

NIGERIA

**GOVERNANCE AND CORRUPTION
DIAGNOSTIC STUDY**

ANALYSIS OF SURVEY RESULTS

HOUSEHOLDS, ENTERPRISES, AND PUBLIC OFFICIALS

FINAL REPORT

CONTENTS

Executive Summary	iv
1. Introduction	1
The Political and Economic setting	4
Background to the surveys	7
The Objective	7
2. Governance and Development	9
3. An International Perspective	24
4. Voices of Nigerians	35
The integrity of public institutions	35
Assessing the diffusion and scope of Corruption	37
5. Unbundling the Incidence of Corruption	46
Bribes for public contracts and procurement bids	46
Misallocation of funds and resources	47
The extent of State Capture	53
Purchase of public administration position and nepotism	61
6. The quality and availability of public services	64
The users view	64
The manager view	66
Institutional Capacity for Public Service delivery	68
The Reporting System	69
7. A few key sectors	77
The Judiciary	77
The Police	83
Educational Services	86
Health services	87
Transportation	90
Public Electric Power	90
Water Supply	92
Telecommunications	93
Customs	95

8. The impact and Costs of Corruption	96
The Cost of Corruption	96
The point of view of Households	97
The point of view of business enterprises	99
9. Performance of Public Sector Organizations and Causes of Corruption	
Transparency and information flows	101
Voice and accountability in Public Service	103
Impact of enforcement	103
Quality of rules and procedures in personnel administration	104
Impact of meritocracy and meritocracy reforms	105
Impact of civil society inclusion	
10. Public Service Reform and Willingness to fight Corruption	
Public Service Reform	108
Institutional Reforms for Fighting Corruption	113
Willingness to Fight Corruption	116
11. Summary of Key Findings	120
12. Conclusions and Recommendations	124
Appendix 1	
Methodology	129
Sampling	130
Sample Characteristics	132

Executive Summary

The current crisis of development in Nigeria can be attributed in the main to a history of poor governance characterized by corruption, social injustice and political instability. This study stems from the broad commitment to governance reform on the part of the current administration in Nigeria. The study presents the results and analysis of three governance and corruption diagnostic surveys carried out in Nigeria between November and December 2001. It is hoped that the results of the surveys would form the basis of government actions to stem corruption in Nigeria and promote good governance. The analysis can also help to build consensus among key stakeholders, who are encouraged to make use of this report to promote a constructive debate on real institutional reform for better governance and less corruption. The report of the survey could form the basis for strategies to fight corruption. A rigorous empirical analysis can lead to a non-political debate on concrete reforms to combat corruption. The surveys can be used to establish quantitative benchmarks for monitoring the success of institutional reforms already underway, and, if necessary, to redirect them to concentrate efforts on priority areas.

Governance and Development - The result of this survey has provided some insight into a number of areas of governance in Nigeria. Poor service delivery, ineffective complaints mechanism, poor corruption reporting mechanism, lack of faith in the integrity of public office holders and the political and bureaucratic processes, non-inclusiveness in policy articulation and outright corruption have been clearly identified in the survey results. There is general agreement that good governance, in its political, social, and economic dimensions, underpins sustainable human development and the reduction of poverty. The survey results show that Nigerians are generally apprehensive about their standard of living although they believe that things have marginally improved over the past three years. The survey identified factors, which are considered by households as major constraints to development. Such factors include unemployment, high cost of living, inflation and corruption in the public sector. Enterprises consider finance, inflation and infrastructure as major constraints to private business development in Nigeria. Credibility and integrity are essential for good governance. The survey results suggest that households, enterprises and public officials are not impressed by the levels of credibility and integrity of public institutions. These assessments suggest that the majority of Nigerians are still very skeptical of the machinery of government and the political process. Political parties and members of the National Assembly have some

work to do in creating a better image for themselves. This is very important for the survival of democracy. The result of the survey is that the perception of Nigerians of the political process and the act of governance needs improving. Next to these is the assessment of the executives at all levels. Most Nigerians still do not have much confidence in the executive at the various levels. The surveys indicate the need for confidence building measures in the executives. The people must have confidence in the executive on whose shoulders the management of the state rests. There is a higher level of confidence in the states than the local governments. The ratings of the various organs of government and the political leadership reflect the general perception of corruption in Nigeria. These ratings are a pointer to the fact that various forms of corruption are prevalent in the country. The apparent lack of confidence in the bureaucratic and political processes is a reflection of poor governance, which has characterized the system for decades.

An international perspective - Corruption diagnostic surveys have been conducted for a series of countries in recent years. Results of these surveys show certain similarities among the various countries. Given difference in historical and social environment care has to be taken in making comparisons. We have focused on comparing Nigeria and Ghana given the closeness in both the socio-political and historical experiences of both countries. Studies of Latin American countries and post-socialist world tend to suggest that corruption is a serious issue. The experience of Ecuador and Slovakia also provides some insight when compared to the results of this survey. The experiences of these countries give some insight into the complexity of corruption and confirm that some aspects of corruption are common amongst these countries. They all confirm that corruption is a major problem in these countries. The major comparison is between Nigeria and Ghana. The results show similarities between both countries.

Voices of Nigerians – The voice of Nigerians as suggested by this survey is loud and clear that public institutions are generally not honest but that the Police is the least honest of all. Households, enterprises and public officials are in agreement that corruption is a major problem in Nigeria and that it has gotten worse in the last year.

Unbundling the incidence of corruption – It is recognized that there are different form of corruption and understanding the dynamics of each will be instrumental in designing a successful anti-corruption strategy. The survey suggests that bribes are sometimes necessary to procure public contracts. On the average this is pit at between 1 and 10%. The survey suggest that public officials believe that some low level of fraud might go on in their

organizations but do not believe that it is a major problem. The survey results also provided some insight into the extent of state capture. Households believe that it is common for citizens to pay some irregular gratifications to get things done. They indicate that on the average they pay between 0% and 12% of their annual income as gratification to public officials. Enterprises did not have to make financial contributions to political parties in order to avoid unfair treatment. Survey results also gave some insight into the extent of purchase of public administration position and nepotism. Public officials were rather positive on the recruitment process of their organizations as they were with the promotion process.

The quality and availability of public services – Most respondents to the survey were not satisfied with the quality and availability of public services. They rated most of the services provided poor/very poor. They also rated public institutions very ineffective/ineffective. Public officials were however confident of the institutional capacity for public service delivery. They believe that the public service is developed enough to handle the assignments given them. They believe that certain constraints if removed would put the service in a position of delivering services effectively. The survey shows that Nigeria has a weak corruption reporting system and a weak system for complaints on service delivery. The survey also indicated the high cost of corruption on enterprises and households.

A few key sectors – The survey looked at a few key areas. It looked at the judiciary, the police, educational services, transportation, public electric power, water supply, telecommunications and custom services. In virtually all the sectors problems were identified. Poor service delivery, low integrity and lack of access.

Public service reform and willingness to fight corruption - Despite the good impressions public officers have of the services from their organizations, they recognise the need for improvements. The survey obtained information from public officers on various aspects of their organisation that would be very useful in designing reform programme for the civil service to strengthen its role in governance and fight against corruption. Information was obtained on the working environment, policies and resources, organisational purpose and performance. Public officials were generally supportive of public sector reforms but are unsupportive of reduction in government workforce, even if the reduction would allow an increase in salary and benefits for remaining government workers. They were supportive of establishing a living wage for public employees and a personnel management system in the public sector, where compensation and promotions are specifically based on performance. They were also

supportive of the decentralization of the state administration, delegating operative functions of the national government to local governments, privatisation of public services, (like Joint Stock Company), greater oversight of government functions by the general public and civil society and regular declaration of assets by public officials. Of all these types of reforms, public officials ranked living wage as the first priority, followed by merit-based personnel management system, decentralization and asset declaration. Public officials believe that the government has their full support in the implementation of public sector reforms and that of the general public in implementing public sector reforms.

Conclusions and Recommendations - This study confirms that Nigeria faces a serious problem with corruption. There is enough evidence that corruption has undermined democratic governance in the past and has the potentials of still doing the same today. This study has provided insights into possible strategies that could assist in the war against corruption in Nigeria. The various causes identified in the survey are starting points in this war. It is obvious that good governance is a sine qua none for the eradication of corruption. The survey shows that people are worried about the poor economic conditions in the country. They are concerned about unemployment and high cost of living. They have little faith and hope in the country's institutions and are yet to gain confidence in the political and democratic structures. This is understandable after decades of military dictatorship in the country. This study arrives at the following conclusions:

- Corruption is a very serious problem in Nigeria. Households and enterprises report that corruption is among the most serious problems undermining their existence.
- There seem to be general agreement on those institutions that are prone to corruption. The result of the study shows that the Police, NEPA are generally considered the most corrupt.
- There is still lack of confidence in the integrity of the political process in Nigeria. Enterprises and households still have very low opinion of the Federal State and local Government executives, political parties, and members of the various assemblies. The cost of corruption is generally high and has undermined the growth process
- There is need for reforms in various sectors of the country. The survey indicates that there is need for public institutions characterized by merit driven personnel, transparent management, efficient corruption reporting mechanisms, and a high moral and reform minded staff, perform better and are able to control corruption more effectively.

From some of these conclusions necessary actions seem to suggest themselves. These surveys highlight certain areas that need to be addressed immediately to combat corruption in Nigeria. Evidence provided by the results of the surveys suggests certain actions for eradication of corruption in Nigeria. A greater number of households believe that offenders should be punished. This implies that households do not believe that enough sanctions exist today to deter people from corruption. Examples must be made of very senior officials who are generally known to be corrupt but who have escaped any form of sanction. The survey results suggest that employment should be provided. This implies that people believe that lack of employment makes the population powerless in the face of official corruption. Employment will empower people to be able to resist official corruption. The results suggest encouraging leadership and making people change their behaviour. Leadership is indeed paramount in the fight against corruption. Poor leadership has no doubt fuelled corruption in Nigeria. Lack of accountability and transparency, which has been the hallmark of various administrations in the past, can to a large measure, be held responsible for the level and intensity of corruption in the country. Nigerians are still very distrustful of the current democratic process as they watch the performance of all arms and tiers of government with disillusionment. More specifically this study recommends that:

- The anti-corruption campaign has to be stepped up and the public made to identify with the effort of the commission. Lack of information on the activities of the commission must have influenced the perception of the business that the commission is dishonest.
- Reforms of institutions that are identified as been prone to corruption. Corruption appears to be concentrated in a few institutions and agencies. The survey evidence underscores the need to carry out reforms in those institutions and agencies that are readily associated with corruption.
- Enhancement of the credibility of various arms of government. For democracy to be sustained in a developing country like Nigeria there is a need to quickly enhance the credibility of the various actors in the democratic process. This study has shown that creating capacity for good governance and reduction of corruption is a sine quo none for the sustenance of democracy in Nigeria.
- Corruption reporting system should be introduced and protection provided for whistle blowers
- Launch in an aggressive manner an anti-corruption campaign.

- Mobilize and sensitise the various agencies of government and the general public on the need to fight corruption by making available evidence of the costs of corruption on the economy and society.

1. Introduction

At the heart of the litany of Nigeria's development problems is a fundamental crisis of governance. The current crisis of development in Nigeria can be attributed, in the main, to a history of poor governance characterized by corruption, social injustice and political instability. The importance of good governance is not lost on the Nigerian people despite the numerous disappointments of the past administrations in the country. Responding to the need to reverse past trends, the quest for good, transparent and accountable leadership is at the core of efforts by the present government and civil society to reform the social, political and economic order and to mobilize the population in support of democracy. Nigerians are mindful that socio-economic development cannot take place without stable political and civil conditions, which depend on good governance. The experience of long periods of military rule has shown that basic rights tend to be subjugated when people have no say over how they are governed and when their governments are not accountable to them. Prolonged military rule has greatly undermined democratic institutions in Nigeria. It has robbed the nation of the opportunity of developing a democratic culture characterised by transparency and accountability. Nigerians, in the current democratic dispensation recognize the need to build institutions that would secure private property rights, ensure personal liberty, and provide responsive, transparent and accountable governments. The country could be said to have seen a number of ineffective governments with various leaders betraying the trust of the people. Despite its numerous potentials the country has not been particularly successful in transforming its resources for the general good and ensuring sustainable development due to lack of good governance and responsive leadership in the past. The result has been the continued marginalisation of the Nigerian people, intensification of the incidence of poverty and the underdevelopment of the economy and society. Corruption becomes prevalent when the people are not empowered to participate in the political process and have no means to hold political leaders and their administrations accountable for their decisions and actions. This is one of the strongest legacies of prolonged military rule in Nigeria. When political leaders do not honour their role as public trustees, do not adhere to the rule of law, and are not ready to account for their stewardship, they provide a fertile ground for corruption. In such environments, the weaknesses in public administration provide public servants the opportunities to engage in corrupt practices.

The experience with democratic governance in Nigeria has been chequered and problematic. The challenges facing the country today are enormous requiring democratic forces in society to have to battle with numerous obstacles against good governance. The culture of political and administrative arbitrariness has been a major characteristic of the Nigerian condition, which has generated persistent crisis of governance in the country. The occasional problems between the executive and the legislature that has again manifested itself have to be smoothed out. A continuous decline in the quality of governance since the First Republic calls for building political leadership based on competence, commitment and patriotism. The decay of the institutional framework and declining capacity for sustained economic development requires urgent institutional reforms to build up economic management capacity. The long period of concentration of power in the hands of a few, which gradually resulted in the collapse of the rule of law, has to give way to broad participation in governance. The trend of the ruling class and in particular the rulers seeing themselves above the law must give way to the rule of law. The increase in lawlessness has weakened the security situation in the country for years. All these were manifestations of the crisis of governance. The result of this is an all-pervasive culture of corruption and rent seeking. Nigerians are generally in agreement that corruption is a major problem militating against development in the country. Although corruption has always existed, recognition of the negative impact of corruption on society and the need to do something about it, have been given some attention in recent years. Most analysts and commentators on Nigeria are quick to complain of corruption as a bane to the socio-economic and political advancement of the country. Many however are not too sure of the mechanics and the root causes of the phenomenon. A growing body of research shows that corruption represents not just the degradation of integrity and morals but a severe hindrance to the process of economic development.

Nigeria since independence has experienced widely differing forms of political governance, ranging from extreme totalitarianism to liberal democracy. The attributes of the political leadership and the state with respect to overall economic management, rule of law, and respect for private property have been influenced significantly by the prevailing political governance regimes. At independence Nigeria adopted the parliamentary form of democratic governance with competitive parties, elections, and an independent judiciary, designed to facilitate national unity and provide a major push for social development. By the late 1960s this democratic

experience collapsed resulting in a civil war and military dictatorship. Since then Nigeria has witnessed political instability, politicization of government bureaucracy, a weakening of institutional capacity and serious economic crises. Combined with external shocks during this period, it is not surprising that the early progress both on the economic and social fronts were undermined and sometimes reversed.

Following the end of the cold war, the global political environment has changed dramatically. Since then the popular demand for democracy has led to the collapse of most military and autocratic regimes around the world. The pressure from the international community for democracy and good governance has encouraged regimes across the world to build institutions and capacity for democratic governance. Nigeria's record of transparency has been on the decline since independence. With each military regime the depth of corruption seems to have increased and the moral basis on which good governance is built further destroyed. Democratic regimes have found it difficult to reverse the trend and create a new morality and culture of accountability and transparency on which all democracies thrive. The perpetuation of the culture of corruption by the political class has often been the beginning of the end of most democratic experiments in Nigeria. Nigeria's record card with organizations like Transparency International is not particularly impressive. The 2001 report of the organization rates Nigeria as the second most corrupt nation in the world. The country is rated low in the world corruption index by many international businesses. Although Nigerians do not necessarily agree with the ratings and are often embarrassed by them, they do recognize that a lot of work needs to be done to address the issue of corruption. The current President of Nigeria, Chief Olusegun Obasanjo had since his election indicated that the fight against corruption is going to be a major plank of his administration. In his inauguration speech on May 29 1999 the President stated that, "corruption, the greatest single bane of our society today, will be tackled head-on at all levels". The President emphasized that "no society can achieve anything near its full potential if it allows corruption to become the full-blown cancer it has become in Nigeria". The first bill through parliament was the anti-corruption bill aimed at ending widespread corruption among officials and civil servants. Soon after his inauguration, he established the Corrupt Practices and Related Offences Commission. The commission, which is headed by a respected retired judge, and a carefully selected membership has been constituted and empowered to investigate reported cases of corruption and to take appropriate actions. As acknowledged in his inaugural speech "the beneficiaries of corruption in all forms will fight back with all the foul

means at their disposal”. The President assured that “there shall be no sacred cows”. “Nobody, no matter who and where, will be allowed to get away with the breach of the law or the perpetration of corruption and evil”.

Civil society has also taken a growing interest in the problem of corruption. The media, especially the non-state media, have demonstrated a keen interest in the issue of corruption in Nigeria. The media have followed cases of corruption and have made startling revelations that would help in the fight against corruption. The amount of information carried by the Nigerian media on the last two military regimes has sensitised the population on the issue of the military and corruption in Nigeria. The singsong of each military regime that corruption is one of the reasons for coups has been clearly shown by the media to be a cover-up for power grabbing intended to perpetuate corruption in the country. A large group of NGOs and CBOs have emerged since the struggle for democratic rights of the 90s that are very active in the campaign against corruption. Religious groups have also intensified their efforts and shown a great interest in the issue of corruption. With these developments Nigeria has of late shown great interest in fighting corruption. The question is whether the means and know-how is there to make it a success.

1.2 The Political and Economic context

Nigeria has a huge natural resource base and the potential to translate this into sustained economic growth that would drastically reduce poverty and make the country a strong partner in the global economic scene. Nigeria is one of the world’s leading oil producers, it has various mineral resources, and the diversity of its vegetations and climate makes for rich combination of agricultural products and agro-based industrial activities.

At independence the country adopted the British type parliamentary system. This lasted until the military took over power in 1966. The collapse of that experiment has been blamed on a number of contributing factors. Ethnicity, religious differences, fear of domination, corruption, and a host of other factors have been identified as factors. The termination of the First Republic ended up in a civil war and the beginning of a series of changes in the administrative set-up of the country. The regional governments were abolished and smaller states created in their places. Since then the number of states has increased from 12 to 36. Under the military, the country was run as a unitary system along the command structure of the military. During the Second Republic the American presidential system was adopted. This did not last as the military struck again. In all, the military has been in power for the major part of the post-colonial period. The implication of this

development is that democratic institutions were undermined and the culture of accountability and transparency prevented from developing. The military, which often came into power by force, did not feel accountable to anyone but to themselves. The military everywhere in the world hardly promotes good politics. Military regimes are often characterized by the absence of citizens' influence and oversight. In most cases they promote unresponsive and irresponsible political leadership. When the people are not empowered to participate in the political process and have no means to hold political leaders and their administrations accountable for their decisions and actions leaders tend to disregard the needs of the people and subject them to arbitrary rule. Under these conditions good governance becomes a rare commodity. The Nigerian experience has shown how lack of democracy and good government can impoverish a people. Analysts are generally in agreement that good politics has been rare in Nigeria. The result has been diminished economic development and social cohesion, and heightened level of corruption. Bad politics has bred corruption, retarded socio-economic development and led to political instability.

The Nigerian economy has undergone fundamental changes since the early 1950s. The oil boom of the early 1970s however, triggered off a process that has led to the present situation of the country. The sudden jump in oil revenue had a major impact on economic management. It promoted the rapid expansion of the state and its role in economic activities. Public expenditure expanded rapidly and the state became the major avenue for the expropriation of public wealth. Nigeria witnessed the evolution of a new culture and morality that justified the right of those in power or with access to power to expropriate public resources without accounting to the public or being responsible for public good. The public service became the biggest employer of labor as the agencies and organizations of government proliferated. The financial implication of this development soon became obvious as the civil service wage bill ballooned, claiming an increasingly disproportionate share of governmental revenues and the national income. The productivity and effectiveness of the service declined rapidly and its financial burden soon became so high that the country found it difficult even to pay wages and salaries regularly, if at all. The delays in payment of police entitlements caused a police strike recently. This development took many by surprise but highlights the state of the public sector. The rapid expansion of public sector workers and their wage bill not only created serious fiscal problems but also facilitated the growth of "ghost workers" (a corrupt mechanism through which money is drained from the public purse by inflating the number of workers using fictitious names and particulars),

which has become alarmingly high. The fact that government seems unable to address the issue with dispatch shows how deep seated the problem has become. Increase in the share of public workers wage bill also had effect of “crowding out” other critical items of current expenditure, especially the maintenance of physical infrastructure and the procurement of essential supplies and equipment. The fiscal crises of the Nigerian state, notwithstanding, various governments have continued with economic policies that failed to address the fundamental contradictions of the economy. The inability to increase the efficiency of the state and promote productivity has undermined economic growth and development.

The result is massive waste of public funds and the near collapse of the economy, particularly following the sharp fall in international oil prices in the early 1980s. With this collapse, the country built up large fiscal and external deficits and external debt. The result has been increases in the level and intensity of poverty in the country. The most recent poverty indicators such as illiteracy, access to safe water, child mortality and the number of the core poor Nigerians still ranks low on a world scale. Available Federal Office of Statistics (FOS) data show that poverty is on the increase in the country. The number of the core poor is said to have risen above 30 million people. Official government reports have identified ill-conceived public expenditure priorities and deficient public resource management as the principal reasons why the public investment boom failed to generate sustained income growth. Lack of transparency in public spending has resulted in massive looting of the treasury. Lack of accountability by parastatal managers has resulted in gross mismanagement of public enterprises and their accumulation of massive debts thereby constituting themselves into a major drain on national resources. There is a growing global consensus on the devastating effect corruption has on economic development. Corruption has undermined good governance and frustrated efforts at development. There has developed in recent years a growing concern among scholars, policy makers and bilateral and multilateral donors, about the relationship between good governance and economic development. There has been increased effort to establish the connection between governance and economic growth and development. Although there is not one universally accepted definition of governance, there is no doubt that there is an organic interconnection between the politico-administrative and legal framework of developing countries and their capacity to drive a sustainable development process. The political context determines the prospects for successful and sustainable market-based economic reform and

generalized recovery. This inter-connection has been variously expressed in the literature.

1.3 Background to the Surveys

Corruption has for long been a worrisome issue in Nigeria but it was given a particularly serious attention in the present democratic dispensation as the administration declared it a major area of focus. Soon after its inauguration the present administration requested assistance from the World Bank in carrying out a national governance and corruption survey. The intention of the survey is to develop benchmark indicators of governance and corruption with a view to repeating the survey so as to track the incidence over time. A key element of the World Bank's approach to corruption is to help countries to unbundle, a vague and menacing-sounding term for abuse of public office, into its constituent parts; to identify the underlying causes, illuminate the agencies and organizations most affected, and to evaluate corruption in the context of the reforms of political, legal, and public sector institutions. A system of diagnostic surveys focusing on corruption in the public sector has been developed and implemented in a number of countries. At the inception of the present administration in Nigeria the government requested the World Bank to undertake these surveys in Nigeria. The Bank in turn requested a number of Nigerian institutions to indicate interest in the survey. The Institute for Development Research, Ahmadu Bello University was selected to lead a consortium of Nigerian research institutions to carry out the survey. The consortium includes the following institutions; The Center for Development Studies (CDS) University of Jos; The Institute for Development Studies (IDS) Enugu; Nigerian Institute for Social and Economic Research (NISER) Ibadan; Nigerian Center for Economic Management and Administration (NCEMA) Ibadan; and the Department of Economics, University of Port Harcourt. The consortium was required to use standard survey instruments developed by the Bank to conduct sample survey of households, enterprises and public officials.

