

REFORM INITIATIVES

THE CASE OF NIGERIA

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AGENDA

- Situation Overview
- Barriers to Dealing With Corruption
- Achieving Sustainable Change
- The Convention On Business Integrity



The Situation: Overview

„Nigeria has, through the moral sanctions of collective opinion across the world, become something of a pariah state.“

- The Stereotypes
 - ◆ „Special Treatment“
- Formal Rules
 - ◆ Weak Institutions
- Informal Rules
 - ◆ Collective Opportunism
- The Net Effect
 - ◆ International Exclusion
 - ◆ Domestic Introspection



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The Situation: A Self-Fulfilling Prophecy

“Could this apparent penchant for opportunism be a reaction to the perceived scarcity resulting from alienation of Nigeria from international trade flows and markets?”

■ The Question of Ethics & Standards

- ◆ Resources
- ◆ Constraints
- ◆ Moral Stance
- ◆ Benchmarking

■ Benchmarking & Transaction costs

- ◆ Uncertainty
- ◆ Frequency of Interactions

■ Which Came First?

- ◆ The Perception
- ◆ Or The Exclusion



The Situation: An Irony

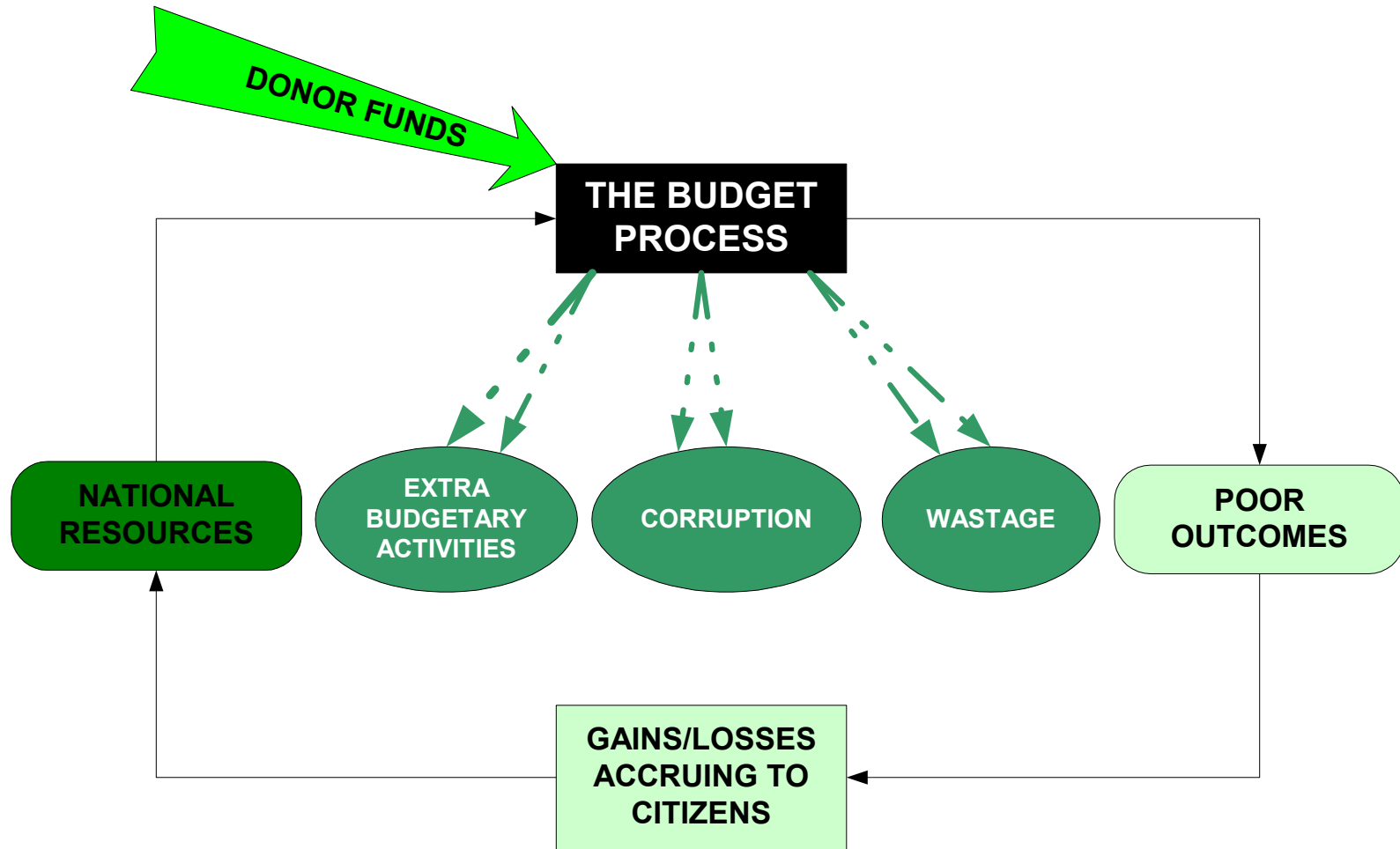
“A little known fact is that the corrupt of Nigeria also despise corruption”

