

**NATIONAL SUMMIT ON DIMINISHING CORRUPTION IN THE
PUBLIC SERVICE**

AND

PRESENTATION OF PUBLIC SERVICE INTEGRITY AWARD

19 - 20, November 2019

KEYNOTE SPEECH

By

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PROTOCOLS

Your Excellency Sir President Muhammadu Buhari,

Your Excellency President of the Senate

Speaker House of Reps

The DSP

My Lord the Chief Justice of Nigeria

The Secretary to the Government of the Federation

Hon Ministers and Members of the Federal Executive Council

ICPC Board Members and Management,

Distinguished Ladies and Gentlemen

First let me thank the President for the leadership and unequivocal support that the ICPC has enjoyed since inauguration in February this year.

Sir, when you inaugurated the 4th Board of ICPC in February you charged us to - amongst other things initiate measures to prevent revenue diversion, leakages, and “prevention is better than cure” activities against MDAs that continue to violate extant laws and regulations on fiscal management and integrity.

Strengthened by these directives we have tried not to disappoint you sir nor the expectations of Nigerians. We decided to focus on people oriented activities for our enforcement and prevention measures in ways that align with our enabling statute, Mr President’s vision and your campaign promises to improve the livelihood of Nigerians generally and ordinary people in particular.

The new initiatives include our constituency project tracking initiative, our partnership with the National Social Investment Office and the Social Investments programs comprising school feeding, conditional cash transfer, N-Power and the Growth and Entrepreneurship program of Trader Moni and Market Moni and our pro-active response to review MDA systems and practices and evaluate their risks and disposition to corruption.

Permit me sir to share briefly our efforts in these areas in the past 10 months and the modest gains therefrom.

1. Constituency Project Tracking Initiative

- a. Sir, In April we commenced the tracking of constituency projects covering the first term of Mr President from 2015 -2018. Zonal Intervention Projects (ZIPS) as they are called, enjoy annually a captive budgetary vote of N100b. The CPTG initiative comprised representatives of the Budget Office, Accountant General, BPP, Auditor-General, members of the Nigerian Institute of Quantity Surveyors, representatives of the civil society and the media. By this initiative we have tracked and seen to completion in the pilot phase 255 projects out of 424 projects in 12 states spread across the six geo-political zones. The total appropriation for the selected projects was N24.32b out of which N22.27b was awarded in contracts. By monitoring the projects and enforcing completion we saved government about N2b in recovery of diverted assets, such as equipments for schools, hospitals, farms, water or energy projects, marginal improvement from use or supply of substandard materials, recovery of money from over valuation, identification of vulnerabilities and preventive measure for future projects.
- b. We forced 34 contractors back to site in the selected states and a cumulative number of 200 contractors back to site across the country in states where we have not commenced enforcement activities. In line with the government's vision we prioritized education and health projects which made up almost 60% of projects we inspected nationwide. Full details of our findings and effort are contained in the CPTG Phase 1 Report that Mr President is invited to launch today. Permit me however to note some of the findings.
- c. Sir we discovered that some agencies of government are favorites for embedding of constituency projects in irrespective of their core mandate and capacity of these agencies to deliver or supervise projects. The attraction appears to be either corrupt tendencies within such agencies the inherent weaknesses within them. Most notorious in this regard are Border Communities Development Agency and Small and Medium Enterprises Development Agency of Nigeria.
- d. Duplication of contracts with same description, narrative, amount, location awarded by the same MDA in order to bring the amount allocated within approval threshold of the executing agency or to expend allocation to sponsor of the constituency project.
- e. Many of the contracts were inflated yet poorly executed. Substandard items were used against specifications in the Bill of Engineering Measurements and Evaluation (BEME) thus diminishing the value of the

projects to the intended beneficiaries. Many projects were also not built to specifications.