1.4 Objective

The main objective of this study is to carry out a diagnostic survey whose results will add to the policy dialogue on corruption in Nigeria, thereby contributing to the efforts at addressing the perennial problem of corruption in the country. The purpose of the household survey is therefore to obtain the views of household heads on the integrity and effectiveness of public institutions, as well as their evaluation of the quality of public services provided to the household. For the public officials, the purpose is to identify different practices used in the public-sector organizations as they relate to personnel management, financial management, and the delivery of public

services. For business enterprise information would be obtained as to the effects of corruption on business and development of private enterprise and the cost of poor support by public agencies. The study can be a veritable input into the anti-corruption efforts of the government. It can assist in the design of policy and strategy for better governance and less corruption, by providing answers to a number of critical questions. Survey results would throw more light on the rating of public institutions in terms of performance and governance. It would provide information on the perception of corruption by enterprises, households, and public officials.

This study is also concerned with the assessment of the implications of corruption for governance in Nigeria and thus for the prospects of economic growth and development. The various survey instruments administered during this study provide a lot of information on corruption and its impact. An understanding and appreciation of the relationship between corruption and governance would enhance the prospects of institutional reforms that would promote effective governance, which is the *sine qua non* for economic development. The ultimate objective of this study is to assist government through the results of these surveys in Nigeria to develop strategies that would effectively check the damaging effects of corruption in Nigeria. The three surveys, targeted at households, business enterprises, and public officials, seek to add specificity to the policy dialogues, to provide empirical evidence to confirm or refute popular conceptions about corruption and to provide a baseline data against which to gauge progress in the battle against corruption.

It is hoped that the results of the surveys would not only form part of the basis of government actions to stem corruption in Nigeria and promote good governance but also assist in building consensus among key stakeholders. Information contained in this report should promote a constructive debate on real institutional reform for better governance and less corruption. A rigorous empirical analysis can lead to a debate on concrete reforms to combat corruption. Nigeria desperately needs such reforms and a rigorous empirical analysis is an important step.

2. Governance and Development

The result of this survey has provided some insight into a number of areas of governance in Nigeria. Poor service delivery, ineffective complaints mechanism, poor corruption reporting mechanism, lack of faith in the integrity of public office holders and the political and bureaucratic processes, non inclusiveness in policy articulation and outright corruption have been clearly identified in the survey results. There is general agreement that good governance, in its political, social, and economic dimensions, underpins sustainable human development and the reduction of poverty. Attempts at reforming the Nigerian economy so as to address the issue of poverty and sustainable development will be futile without addressing issues of governance. This survey while focusing on corruption also encompassed, to some extent, such other elements of governance as service delivery. The issue of development was also captured as in household rating of their standard of living. The survey results indicated respondent's perception of development and governance. Households were required to compare their standard of living at the present time (November – December 2001) to what it was in the previous three years. This is a measure of their own perception of development as it pertains to them. Figure 1 and 2 indicate their response.

Figure 1.
Rating of Current Standard of Living

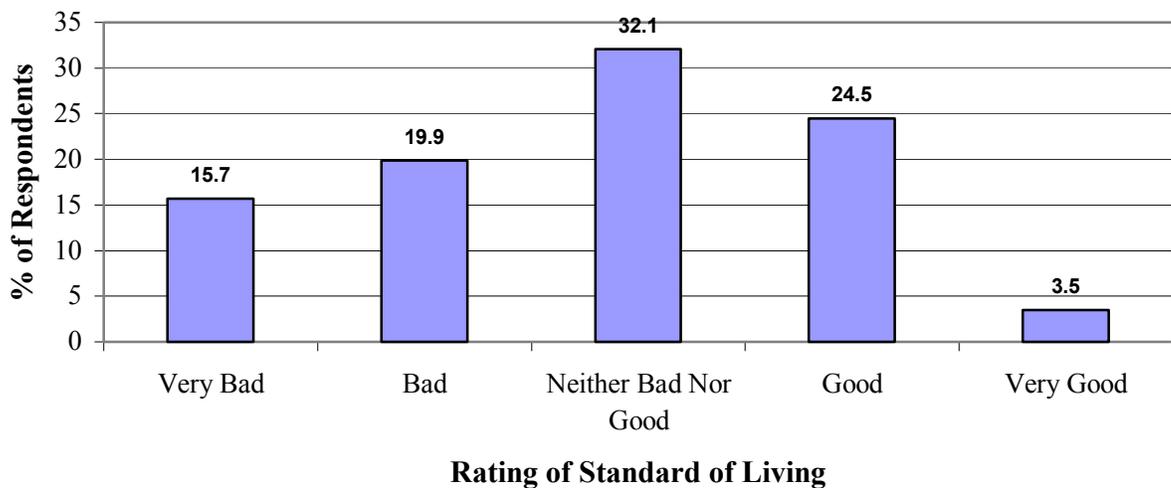
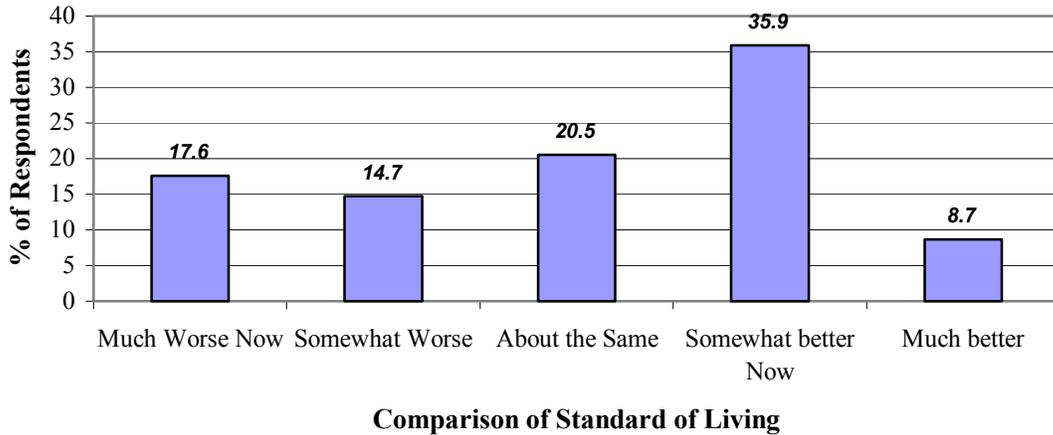
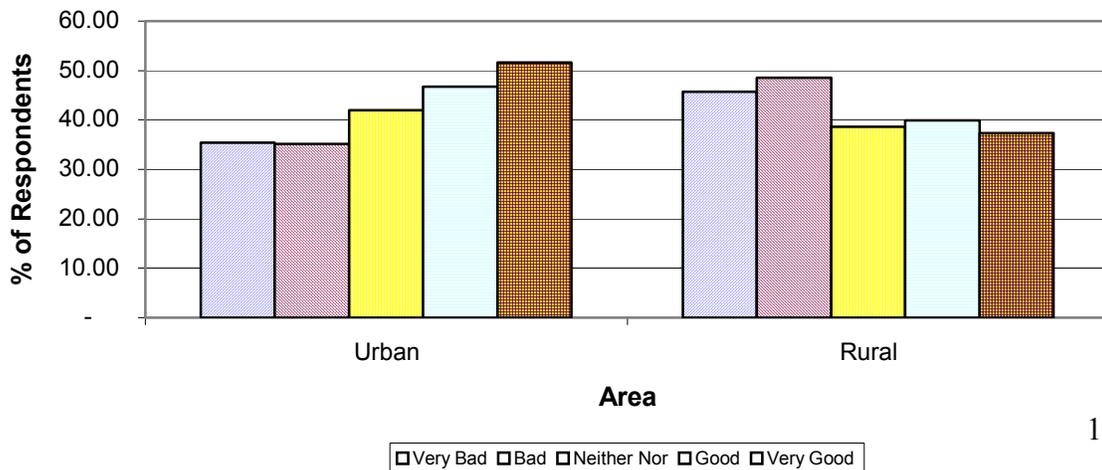


Figure 2
Comparison of Standard of Living Now to Three Years Ago



Currently 35.6% of those interviewed rated their standard of living as very bad/bad as against the 28% that rated it good/very good. As shown in figure 1 the largest category indicated that their living condition was neither bad nor good. This group of respondents is waiting for the dividends of democracy with the hope that major improvements in living standards will follow. To capture the possibility of such improvements occurring respondents were asked to compare their current living standard to 3 years ago. Figure 2 shows that 44.6% of the respondents believe that they are somewhat better/much better now than three years ago and 20.5% believe that it is about the same while 32.3% rated their standard of living to be much worse/somewhat worse today than 3 years ago.

Figure 3
Comparison of Rating of Current Standard of Living By Area



The survey shows that the rural respondents were less impressed with the current living standards. As shown in figure 3 a larger percentage of respondents in the rural area indicate that their current living condition is very bad than so indicate in the urban area. The urban respondents contributed more to those who believe that their living condition has improved. This result suggests that greater emphasis on rural development is necessary especially given the country's commitment to poverty alleviation.

There are numerous obstacles to development in a country at Nigeria's stage of development. The perception of people of the seriousness of these obstacles is important in designing reform measures for development. Households were required to indicate how serious they considered each of the problems indicated in Table 1.

Table 1
Major Problems of Development

Problems	Very Minor%	Minor %	Moderate %	Major %	Vary Major %
High Cost of Living	2.0	4.3	10.3	28.5	53.3
Unemployment	1.0	2.4	4.9	28.2	62.1
Inflation	1.3	4.4	14.0	32.8	45.4
Safety Concerns/Crime	3.4	7.5	16.8	32.5	37.3
Drug abuse/traffic	6.0	15.9	26.8	29.4	18.6
Political instability	4.6	13.4	24.1	29.8	25.8
Lack of leadership	4.7	11.3	18.9	29.8	33.4
Corruption in the public sector	1.5	3.7	7.8	23.8	60.8
Corruption in the private sector	4.0	13.9	25.1	27.1	27.4
Low quality of education	2.6	8.9	25.0	34.5	27.2
Low quality of health care	2.3	7.8	24.4	37.7	26.1
High cost of education	1.9	7.5	23.7	34.7	30.0
High cost of health care	2.4	7.2	20.9	37.3	30.2
Housing shortage	6.4	10.2	19.0	31.9	30.4
Ethnic conflict	8.4	9.6	14.5	26.4	39.1
Religious conflict	11.6	9.5	12.1	24.1	40.6
Communal conflict	14.5	15.8	20.4	24.0	22.6
Community/multinational clashes	22.2	19.9	17.8	19.2	15.2

The various problems listed in the table were found to be important by households. This demonstrates the level of the crisis of development in Nigeria and the challenges, which the new administration has to face. It also highlights the need for good governance and the elimination of corruption. Unemployment, corruption in the public sector and high cost of living were

the most identified problems in the country. Most respondents consider unemployment and corruption in the public sector very major problems. When asked to indicate the most serious problem currently in Nigeria, unemployment was indicated (15.2%) as the most serious followed by corruption in the public sector (13.1%) and high cost of living (11.4%). These are all problems associated with development, which could be easily handled through good governance. Nigeria has the resources to ensure a reasonable level of employment. Effective economic management and the creation of the proper environment should create the opportunity for private initiative in job creation and empowerment of the people for productive activities. Housing shortages, high cost and low quality of education; high cost and low quality of health care, which over 60% of those interviewed indicated to be major problems, could be better handled in a reformed environment. Good governance entails the political will to take reform measures that would facilitate the resolution of some of these problems. The credibility of the reform programme in the country rests on the quality of leadership and governance. Households consider lack of leadership, political instability and safety concerns/crime as major problems in the country. Over 60% of those interviewed considered them major/very major problems. Ethnic and religious conflicts were also considered major problems as over 60% of those interviewed indicated so. To have an inclusive process of development the major problems of development have to be identified and a consensus on how to tackle them formed, through a participatory approach, to ensure a sustainable strategy for development. These results are useful indicators of people's perceptions of the various problems of development and some ordering of their intensity.

To address some of the major concerns expressed by households on the major problems of development efforts at promoting private enterprise is important. Needed reform today require government to provide the enabling environment for private enterprise to grow and contribute to solving some of the major constraints to development Reforms should involve government policies that would enhance the operation of private enterprise. The survey results indicate that there are still areas of macroeconomic management that are not enterprise-friendly that should be critically looked at to enhance the operation of enterprises in Nigeria. Enterprises were required to judge on a four-point scale how problematic the factors listed in Table 2 are for the operation and growth of their business amongst others. (They were not to select more than four obstacles as "major").

Table 2
Constraints to Private Business in Nigeria

1=no obstacle 2=minor obstacle 3=moderate obstacle 4=major obstacle 5=very major
(Percentage)

	1	2	3	4	5
Financing	9.3	9.0		11.2	55.2
Infrastructure (e.g. telephone, electricity, water, road)	6.6	10.9		18.8	45.8
Availability and price of inputs (including raw material, spare parts, equipment)	10.6	15.1		19.5	26.8
Availability and price of skilled workers/managers	17.3	21.8		18.3	12.5
Cost of labour	16.4	21.1		19.8	12.0
Insufficient/unstable demand	11.6	18.6		20.3	17.8
Taxes and regulations	9.8	19.0		22.4	20.9
Political uncertainty/instability	9.4	15.9		20.6	24.4
Inflation	6.3	11.5		25.7	28.5
Exchange rate	11.6	13.3		20.4	23.3
Functioning of the judiciary	21.3	18.6		14.6	9.5
Corruption in the public sector	10.7	17.9		17.7	24.9
Corruption in the private sector	12.1	18.1		17.7	18.9
Crime/theft/disorder	10.5	10.7		20.3	26.3

Enterprises were asked to choose the two most important obstacles from the above listed obstacles. Financing came top (55.2%) as the most important obstacle, followed by inflation (54.2%). Infrastructure was considered by 45.8% of those interviewed as a moderate/major obstacle. The exchange rate was seen by 43.7% of enterprises as a moderate/major obstacle, while 43.3% considered taxes and regulations as a moderate/major obstacle. Quality and price of inputs such as raw material, spare parts and equipment was considered by 46.3% as moderate/major obstacle, while availability and price of skilled workers/managers was considered by 30.8% as moderate/major obstacle. The economic health of the nation determines the ease with which enterprises could finance projects and access available

funds while basic economic fundamentals should be right for private initiative to thrive. Infrastructure can be provided when government itself is committed to development and has policies that are effective. Still up to 45% of enterprises interviewed considered political uncertainty/instability as a moderate/major obstacle, 46.6% considered crime/theft/disorder as a moderate/major obstacle and 42.6% considered corruption in the public sector as moderate/major obstacle. While corruption is a major obstacle it is clear that government has to address even greater problems to create the conducive environment for private sector growth. Reforms must address these other concerns and create a positive mindset in the private sector. Infrastructure, finance and inflation are areas where government could make positive impact on the private sector. The survey shows clearly that enterprises considered these as the most critical constraints which if addressed could create a positive environment for development.

Do smaller firms suffer more from the various obstacles to business in Nigeria? The survey results indicate as shown in figure 4 that smaller firms suffer more from these obstacles.

Figure 4
Comparison of Most Important Obstacles to business across company size categories (measured by full time employee size)

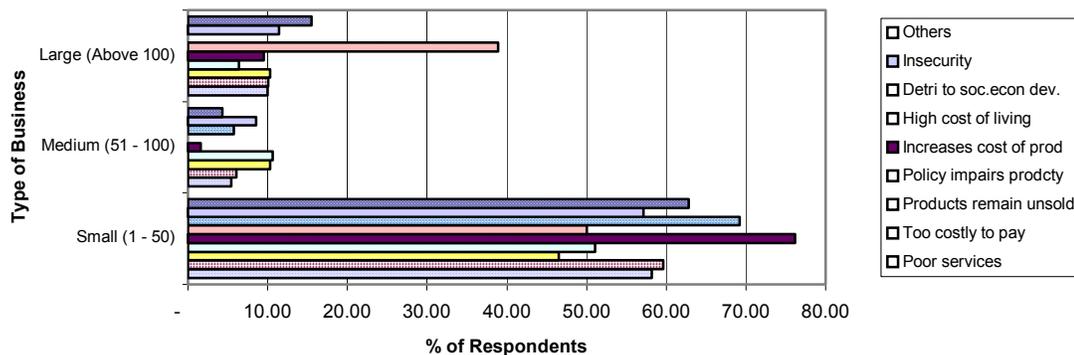


Figure 4 shows that of all the obstacles small enterprises constitute the major complainants.

Good governance requires that rules and regulations are widely known and that the mechanism for public involvement in changes is well developed. This is particularly important for business enterprises, whose decisions must be guided by these regulations and laws. Lack of knowledge creates conditions under which corruption grows. To avoid this it is important for enterprises not only to understand rules and regulations but

they should be consulted when changes are to be made. The survey of business enterprises sought to find out how informed enterprises were of laws and regulations affecting them. The responses are given on Table 3

Table 3
Enterprise response on laws and regulations (Percentage)

	1	2	3	4	5
In general, information on the laws and regulations affecting my firm are 1=very difficult to obtain 5=very easy to obtain	17.5	24.8	15.9	20.0	13.2
These laws and regulations are 1=very inconsistent 5=very consistent	16.1	20.6	18.0	23.2	14.4
Changes in rules, laws and regulations are 1=completely unpredictable 5=completely predictable	19.6	19.7	18.3	22.9	11.3
In the last three years, laws, policies or regulations have become 1=much less predictable 5=much more predictable	17.1	22.4	29.0	14.4	6.0

In general, information on the laws and regulation affecting enterprises are not very easy to obtain. Only 13.2% of those interviewed indicated that the information are easy to obtain, although another 20.0% found it relatively easy to obtain information on laws and regulation affecting their enterprises. One expects that information availability is a necessary condition for effective governance. Government should make information easily available to all to ensure adequate responses. A significant percentage of those interviewed considered these laws and regulations inconsistent (36.7%), unpredictable (39.3%) and to have been less predictable in the last three years (39.5%). When business enterprises do not have the necessary information, failures in economic policy are likely outcomes. These failures in economic policy create rent-seeking opportunities and provide the opportunities for corrupt practices.

Bureaucratic processes are put in place to facilitate effective governance but in Nigeria they have turned out to be a problem. Bureaucratic red tape often undermines good governance in various respects. It creates room for corruption and undermines the economy. The survey of business enterprises tried to find out how bureaucratic red tape affects enterprises. Enterprises indicated that bureaucratic red tape affected their business adversely. The survey results indicate that it took between 1 to 10 weeks (42.4%) for those who registered their business in the last five years to complete the registration process, 13.5% between 11 to 30 weeks, 7.7%

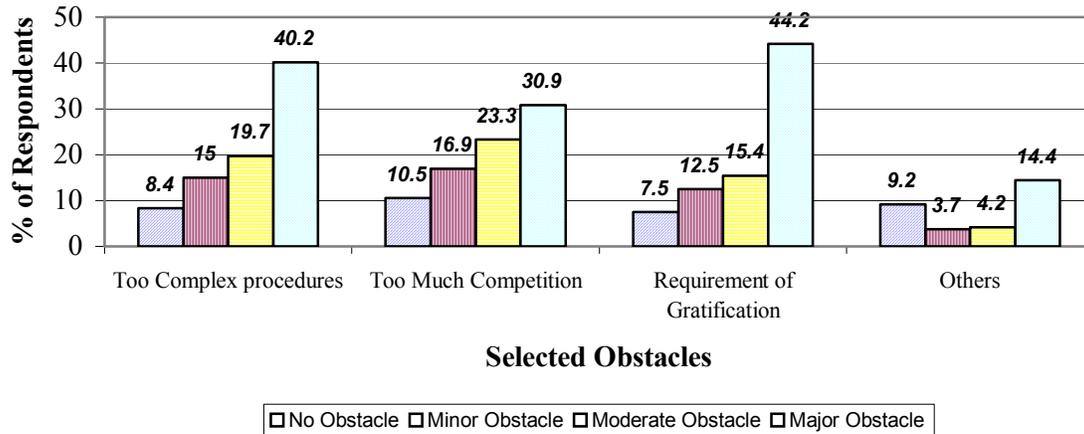
above 30 weeks with 36.4% giving no response. The survey indicates that 35.4% of those interviewed indicated that senior management spends between 1% to 10% of their time per year in dealing with government officials about the application and interpretation of laws and regulations, 10.9% spend between 11% to 20% of their time while 11.1% spend above 20% of their time.

One major role of the state is to secure life and property. In fact that is a basic function of the state. Enterprises expect that this would be the case. In situations where the state fails to provide security for life and property, enterprises are forced to incur additional cost to provide these services. This adds to the already high cost of production that makes them uncompetitive. The survey result shows that on the average enterprises paid a wide range of costs for security per month during the previous year. Of enterprises surveyed, 11.8% paid below N500, 22.4% paid between N500 to N5,000, 12.3% paid between 10,000 and 20,000, 7.3% paid between N10,000 and N20,000, 7.9% paid between N20,000 and 50,000 and 9.4% paid above N50,000. These do not seem to be too high given the nature and sizes of the enterprises surveyed. Internal security of enterprises, even with the best state security, would still add cost to the enterprise.

Good procurement practice is an essential element of good governance. A country should have a transparent and fair procurement practice to ensure that corruption does not undermine the system. In a country like Nigeria where government procurement is a major element of effective demand, the struggle to secure government contracts is intense and public officers involved in the process are often tempted to interfere with the process to their own advantage. The survey result indicates that public enterprises have low opinion of contracts relating to government procurement award. They believe that these contracts are never clear and efficient (24%), seldom clear and efficient (15.9%), sometimes clear and efficient (16.3%) frequently clear and efficient (3.7%), always (1.7%), mostly (2.0%) and don't know (29.1%). The government needs to improve on its procurement procedures.

Enterprises were requested to comment on some of the obstacles in doing business with government. They were requested, irrespective of whether or not they currently do business with the government, to comment on the obstacles presented in Figure 5 in doing business with the government.

Figure 5
Assesment of Selected Obstacles to Doing Business with Government in Nigeria



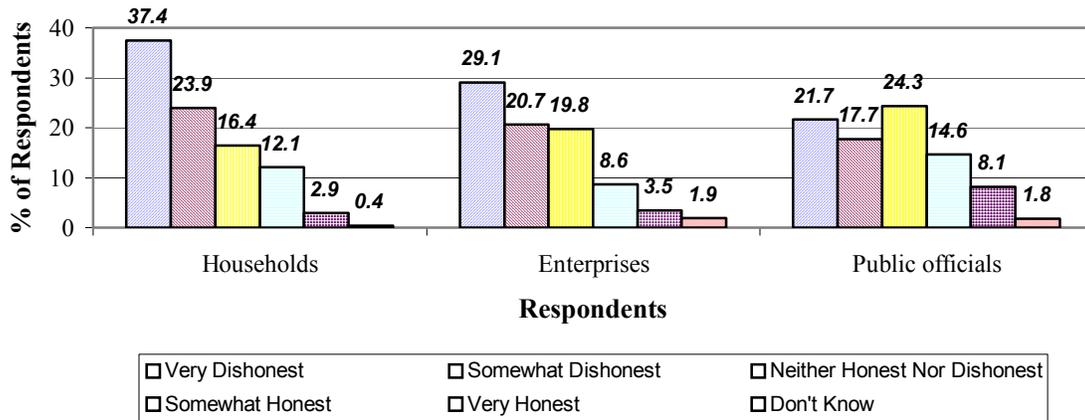
Enterprises considered all three as major obstacles. Requirement of gratification was considered the most important obstacle as 44.2% of those interviewed indicated. Another 15.4% consider it a moderate obstacle. Too complex process was also considered a major obstacle by 40.2% of the respondents, while another 19.7 considered it a moderate obstacle. Too much competition was considered a major obstacle by 30.9%, with another 23.3% considering it a moderate obstacle.

