



DFID's Anti-Corruption Strategy for Nigeria

January 2013

Introduction

1. Corruption can broadly be defined as the abuse of entrusted power for private gain. The word can cover a whole range of abuses. On one level it can refer to the risk of taxpayers' money in DFID programmes being fraudulently spent or stolen. On another level it can refer to corruption within a country and its institutions, with the negative impact that this has on development prospects. DFID sets the highest standards for the manner in which its own money is spent. Through its development programmes, DFID also works to reduce the prevalence of corruption in each of its partner countries.
2. In November 2011, the **Independent Commission on Aid Impact (ICAI)** reviewed DFID's approach to tackling corruption. It found that DFID had a good awareness of the fraud risks and seeks to safeguard UK funds through appropriate choices of funding channels and programme design, and often played a leading role within the donor community on anti-corruption work. It did however recommend that in any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy. As part of its response, DFID is producing anti-corruption strategies for each of its main partner countries. This strategy sets out how DFID will (a) safeguard UK taxpayers' money and (b) support efforts in Nigeria to reduce corruption and its impact on development over the next three years.
3. The UK Government is committed to **transparency, results and value for money**. To make it easier for taxpayers and citizens in its partner countries to 'follow the money', DFID now publishes details of all its new programmes and of all transactions over £500 on the DFID website (<http://www.dfid.gov.uk>).

Protecting UK Aid funds in Nigeria

4. More than 100 million of Nigeria's 160 million population (i.e. 64%) are estimated to live on less than £1 a day. The country has the most poor people in the world after India and China. A quarter of Africa's extreme poor are Nigerian. Nigeria scored 27 out of 100 in Transparency International's Corruption Perception Index for 2012 (ranking 139 out of 176 countries). A recent World Bank survey found that around one third of Nigerian businesses paid a bribe during the last year.¹ It is the grand corruption (especially the capture of oil revenues and theft of oil resources) that is particularly destructive.

¹ Iarossi, Giuseppe; Clarke, George. 2011. *Nigeria 2011: an assessment of the investment climate in 26 states*. Washington D.C. - The World Bank.

5. From 2012/2013 to 2014/2015, DFID Nigeria will invest around £780m on programmes helping to deliver:

- **Growth**, including jobs, infrastructure, power, agriculture and financial access.
- **Governance and social development**, including democracy, public management, justice, community security, gender equity and social protection.
- **Human development**, especially health, education, nutrition and water and sanitation.

The underlying principle behind the DFID Nigeria [Operational Plan](#) is to help Nigeria make better use of her own resources. High fiduciary risk means that we do not channel funds through the Nigerian government. Our delivery channels are: 75% commercial service providers, 20% multilateral organisations, such as the UN and World Bank, and 5% non-governmental organisations (NGOs). Commercially sourced experts are contracted following rigorous and transparent international competitive tendering. They provide dedicated specialist expertise (local and international) that would otherwise be unavailable to either the government or DFID.

6. DFID has a range of **standard controls and measures in place to protect UK aid**. These include rigorous risk assessments and monitoring requirements for all projects and programmes. Regular internal and external audits add a further level of assurance that money is spent on the purposes for which it is intended. DFID is continually strengthening its risk management procedures, and has recently brought in additional measures including: more detailed fraud and corruption risk assessments in programmes; enhanced pre-funding 'due diligence' checks on partners; and specialised training for staff. Where there is suspicion of corruption and fraud DFID will always follow up; and if fraud or corruption is uncovered DFID will always take action and work to recover UK taxpayers' money.

7. In Nigeria, DFID will continue to ensure integrity and value for money through the above, and in areas such as:

- Additional scrutiny of high-risk spending, eg programmes in conflict-affected areas and major commodity procurement (eg bednets and drugs).
- Dedicated commercial advice, to ensure robust procurement and contract monitoring as well as maximizing value for money in the DFID Nigeria Office.
- Strengthened feedback and oversight from citizens that benefit directly from DFID programmes in areas such as water and sanitation, health and education.

Supporting efforts to reduce corruption in Nigeria

“President Jonathan and Prime Minister Cameron agreed that economic growth in Nigeria and across the continent depends on transparent and accountable government, and a commitment to ending corruption. In this regard, Nigeria pledged to step up efforts to stamp out corruption. The UK pledged to increase support to Nigerian anti-corruption agencies to deliver this objective.”

Joint Communiqué, Lagos, Nigeria, 19 July 2011.

8. Over the next three years, DFID will support Nigeria in tackling corruption through:

- Supporting analysis of the impact of corruption and the best ways to drive change.
- Providing technical assistance, at Federal level and in states where DFID is focusing its assistance, to improve budget transparency and financial management in order to prevent corruption.
- Promoting transparency and accountability in the oil sector, and providing technical advice on a new Petroleum Industry Bill.
- Increasing the focus on anti-corruption within DFID's service delivery programmes on health, education and water.
- Supporting anti-corruption agencies to recover stolen cash and assets and to charge people who have stolen public funds.
- Supporting civil society groups, ordinary citizens, the National Assembly and the media to hold government to account for the use of public resources.
- Deepening DFID's engagement with the private sector and providing greater support for their anti-corruption efforts.
- Working with the Foreign and Commonwealth Office (FCO) on political dialogue and diplomatic measures to tackle corruption and with the Metropolitan Police and Serious and Organised Crime Agency (SOCA) to tackle crime and money laundering.

More information

On the country programme is available on the DFID website at: www.dfid.gov.uk/Nigeria

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