- f. Some contracts were awarded without standard contract documents available to assist Quantity Surveyors evaluate state of project in line with the contract.
- g. Empowerment and Capacity Building projects are very popular but are highly prone to abuse and very difficult to track. We find that almost 50% of budgetary allocation to zonal intervention projects go to these opaque activities. Empowerment items are sometimes stashed away by sponsors and not distributed till following budget cycle while in some cases same items are re-budgeted and duplicated. The subsequent budget release is then diverted. These anomalies are why the effort of government in creating jobs is not showing because the money for empowerment and capacity building simply disappears.
- h. Some legislators or project sponsors refused to show project sites to the contractors in cases where the contract was not awarded to their preferred company while in others constituency projects were sited on private property of sponsor without transferring title to the community. Yet in other cases, some sponsors directly converted procured items to private use.
- i. Community awareness is very low thus communities distance themselves from projects designed for their benefit through public funds. Many community members believe that sponsors pay for projects from their personal funds rather than from public treasury. Thus they are beholden to the sponsor rather than claim their rights.

2. 2019 Zonal Intervention Projects

Sir, based on these findings we obtained the budgetary allocation for 2019 and broke down the allocations. Our findings are contained in the summary included in the program and found in the file jackets of participants to this summit. As Your Excellency will notice from the sectoral allocation, empowerment and capacity building take over 50% of the budget for ZIPs. If releases are made, these allocations cannot be effectively tracked except we adopt a different implementation approach. Furthermore, we analysed allocations to MDAs, geo-political zones and states. This analysis is designed to assist our investigation. We want to know ahead of time where to look and at what. This is the first time the Commission will be using data and facts to prepare itself for enforcement and prevention activities.

As your Excellency will notice in the breakdown before you sir, **N3.9b** is embedded in the 2019 zonal intervention projects budget but not allocated to any project or sector however we can see the states where these money may be potentially taken if it is released. Needless to say, we are persuaded sir

that Mr. President will not allow release of money embedded in the budget for no particular purpose.

On the implementation of Constituency Projects ICPC further humbly recommends that-

- a. MDAS must not be given projects not related to their mandate.
- b. Project sponsors should not be allowed to select implementing agency. Government should decide agencies approved to implement projects for transparency and accountability and effective supervision of value for money.
- c. Project sponsors should be requested to indicate and submit their preferred projects at the same time when the Executive requests for submissions from MDAs to avoid duplicity, embedment, misallocation and ultimately misappropriation.
- d. Completed projects should be handed over to Local Government officials and community leadership including traditional rulers to take ownership, secure and maintain projects.
- e. Government should restrict capacity building and empowerment projects to no more than 2.5% or less of total constituency project budget as empowerment projects are highly prone to abuse and corruption. They cannot be easily monitored. Furthermore, approved empowerment projects should only be implemented by MDAS and delivered to beneficiaries identified by the sponsors but carefully documented for audit purposes in the presence of the sponsor, law enforcement representatives, credible civil society organisations, local community representatives and the media.
- f. Government should work more closely with civil society and the media to educate communities on approved constituency projects, value and location. Current lack of information fuels corruption.

Immediate reform measures are essential especially as the Senate has been recently reported to be considering a bill to mandate 2.5% of annual national budget for constituency projects to be administered by a single ministry viz. Ministry of Agriculture and Rural Development. While this initiative is still open to rigorous debate we will humbly advise a complete overhaul and sanitization of the current system first as part of our learning curve. The new legislative proposal to domicile ZIPs in one MDA may be an attractive prospect but we need to deeply reflect on its pros and cons. Otherwise we may end up devoting more resources to be potentially stolen or mismanaged from a single location. I am however delighted at the proposal to punish without discrimination those who abuse the process within the legislature and the executive and their collaborators which sometimes include community leaders, traditional rulers and the corporations that are used to steal public funds. Furthermore,

we must entrench a relationship with cost and quality management experts like NIQS to ensure what is delivered are not substandard. Furthermore, we must insist that so called empowerment and capacity building activities are either completely removed or left at no more than a negligible percentage of the entire allocation because of the reasons adduced above.