A vote of confidence by the private sector of the business environment is captured by the question in the survey that asked enterprises if during the last two years, they decided not to make an investment in Nigeria that they had planned. This is important for it shows the level of disincentive, which has persisted in the last two years. With the democratic environment, enterprises should expect that incentives for private enterprise would be enhanced and the liberalizing effect of democracy would yield dividends that would encourage rather than discourage private investment. Of those interviewed 24.5% said yes while 49.4% said no (26.1% no response). The reasons given include financial constraints, simple change of mind, political and social factors. These factors combine to influence 24.5% of those interviewed to decide not to make an investment in Nigeria that they had planned.

Good governance requires the credibility of the political process and institutions to be high. The credibility of any political regime depends on the

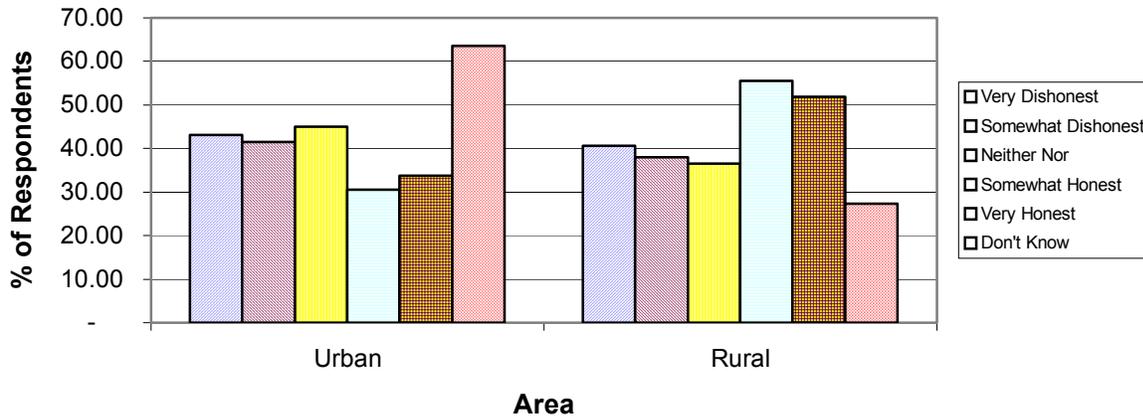
general perception of its integrity by the population. The integrity of the political process and the various organs of governance are critical for good governance. Households, enterprises, and public officials were therefore required to assess the integrity of the various organs of governance. The results indicate that Nigerians are still very sceptical about the integrity of the whole organs of governance at all levels in the country. Households, enterprises and public officials were required to assess the integrity of the Federal Executive Council/State Executive Council/LGA Councils and their responses are reported in Figure 6

Figure 6
Assesment of Integrity of Federal/State Executive Councils or LG Councils



Households were particularly hard in their assessment of the integrity of the Federal Executive council/State Executive Council/LGA Councils. Of those interviewed 60.1% felt they were very dishonest/somewhat dishonest, while 49.8% and 39.4% respectively of enterprises and public officials made a similar assessment. It is instructive that up to 39% of public officials felt that these councils were Very/somewhat dishonest. Only 15% of households interviewed felt that the councils were very honest/somewhat honest, while 12.1% of enterprises had a similar assessment and 22.7% of public officials with the same view.

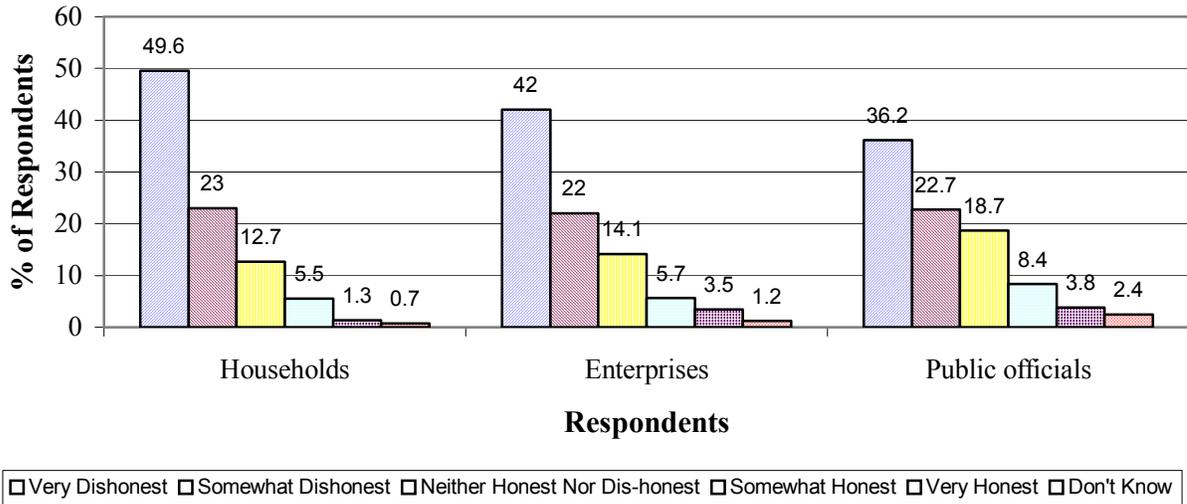
figure7
Households of Assessment of Integrity of Government:
Comparison By Area



Given the impression of households of government it is important to further examine their response. Figure 5 shows that difference between the perception of government in the urban and rural areas. Ordinarily we suppose that the various tiers of governments are closer to the urban areas than the rural areas and that this will impact on their perception of government. The rural areas are closer to local governments than they are to state and the federal government. Urban respondents are close to all tiers of government. The major difference is that the rural respondents seem to have greater faith in government as a greater proportion of them indicated so. The urban respondents contributed more to those that did not know.

The integrity of political parties is crucial for the sustenance of democracy in Nigeria. In light of the long stay of the military in power and the stifling of the democratic culture it is important for the new political parties in Nigeria to move to establish their credibility and integrity. Failure to do so would erode the people's confidence in the democratic process and invite instability of the polity. The survey tries to capture households, business enterprises and public officials assessment of the integrity of political parties and their responses are reported in Figure 8

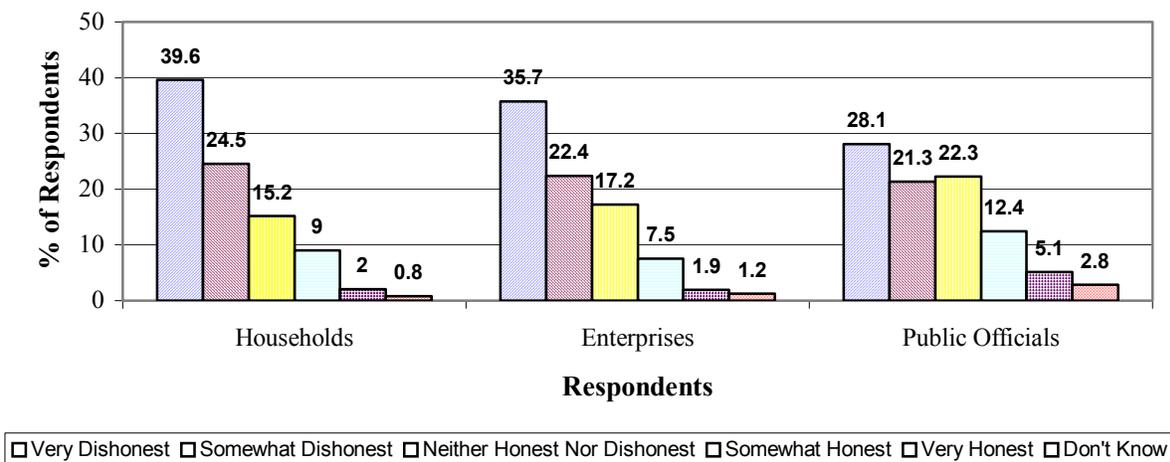
Figure 8
Assesment of the Integrity of Political Parties



Respondents were even more critical of the political parties than the executive councils. Of the households interviewed 72.6% felt political parties are very dishonest/somewhat dishonest, while 64.0% of enterprises held that view and 58.9% of public official made a similar assessment. Only 6.8% of household heads felt political parties are somewhat honest/very honest, while 9.4% of enterprises had the same assessment and 12.2% of public officials feeling the same way.

Households, enterprises and public officials were required to assess the integrity of members of the National Assembly and their responses are shown in figure 9

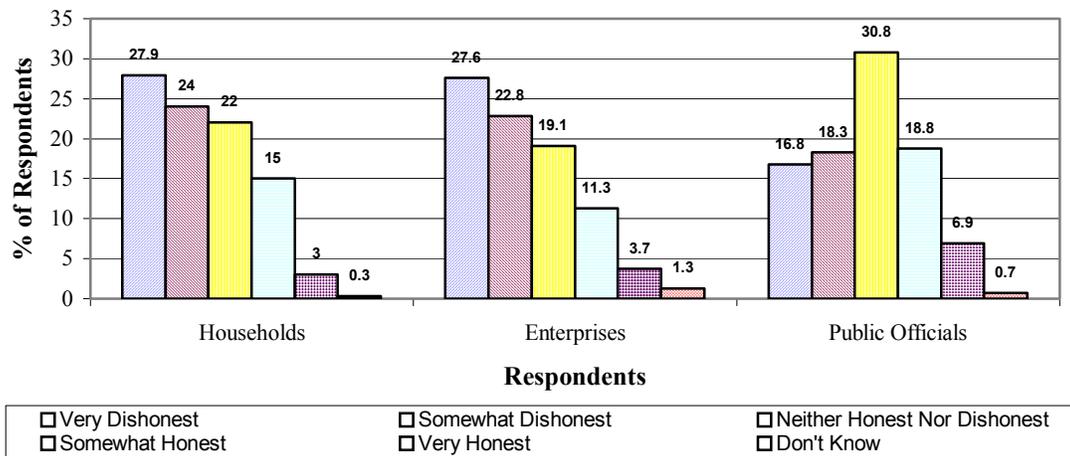
Figure 9
Assesment of the Integrity of Members of the National Assembly



Most respondents consider members of the National Assembly dishonest. Of the households, 74.1% assessed the National assembly as very dishonest/somewhat dishonest, while 58.1% of enterprises and 49.4% of public officials felt the same way. Of those interviewed only 11% of households felt the members of the National assembly were somewhat honest/very honest, while 9.4% enterprises and 17.5% of public officials felt the same way.

Households, enterprises and public officials were required to assess the integrity of State governments and their responses are given on Figure 10

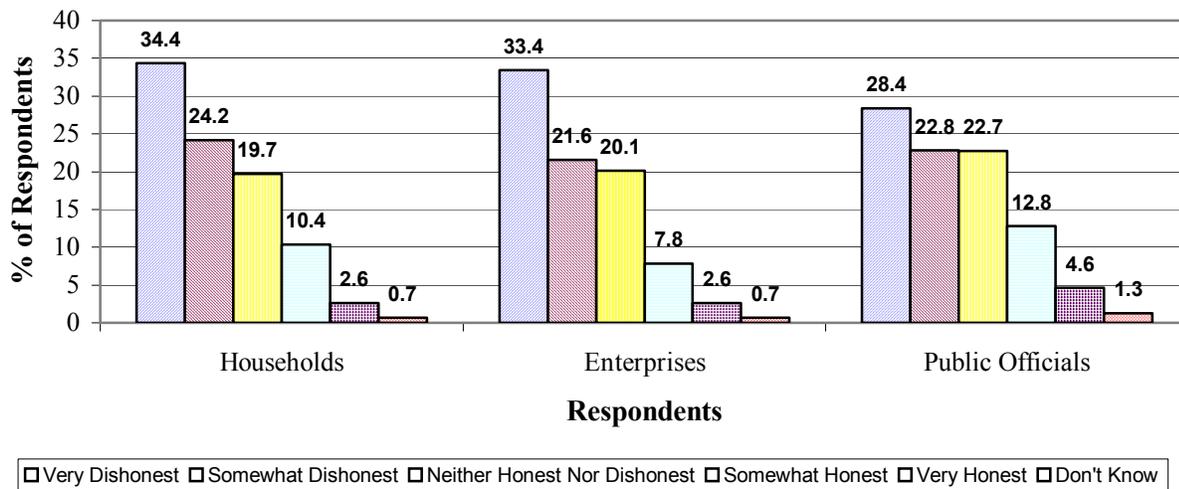
Figure 10
Assesment of the Integrity of State Governments



Of the households interviewed 51.9% assessed state governments as very dishonest/somewhat dishonest, 50.4% of enterprises and 35.1% of public officials had a similar assessment. Only 18% of households felt state governments are very honest/somewhat honest, while 15% of enterprises felt the same and 25.7% of public officials returning the same assessment.

Households, enterprises and public officials were required to assess the integrity of Local governments and their responses are given on Figure 11

Figure 11
Assesment of the Integrity of Local Government Councils



Of the interviewed households 58.6% assessed Local Governments as very dishonest/somewhat dishonest, 55% of enterprises and 51.1% of public officials also had the same assessment. Only 13% of households felt local governments are very honest/honest, 10.4% of enterprises and 17.4% of public officials had the same assessment.

These assessments suggest that the majority of Nigerians are still very skeptical of the machinery of government and the political process. Political parties and members of the National Assembly have some work to do in creating a better image for themselves. This is very important for the survival of democracy. The result of the survey is that the perception of Nigerians of the political process and the act of governance needs improving. Next to these is the assessment of the executives at all levels. Most Nigerians still do not have much confidence in the executive at the various levels. The surveys indicate the need for confidence building measures in the executives. The people must have confidence in the executive on whose shoulders the management of the state rests. There is a higher level of confidence in the states than the local governments.

The ratings of the various organs of government and the political leadership reflect the general perception of corruption in Nigeria. These ratings are a pointer to the fact that various forms of corruption are prevalent in the country. The apparent lack of confidence in the bureaucratic and political processes is a reflection of poor governance, which has characterized the system for decades. To round up the issue of governance it is important to note the response of those interviewed on the issue of the main source of corruption in Nigeria and how they perceive the Nigerian

government's determination to combat corruption. The response of those interviewed is given in Table 4

Table 4
Perception of who perpetuates corruption and Nigeria's Government's willingness to combat corruption (Percentage)

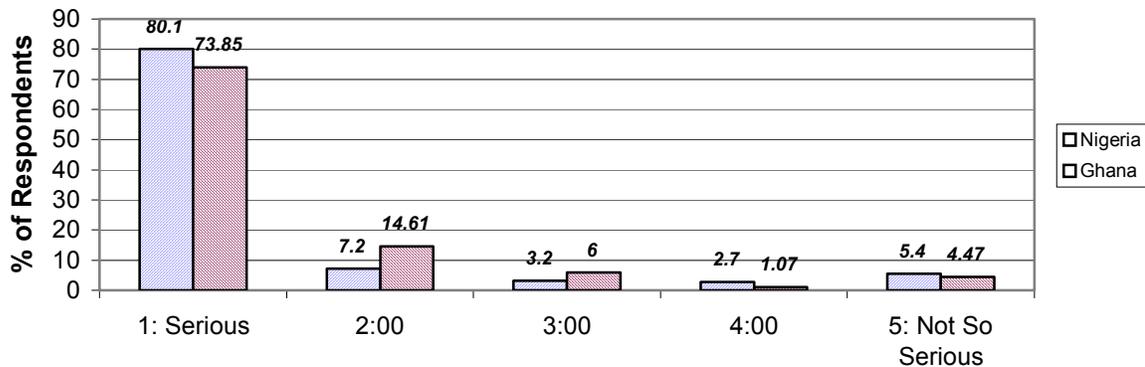
	1	2	3	4	5
Corruption is perpetuated by 1:citizens/enterprises 5:politicians/bureaucrats	18.3	5.5	15.8	14.1	44.2
In the government in Nigeria 1:no sincere desire and will to combat corruption..... 5:sincere desire and will to combat corruption	38.0	11.5	12.5	17.4	19.0

Most respondents believe that corruption is perpetuated by politicians/bureaucrats and that there is no sincere desire and will to combat corruption by government in Nigeria. This is despite the various actions taken so far by the present administration to combat corruption in Nigeria. Nigerians are probably tired of pronouncements made by the various previous governments on corruption while those governments continued to perpetuate and in some cases even worsen the problem. Recent accounts of the records of some past military regimes have a way of destroying public image of government and the sincerity of any government to combat corruption especially when it is evident that the same people who are known to have engaged in acts of corruption while in office continue to play key roles in subsequent governments.

3. An International Perspective

Corruption diagnostic surveys have been conducted for a series of countries in recent years. Results of these surveys show certain similarities among the various countries. Given difference in historical and social environment care has to be taken in making comparisons. We have focused on comparing Nigeria and Ghana given the closeness in both the socio-political and historical experiences of both countries. Studies of Latin American countries and post-socialist world tend to suggest that corruption is a serious issue. The experience of Ecuador and Slovakia joins that of Ghana as comparison for our Nigerian study. The experiences of these countries give some insight into the complexity of corruption and confirm that some aspects of corruption are common amongst these countries. They all confirm that corruption is a major problem in these countries. In Ecuador, in 1999 only 28 per cent of public officials believed that there has been improvement in corruption over the 1997 level. Enterprise perception about high-level corruption shows that 73 per cent believed that it has deteriorated with only 13 per cent indicating an improvement.

Figure 12
Households Perception of the State of Corruption
Today(Nigeria and Ghana)

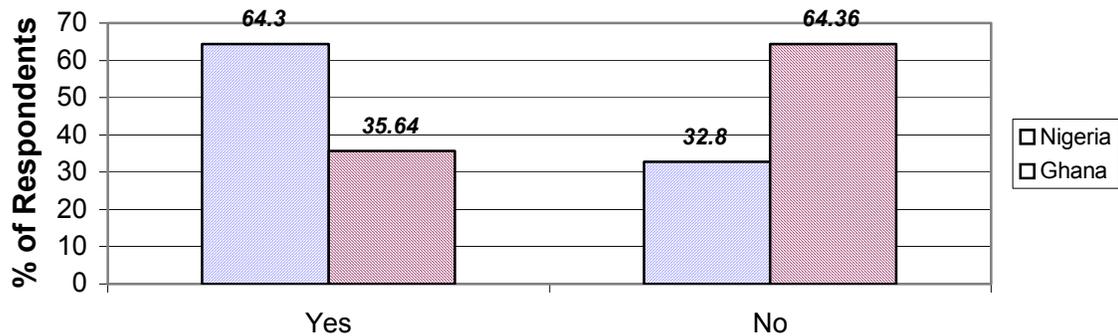


The slovakia report indicates that “roughly one out of seven households and one out of six enterprises reported having paid some “attention”(bribe) in the previous two months; in the three years before the surveys, more than 40 percent of households and enterprises paid some “attention.” The report also indicated that over 40 percent of public officials had offered small gifts in the previous two years, and 10 percent had been offered cash or an

expensive gift. Households in both Nigeria and Ghana believe that corruption is serious as at the year of the surveys. Figure 12 indicates that 80 percent of households in Nigeria as against 73.84 percent in Ghana perceive corruption to be serious while only 5.4 percent in Nigeria and 4.47 percent in Ghana believe it is not so serious. The experiences off both countries are similar. The Ghana survey was conducted in 2000 while the Nigerian survey was conducted in 2001.

Is corruption getting worse? This is an important question that has been addressed by most surveys. It is important to know whether the incidence of corruption is declining or increasing in each of the countries, as this would influence the strategies necessary to address the issue of corruption. In Slovakia nearly equal numbers of respondents reported that corruption was the worst in the period 1994-1998, as it has been since 1998.

Figure 13
Observed Act of Corruption in the Past Two Years by household (Nigeria and Ghana)

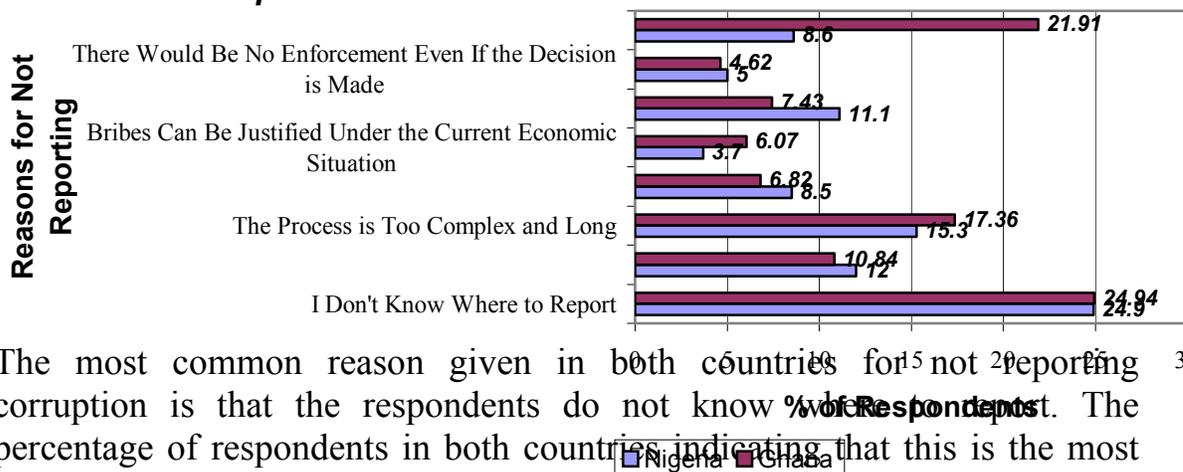


“Enterprise managers and public officials, however, more strongly reported that corruption was worse during 1994-1998. The Nigerian and Ghana experience is different on this issue. More Nigerians observed acts of corruption in last two years. Figure 13 shows that 64.3 percent of respondents in Nigeria observed acts of corruption while 35.64 percent did in Ghana. They also reported more of such acts in Nigeria than they did in Ghana. Figure 12 shows the percentage of households who reported a corruption case in the past two years. Of those responding in Nigeria 14.4 percent reported a corruption case while 4.75 percent reported in Ghana. 80.3 percent did not report in Nigeria as against 95.25 percent not reporting in Ghana.

Figure 14
Households Who Reported a Corruption Case in the Past Two Years

There are numerous reasons why households would not report cases of corruption. To formulate an anti-corruption policy government must know why corruption reporting is low. Proper action cannot be taken if people are not willing or able to report cases of corruption. It is instructive that the problem of non-reporting is common in most of the countries surveyed. In both Nigeria and Ghana some of the reasons given for none reporting are similar. Figure 14 shows the responses in both countries about the possible causes of none reporting of corruption cases.