- The Need for Viable Alternatives
- The role of Poverty / The fear of Poverty



Barriers To Dealing With Corruption – (I)

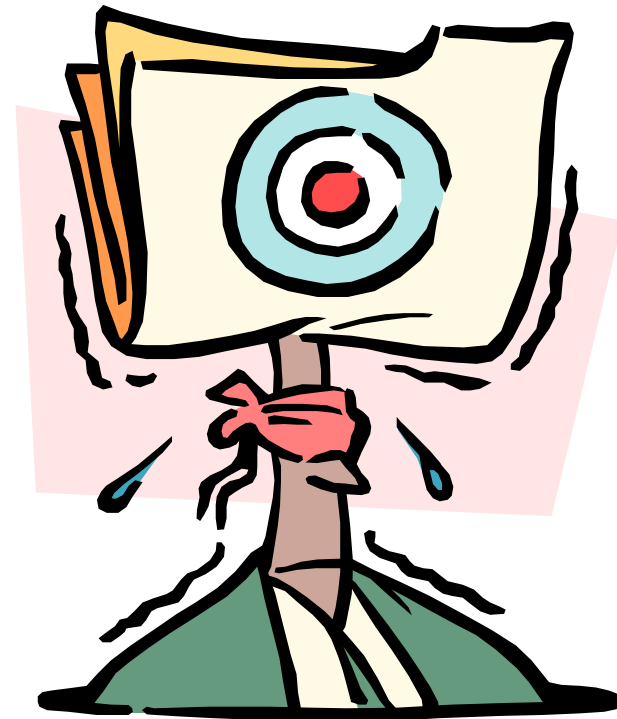
■ Infrastructure and Amenities (Business Environment)