On our part in ICPC, we are launching next week nationwide a community enlightenment and advocacy initiative called “My Constituency, My Project” during which we shall sensitize communities to own projects approved for them by government and the amount involved. The flyers for this initiative is in the file jackets for this summit. We have disaggregated project allocation to each senatorial district and local government area in Nigeria. We have also created a toll free line through which Nigerians can call to find out the projects allocated to their constituencies. We have uploaded this information on our website and we will also publish in leaflets. We hope to make this an annual initiative in order to remove the opacity and secrecy that currently dog’s constituency projects.

Before I end my brief on this initiative I wish to publicly acknowledge the cooperation, support and non interference of Senate leadership in our constituency project tracking initiative. The leadership and support of the Senate President and the chairmen and members of anti corruption committees in the senate and House of Reps contributed to the success of the pilot stage and delivery of social development to the people. Our hope is that some of the reform measures so far proposed will be accommodated in the 2020 budget. This is the main reason the OSGF and ICPC scheduled this event for this period.

3. System Study and Review of MDA Practices

Mr President sir, when you inaugurated the current Board of ICPC you directed that we scale up our prevention mandate because prevention is better than cure. In this regard we widened the use of our powers under section 6(b-d) of our enabling law to scrutinize the practices, systems and procedures of MDAs in respect of personnel cost from 2017 to July 2019 and 2018 capital development fund.

Part of our preliminary findings, the summary of which are included in a visual narrative in your folders revealed gross abuse of personnel budget and inflation or padding of the nominal role. As at the time we went to press we had covered about 300 MDAs and the amount inflated was about N12b. As at today your Excellency we have discovered additional N6b making a total of N18.624b restrained by ICPC. The exercise is still on going but we can confi-

dently report that culprit MDAs are mostly academic and health institutions. For example preliminary findings show the following-

- University of Benin Teaching Hospital N1.1b
- Federal Medical Center, Bayelsa N915m.
- Nnamdi Azikwe University N907m;
- University of Jos N896m;
- University College Hospital Ibadan N701m
- Usman Dan Fodio University N636m
- University of Ibadan N558m;

These institutions and all those implicated will be given the opportunity to explain themselves however, while investigations are on to confirm any credible explanations they may have, we have alerted the Minister of Finance of our findings and appropriate steps are being taken to ensure that implicated MDAs will not be able to spend the excess built into their personnel budget. Let me note with regret sir that in the 2017-2018 fiscal year the balances recorded for personnel were wrongfully utilized by MDAs for other purposes due to lack of pro activity by late enforcement and related agencies. That sum amounted to N18.39b.

In light of these findings sir we encourage full implementation of your directive that MDAs not on IPPIS should not be paid as our review shows that most of the guilty MDAS are not on IPPIS.

In a similar vein, we found that some MDAs spent N9.2b of capital funds on overhead related items contrary to extant financial regulations.

We found to our surprise that some MDAs fail to remit tax and divert pension and NHIS deductions for unrelated payments thus aggravating the sufferings of other Nigerians.

Some MDAs abused the e-payment policy of government thus making payments through staff accounts instead of to actual beneficiaries. Most egregious in the current cycle of review is the Federal Ministry of Water Resources where N3.3b was paid out in about a month through the accounts of staff. ICPC arrested 59 directors from the ministry and investigation is on going.

We hope that the conversation we will have in this one and a half day summit will lead to concrete suggestions towards reducing these anomalous practices and processes that fuel corruption and undermine the development aspirations of the country. ICPC will take enforcement actions including recov-

ery of diverted funds, name and shame and prosecution of the most egregious cases of infractions while putting some MDAs on a watch list due to their vulnerability and propensity to corruption.

We recommend that diversion or non payment or remittance of tax, pension, health insurance or any statutory deduction should attract dismissal of head of the agency and immediate prosecution. Should government accept this recommendation ICPC will furnish government with list of defaulting MDAs.

4. Ethics Compliance and Integrity Scorecard

In light of the findings on abuse of personnel and capital development fund by some MDAs, ICPC for the first time conducted an Integrity Score analysis on MDAs as a form of risk assessment of vulnerabilities. The scorecard which is a rating mechanism focused on systems and practices of MDAs with regard to 3 key parameters - viz Management Culture and Structure; Financial Management Systems and Administrative Systems. This scorecard focussed on 108 MDAs in the FCT only because it is a pilot project. We scored MDAs on the basis of full compliance, substantial compliance, partial compliance, non-compliance and no response.