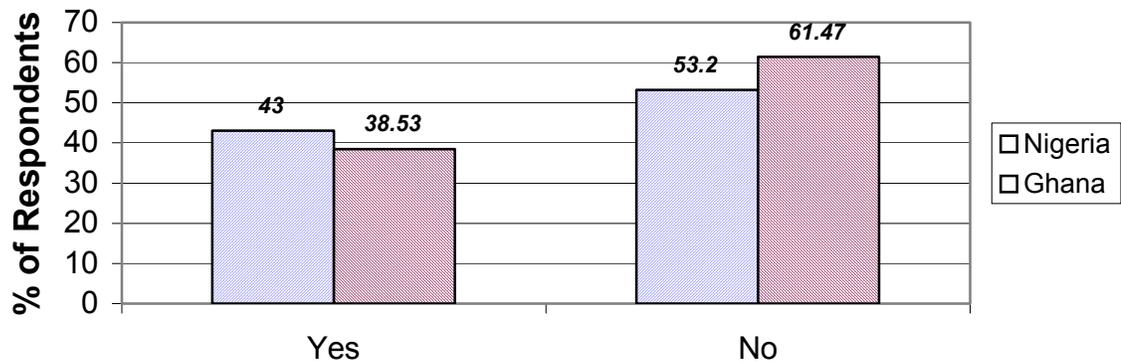
Figure 15
Households Most Important Reasons For Not Reporting Corruption



The most common reason given in both countries for not reporting corruption is that the respondents do not know where to report. The percentage of respondents in both countries indicating that this is the most important reason is almost the same. More Ghanians are however concerned about potential harassment and reprisal as 21.9 percent of respondent in Ghana indicated this fear while in Nigeria only 8.6 percent indicated such fears as the most important reason for non reporting. In both countries corruption was not really considered a custom as only 8.5 percent of

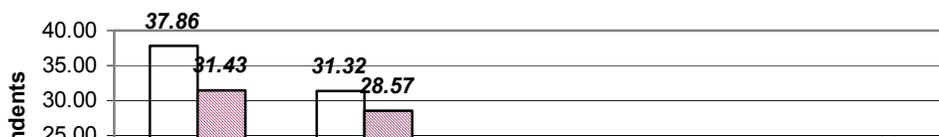
respondents in Nigeria considered this the most important reason while 6.82 percent of respondents in Ghana indicated this as the most important reason. It is important to note that despite the level of poverty and economic deprivation in both countries the respondents did not generally believe that this is a reason for justifying bribes. Only 3.7 percent of respondents in Nigeria believe that bribes can be justified under the current economic situation and this was the most important reason for not reporting corruption by public officials. The figure for Ghana was 6.07 percent.

figure 16
Households Knowledge of How to Report Corruption Case



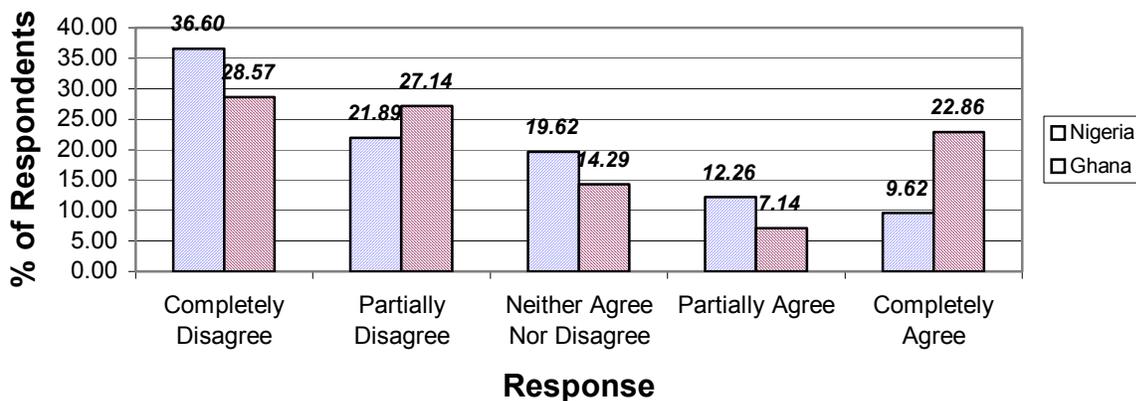
The most important reason given in **Response 16** above for non-reporting of corruption is knowledge of where to report. In a developing environment like that found in Nigeria and Ghana knowledge of how to report corruption cases could also be important. Figure shows that less than half of the respondents in both countries have the knowledge of how to report corruption cases. Of those responding 61.47 percent in Ghana have no knowledge of how to report corruption cases while in Nigeria 53.2 percent have no knowledge of how to report cases of corruption. The Ecuador survey reported that most of the households interviewed (90 percent) do not know how to report corruption. But even for those who have the knowledge they might be discouraged if they believe that reporting would have no effect. Figure 17 shows the perception of those who reported cases of corruption of the effectiveness of such report. Households were asked whether corruption reporting was effective. The Ecuador study also confirms that the reporting system was rather ineffective

Figure 17
Effectiveness of Corruption Case Reporting (Households)



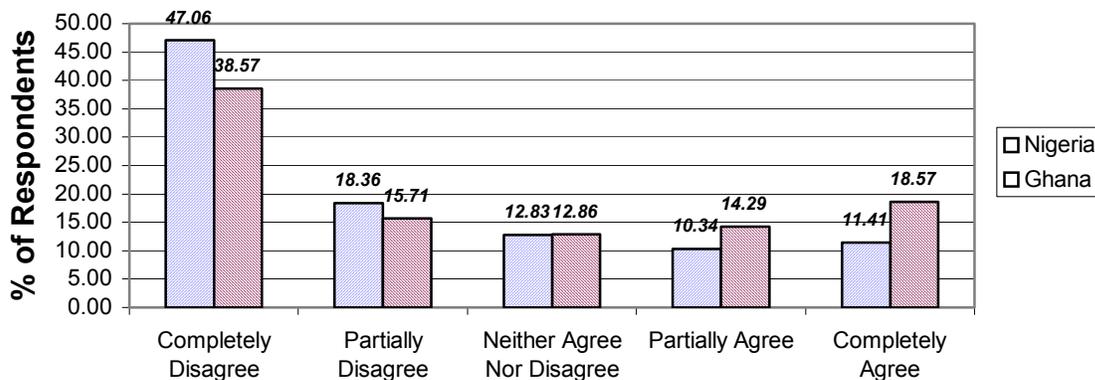
Nigerians were less confident of the effectiveness of corruption reporting than Ghanians. 37.86 percent of Nigerians completely disagreed that reporting was effective while in Ghana 31.48 percent completely disagreed. 20 percent in Ghana completely agreed while only 9.3 percent completely agreed in Nigeria. A number of reasons could be given for the lack of effectiveness of corruption reporting in these countries. The simplicity of the reporting system could be an important factor. Households were asked if the corruption reporting process was simple. Figure 18 shows that most found it not to be simple. More than half of the respondents in both countries disagreed with the observation that the process is simple. A slightly higher percentage in Nigeria than in Ghana disagreed. A higher percentage in Ghana – 22 percent completely agreed while only 9.62 percent in Nigeria completely agreed.

Figure 18
Simplicity of Corruption Case Reporting Process
(Households)



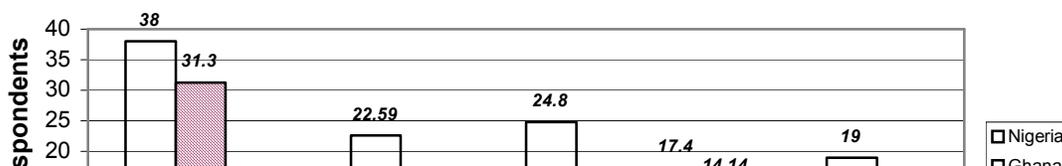
Another reason why respondents might be unwilling to report cases is the fear that they are not protected. Households were asked if reporters of corruption were well protected. Over half of the respondents in both countries disagreed that corruption reporters were well protected. Respondents in Nigeria were less confident than those in Ghana. Over 47 percent of the respondents in Nigeria completely disagreed while 38.57 percent in Ghana completely disagreed. In Ghana 18.57 completely agreed that reporters of corruption cases were well protected while 11.41 percent agreed in Nigeria. Figure 19 shows the various responses in both countries.

Figure 19
Proction of Reporters of Corruption Cases (Households)



Household perception of the will of Government to combat corruption is important for the success of anti-corruption policies. If household believe that government does not have the will to combat corruption they would not be encouraged to act to stop corruption. Respondents in both countries were asked of their perceptions of the will of government to combat corruption. In both countries more about half of the respondents believe that government is not sincere and does not have the will to combat corruption. This is a major problem, which both countries must face seriously. The responses from both countries are quite similar although Nigerians are less skeptical than the Ghanians.

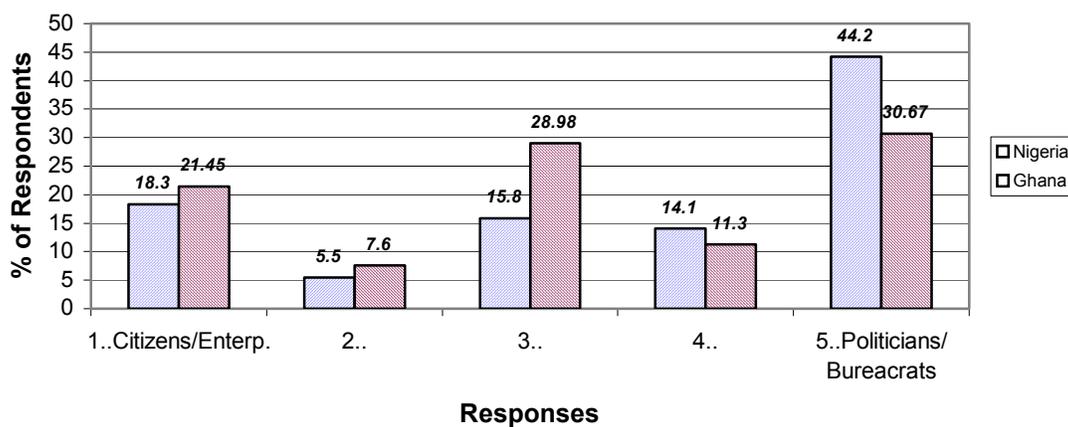
Figure 20
Households Perception of the Will of Government to Combat Corruption



Almost half of the respondents from Nigeria (48.1 percent) responded that government has no sincere desire/will (1 and 2) to combat corruption while over half (54.2 percent) had that impression in Ghana. 36.4 percent of Nigerian respondents believe that government is sincere desire/will (4 and 5) to combat corruption while only 21.31 percent of respondents in Ghana had the same feeling As Shown in figure 20.

The perception of who is most responsible for the perpetuation of corruption is also important in fashioning an anti-corruption strategy. The surveys in both countries show politicians and bureaucrats are seen as most responsible for the perpetuation of corruption. Nigerians are more definite on this as 44.2 percent of the respondents hold this view. In Ghana only 30.67 percent of the respondents were willing to hold the politicians and bureaucrats responsible (figure 21).

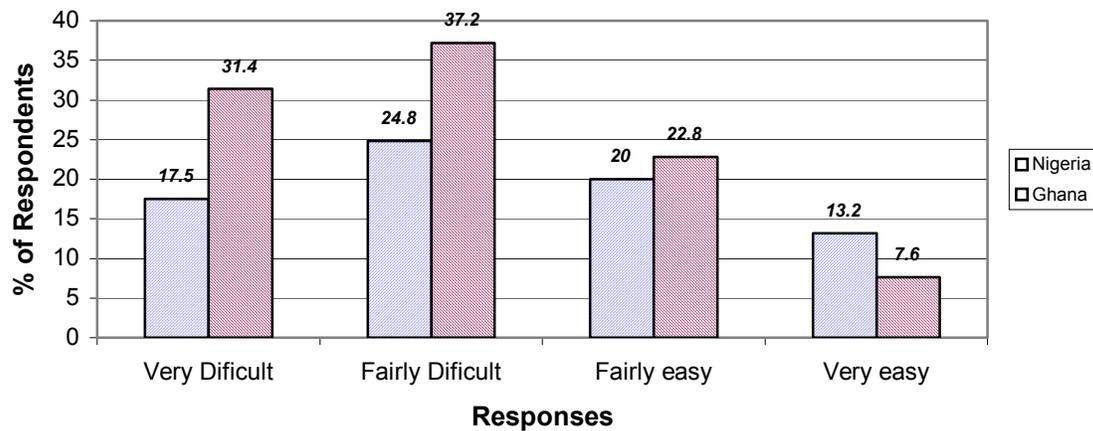
Figure 21
Households Perception of Who Perpetuates Corruption



Enterprise perceptions of corruption in both countries are similar. A look at the experiences of enterprises in both Nigeria and Ghana highlights the

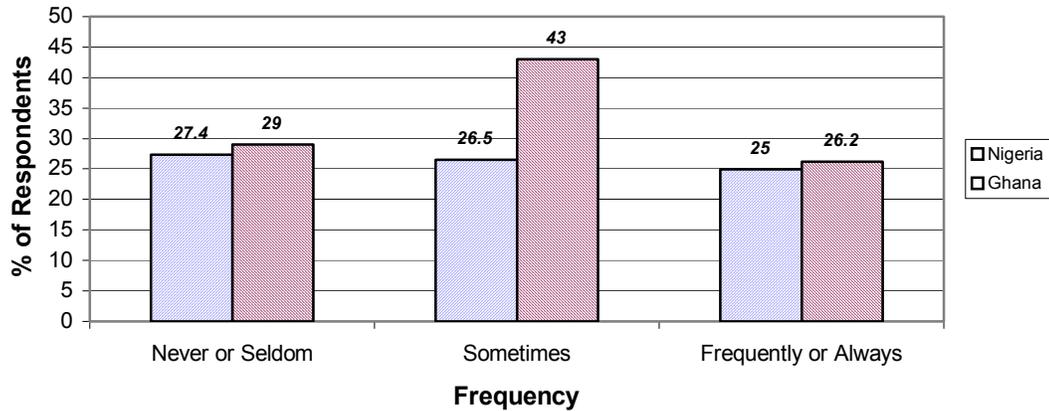
impact of corruption in both countries. The response rate of enterprises in Ghana was higher than in Nigeria suggesting greater reluctance in Nigeria to discuss the issue by enterprises than in Ghana. The figure shows that enterprises find it more difficult in Ghana to access relevant laws and regulations (figure 22). This makes it easier for public officials to seek for bribes from uninformed enterprises. It also makes it difficult for enterprises to seek redress for actions by public officials that are not in conformity with the laws and regulations.

Figure 22
Enterprises Access to Relevant Laws and Regulations



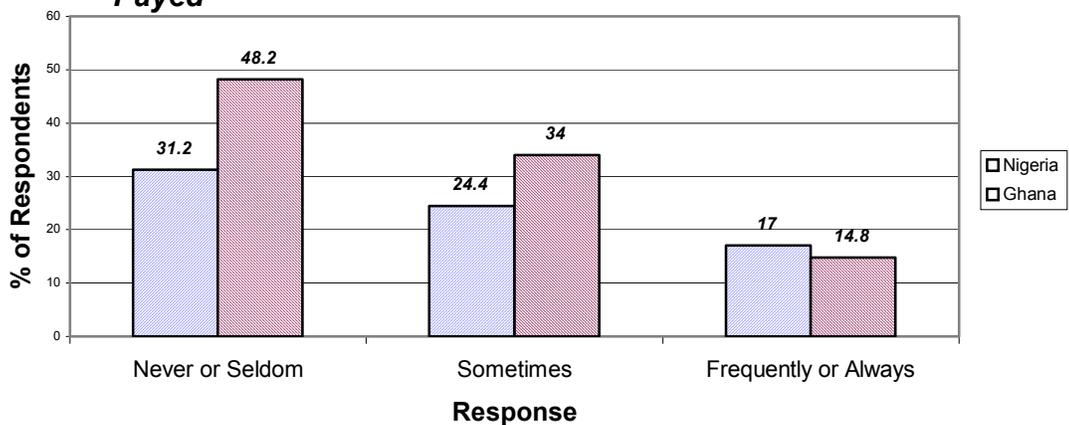
When enterprises do not have access to laws and regulation we expect greater incidence of gratification. The surveys tried to find out the frequency of gratification in both countries. The result is that it happens sometimes in both countries. The incidence seems to be higher in Ghana as shown in figure 23. More than 70 percent of respondents in Ghana indicate that gratification is sometimes/frequently or always paid by enterprises while just over 50 percent of respondents in Nigeria indicated that this is so.

Figure 23
Frequency of Gratifications Payed By Enterprises



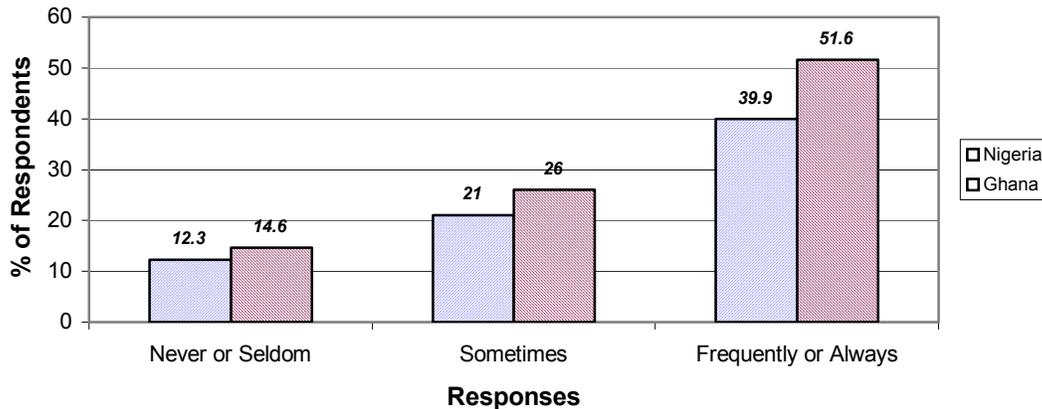
Knowledge of the amount of gratification indicates how entrenched the practice is in the country. In countries where payment of gratification is well entrenched the amount for each type of activities are widely known and expected by both parties. Figure 24 indicates that in both countries the larger proportion of enterprises seldom know of the amount of gratification required

Figure 24
Enterprises Knowledge of Amount of Gratification to be Payed



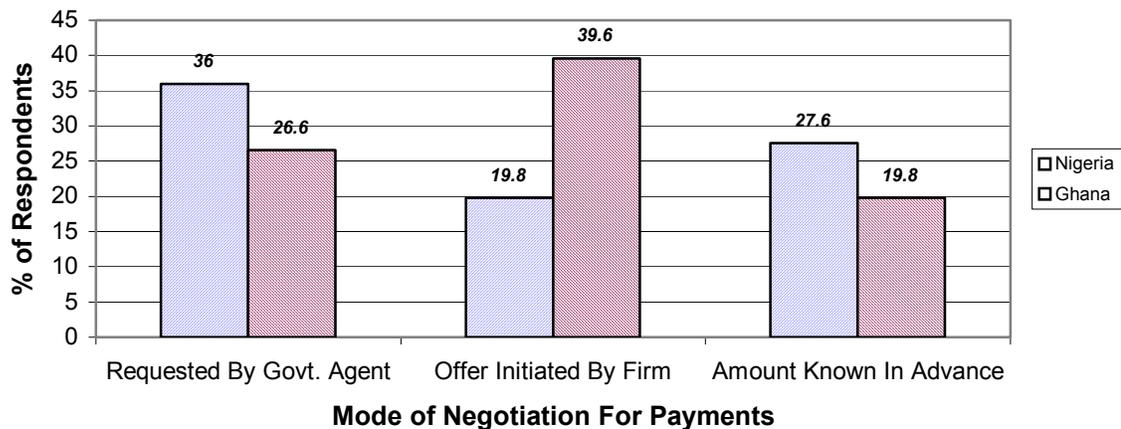
In Ghana about 46 percent of enterprise seldom know what is required while in Nigeria only 32 percent are in this category.

Figure 25
Redered Services for Which Gratification is Payed



The trend of service delivery in response to gratification is the same in both Nigeria and Ghana (figure 25). This is more often the case in Nigeria with over half of the respondents indicating that this is the case frequently as shown in figure. The fact that enterprises receive services for which gratification is paid trenches the habit of making gratification for services. Enterprises then tend to build it into cost of operations.

Figure 26
Enterprises Mode of Negotiation for Payment of Gratification



The mode of negotiation for payment of gratification gives some insight into the corruption process in both countries. In Nigeria more respondents indicate that government agents request gratification than firms initiating it. In Ghana more respondents indicate that firms initiate payment of gratification than government agents demanding it. In both countries a significant percentage indicate that the amount is known in advance (figure 26).

4. Voices of Nigerians

4.1 The integrity of public institutions

Central to the issue of governance is the integrity of public institutions. They do not only have to be credible but must be seen to be so and therefore trusted. The question of the integrity of public institutions is a serious one in Nigeria. For years Nigerians have complained of the poor services and the lack of integrity of many public institutions. On many occasions governments have made pronouncements on how serious it considers institutional reforms that would inspire the confidence of the population in public institutions. The effect of government concerns over the years has been minimal. The surveys provided some insight into the perception of households, enterprises and public officials of the integrity of public institutions. Their responses are provided in table 5. To identify the arms of government considered to be least honest respondents were asked to indicate which of the public institutions they consider least honest.

Table 5
Least Honest Public Institution by Household heads, Enterprises and Public Officials (Percentage)

	Households	Enterprises	Public Officials
Federal/State/LG Executive Council	11.3	7.1	3.8
Political party	10.2	6.1	6.3
Members of National and State Assemblies	4.3	3.8	3.2
Internal Revenue Board	1.0	2.1	0.8
Custom authority	1.6	1.8	2.7
State budget authority	0.5	0.3	
Ministry of Commerce	0.2	0.3	0.3
Ministry of Works and Transport	0.5	0.2	0.2
Ministry of Agriculture and Natural Resources	0.5	0.2	0.3
Central Bank	1.2	1.0	0.3
Office of the Accountant-General Federation/State	1.6	1.5	1.9

Ministry of Education	1.7	0.4	0.6
Ministry of Health	0.7	0.7	0.3
Public Registry (ID, Passport)	0.5	0.3	0.3
Office of Social Welfare	0.2		0.8
Post Office	0.7	1.6	0.7
Police	30.4	25.7	32.7
Traffic police/ Traffic Warden/ FRSC	2.7	1.5	2.4
Code of Conduct Bureau	0.1	1.2	0.4
Courts	4.1	2.4	2.9
Office of Prosecutor (DPP)	0.7	1.3	1.1
Municipal/Local Government	4.1	3.3	5.5
State government	1.5	1.0	1.6
Water Board	1.4	5.1	1.8
NEPA	4.1	1.7	8.4
NITEL	0.3	0.7	0.8
The armed forces/military	1.8	1.8	1.5
The news media	0.7	0.3	1.0

The police was by far the choice of the least honest of the various arms of government. Of the households interviewed, 30.4% selected the Police as the least honest arm of government, while 25.7% of business enterprises and 32.7% of public officials selected the police. For households the next to the Police would be the Federal/State/LG Executive Councils (11.3%) and the Political Parties (10.2%). For business enterprises the next would be Federal/State/LG Executive Councils (7.1%), Political Parties (6.1%), and Water Board (5.1%). For Public officials the next would be NEPA (8.4%), political parties (6.3) and Municipal/local government (5.5%).

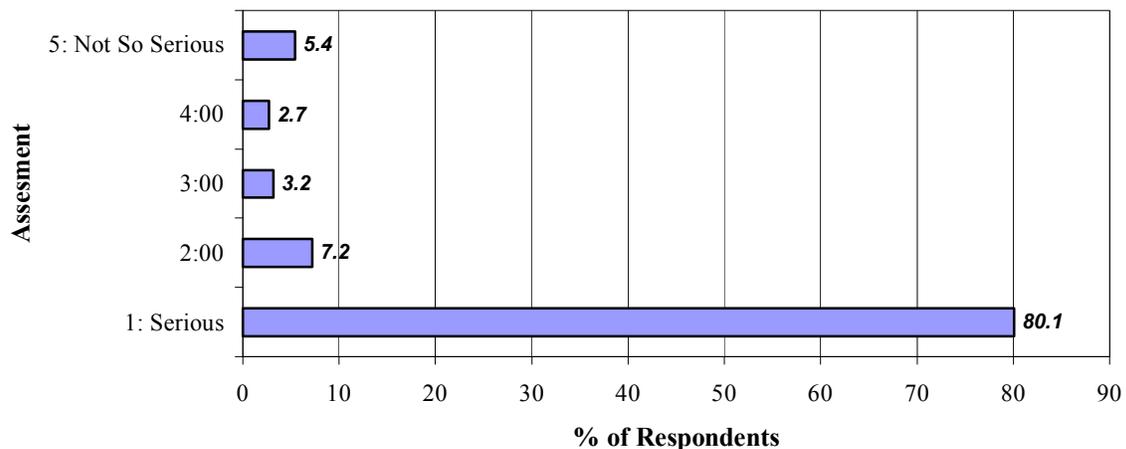
4.2 Assessing the diffusion and scope of Corruption

Corruption has for long been recognized a major social evil in Nigeria. The survey results confirm the widely held belief that corruption is a major problem in Nigeria. The three diagnostic surveys collected from households, enterprises and public officials information on their perceptions of the level and scope of corruption in Nigeria.

