999, Nigeria was associated with poor governance because of the lack of transparency, weak accountability, lack of responsiveness, and inefficiency. The citizens had no access to free information, and where it was able to access information, it was not timely, relevant, accurate, or complete for it to be used effectively. The citizen's participation in decision-making processes (in such issues as policy-making, prioritising issues, accessibility to public goods and services as well as access to judicial and administrative redress) were considerably limited.

The lack of transparency, weak accountability, lack of responsiveness, and inefficiency had, therefore, compromised good governance in Nigeria. The attendant consequence was unbridled and pervasive corruption that adversely affected growth and public service delivery in many ways. For example, public resources for human capital development, health, education, power, agriculture, etc. were diverted from meeting the needs of the poor and benefits did not reach the intended beneficiaries. The poor were usually disproportionately affected because basic social services became inaccessible as their income was usually eroded through payment of bribes. Human security was compromised by corruption with severe consequences, such as kidnap and hostage taking of citizens. There was both domestic and international evidence that revealed how lack of accountability, transparency, and corruption affected the growth and development of Nigeria.

Reform Actions

Against this background, government embarked on some concrete measures to promote transparency and accountability in the conduct of its business. Firstly, the government embedded accountability, transparency, and anti-corruption measures in a comprehensive reform programme. Secondly, the government conducted diagnostic studies to identify specific areas where lack of accountability, transparency, and corruption had a high negative impact on the treasury in Nigeria. By embedding accountability, transparency, and anti-corruption programmes in the reform agenda, the battle against corruption was perceived to be an integral part of a broader exercise of economic reform needed to stimulate growth. Identifying high corruption-prone areas enabled government to focus reforms on them. It also enabled government to promote openness of its action, decision-making processes, and consultative processes between public sector and all stakeholders. These processes were subject to scrutiny by other government institutions, civil society organisations, and external institutions.

Specific initiatives to improve transparency and accountability:

1. *The Establishment of Nigeria Extractive Industries Transparency Initiative (NEITI)*: The establishment of NEITI in May 2007 was a watershed in the efforts to follow due process for achieving transparency in payments by the extractive industry to governments and government-linked entities. This was done through monitoring the

disclosure of petroleum revenue paid by oil companies to the Nigerian government and overseeing government disbursement. One of the key acts of NEITI was to commission an independent audit of the oil and gas sector from 1999 to 2004. Another audit was carried out for the period 2005-2009 and a Report on the Extractive Industry was submitted to government in June 2013. In order to implement the recommendation emanating from the NEITI Report, government reconstituted an Inter-Ministerial Task Team (IMTT) of high-ranking officials with sufficient seniority and experience to fully implement the NEITI Audit Report and to recover any underpayments by oil companies. Its second major act was to conduct the first Solid Minerals Industry Audit between 2007 and 2010. NEITI also carried out Fiscal Allocation and Statutory Disbursement audit covering the period 2007-2011 to track how oil and gas revenues were utilised among the three tiers of government. As a result of these measures, in February 2014, government commissioned a forensic audit of the oil and gas sector.

2. *Measures by Federal Ministry of Finance:* In an effort to improve bookkeeping and accounting procedures affecting petroleum transactions and revenue, the Federal Ministry of Finance set up a fund for safeguarding windfall revenues resulting from high petroleum price. It also began a regular publication of details of oil-originated funds allotted to states and local governments. Furthermore, in order to improve public expenditure management, it began the practice of publishing the monthly allocations from the Federation Accounts to States and Local Governments shares of revenue in some national dailies and its website. The publication increased transparency, particularly of sub-national finances and opened up dialogue on public revenue and expenditure at all tiers of government.
3. *The Freedom of Information Act (2011):* The Freedom of Information (FOI) Act was enacted on 28 May 2011. The FOI Act:
 - (1) Guarantees the right of access to information held by public institutions, irrespective of the form in which it is kept and is applicable to private institutions where they utilise public funds, perform public functions, or provide public services
 - (2) Requires all institutions to proactively disclose basic information about their structure and processes and mandates them to build the capacity of their staff to effectively implement and comply with the provisions of the Act
 - (3) Provides protection for whistle-blowers
 - (4) Makes adequate provision for the information needs of illiterate and disabled applicants
 - (5) Recognises a range of legitimate exemptions and limitations to the public's right to know, but subject to a public interest test that, in deserving cases, may override such exemptions
 - (6) Creates reporting obligations on compliance with the law for all institutions affected by it. These reports are to be provided annually to the Federal Attorney General's office, which will in turn make them available to both the National Assembly and the public.
 - (7) Requires the Federal Attorney General to oversee the effective implementation of the Act and report on execution of this duty to the Legislative arm of government annually.

Main Achievements

1. The transparency crusade reaped early international dividends in 2005, when in recognition of Nigeria's anti-graft campaign, the Paris Club extended a much-needed debt relief—totalling US\$18 billion dollars—to the nation, thus enabling Nigeria to become the first African nation to settle with its official lenders. The nation's international credit rating has also improved, clearing the way for credible Nigerian financial institutions to solicit for international credit. While a rating of BB- is still considered to be well below investment grade, the mere existence of a credit rating alone is significant. It has provided a benchmark to evaluate risks relative to other emerging markets, help deepen domestic capital markets, and further help promote public sector transparency.
2. The Federal Ministry of Finance's January 2004 publication of the distribution of the monthly allocations from the Federation Accounts to States and Local Governments shares of revenue in some national dailies and on the website of the Federal Ministry of Finance was a step in the right direction. Recently, two states, namely Lagos and Ogun, published their 2011 audited accounts, while Ekiti State published its own in the last week of September 2012. Abia State used to publish yearly audited accounts, though it no longer does. This practice is a way of taking transparency and accountability issues to a higher level if the underlying accounts from where the auditor carried out his or her job are made available to the public through their websites.
3. The FOI Act encourages the practice of openness, transparency, and good governance by providing citizens the vital tools to uncover facts, fight corruption, and hold public officials and institutions accountable. This complements government's efforts to stamp out corruption in Nigeria, and in particular, assists various government agencies such as the National Human Rights Commission (NHRC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), the Economic and Financial Crimes Commission (EFCC), the Code of Conduct Bureau and Code of Conduct Tribunal, as well as security and other law enforcement agencies in the performance of their duties.