The summary of our findings sir, are contained in the visually representative booklet contained in the pack for this summit.

In summary sir, we found that most of MDAs lack core values and system to guide staff. They do not have domesticated codes of conduct/ethics and policies regarding acceptance of gifts, donations, hospitality, etc. Government wide civil service rules where they exist on these issues are ignored and completely discountenanced.

We also found that the absence of constituted boards for some MDAs contribute to higher corruption risks while some that have boards do not have capacity to guide or effectively direct the MDAs towards achieving the mandate of the MDAs and the vision of government. It is thus imperative for government to rethink its current approach and prepare board members well for their task of overnighting the affairs of MDAs.

Most MDAs do not have fraud prevention strategies such as checks and balances, periodic published audited accounts, stock verification systems, etc. Management of MDAs do not institute Systems Studies (SS)/Corruption Risk Assessments (CRAs) and thus there is no input for decision making for system improvement.

Many MDAs do not have Anti-Corruption Transparency Units as internal checks to corruption risks and contrary to explicit government directives and circulars to that effect. Where ACTUs exist, they are hardly allowed to function and are not allowed direct access to the Chief Executive of the organization whom they are supposed to assist curb corruption within without hindrance or interference from other management staff and therefore are not protected from executive and office bureaucracies.

ICPC intends to collaborate with the OSGF and the Office of the Head of the Civil Service to improve ethics and integrity systems within the government and diminish corruption risk. We will also monitor closely low scoring and non responsive MDAs due to their high propensity for default. The outcome of the maiden exercise reflects the top and bottom five of Ministries and top and bottom ten for Parastatals.

Other ICPC Achievements

Sir, I have focussed on our efforts in three key areas. Other achievements of the Board of ICPC since inauguration include -

- a. **Asset Recovery:** In the past 10 months we have recovered over 250 physical assets worth about N32b in seizures, interim forfeiture orders and final orders. We also have cash recoveries in interim and final orders in Naira and USD amounting to over N3b. We are mindful of Mr. President's directives that recovered assets should be properly disposed of and the proceeds paid into the national treasury. We are taking steps to comply fully with this directive.
- b. Although most of the recovered assets are under interim forfeiture, we hope and believe that under the leadership and determination of My Lord the Chief Justice of Nigeria we will see improvement in turn around time for the adjudication of corruption cases. In the interim we also hope that my Lord will fully enforce the directives of the NJC that all judicial divisions designate courts to prioritize corruption cases. More importantly we hope that the current nationalistic and pro active National Assembly will pass the Special Crimes Court Act as requested by Mr. President.
- c. We are contributing to the increase in public revenue by tax profiling of all companies under investigation and those getting public contracts for non payment, underpayment, forgery of tax papers and diversion of tax by companies and MDAs. All such companies are directed to update tax obligation as part of our enforcement measures and directives.
- d. ICPC is taking measures to enhance her prevention measures and the use of s.6(b) of enabling Act because enforcement is costly and time consuming. In deserving cases ICPC will consult affected MDAs before directing changes to make for more effective prevention measures. Inex-

plicable and unjustifiable resistance to corrective measures will be met by enforcement actions including prosecution and naming and shaming. This summit will review practices that promote corruption and hopefully we can collectively bring up effective prevention measures to reduce corruption in use of government revenue and in service delivery.

- e. Sir, we have succeeded in getting ICPC designated as additional focal point under AU Convention on Prevention of Corruption and in support of Mr. President's prestigious role as AU anti-corruption champion. In this regard, I am happy to inform Mr President that the ICPC is one of the institutions being consulted and making input into the development of a common African Position on Asset Recovery. The initiative is being led by a committee headed by President Thabo Mbeki. Furthermore sir, ICPC is Secretariat of the Inter-Agency Committee on Implementation of the Thabo Mbeki Report on Illicit Financial Flows from Africa.
- f. We are improving turn around time for investigation and have Increased the number of cases filed in the past ten months compared to previous years.

