

This submission is made by the Financial Crime Compliance Research Interest Group, Northumbria University drawing from the project: *Tracking Beneficial Ownership and the Proceeds of Corruption: Evidence from Nigeria* funded by FCDO through the Global Integrity Anti-Corruption Evidence Programme <https://ace.globalintegrity.org/projects/benowner/>

Our evidence addresses the question: *How should the FCDO take account of and mitigate potential inhibiting factors to investment (such as corruption, security, human rights abuses)?* It is specifically focussed on the subject of **corruption**.

Much of the global approach to AML and anti-corruption is predicated upon the formal banking system (as exist in the developed West) and the prevention of criminal access to it. Intervention measures also assume access to good quality and accurate data and formal methods of record keeping both by the financial sector and the law enforcement agencies.

To be effective, mitigating strategies must be designed in the context of structural features specific to Nigeria's economy that constitute potentially inhibiting factors to anti-corruption activities. Therefore, this submission identifies these before making some suggestions for changes that would help counter-corruption and which would be favourable to investment.

Structural Features

- Nigeria remains primarily a cash-based economy, 60% of adults do not have a bank account.
- Our FCDO-funded project has observed a lack of an orderly record keeping and obsolete data-management systems in which few things match. There are data, but there are serious doubts about their quality and reliability or completeness. For example, asset declaration forms to the Code of Conduct Bureau (CCB) for public officials are very detailed yet IMF data indicates that of the 4-4.5m 'public officers' in 2018, only 17,000 declarations were received and that these records are made and retained manually.
- Much corruption in Nigeria exists as a form of patronage and this is embedded in Nigerian society. This means that the formal society operates around favour granting and indebtedness.
- Political support for anti-corruption measures only goes 'so far'. Senior politicians recognise that will not always be in office and may be themselves the subject of investigation.
- There are some very powerful pieces of legislation in place that do not seem to be used to their full extent or in the way in which they were intended.
- Nigerian Society is highly formal and hierarchical. This can inhibit the speed and flexibility of decision making within individual anti-corruption agencies.

Positive interventions

Targeted prevention measures maybe more helpful to Nigeria's anti-corruption efforts than another set of changes to the law. We would recommend measures that would support the

Nigerian Government in its efforts to increase transparency in the ownership and movement of the assets of politically exposed persons. These are:

1. Ensuring accuracy of basic data that is searchable and shareable between and across anti-corruption agencies (including civil society in certain circumstance).
2. Simplification of the disclosure form used by civil servants for asset declaration. This paper-based system managed by the Code of Conduct Bureau requires a great deal of information and is time consuming and difficult to complete. It would make more sense to focus on making compliance an easy thing to do whilst at the same time only collecting that information that would be useful in anti-corruption efforts.
3. The Corporation Affairs Commission has now been granted the powers (though the Companies and Allied Matters Act, 2020) to create an on-line registry for company ownership. The Corporate Affairs Commission does not currently have the resources to be able to verify the information that it currently holds, never mind police this system. Supporting this practical preventative measure (and agency generally) is therefore a priority. It would be very helpful if the information held in Corporate Affairs Commission's database was integrated with that already held by the Nigeria Extractive Industries Transparency Initiative (NEITI) within its database.
4. Beyond the two major urban areas of Lagos and Abuja, land registry records appear incomplete and lacking in accuracy – an online system of registration and record keeping would be valuable for the Nigerian authorities.

In conclusion, we doubt much of this submission will be new or surprising but we hope that it adds to the weight of evidence being collated.