Key Challenges

In spite of the several initiatives embarked upon by government to promote transparency and accountability in the conduct of its business, it still faces the following challenges:

1. Audit reports by the Office of the Auditor General of the Federation are often not acted upon.
2. Freedom of Information Act is still under-utilised.
3. The publications of the monthly allocations to the states and local governments in national dailies and websites of the Federal Ministry of Finance has not been as frequent as it was at the beginning. This regular publication serves as the major plank of transparency and accountability in governance and is meant to generate debate that would deepen democracy in Nigeria.
4. At the sub-national levels, it is often difficult to get details of state budgets. Hence serious efforts at transparency are not evident at state level, except in a few states. For example, after the presentation of omnibus budget by the Governor before the State Assembly, the Commissioner for Finance presents the breakdown for the legislative exercises. That ends the public view of the draft budget except for the aspects that are reported in the media.

5. The local governments, which are regarded as closest to the people, find it difficult to promote transparency and accountability by hosting information on their activities and actions on websites. Presently, the local government level is the most difficult sector from which to get information. They operate with highest level of secrecy, which makes it difficult for the citizens, particularly civil society organisations (CSO) to identify their problems. What citizens get to hear about from the operators in the local government is when state governments deprive them of their monthly allocation from the Federation Accounts. How much do they generate internally? How do they apply the funds received and generated? What is the trend of finances? How many schools, primary health centres, market, and motor parks are available? Every activity at the local government is shrouded in secrecy. Availability of information can go a long way in assisting this level of government to grow and develop.
6. Constitutional immunity that shields serving public officials from prosecution, including cases in which strong evidence of criminal involvement has been established.
7. Uncensored access by state governors and local government administrators to federal and state allotted funds serves as serious threat to transparency and anti-corruption.
8. Lack of transparency in private sector and financial markets, especially in real estate and stock markets.
9. The presence of some laws (for example, the Official Secrets Act, Evidence Act, the Public Complaints Commission Act, the Statistics Act and the Criminal Code) may affect the effectiveness of the FOI Act as some public officials could use these aspects of the FOI Act for selfish reasons and suppress the free flow of information.
10. Other challenges of complying with the FOI Act include poor culture of record keeping/maintenance and retrieval, lack of capacity in many public institutions, frustrating and time-consuming bureaucracy in public service, and the high level of ignorance among the work force in the public sector.
11. There is slow implementation of NEITI recommendations.

Assessment of Reform Initiative

S/No.	Assessment Criteria	Result of Assessment
1.	Have the transparency initiatives improved the quality and quantity of public services?	The transparency initiatives have the potential to improve the quality of public services in terms of strengthening democratic process and making it possible for citizens to hold government accountable.
2.	Do more people now have access to services, including disadvantaged groups such as women, young persons, and people with disabilities?	More citizens now have access to information about services.
3.	Have the transparency initiatives reduced the cost of governance?	This is too early to say. However, it can be expected that transparency initiatives will reduce the cost of governance by reducing corruption and waste.

S/No.	Assessment Criteria	Result of Assessment
4.	Have the transparency initiatives made services more affordable for citizens?	Not Applicable
5.	Have the transparency initiatives reduced corruption?	There has been a reduction in the perception of corruption by Nigerians firms in obtaining trade permits, in paying taxes, in procurement, in the judiciary, in the leakages of public funds, and in money laundering. However, the inaction on audit reports by the OAuGF means that major anticorruption benefits are being lost.
6.	Have the transparency initiatives reduced unnecessary bureaucracy and red tape?	There is no evidence yet that this is the case.
7.	Has the transparency initiatives led to improved development outcomes?	Not Applicable
8.	Are things improving, staying the same, or getting worse?	Things are improving, particularly public access to information in all the sectors of governance and more openness and transparency in relation to public sector activities. However, giving sufficient teeth to auditing remains a problem.
9.	Where things are improving, will those improvements endure?	Following the passage of the FOI, improvements in transparency and accountability are likely to improve.
10.	Where things are not improving, what should be done?	There should be greater commitment to considering and implementing audit recommendations and those of NEITI.

Proposed Next Steps

1. To improve transparency at all levels of government, (but particularly at the sub-national level), there is need for the Federal Ministry of Finance to continue with the monthly publication of the federal, states, and local government share of revenue from the country's Federation Account.
2. All the states should be encouraged to have functional websites (and even the local governments) for housing official documents like budgets, laws, financial statements, etc. that could be downloadable.

3. Any processes that encourage political patronage should be reviewed and efforts made to enthrone merit and open competition.
4. There is need to address the lack of transparency in the private sector and financial markets, especially real estate and stock markets.
5. More sensitisation fora should be carried out to increase the level of awareness of the FOI Act. The media as a core partner should increase public awareness and understanding of the Act.
6. There is an urgent need to pass the Petroleum Industry Bill currently before the National Assembly to enhance transparency and accountability in the extractive industry.
7. There is the need to further deepen democracy by promoting transparency and accountability through appropriate disclosures of information both in print and other information media.