FOCUS OF TRADITIONAL REFORMS

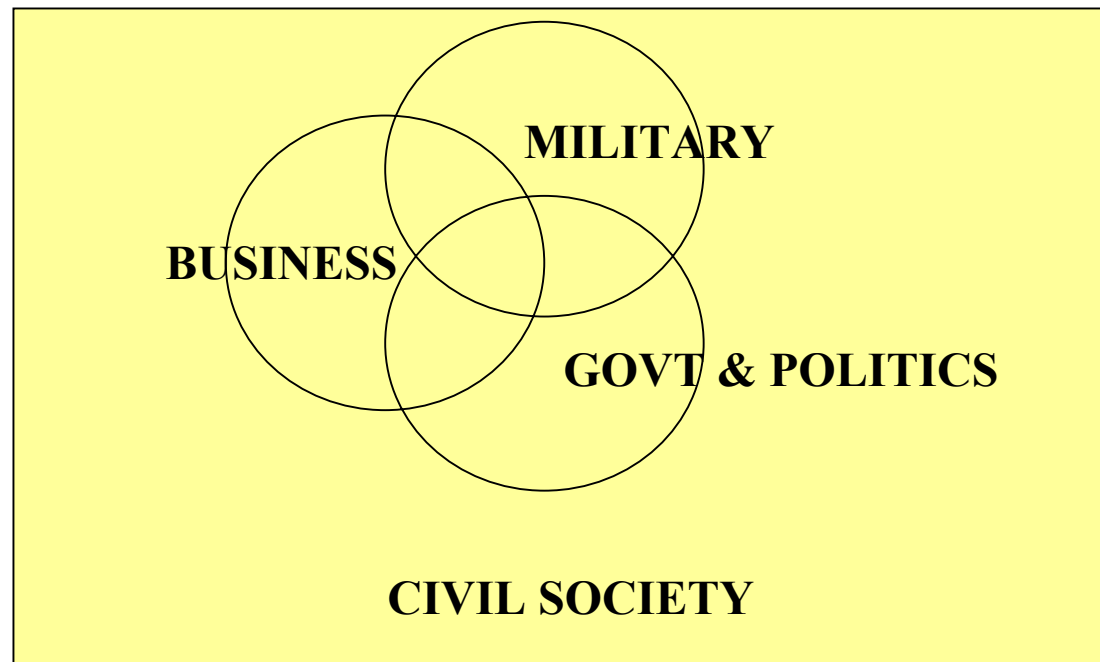
- Governance
- Development
- Oversight Institutions
- Transparency & Accountability
- Promoting The Watchdog Initiative
- Competition & Free Market Forces

But these are all secondary!