Household Response

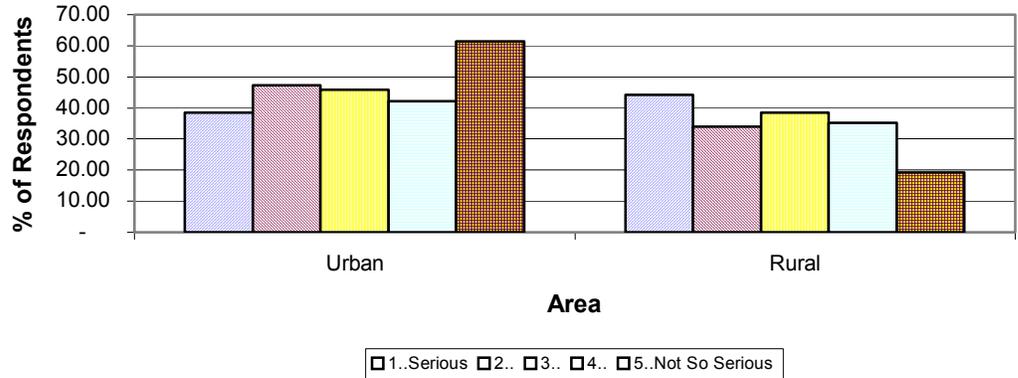
Households were required to evaluate the level of corruption in Nigeria as at the time of the survey. Figure 27 shows the perception of households of the state of corruption.

Figure 27
Assesment of the Present State of Corruption in Nigeria



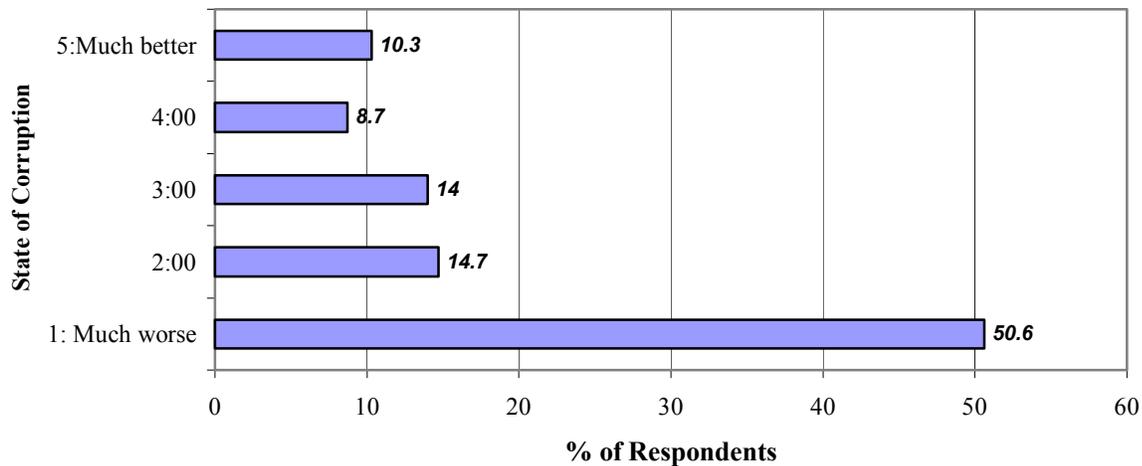
Households heads responses show that a large proportion of them (80.1%) believe that corruption is a serious problem in the country. Only 5.4% think it is not so serious. This perception would be influenced by a number of factors, which should be understood for a better grasp of the nature of corruption in Nigeria. The urban/rural differences in perception for example could provide a useful insight into the impact of corruption.

Figure 28
Comparison of Households Perception of the Present State of Corruption in Nigeria



The perception of corruption differs to some extent between the urban and rural areas. Corruption is more widely felt in the urban areas although a larger percentage of those indicating that corruption is serious are in the rural areas. This is to be expected as the level of poverty in the rural area is bound to affect the perception of corruption. When the two serious categories are combined the urban areas show a greater level concern about corruption. This is expected as urban dwellers come more in contact with government officials and are more in situations demanding the use of gratification to get things done. The figure shows that the urban area contributed more to those claiming corruption is not so serious.

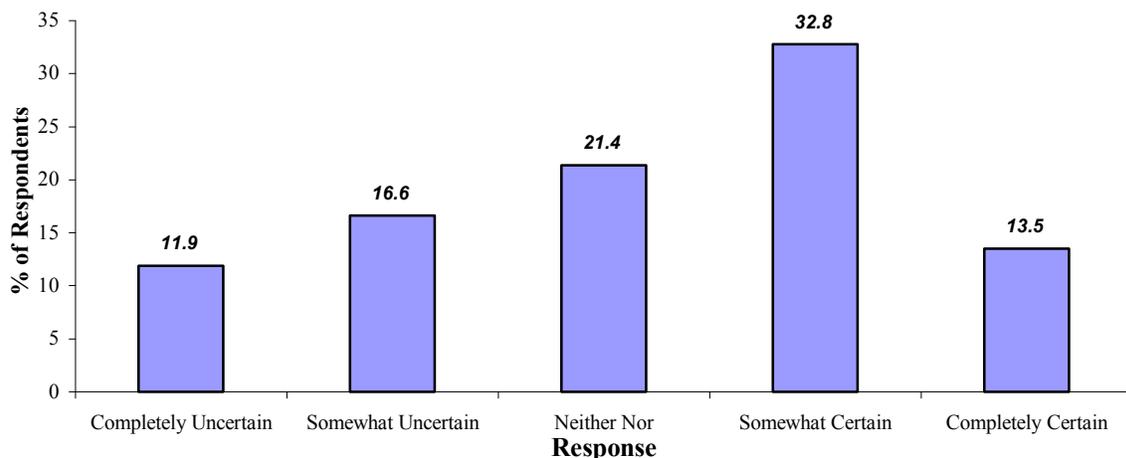
Figure 29
Comparison of the State of Corruption Now to a Year Ago



Compared to a year ago 50.6% of households interviewed believe that corruption is much worse. Only 10.3% of those interviewed believe that corruption is much better compared to a year ago. According to households corruption is getting worse in Nigeria (Figure 29).

For those who see bribe as a necessary evil in developing countries they want to look at it as a kind of tax, which is sometimes necessary to keep the free flow of activities. It has been argued that despite all the negative aspects, it serves to facilitate action in certain environments. The survey results provide information on how effective gratification is in ensuring service delivery. Households were asked “If someone offered gratification in order to obtain a service or to resolve a problem, how certain would be the delivery of the service or the resolution of the problem after gratification?” The responses are provided in figure 30.

Figure 30
Households Perception of the Effect of Gratification on Getting the Service for Which It is Given

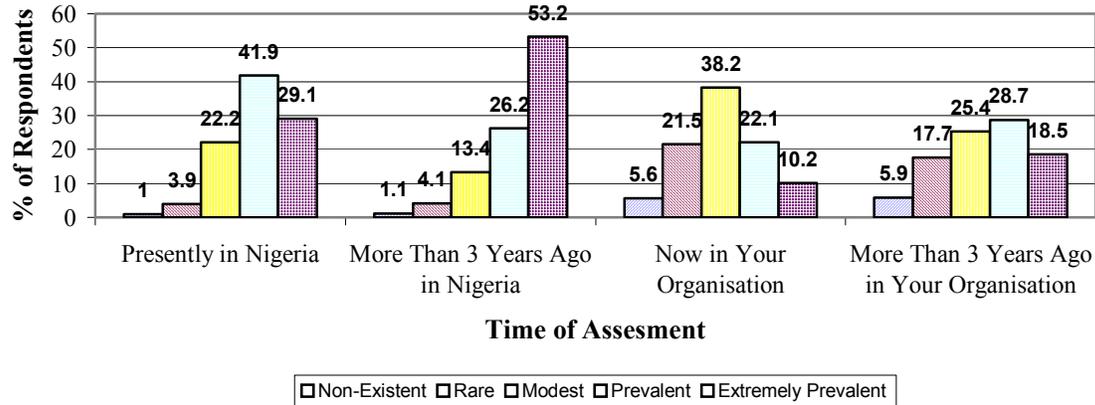


Public Officials Response

Public officials were also requested to evaluate the pervasiveness of corruption and their responses are shown on Figure 31. Public officials believe that corruption is prevalent presently in Nigeria. Of those interviewed 71% indicated that corruption is prevalent/extremely prevalent and 22.2% indicated that corruption is modest. Only 1% believes that corruption is nonexistent in the country presently. Their assessment more than three years ago shows that 79.4% of those interviewed believe that corruption was prevalent/extremely prevalent while 13.4% believe it was moderate. Only 1.1% believes that there was no corruption in Nigeria three

years ago. There is therefore a decline in the percentage of public officials who think corruption is prevalent over the last three years.

Figure 31
Perception of the Pervasiveness of Corruption by the Public Sector



Public officials were less critical of their own organizations. Of those interviewed 32.3% believe that corruption is presently prevalent/extremely prevalent in their respective organization, 38.2% believe that it is modest, while 21.5% believe it is rare. More than three years ago 47.2% believe that corruption was prevalent/extremely prevalent in their respective organizations. A lower percentage of public officials interviewed believe that presently corruption is more prevalent than three years ago. This indicates that public officials perceive corruption in their organizations to be less than what it was three years previously.

Enterprise Response

Enterprises were required to assess the intensity of corruption as it affects their business. The result is presented in Table 6

Table 6
Impact of Corruption on Enterprises

1=never 2=seldom 3=sometimes 4=frequently 5=always 6=mostly 7=don't know
(Percentage)

	1	2	3	4	5	6	7
How common is it for firms in your line of business to have to pay some gratification	15.4	12.0	26.5	9.4	9.9	5.7	13.5
When a government agent acts against the rules can you usually go to another official or his superior and get the correct treatment without recourse to gratification?	22.6	13.1	28.5	3.5	4.2	5.1	18.7
Thinking about government officials. It is common for citizens to have to pay some irregular gratifications to get things done	18.5	21.0	12.6	31.7	5.1	2.5	4.8

Enterprises are more inclined to see their participation in corruption as an occasional occurrence rather than being very prevalent. Of the enterprises interviewed 27.4% claim that their firm never/seldom pay some gratification in their line of business. Of those interviewed 26.5% say their firms sometimes pay some gratification, while 25% claim that their firms frequently/always/mostly pay gratification in their line of business. Only 5.5% indicated that this was rarely/seldom done.

Figure 31
Gratification to Government Officials to Get Things Done

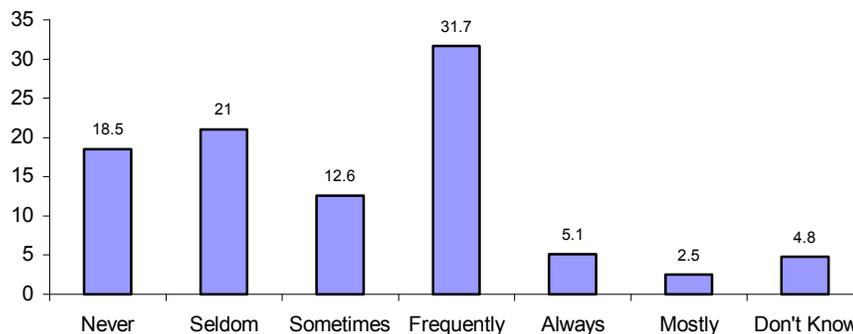
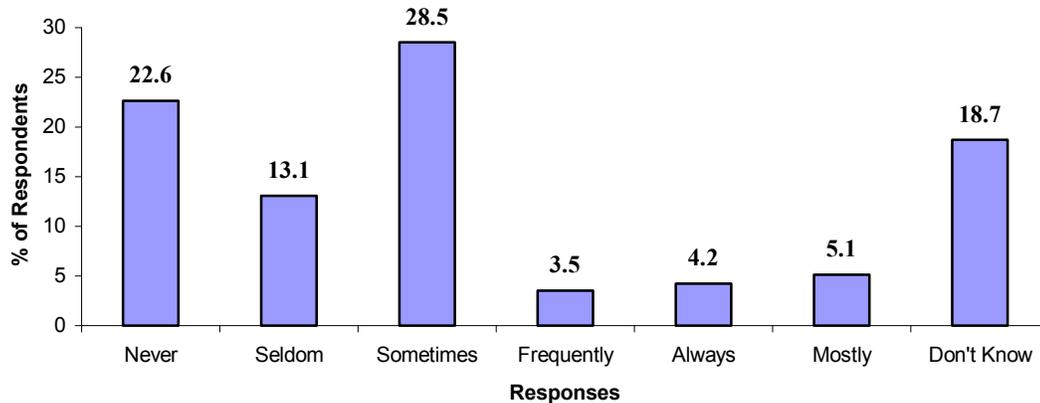


Table 6 and Figure 31 shows that 39.5% of enterprises surveyed claimed that it is never/seldom necessary for citizens to have to pay some irregular gratifications to government officials to get things done while 31.7 indicated that it is frequently necessary to have to pay gratification to get things done. As indicated on the table and in figure 32 35.7% of the respondents indicated that when a government agent acts against the rules they can never/seldom go to another official or his superior and get the correct

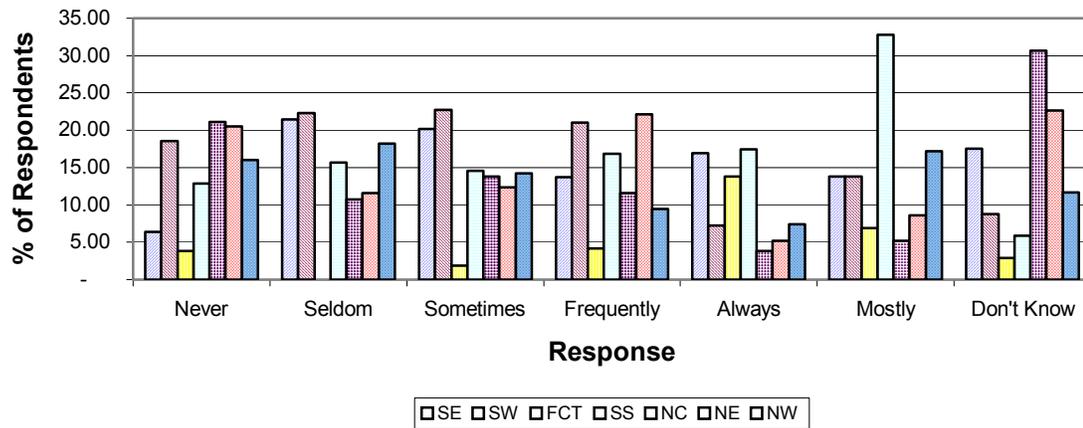
treatment without recourse to gratification. Of the respondents 28.5% indicated that sometimes they can, while only 9.5 indicated that they always/mostly can go to another official or his superior and get the correct treatment without recourse to gratification.

Figure 32
Possibility of Getting Redress From Higher Level Government Officials When Government Agents Act Against the Rules



Looking at the various zones of the country it is instructive the perceptions that are held by firms as to the need for gratification to get things done. The zonal differences in perceptions are important for anti-corruption strategies in a multi-ethnic and heterogeneous society like Nigeria. The result presented in figure 33 shows that there are differences in perception by firms operating in the different zones of the country. There is a sharp contrast between the South-South and the South West. The South-South is more inclined towards the perception that firms pay gratification to get things done while the reports that firms do not know or never. The South-South hosts the big oil companies while the South-West has the big industrial setting of Lagos. It is interesting that in the Federal Capital Territory (FCT), which has limited number of industries those surveyed believe that firms do always have to pay gratification to get things done.

Figure 33
Gratification To Get Things Done by firms (Comparison of Responses Across Nigeria's Political Zones)



Does the size of the firm affect the perception of the need for firms to pay gratification to get things done? This is important in understanding how corruption affects the various types of enterprises in Nigeria and answers to the question could improve on anti-corruption strategies. Figure 34 shows that small firms feel more than other sizes of firms that they have to pay gratification to get things done. Of respondents that indicated that this is the case 70.69 percent were small firms and this constitutes the largest of the response categories. Figure 35 also shows that they conceive it not as a major obstacle to doing business with government when compared with the large firms.

Figure 34
Comparison of Frequency of Gratification in Doing Business By Company Size

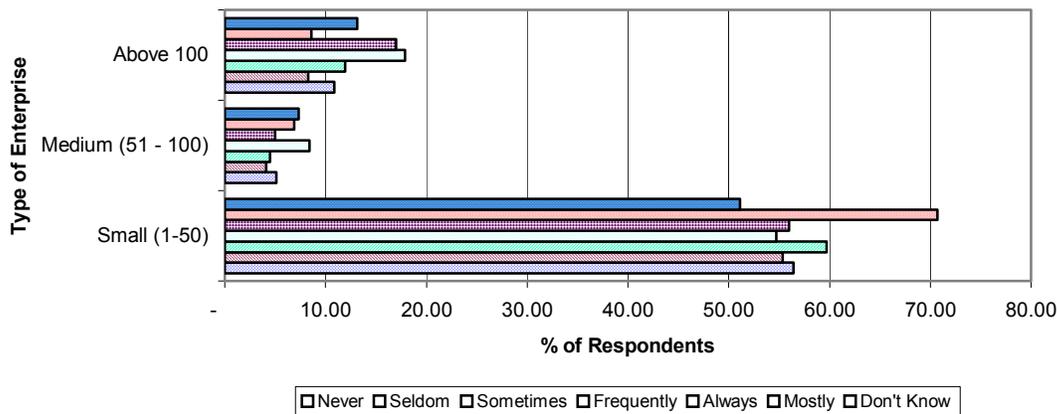


Figure 35
Comparison of Enterprises Responses on Gratification as an Obstacle to Doing Business with Government

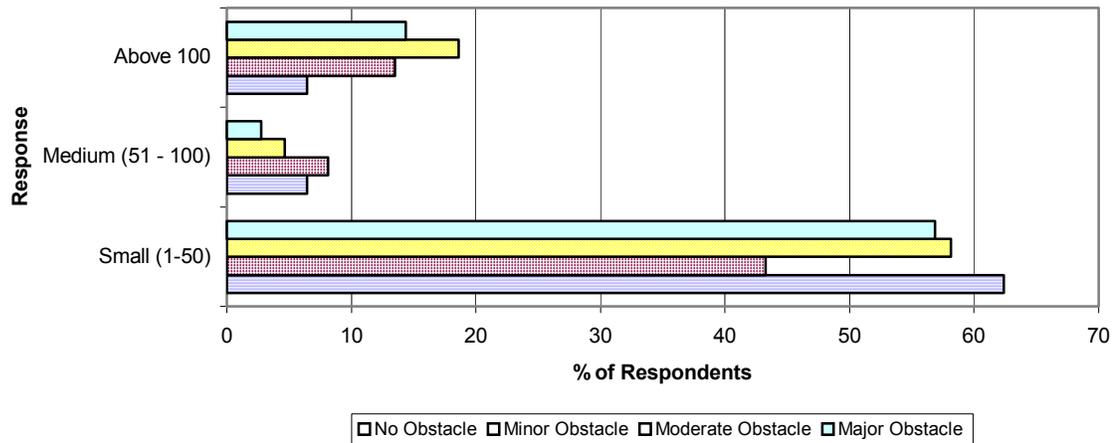
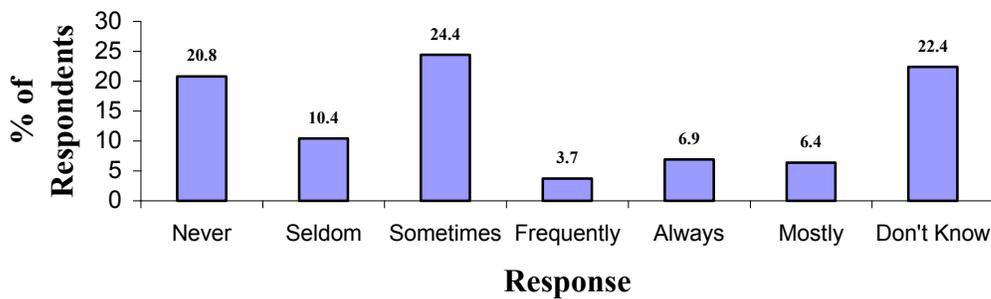


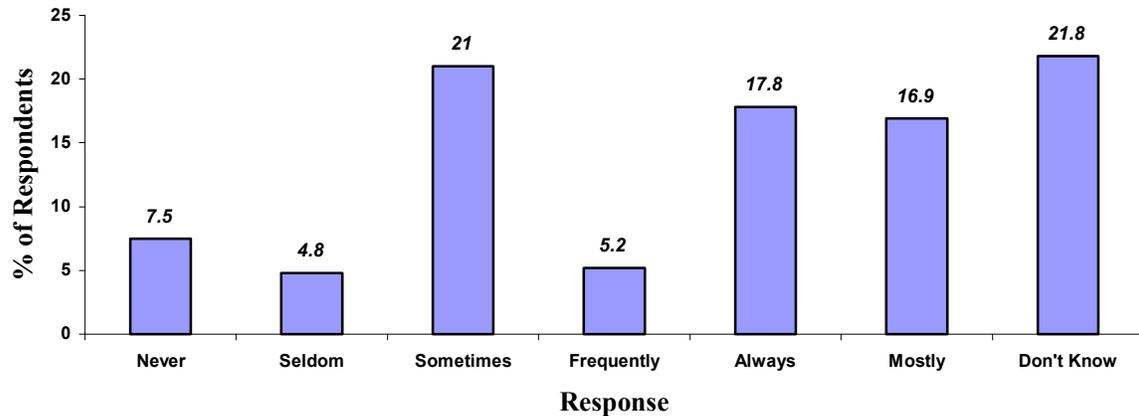
Figure 36
Knowledge of Firms of How Much Gratification to Pay to Get Things Done



As shown in figure 36 it is interesting to note that 20.8 per cent of those interviewed indicated that firms in their line of business never know in advance about how much this gratification is, indicating that the pattern of corruption is not too set. The larger percentage of 24.4 that indicated that sometimes they know in advance how much this gratification is, also

confirms this observation. If they always know it means that the pattern of corruption is very entrenched and set.

Figure 37
Rendered Services for Which Gratification is Payed on Payment of the Prescribed Sum by government officials



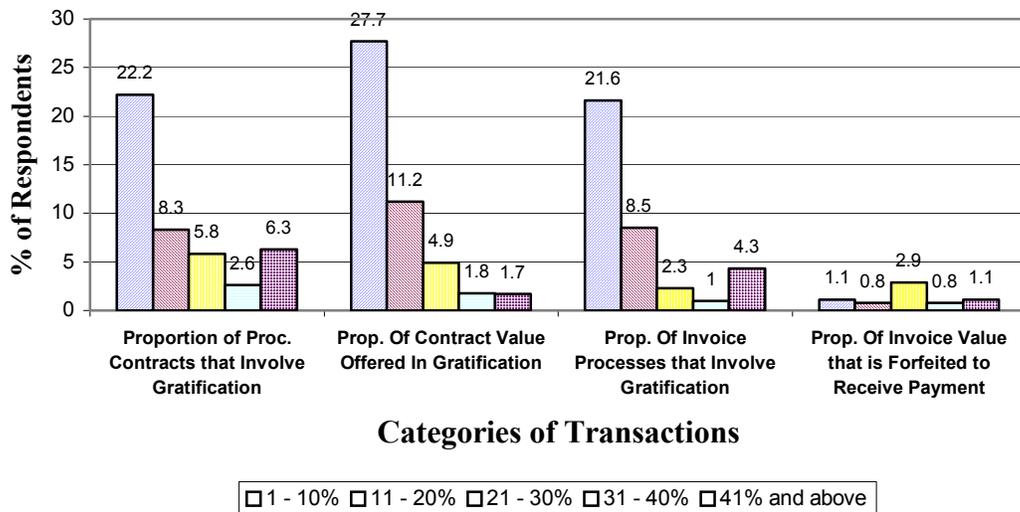
This is also supported by the fact that even when the gratification is paid, the service for which they are paid is only sometimes provided. Of those interviewed 21.0 per cent indicated that the services are sometimes delivered as shown in figure 37 meaning that there are no guarantees that paying of gratification would result in services been provided.