Some Recommendations

1. We humbly recommend that Mr President direct the prompt suspension/ indictment of public officers under investigation or prosecution in accordance with extant civil service rules. ICPC found that some civil servants serve conviction terms and return to work as if nothing has happened. Such persons should be flushed out of the system in accordance with extant laws. We have communicated a list of such persons to government.
2. We also advise digital information sharing between anti-corruption agencies and financial services sector critical to preventing money laundering & other corruption prevention measures. All ACAs as a policy ought to have seamless access to existing databases of suspects and the profile and biometric of persons of interest. Inter agency collaboration is essential to avoid duplication and waste of resources in the investigation and prosecution of cases. It is also in line with Mr President's ERGP Agenda for 2019 and Beyond.

Conclusion

Your Excellency Mr President sir, distinguished Senate President, My Lord the Chief Justice of Nigeria, Honorable Ministers Ladies and Gentlemen, we are very delighted at the emergence of a responsive and cooperative leadership in the three arms of government under the leadership of Mr. President.

As the whole world can see, the new found cooperation between arms of government and existence of responsive and nationalistic legislature is al-

ready culminating in improvement of passage of critical legislation and the budgeting process generally and hopefully to diminish corruption in particular. In this regard, I wish to humbly note that opacity in the use of legislature or judiciary budgets in the name of independence undermines the essence of cooperative fiscal governance where budgetary request and allocation to arms of government is not only justified but fully accounted for. Anything short of this will be seen by the public as less than transparent and hypocritical. It may also dent the anti corruption standing of the leadership of all arms of government.

Under the leadership of Mr President, we at ICPC are available to cooperate with and support the efforts of the government and also the leadership of the other arms of government to fight corruption and improve fiscal transparency and governance. No less is expected of us, this is what our law says we should do and this is what we will strive to do within our capacity.

In this regard, I wish to thank the Board, Management and Staff of ICPC for rising up to the occasion of reforms we have introduced and for their selfless service to implement the mandate of the Commission. God bless you all.

I also wish to thank the Secretary to Government of the Federation Mr Boss Mustapha and the entire OSGF planning team led by the PS GSO Mr Olusegun Adekunle for the invaluable assistance and support for making this summit possible. The SGF is “boss” indeed.

Finally, Your Excellency Mr President Sir, Your integrity and unequivocal standing and the leadership of the other two arms of government encouraged the OSGF and ICPC to celebrate today two ordinary Nigerians tempted just like many other public servants to be corrupt and to compromise integrity but rather they rose above the greed and lure to become examples of integrity thus becoming the first Public Service Integrity Awardees ever.

With your kind permission Mr. President, distinguished ladies and gentlemen, join me in welcoming to the podium

1. ACG Bashir Abubakar of Nigeria Customs Service; and
2. Mrs Josephine Ugwu of the Federal Airports Authority of Nigeria. Mrs Ugwu.

The two awardees will receive the 2019 Public Service Integrity Award from Mr. President, a token accompanying gift and a once in a lifetime Presidential Handshake from our President and the Anti- Corruption Champion of Africa. In addition, ICPC will provide through our public education and enlightenment

programs platforms at which the awardees will be guest speakers to motivate other Nigerians that integrity pays no matter how long it takes to be recognized.

Mrs Ugwu's case is particularly fascinating and inspiring. Despite her obvious very low economy status with a salary of N12,000 and frequent temptation at finding huge sums of money she remained steadfast with integrity. A clear sign that poverty is not the main driver of corruption but rather greed.

On investigation we found that Mrs Ugwu has no accommodation therefore ICPC in collaboration with Office of the Vice President, the support of Woodford Consulting led by Mrs Temilade Okesanjo and the kind donations of NNPC and Bank of Industry raised some money to buy her a bungalow in Lagos. I wish to use this medium to acknowledge the donors to this worthy and noble initiative. I also invite Mr President to symbolically present the keys of the house to her. I wish to note that the title documents have been completed in her name and are right here with us.

Thank You and God Bless You All.

Prof. Bolaji Owasanoye
November 19, 2019.