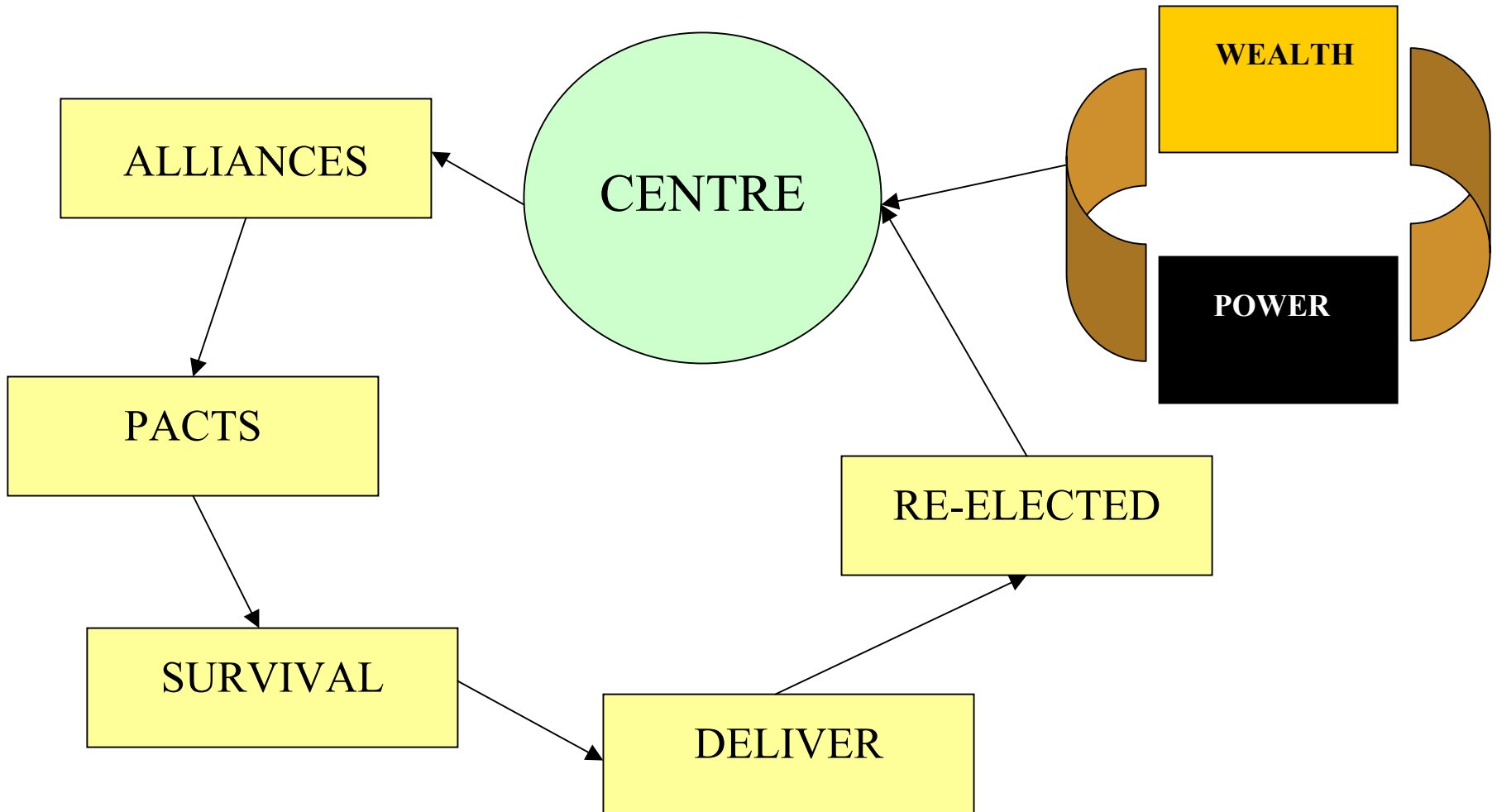
THE PRIMARY ISSUES

- Structure of Nigerian Society
- How Wealth is Held and Distributed
- The Role of Public Office
- Complex Relationships, Alliances, Pacts & Networks



Barriers To Dealing With Corruption – (IV)

■ The Role of Public Office



ASPIRATIONS OF VARIOUS GROUPS

- The International Community
 - ◆ Stability, Equity & Participation
- The Elites
 - ◆ Access
- The Middle Class
 - ◆ Self-Actualization
- The Average Citizen
 - ◆ Service Delivery