5. Unbundling the Incidence of Corruption

5.1 Bribes for public contracts and procurement bids

Corruption takes different forms and has different impact on various stakeholders. A close examination of specific manifestations of corruption and their impact on principal stakeholders enables better understanding of the phenomenon. Enterprises are often targets of corruption. Abuse of the procurement and public contract process is highly entrenched in the country. It is almost taken for granted that these processes must include some form of gratification or bribe. The result has always been non-optimal decisions by firms since they have to build into costs gratification make in the course of doing business with government. We can also gain some insight into the intensity of corruption by the information provided by enterprises as regards magnitude of gratification they have to make for contracts. A significant number of enterprises indicated that they do business with government and they were asked to provide information on the role of gratification in the contract process. Figure 38 indicates the responses.

Figure 38
Proportion of Contract Agreements Paid As Gratification for Selected Categories of Transactions



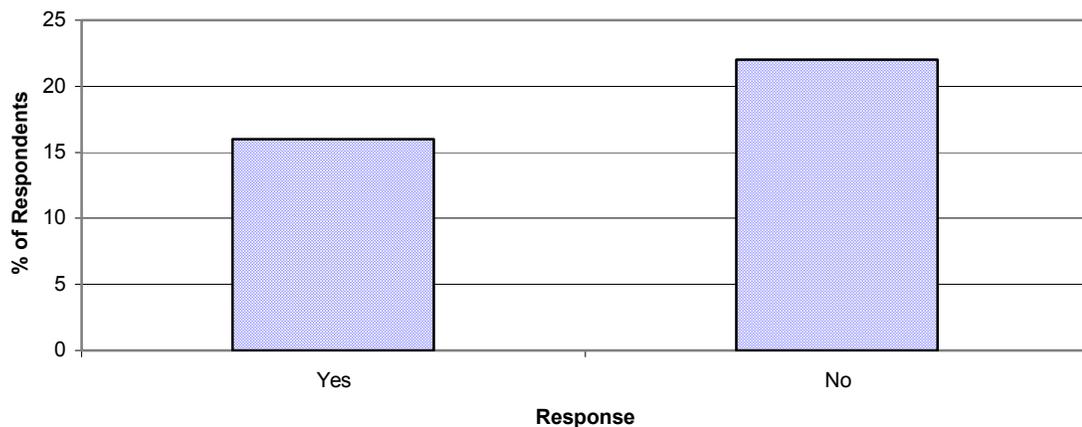
Although the response rate is rather low, the information provided is still useful. The largest number of enterprises indicates that between 1-10 percent of procurement contracts involve gratification. Only 6.3 per cent of

the respondents indicated that over 40% of procurement contracts involve gratification. The impression given by this response is that the proportion of procurement contracts that involve gratification is relatively small but this may reflect the size and the nature of enterprises that responded to the question. The 6.3 per cent that indicated the higher proportion are most likely the larger enterprises that are involved in major government contracts. Of the amount of the contract value that has to be paid as gratification, 38.9 per cent indicated that this is between 1-20 per cent, while 1.7% said it could be above 40%. As for the percentage of invoice processes that involve gratification to receive payment 21.6% of the respondents indicated that 1–10 per cent of such processes involve gratification while 4.3% indicated that above 40% of the processes involve gratification. As to the proportion of invoice value that has to be paid as gratification 29.2% believes it is between 1-10% while 1.1% indicated it is above 40% of the invoice value.

5.2 Misallocation of funds and resources

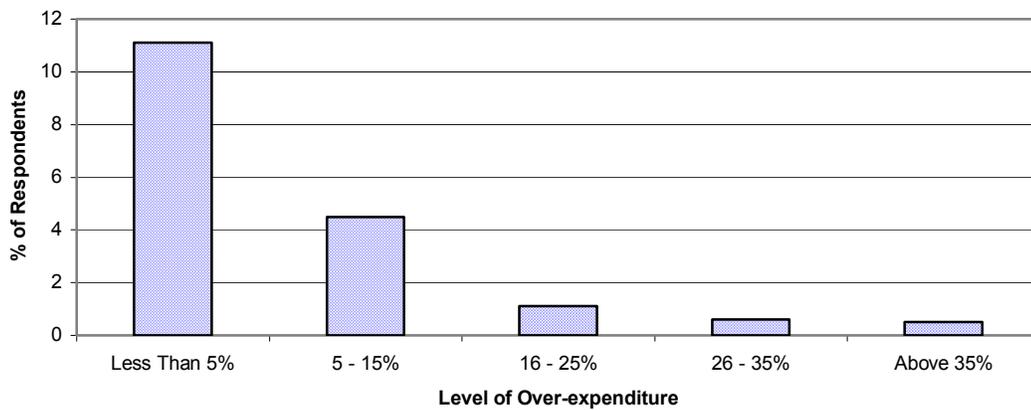
The abuse of public funds by those entrusted with its management has been a major cause of poor performance of the Nigerian economy and the intensification of poverty in the past three decades. Public officials tend to see public funds as a common property, which is available for use as they deem fit. Public budgets are not respected, as those entrusted with its execution tend to expropriate the funds to maximize their personal gains. The results of the surveys provided some indication as to the extent of abuse of the budget. Public officials were asked if their organization’s expenditure exceeded their total budget authorization and the response id given in figure 39.

Figure 39
Existence of Over-expenditure



Although a large proportion of respondents did not know (40%) and some did not respond (21.3), 22 percent of respondents indicated that they know or did not want to respond, more of them did not believe that their organization's expenditure did not exceed their total budget authorization while only 16 percent indicated that it did. Of those that indicated that expenditure exceeded budget authorization they were asked by how much expenditure exceeded its total budget authorization and their response is given in figure 40

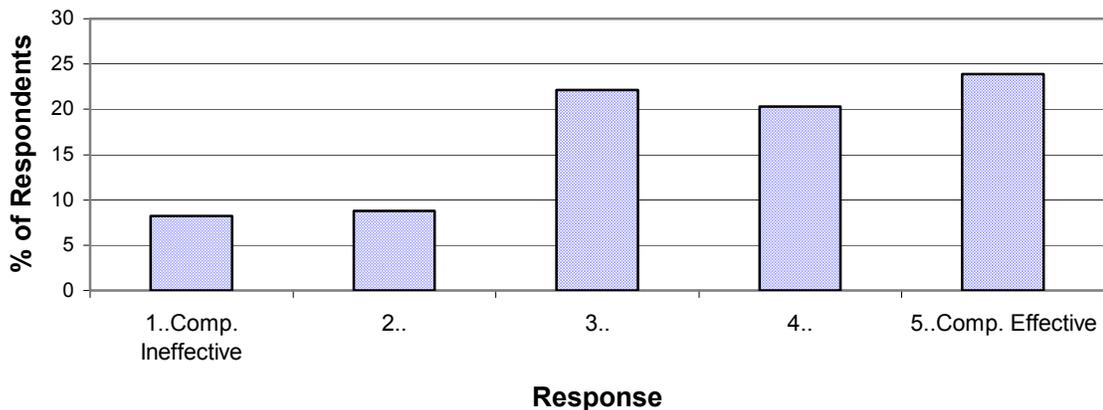
Figure 40
Level of OverExpenditure



The largest group of respondents indicated that the over expenditure is below 5%. Only 0.5 percent of the respondents indicated that it was above 35 percent. There could be a number of legitimate reasons for over expenditure but this survey indicates that the practice is not rampant in Nigeria.

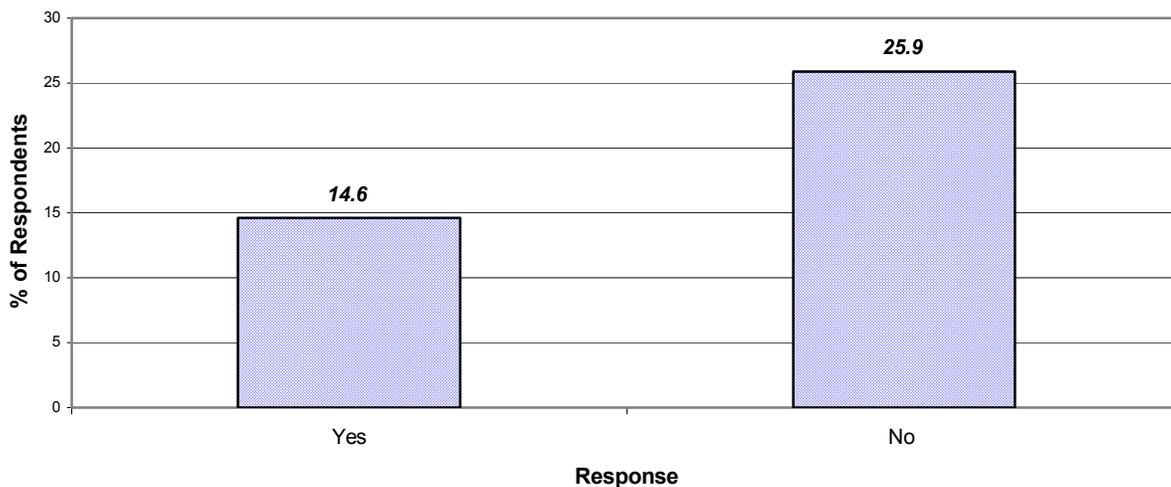
The level of budget monitoring is central to the control of the budgetary process and can determine the level of budget discipline. Even if organizations do not overspend their budget there could still be serious abuse of public expenditure by public officials. Effective monitoring and control is essential to maintain discipline and ultimate impact of public expenditure. The survey of public officials asked public officials to indicate how effectively the budget expenditure is monitored and controlled in their organizations. Figure 41 shows the response.

Figure 41
Monitoring and Control of Budget Expenditure



Public officials believe that the monitoring and control of the expenditure of their organization are generally effective. As shown in figure 41 about 44 percent of respondents indicated that monitoring and control are completely effective/effective. Only 8.3 percent of the respondents indicated that they were completely ineffective. 22.1 percent believe they were neither effective nor ineffective.

Figure 42
Fraud in Budget Expenditure

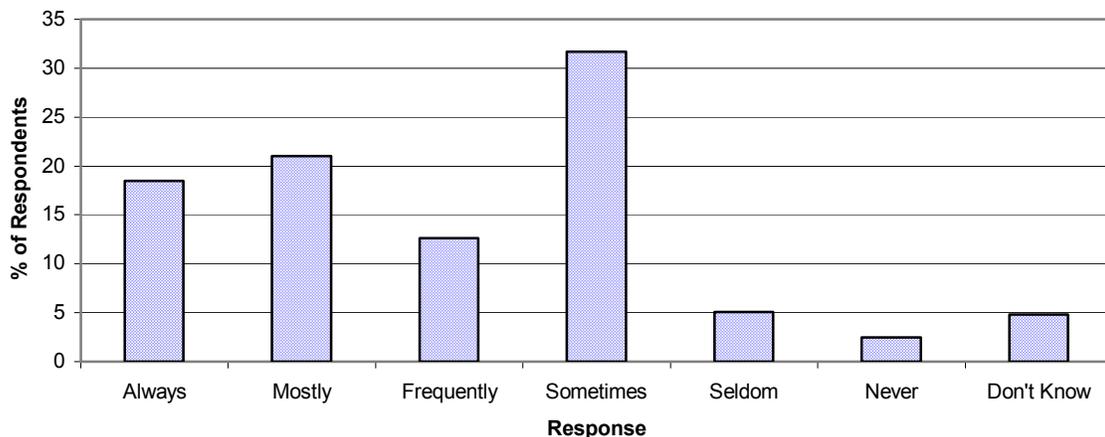


Control and monitoring are also designed to minimize fraud and the corruption in the budgeting process. Officials were asked if during the last two years in their organization, the actual spending of the organization has been different from the actual allocation budget as a result of fraud, irregular diversion of funds, or any other abuse of public office. Their response is given in Figure 42. Only 14.6 percent of the respondent indicated that in their organizations there has been difference between actual allocation and actual spending due to fraud, irregular diversion of funds, or any other abuse of public office. 25.9 percent were certain that it has not happened in their organizations, while 37.7 percent don't know and 21.8 percent did not respond.

5.3 The extent of State Capture

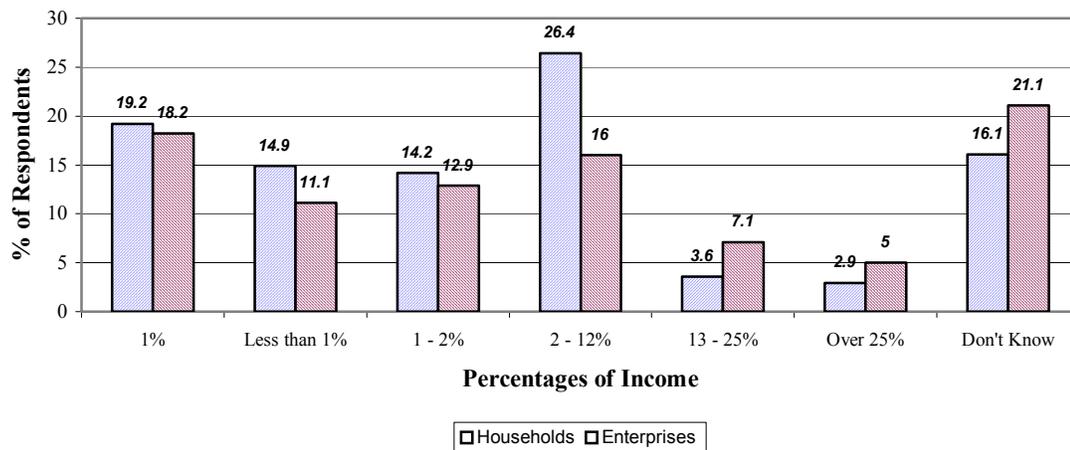
Corruption has undermined the state and made it unable to meet its obligations to the majority of the people. Access to the state has become the easiest way to wealth accumulation in Nigeria. Those with the resources to buy over the state have been able to influence state action to their own advantage. Through bribes they get the state to provide services to them at the detriment of others. The state reneges from performing its function effectively since this ensures that bribe, as inducements to it, would result from such situations and the state is in effect held hostage by those with the financial resources to do so. The survey asked households to indicate if it is common for citizens to have to pay some irregular gratifications to get things done. Figure 43 shows the response.

Figure 43
Need for Gratification to Get Things Done By Households



Most of the respondents (83.8%) indicated that they have to some irregular gratification to get things done (Sometimes, frequently, mostly or always). Of the respondents 18.5 percent indicated that they always have to pay, while 21 percent pay mostly and 12.6 percent pay frequently. The larger group of 31.7 percent claims that it pay irregular gratification sometimes.

figure 44
Percentage of Income Paid Out As Gratification Per Annum

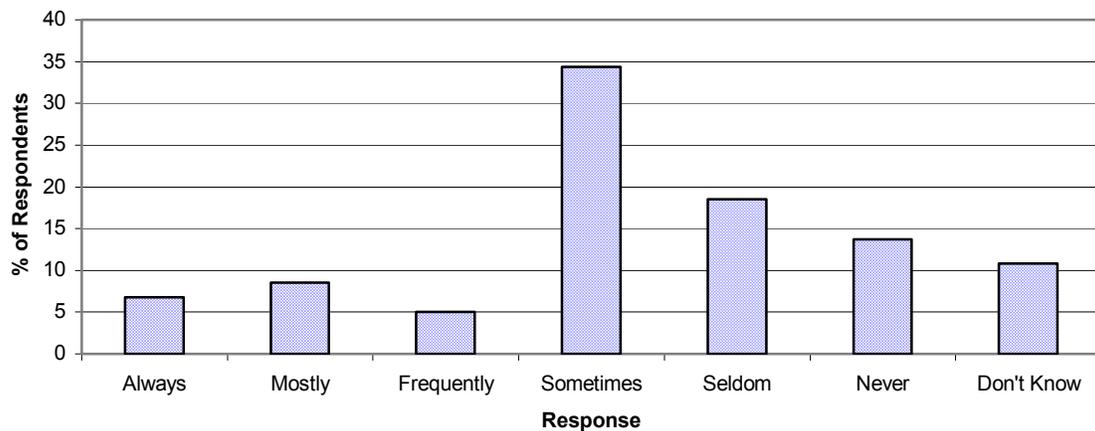


Households on the average tend to pay between 0% and 12% of their annual income as gratification to public officials. Of the households interviewed 74.7% indicated that they pay that range to public officials as gratification. This seems to confirm the 10% syndrome (the case of an understood 10 per cent unofficial tax for transactions with public officials). Only 19.2% of households indicated that they pay 0% of their annual income as gratification while 2.9% indicated that they pay over 25% as gratification to public officials. The largest category is that of those who pay between 2% to 12% (26.4%). The proportion of households that do not know what percentage of their income they pay as gratification is as high as 16.1%. For enterprises this proportion is 21.1%. Enterprises also on the average pay between 0% and 12% of their income to public officials as gratification. The information on the table shows that 57.2% of enterprises pay this range of their income. Only 18.2% pay 0% of their income as gratification to public officials while 5.0% pay over 25% of their income as gratification to public officials. As with the households the largest category is of those who pay between 2% to 12% of their income as gratification.

Households were required to assess the correctness of the statement that “if a government agent acts against the rules I can usually go to another

official or to his superior and get the correct treatment without recourse to gratification”. As shown in figure 45 32.2 percent of respondents indicated that this is seldom or never the case. Of the respondents 34.4 percent believes that the statement is sometimes correct. If such a large number of respondent believe that they cannot get correct treatment without recourse to gratification it demonstrates the extent to which government agents can ignore doing what is expected of them without some form of gratification.

Figure 45
Households Ability to Get Correct Treatment Without Recourse to Gratification



To capture the intensity of corruption enterprises were asked how often firms like theirs nowadays need to make extra gratification to public officials for any of the services presented on Table 7. These are some of the basic services government is expected to provide to facilitate the smooth running of the economy and to provide the enabling environment for private enterprise. They cover the legal and institutional framework for governance, basic infrastructure services and economic policies, which are all important aspects of the environment for good business. Not to have access without gratification must be a major constraint on the effective operation of the whole economic system.

Table 7
Frequency of gratification for Public Services

1=always 2=mostly 3=frequently 4=sometimes 5=seldom 6=never 7=don't know/no answer (Percentage)

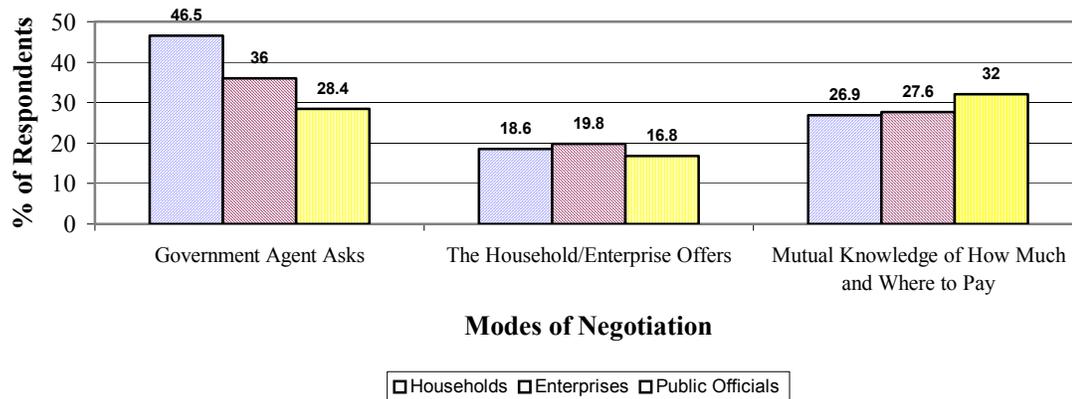
	1	2	3	4	5	6	7
To get connected to public services like electricity, telephone	22.8	13.2	23.6	26.2	4.9	1.6	5.4
To get licenses and permits	17.7	15.7	24.7	25.2	4.9	2.5	7.4
To deal with taxes and tax collection	13.9	14.6	20.8	27.5	8.2	3.8	8.9
To gain government contracts	33.2	16.9	19.3	14.8	3.9	2.9	6.9
When dealing with customs / imports	27.4	16.8	17.1	16.6	4.9	2.3	12.8
When dealing with courts	11.7	11.2	16.6	31.3	10.3	4.3	12.6
To influence the content of new laws	6.0	9.8	12.5	24.2	14.1	5.1	25.9
To influence the content of new legislatures	4.8	6.9	10.7	22.7	14.0	8.2	29.9
To influence the content of new regulations	5.8	6.1	12.2	24.8	14.0	7.2	27.2
To influence financial/economic policies	6.5	8.9	14.5	25.2	12.7	6.3	23.0
To influence policies/laws/ regulations through political party financing	10.7	9.6	16.8	21.1	9.5	5.1	24.7

A greater percentage of those interviewed indicated that they always have to pay gratification to gain government contract. Of these enterprises 33.2% indicated that they always had to give gratification, a combine total of 69.4% indicated that they always/mostly/frequently have to pay gratification to gain government contract, while only 6.8% indicated that they seldom/never have to give gratification to gain government contract. Enterprises also have to give gratification to get connected to public services like electricity and telephone. Of those interviewed 22.8% always had to give gratification to get connected to these services, a combined total of 59.6% had to always/mostly/frequently have to give gratification and only 6.5% indicated that they seldom/never give gratification to be connected to these services. Another area of problem for enterprises is in dealing with the customs. Of the enterprises interviewed 27.4% always had to give gratification to get services, a combined total of 61.3% always/mostly/frequently have to pay gratification and only 7.2% seldom/never give gratification to get services. The general impression we get from these responses is that enterprises have

to pay gratification to public officials for services. Government contracts, dealing with the customs and getting connected to public services such as electricity and telephone attract payment of gratification more often than influencing the content of legislation, influencing content of new laws and influencing financial/economic policies. The intensity varies according to the nature of the service.

The mode of negotiation for payment of gratification also tells a lot of the nature and intensity of corruption in the country. Households, enterprises and public officials were asked which of the various mode of negotiating for payment of gratification is dominant from their experience. Their responses as presented in Figure 46 shows which mode is used in the majority of the cases where someone makes gratification to an official.

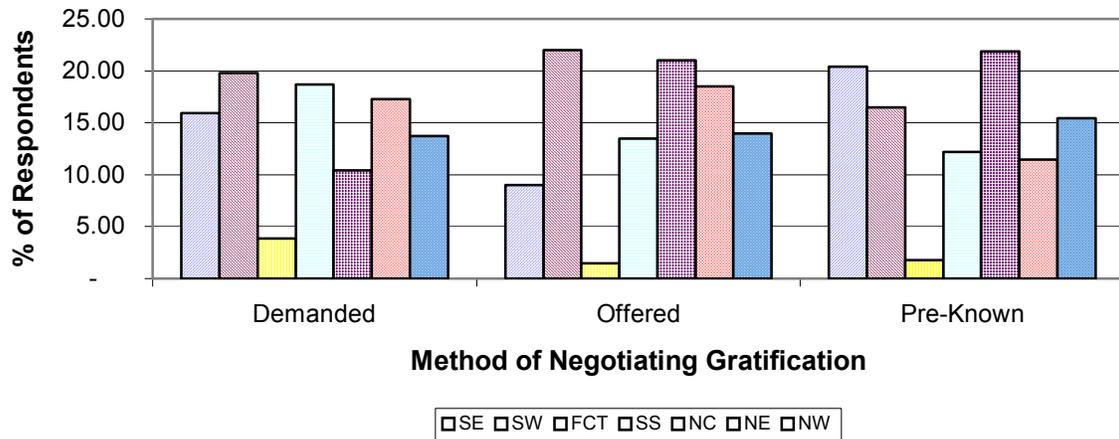
Figure 46
Mode of Negotiation for Payment of Gratification



Households and enterprises generally believe that a government agent indicates or ask for gratification rather than a household or enterprise making an offer. This suggests that there is a significant level of state corruption as perceived by households and enterprises. State corruption refers to criminal or otherwise unlawful conduct by government agencies or by officials of these agencies acting in the course of their employment. Even some public officials indicated (28.4%) that a government agent indicates or ask for gratification. Public officials (32.0%) generally believe that it is known beforehand how much to pay, so it is not discussed. It is instructive that 26.9% of households and 27.6% of enterprises agree that it is known and so not discussed. The point that some significant portion of each category of respondents (27% - 32%) agrees that it is known beforehand

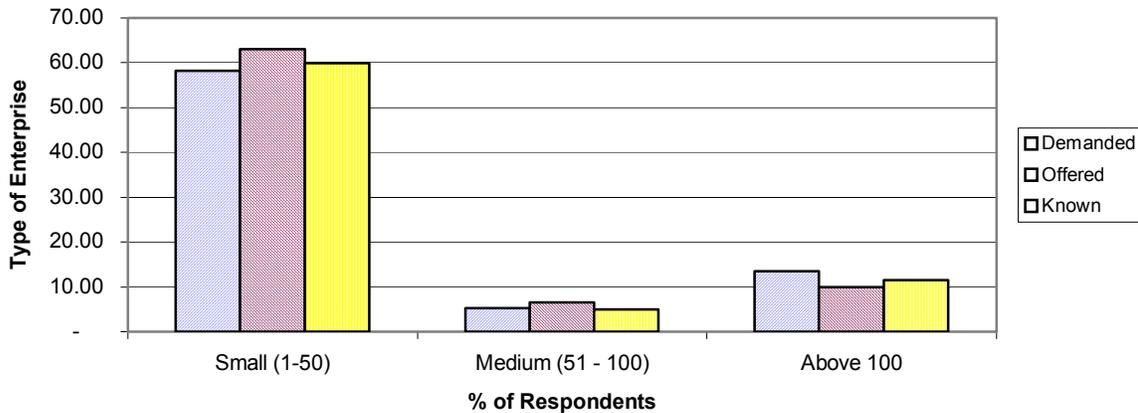
how much to pay, shows the extent to which corrupt practices are understood and entrenched. The proportion is however smaller than those indicating that government agents indicate or ask for payment.

Figure 47
Methods of Negotiating Gratification (Comparison of Response of Enterprises Across Nigeria's Political Zones)



The geographical differences in the mode of negotiating gratification by government officials can give some insights into the possible underlining factors behind the act. As shown in figure 47 a pattern can be seen. Enterprises as a whole in figure 46 indicate that government agencies ask for gratification (36%), they offer (19.8) and that it is pre-known (27.6). Along zonal lines enterprises in North Central and North West zones believe it is either offered or pre-known. This could suggest that public officials from these zones are less prone to demanding gratification from enterprises. Knowing the reason for this could assist in designing an anti-corruption strategy. On the other hand the figure shows that the largest number of respondents in the South East and the North West believe that it is pre-known. In the South West and the North East the largest group believe it is offered rather than demanded by officials. In the Federal Capital Territory enterprises are strong in holding to the position that it is demanded by officials. Do smaller firm employ different modes of negotiation of gratification? Does the size of the firm important in the mode of negotiation? Figure 48 provides some answers.

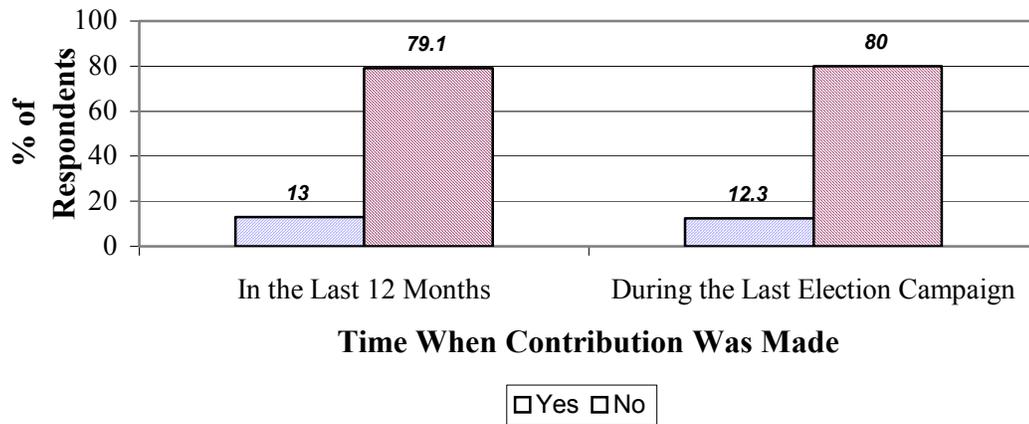
Figure 48
Comparison of Mode of Negotiation for Gratification By Govt. Officials



The pattern for the small firms is different from the pattern shown in figure 46. The largest category of the small firms is that which claim that enterprises offer gratification as against officials demanding it. On the other hand the large firms believe that government agent demand as shown in figure 48. A larger percentage of the sample responding is from small firms employing between 1 to 50 people. Of those indicating that they have to offer gratification, 60 percent are in the small category, only about 10 percent are large firms while less than 10 percent are medium firms. About 60 percent of those who know what is expected are small firms while 58 percent indicating that officials make the demand are small firms. The burden of corruption on small firms seems high in Nigeria. Given that they constitute the bulk of enterprises in Nigeria their response is important for developing strategies to reduce the impact of corruption on the private sector, which is expected to drive the development process.

In most democracies the political process has a major impact on corruption, as influence peddling through the party machinery particularly when the party is in power is often strong. Parties could raise a substantial amount of resources with the promise of exerting influence in favour of enterprises and interest groups when in power. They could also offer protection in return for campaign contributions. With the return to civil rule and party politics in Nigeria this has become relevant. The survey asked respondents if as far as they know their enterprise has ever been required to contribute to a political fund or party in order to avoid unfair treatment. The responses are given in figure 49.

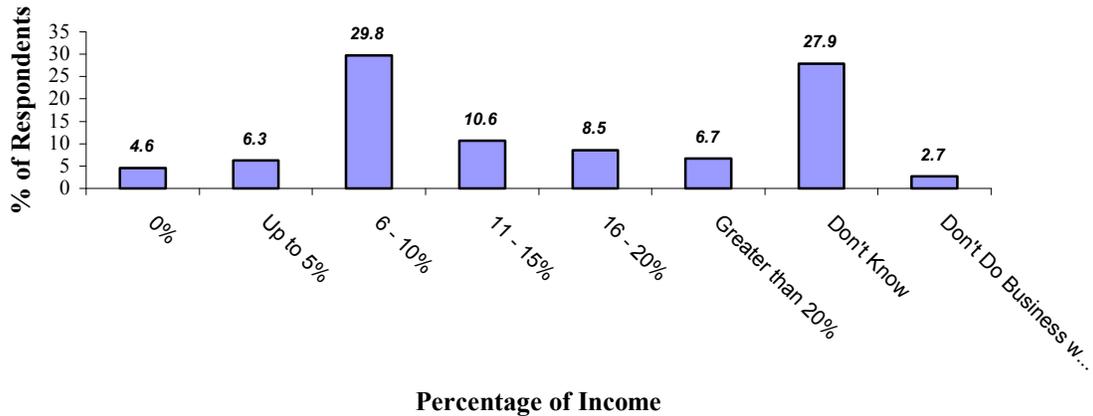
Figure 49
Financial Contribution to Political Parties



As one would expect the overwhelming response is in the negative. The political process is still at a formative stage. The parties that have emerged are still in the process of building the internal cohesion and mechanisms to be able to extract funds from enterprises and interest groups. As the parties stabilize and the democratic process takes root in the country, one might expect this form of corruption to grow. The potential of manipulating political power would become attractive to enterprises and interest groups, and the possibility of the use of such powers by political parties would create yet another avenue for corruption.

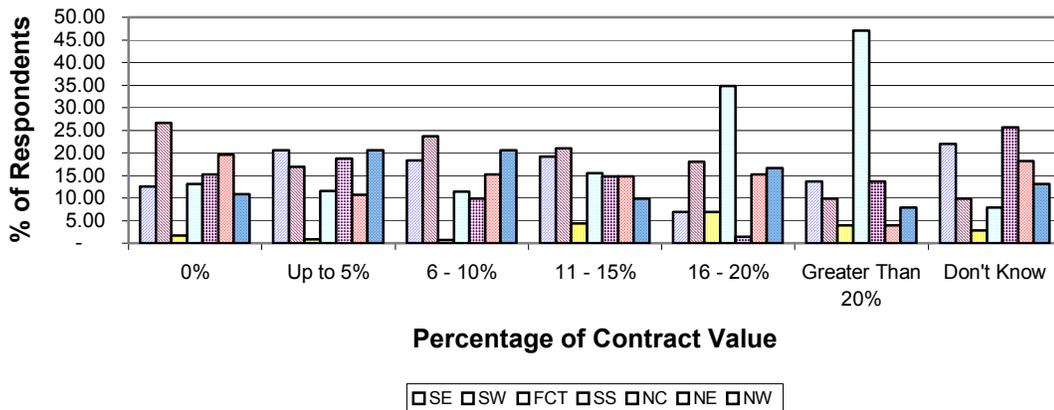
Transparency in government contracts has been a major issue in governance. It is generally acknowledged that government contracts are often poorly executed or abandoned because public officials who are expected to oversee the contract, after receiving gratification are unable to supervise the contract and unable to follow up when the project is abandoned. Those who award the contract after receiving gratification are also not in a position to follow up the proper implementation of projects. The survey of enterprises required them to indicate how much of contract value is typically demanded from them by public officials with authority/influence to award contract as offer in gratification to secure such contracts. The results are given in figure 50.

Figure 50
Percentage of Contract Value Typically Demanded From Firms By Public Officials As Gratification



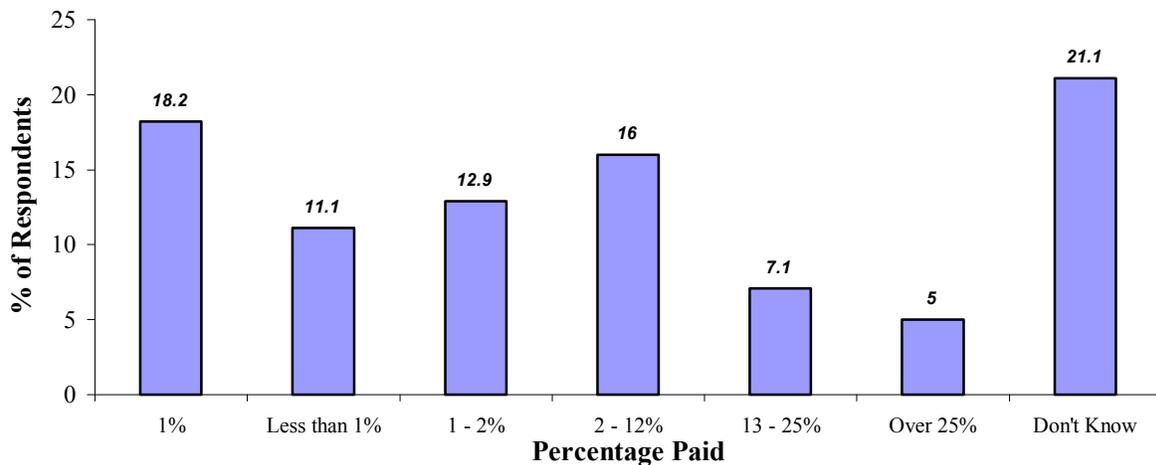
Only 4.6% of enterprises indicate that 0% of contract sum is demanded from them by government officials to secure government contracts. On the average government officials demand between 1% and 15% of contract sum from firms to award them government contracts. Over 46.7% of the firms interviewed gave this range as what was demanded by public officials. The largest category is that of those from whom 6% to 10% was demanded. In this category are 29.8% of the firms interviewed. The figure also indicates that 10.6% of the firms faced demands of between 11% and 15% while 6.7% faced demands of over 20% of the value of the contract.

Figure 51
Proportion of Contract Value Typically Demanded As Gratification From Enterprises (Comparison By Political Zones)



Given the different levels of enterprise development in the country we expect that the experience of enterprises would be different in the various zones. We expect for example that the South-West zone because of the high concentration of industries would show a different pattern. Figure 51 however shows that South-West zone reported a disproportionately high level of 0% proportion of contracts value typically demanded. South-South reporting far higher proportion of contract demanded as gratification from enterprises at the greater than 20% category. Given that this zone hosts the major oil companies this result might not be unexpected. These are the demands made by public officials but the survey also found out how much the firms actually paid in gratification to public officials. The responses are given in Figure 53.

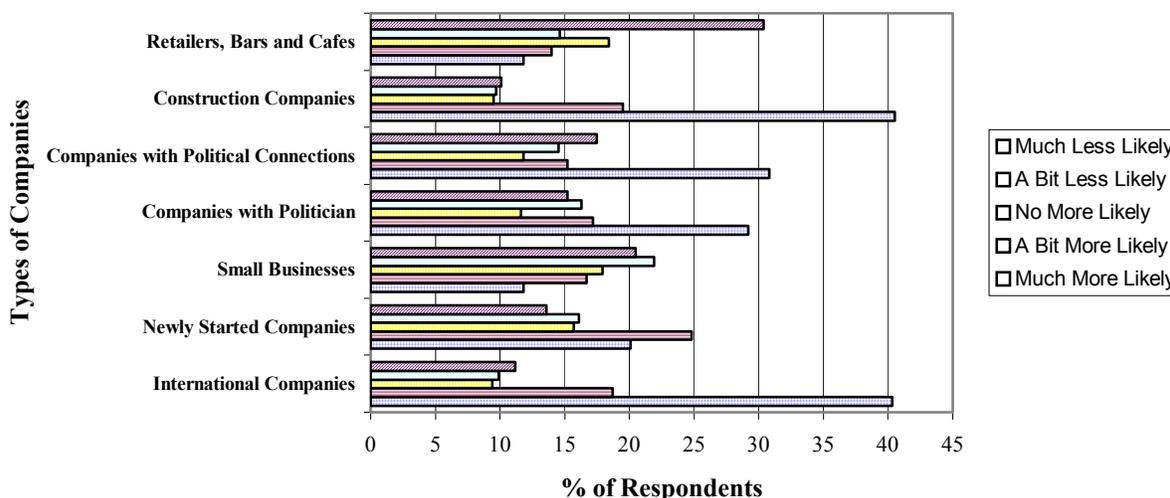
Figure 52
Percentage of Contract Value Typically Paid By Enterprises as Gratification to Public Officials



Enterprises generally paid between 0% and 12% of contract sum as gratification to public officials. The table shows that only 18.2% of enterprises paid 0% of contract sum to public officials while 11.1% paid less than 1%. The bulk of enterprises (28.9%) paid between 1% and 12%.

Some kinds of companies are much more likely to have to pay bribes than others. Given the nature of their operations or access to authority they are in the position to pay bribes to secure patronage of one kind or the other. The survey requests enterprises to indicate the likelihood of some suggested types of companies paying bribes than the average. The responses are given in Figure 54.

Figure 53
Types of Companies Likely to Offer Bribe



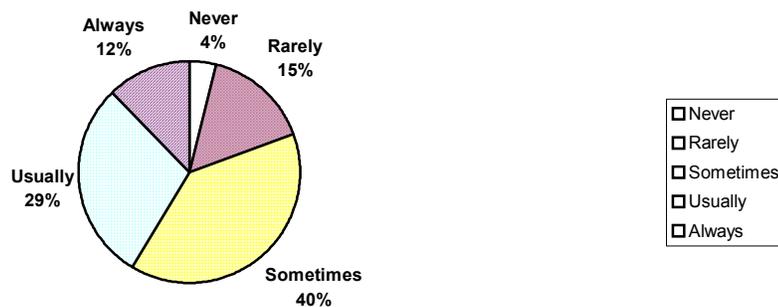
Those firms interviewed believe that international companies and construction companies are much more likely to have to pay bribes. The table shows that 40.3% of the firms interviewed are of the opinion that international companies are much more likely to have to pay bribes and another 18.7% believe that they are a bit more likely than the average to have to pay, while 40.5% are of the opinion that construction companies are much more likely to have to pay bribes and another 19.5% believe that they are a bit more likely than the average to have to pay. Next to these two are companies with connections to political figures or parties, companies with a politician on the board of directors and newly-started companies. The survey shows that 30.8% of respondents are of the opinion that companies with connections to political figures or parties are much more likely to have to pay bribe and another 15.2% believe that they a bit more likely to have to pay bribe. For companies with a politician on the board of directors 29.2% of respondents believe that they are much more likely to pay bribe while another 17.2% think they are a bit more likely to have to do so. Newly-started companies are much more likely to have to pay bribe according to 20.1% of the respondents and another 24.8% believe they are a bit more likely to have to pay bribes. The survey reveals that retailers, bars and cafes are much less likely to have to pay bribes as indicated by 30.4% of the respondents and another 14.6% with the opinion that they a bit less likely than the average to have to pay bribes. Small businesses are said by 20.5% of respondents to be much less likely to have to pay bribes, while another

21.9% are of the opinion that they are a bit less likely than the average to have to pay bribes

5.4 Purchase of public administration position and nepotism

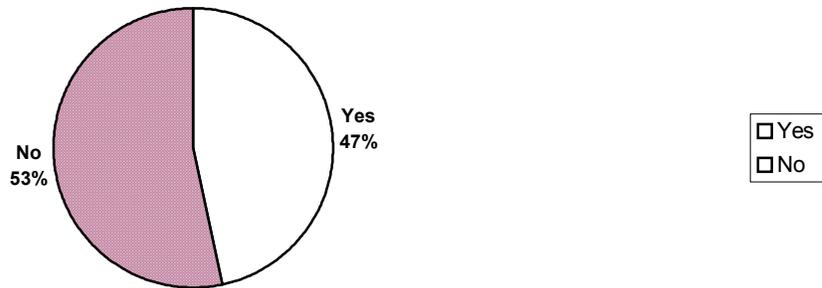
Purchase of public administration position and nepotism are a major form of corruption especially in developing societies. Despite the rush for paper qualifications Nigerians often feel that you must know those in authority or have the means of influencing decisions of recruiting officials to give positions in the public sector. Merit in Employment is necessary to ensure effective and efficient public service. Actions that undermine this basic requirement for good governance seriously undermine the development process. The survey asks public officials if in their organizations the most qualified applicant gets the job. The response is given in figure 54

Figure 54
Public Officials Assessment of the Integrity of the Employment Process: Does the Best Applicant Get the Job?



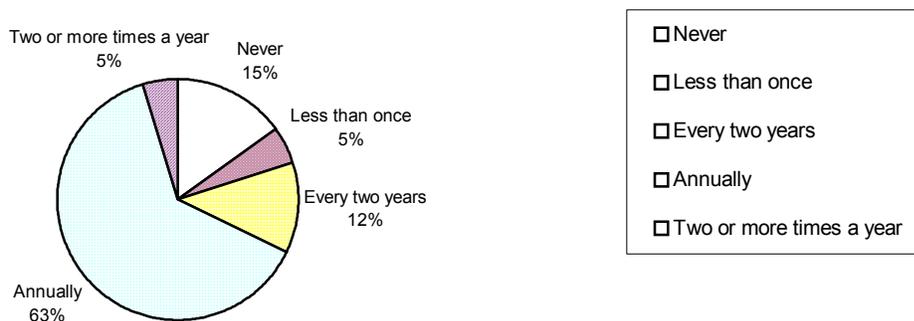
Of those responding 40 percent indicates that sometimes they do, 29 percent believe that usually they do, while only 4 percent think that they never. Public officials thus have faith in the hiring practices of government and her agencies. They were asked if they knew anyone in the organization that assisted them to get their job. The responses are given in figure 55. Of the respondents 53 percent said they did not know anyone in the organization that assisted them to get their present job while 47 percent indicated that they knew someone that assisted. Even if the most qualified gets the job the survey indicates that a high (though less than half) percentage of public employees were assisted in getting their present position.

Figure 55
Assistance to Get Job Placements



No matter how employees are recruited their progress should be based on their performance to ensure that they are motivated by the prospects of promotion to work hard. When performance is hardly evaluated then promotion and recognition are not based on the ability and performance of staff. The survey asked public servants how frequently their performance is formally evaluated in writing. Their responses are given in figure 56.

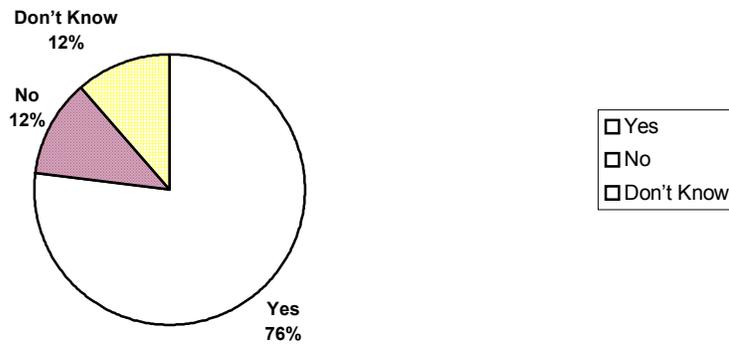
Figure 56
Frequency of Performance Evaluation



The majority of over 60 percent of the respondents indicated that they were formally evaluated in writing annually. Only 15 percent indicated that they were never evaluated. It might be necessary for government to ensure that all

public servants are evaluated annually. It is also important that the process of evaluation is transparent and fair. Such evaluation should determine the progress of staff in every organization. It is also very important that the performance evaluation criteria are clear to all. The survey collected information on the clarity of the performance evaluation criteria in use as reflected in figure 57. Of those responding 76 percent indicated that the criteria are clear, while 12 percent reported that they were not.

Figure 57
Clarity of Performance Evaluation Criteria



6. The quality and availability of public services

6.1 The users view

The survey tries to establish the quality of services provided by some public service providers. Poor quality of service creates the environment in which consumers of these services try to secure improved services by offering inducement or service providers soliciting gratification to provide service to consumer. Households were required to evaluate the quality of the services provided by some public service providers. The results are presented in Table 8.