LAGOS, NIGERIA CORRUPTION PERCEPTION SURVEY 1998

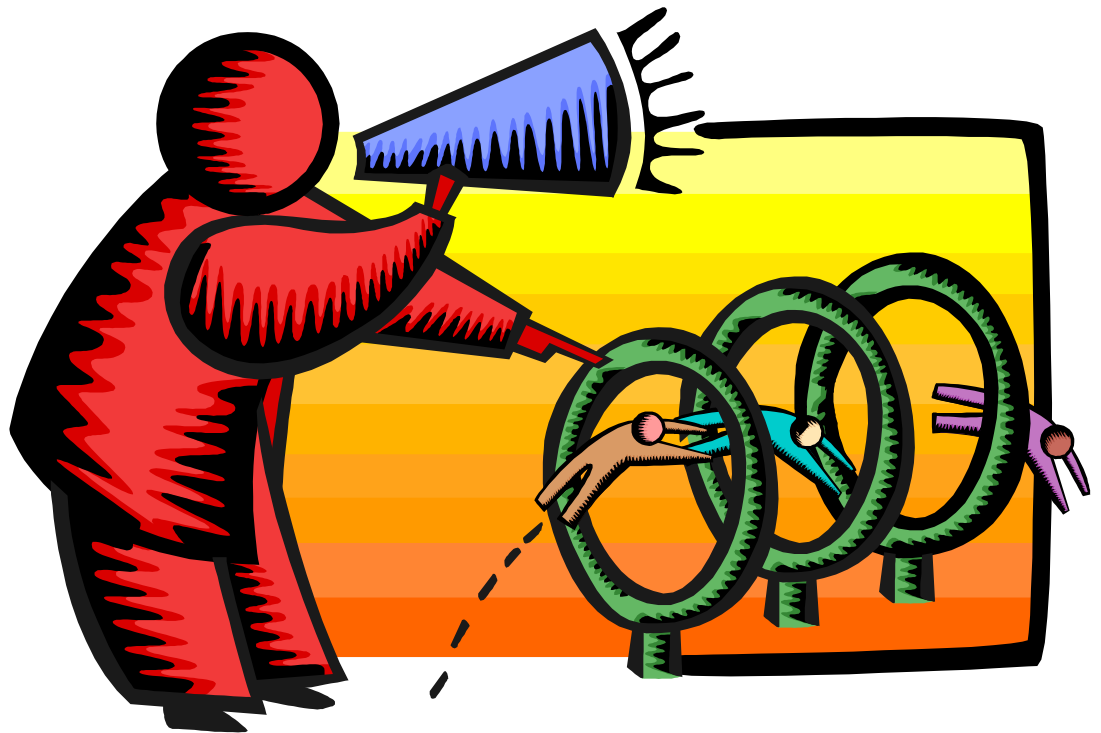
- 75% did not know how LG came about its budget
- 75% didn't know of avenues for consultation on the budget
- 90% of LG staff claimed there were avenues
- 99% were unaware of budget for development projects in their area
- 67% believe "little or no consideration" is give to community interests
- 78% said corruption is "extremely much/very much/ much" of a problem
- 68% of LG staff said corruption is "not much of/not a" problem

HYPOTHETICAL QUESTION:

- If your relation was made chair of LG would you expect him/her to favor you with contracts? (2 of 5 said "Yes")
- If you know he/she will be caught and punished would you still expect to be favored? (9 of 10 of those who said "Yes" now say "No")

Sustainable Change: Requirements

- Strong Credible Leadership
- A compelling Mission
- Incentives for Stakeholder Engagement in Collective Action
- Mechanisms to support the incentives
- Capacities Required to Deliver on The Incentives



DEFINITION

“The energy expended by a minority to cause movement from a present state towards a clearly articulated, desirable, future state in the common, greater good of the majority. Such energy having been expended to ensure that movement once made is maintained, welcomed and embraced by the majority.”

- Small Homogeneous Groups Best To Overcome Free Riding
- Incentives Must Be Strong To Attract Members
- Intermediation of Members Must Be Effective To Keep Them From Quitting

WHO SHOULD PROVIDE THE LEADERSHIP?

- Government?
- The Judiciary?
- Organized Business?
- The Anti-Corruption Commission?
- Civil Society Organizations?

**Ideally, A Matrix of Institutions Led By
Government. Reality? Any credible
Homogeneous Group would do!**



Sustainable Change: What the Leader Must Do

TRADITIONAL APPROACH

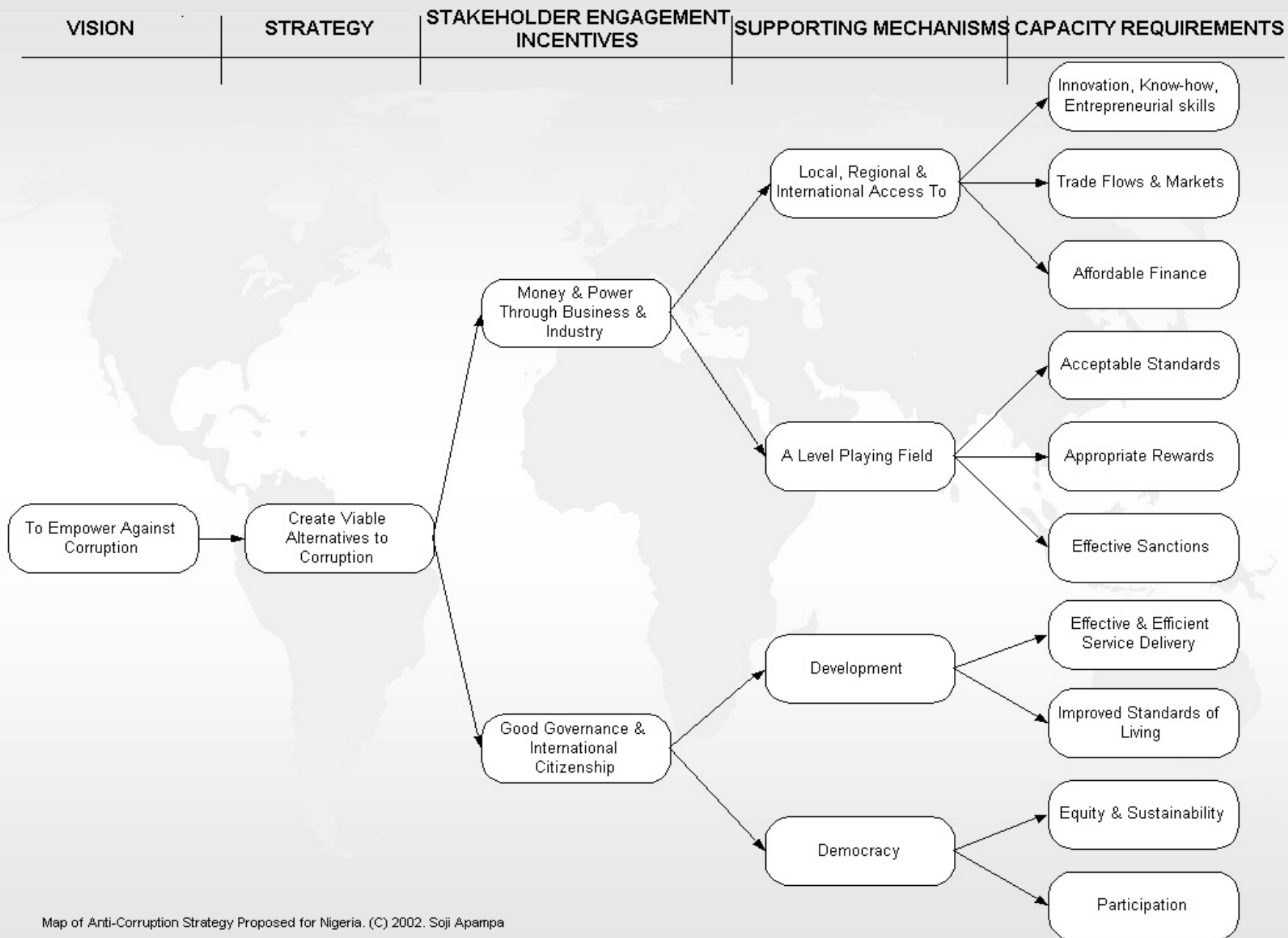
- Institute Good Governance
- Create An Enabling Environment for Business & Enterprise
- Improve Service Delivery
- Improve Your International Image

SUGGESTED APPROACH

- Lower Transaction Costs
- Achieve Macro-economic Stability
- Improve Service Delivery
- Improve Governance



Sustainable Change: A Strategy Map



Sustainable Change: The Initiative

THE GOAL IS TO GET PARTIES TO A TRANSACTION TO

- Assume Normal Business Risk
- Assume Normal Terms of Trade



PEER REVIEW

- The Declaration
- The Code
- The Rating System
 - ◆ Fitness For Purpose
 - ◆ Value System
 - ◆ Transparency & Accountability
 - ◆ Will & Power to do The Right Thing
 - ◆ A Proven Track Record



PEER PRESSURE

- Stakeholders as whistleblowers
- Sanctions & Appeals
- The Website



ADVOCACY FOCUS

- Stakeholders as whistleblowers
- Primarily a pull strategy (through Nigerian Diaspora, Trade & Diplomatic Bodies, Chambers of Commerce & Industry, Development Agencies etc.)
- Push Strategy (Quarterly Signing Ceremonies, Publication of Success Stories, Direct Marketing)

The Convention On Business Integrity: Components(III)

OVERSIGHT MECHANISM

- The General Assembly of Signatories
- The Core Group
- The Secretariat



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