Table 8
Quality of service provided by public service providers (Households)
(Percentage)

	Very Poor	Poor	Neither/Nor	Good	Very Good
Public Health	23.4	20.1	24.6	20.4	5.7
Public education	21.3	21.8	24.0	19.2	5.6
Traffic Police	22.2	18.3	17.9	16.2	4.7
Police	46.0	19.2	12.8	6.8	2.7
Tax/Revenue Inspector	15.7	19.0	21.7	12.9	4.7
Building/Con permit	9.8	12.1	15.7	11.1	4.9
Customs Authority	14.2	15.3	13.7	8.2	2.7
Social Welfare Office	9.1	8.8	19.3	18.3	6.2
Judge/Courts Officials	18.8	17.0	19.5	15.4	5.7
Water Board	28.9	14.4	13.5	13.8	4.6
Electricity	39.5	14.3	14.0	10.8	4.1
Telephone	16.0	10.9	11.6	10.5	4.0
Post Office	9.1	9.3	16.6	21.9	10.4
Passport Office	7.9	10.8	10.9	6.9	2.9

The impression from the table is that the quality of most public service is not satisfactory to households. Households are particularly dissatisfied with the services provided by the police and NEPA. The poor services provided by a public utility like NEPA can easily be associated with the level of corruption

associated in the minds of the public with it. Poor billing practices which enables NEPA staff to enrich themselves by colluding with customers has encouraged illegal connections for which the corporation does not receive payment. The police, on the hand, is perceived to be inefficient and to provide poor services while using the instrument of state power at their command to extract illegal payments from the population. Public health, public education and Water boards were considered of low quality.

Table 9

Overall quality of the services delivered by public agencies (Enterprise)

1=very poor 5=very good 9=don't know (Percentage)

	1	2	3	4	5	9
Customs and trade license service/agency	12.5	18.5	18.5	13.4	5.3	2.6
Tax service/ agency	14.5	20.9	19.0	16.3	6.9	2.7
Standards and safety inspection	9.0	13.7	14.6	14.7	10.8	3.5
The judiciary/ courts	15.3	19.2	13.3	13.8	7.9	1.8
Public works/ roads	23.0	19.7	16.5	13.2	6.3	1.3
Postal service	12.6	12.3	17.4	20.5	16.7	1.9
The telephone service/	26.8	14.3	16.3	14.4	6.8	1.7
The electric power company	41.4	14.4	12.2	10.4	3.6	0.6
The water/ sewerage service/agency (Water Board)	35.1	15.3	13.6	13.5	6.0	0.8
Public health care service	12.6	22.7	19.7	16.9	8.6	1.6
Education services	19.0	20.6	20.7	16.0	7.4	1.3
The police	46.0	16.4	12.4	9.7	3.7	0.2
Traffic police/ traffic Warden	23.1	19.2	15.3	13.2	5.0	2.4
Government procurement agencies (Tenders Board)	16.2	12.7	12.0	6.4	3.3	5.0
NNPC	10.8	12.6	16.8	15.0	6.5	2.8
Vehicle Inspection Officer	22.3	15.7	14.2	9.2	2.9	2.9

The survey results show that the quality of public services in Nigeria is below the expectation of the respondents. Enterprises were required to evaluate the overall quality of the services delivered by some public agencies. Their response is given in Table 9.

Enterprises were generally dissatisfied with the services provided by various public agencies. They rated the following services as follows: Customs service was rated poor (poor 31%, good 18.7%); Tax Agencies was rated poor (35.4% poor, 23.3% good); Standards and Safety Inspection (SON, NAFDAC) were rated fair (25.5% good, 21.7% poor); Judiciary/Courts was rated poor (34.5% poor, 21.7% good); Public Works/Roads was rated poor (42.7% poor 19.5% good); Postal Services (NIPOST) was rated fair (37.2% good, 24.9% poor); The Telephone Services (NITEL) was rated poor (41.1% poor, 21.2% good) ; The Electric Power Authority (NEPA) was rated very poor (41.4% very poor, 14.4% poor and 14% good); Water Board was rated poor (50.4% poor, 19.5 good); Hospitals and Clinics were rated poor (35.3%, 25.5% good); Education was rated poor (39.5% poor, 23.4% good); The police was rated very poor (46.0% very poor, 16.4% poor and 22.1% good); Traffic Police was rated poor (42.3% poor 18.2% good); Tenders Boards was rated rather poor 28.9% poor, 9.7% good); NNPC was rated rather poor (23.4% poor 21.5% good); VIO was rated poor (38% poor, 12.1% good).

6.2 The manager view

In the light of the perception of public officials of public service it would be interesting to find out how they rate the performance of public organizations. Public officials were required to evaluate the performance of public institutions listed in Table 10.

Table 10

Public officials evaluation of the efficiency of government agencies

1 corresponds to “very inefficient and 5 corresponds to “very efficient”. (Percentage)

	1-Very inefficient	2	3	4	5-Very efficient	I don't know
Federal/State/LG Executive Council	17.4	14.4	25.6	21.1	8.4	1.5
Political party	31.3	18.9	22.7	11.9	5.1	2.6
Members of National and State Assemblies	25.0	18.8	25.3	16.4	5.2	2.7
Internal Revenue Board	14.1	12.9	25.9	25.1	9.8	3.8

Custom authority	17.6	16.4	20.9	19.2	7.9	6.7
State budget authority	10.3	9.6	25.3	26.5	12.2	5.0
Ministry of Commerce	9.0	8.6	28.4	24.9	8.3	7.2
Ministry of Works and Transport	12.8	12.9	26.0	23.7	8.5	4.9
Ministry of Agriculture and Natural Resources	13.9	14.9	24.8	22.4	8.8	5.0
Central Bank	8.4	7.4	18.9	30.8	18.7	4.9
Office of the Accountant-General Federation/State	12.8	14.2	26.7	24.7	9.5	3.0
Ministry of Education	8.8	11.9	23.9	32.5	14.7	1.5
Ministry of Health	8.7	10.6	22.5	33.6	16.9	1.6
Public Registry (ID, Passport)	11.0	10.0	23.2	21.4	9.1	9.2
Office of Social Welfare	11.2	11.0	23.5	24.4	11.4	6.2
Post Office	10.9	11.0	21.6	30.6	16.5	2.5
Police	41.2	17.2	18.9	12.5	4.5	0.8
Traffic police/ Traffic Warden/ FRSC	22.8	14.5	21.8	24.2	8.3	1.5
Code of Conduct Bureau	10.9	11.2	24.4	22.6	10.6	6.7
Courts	15.0	12.8	24.9	26.2	10.7	2.7
Office of Prosecutor (DPP)	13.9	12.4	25.3	20.1	8.2	5.9
Municipal/Local Government	28.0	20.2	22.5	15.0	6.2	1.5
State government	15.7	17.3	27.2	24.9	7.9	0.6
Water Board	21.4	15.8	23.2	21.6	9.5	1.7
NEPA	35.0	19.9	19.0	15.0	4.7	1.2
NITEL	19.7	16.6	22.3	20.2	8.8	3.3
The armed forces/military	14.7	14.5	22.3	24.6	11.5	2.9
The news media	6.7	8.0	23.7	35.1	18.5	1.5

NGO/CBO	5.5	5.1	19.6	33.4	21.0	3.7
Passport office	13.6	12.2	20.2	19.5	10.3	8.1

Of the Public officials interviewed 31.8% believe that the Federal/State/LG Executive Councils are very inefficient/inefficient, while 29.5% believe they are very efficient/efficient. The table shows that 50.2% believe that political parties are very inefficient/inefficient, while 43.8% believe that members of National and State Assemblies are very inefficient/inefficient. The police was poorly rated, as 58.4% believe they are very inefficient/inefficient. Municipal/Local Governments were also of low rating as 48.2% believe they are very inefficient/inefficient while 33.0% believe that State Governments are very inefficient/inefficient. The table also shows that 54.9% believe that NEPA is very inefficient/inefficient. The Central Bank (49.6%), Ministry of Education (47.2%), Ministry of Health (50.5%), Post Office (47.1%), The news media (53.6%), NGO/CBO (54.4%) were considered very efficient/efficient as shown in the table.

6.3 Institutional Capacity for Public Service Delivery

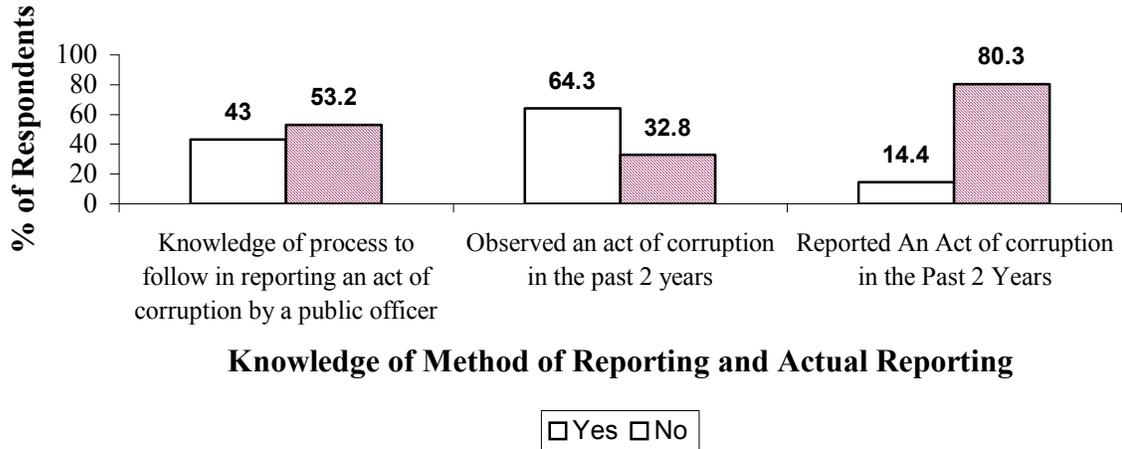
This survey shows that public officials hold their institutions and services they provided in esteem. The survey results show that 67.6% of public officials surveyed are in organizations that deal directly with the public. Of these 65% believe the public services delivered by their organizations are perceived to be of high quality by users. More than 50% believe that their services are effective given the budget of their organization, while 58.1% believe that their services are accessible to the poor and 54.8% believe that their services are helpful in tackling poverty. Of the public officials interviewed 67.9 % indicated that their organization has clearly defined consultation mechanism for public service users about their needs. Of these 73% believe that this consultative mechanism is effective. Of the public officials interviewed 67.8% indicated that their organization has clearly defined complaints and redress mechanisms for public service users to express themselves and 69% of these see this mechanism as being effective. The survey sought to know how often complaints from the public lead to discipline of erring staff, and 56.7 believe that this is so at least from half of the times to almost all the times. Ten per cent of the respondents however indicated that this is never done. As to whether complements from the public lead to recognition of responsible staff, 53.4% of respondents indicated that

this is done around half of the times to almost all the times. The survey instrument tried to find out the quality of information management and communication in public organizations. Of the respondents 61.1 per cent indicated that there exist good communication among organizations in the government and 70.3% indicated that there is good communication among departments within their organization. The survey result indicate that 60% of the public officials indicated that staff are informed of important decisions taken within the organization while 10.9 per cent indicated that this is seldom done. About 59% indicated that managers take into consideration opinions and suggestions from their subordinates while 17% indicated that they seldom do. On record keeping, 71.2% indicated that their organizations have records for the last five years with only 5% indicating that their organizations do not have. A lower percentage – 46.8%, however, indicated that it was easy to obtain information from these records. Of the officers interviewed 65.5% indicated that in general record-keeping in their organization was effective. On the whole the public officers have a good impression of their services and are satisfied with the effort being made in serving the public.

6.4 The Reporting System

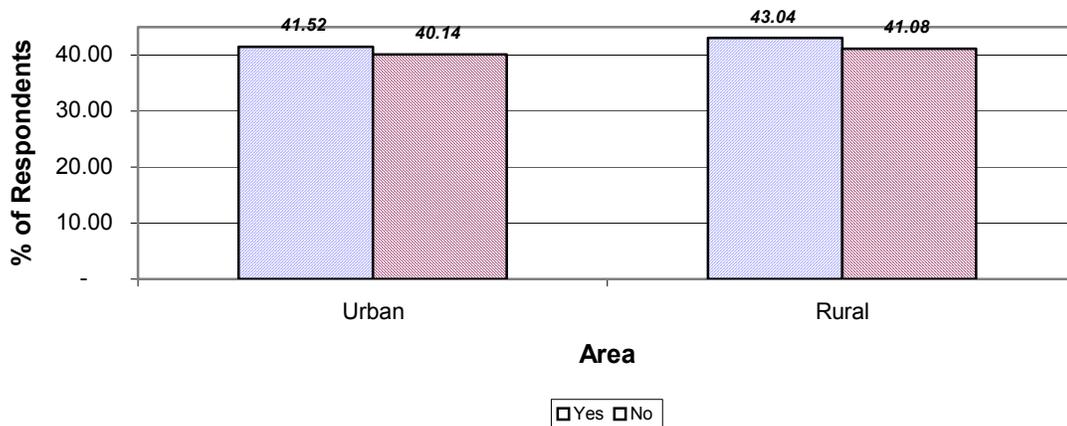
One major area for attention that has been amply demonstrated by this study is that of an effective reporting system. The survey results show that Nigeria has a very weak corruption reporting system. An effective and efficient reporting system is critical for the war against corruption. Lack of such a system encourages those engaged in corruption to continue and deters those that might want to seek redress. The reporting mechanism is presently very weak in Nigeria as indicated by responses to the survey. Households were asked a series of questions about corruption reporting system in Nigeria and the responses demonstrates the magnitude of the problem. Households were asked if they know what process to follow in reporting an act of corruption by a public officer; if during the past two years, they ever observed an act of corruption by a public official and if during the past two years they or anyone in their household reported a corrupt act by a public official. The responses are given in Figure 58.

Figure 58
Knowledge of the Process of Reporting an Act of Corruption by a Public Official and Actual Reporting



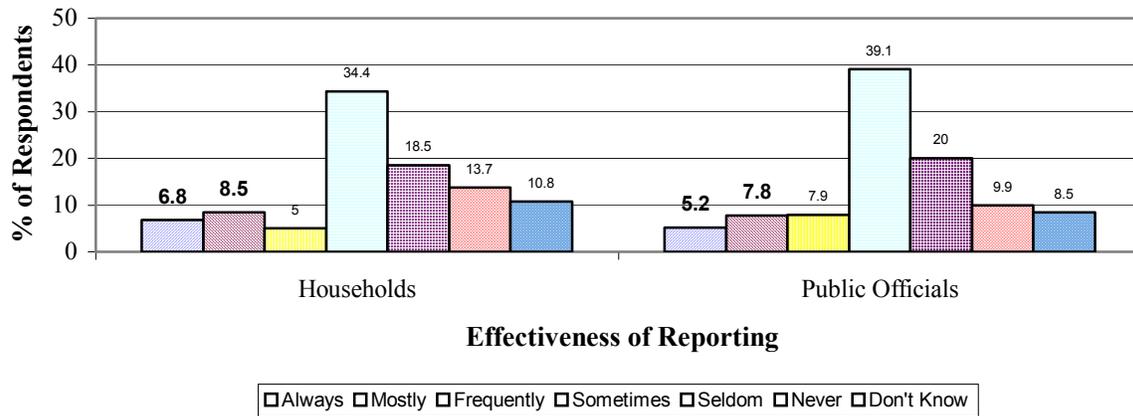
Of those interviewed 53.2% do not know what process to follow in reporting an act of corruption by a public officer, 64.3% had observed an act of corruption by a public official in the past two years but only 14.4% of households have within the past two years reported a corrupt act by a public official. This clearly shows the state of corruption reporting mechanism in the country. With 53.2% of the respondents not knowing what process to follow in reporting an act of corruption there is certainly the need to put in place a credible corruption reporting system in the country. Ordinarily one would expect that corrupt practices would be reported to the superior officer to the officer involved in the act.

Figure 59
Households Knowledge of Method of Reporting Corruption (Comparison by Area)



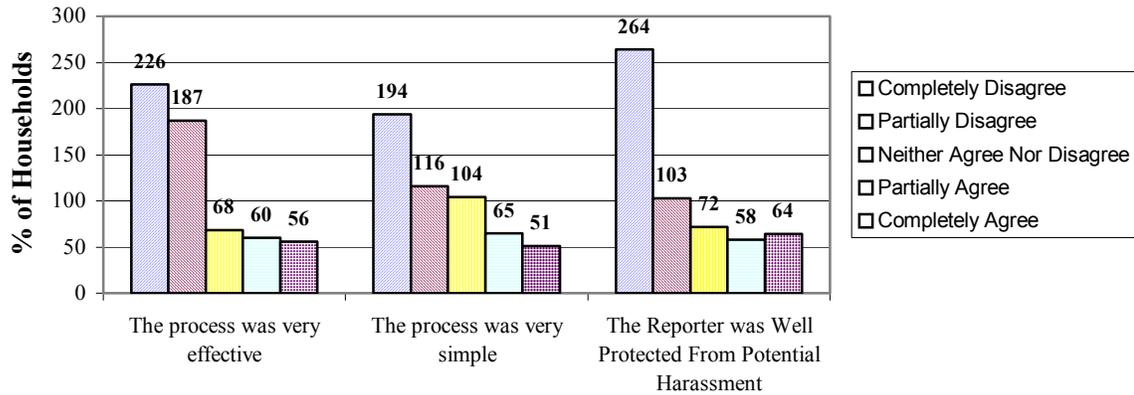
The difference we expected between the urban and rural areas in the sense that rural respondents might not be as informed as urban respondents is not reflected in figure 59. The survey actually required households and public officials to assess the effectiveness of reporting a government agent who acts against the rules to his superior. To what extent would they get the correct treatment without recourse to gratification? Figure 60 allows us to compare the responses.

Figure 60
Effectiveness of Reporting an Act of Corruption to a Superior Officer



Both households and public officials believe that they can sometimes get the correct treatment without recourse to gratification when they report an agent of government who acts against the rules to his superior officer. Of the households interviewed, 34.4% indicated that they sometimes get correct treatment without recourse to gratification but 32.2% indicated that seldom/never do they get correct treatment without recourse to gratification. This is an indication that households do not have much faith in the usual reporting system. Of the enterprise interviewed, 39.1% indicated that they sometimes get correct treatment without recourse to gratification but 29.9% indicated that seldom/never do they get correct treatment without recourse to gratification. This is an indication also that enterprises do not have much faith in the traditional reporting system. Still in a more direct manner households were required to evaluate the process of corruption reporting. Their response is given in figure 61.

Figure 61
Evaluation of the Corruption Reporting Process By Households

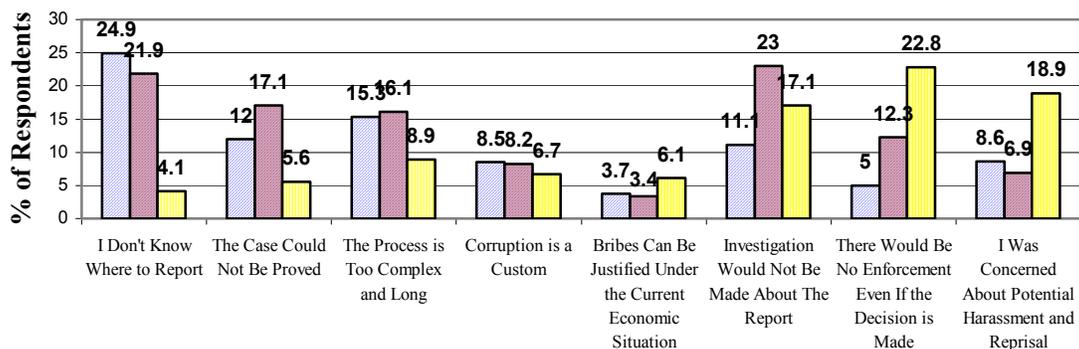


Issues in Corruption Reporting

The low response rate is probably a reflection of the fact that as indicated above many people do not even know what the reporting process is. For those responding they do not believe that the process is effective, that it is simple, but more importantly, they do not believe that the reporter was well protected from potential harassment.

It is important to understand why this attitude towards reporting corruption is prevalent. Any anti-corruption strategy must address the reasons for this attitude. The correct condition for corruption reporting is the first step in any anti-corruption strategy. The survey required households, enterprises and public officials to indicate the three main reasons why they did not report the act(s) of corruption by the public official(s). Their responses are given in Figure 62.

Figure 62
Reasons Why Corruption is Not Reported



Reasons for Not Reporting Corruption

□ Households □ Public Officials □ Enterprises

The Households interviewed still maintain they do not know where to report as indicated by 24.9%. The next reason given with 15.3% is that the process is too complex and long, and 23.0% maintain that the case could not be proved. For public official the most important reason as indicated by 23.0% of those interviewed is that investigation would not be made about the report, 21.9% claim they do not know where to report and 17.1% indicated that the case could not be proved. For enterprises, the most important reason was that there would be no enforcement even if the decision is made as indicated by 22.8% of those interviewed; concern about potential harassment and reprisal as indicated by 18.9%, and investigation would not be made about the report as indicated by 17.1%. All these reasons are valid in Nigeria and have created the conditions for corruption to thrive.

As indicated previously in this report, services rendered by public agencies are of low quality and this has remained so for years. The failure to do anything about the appalling level of service delivery by these public agencies has encouraged corruption in these agencies. Is there an effective reporting mechanism for poor service delivery by public agencies? This is an important anti-corruption measure. Enterprises were asked if during the last year they had any complaint about public service provided by some public agencies and if yes if they made a complaint. The responses are given in Table 11.

Table 11
Complaints of public service delivery and it's reporting
(Percentage)

	During the last year, did you have any reason to complain about the public service?		If yes, did you make a complaint?	
	YES	NO	YES	NO
Customs and trade license service/agency	30.1	42.7	14.9	28.5
Tax service/ agency	31.7	39.4	17.6	25.8
Standards and safety inspection (SON; NAFDAC)	15.4	50.0	8.1	21.4
The judiciary/ courts	23.1	47.0	11.0	25.9
Public works/ roads	33.0	40.2	14.9	29.4
Postal service/ agency (NIPOST)	23.8	49.1	14.7	23.7

The telephone service/agency (NITEL)	44.3	29.1	34.3	20.5
The electric power company/ agency (NEPA)	62.4	19.8	49.9	21.0
The water/ sewerage service/agency (Water Board)	40.7	35.2	27.4	26.9
Public health care service/ hospitals	32.7	39.6	16.5	27.8
Education services (primary, secondary and tertiary)	34.6	39.5	19.5	26.6
The police	46.9	32.2	29.4	29.5
Traffic police/ traffic Warden/ FRSC	28.4	43.1	14.7	26.8
Government procurement agencies (Tenders Board)	20.1	41.1	12.0	23.0
NNPC	21.5	41.6	11.3	25.0
Vehicle Inspection Officer (VIO)	23.2	42.4	13.8	24.3

More people had reason to complain about the electric power company (NEPA) as indicated by 62.4% of those interviewed. Next is the police for which 46.9% had reason to complain, the telephone company for which 44.3% had reason to complain and Water/Sewerage service (Water Board) for which 40.7% had reason to complain. As shown on the table, only in the case of electricity did up to 40.0% actually make complaints. In that case 49.9% indicated they made complaints. Except for the telephone company where 34.3% made complaints, all others were below 30% making complaints. A far lower percentage of those having reason to complain of public services actually complain. This might also reflect the lack of mechanism for complaints in most public agencies. The organizations like NEPA and NITEL have complaints units where customers could lodge complaints and that could have explained why a larger percent complained of those services. How effective were the complaints made? Those interviewed were requested to indicate how effective the complaints were and their responses are presented in Table 12.

Table 12
Effectiveness of reported complaints of public services

1=completely ineffective; 5=completely effective (Percentage)

	1	2	3	4	5
Customs and trade license service/agency	8.8	10.4	3.8	2.2	1.9
Tax service/ agency	8.0	10.8	4.4	3.9	2.5
Standards and safety inspection (SON; NAFDAC)	4.5	8.7	2.8	3.0	2.5
The judiciary/ courts	8.5	8.3	2.9	3.3	0.8
Public works/ roads	10.0	7.1	4.1	3.2	3.3
Postal service/ agency (NIPOST)	10.1	8.7	3.3	2.9	3.3
The telephone service/agency (NITEL)	20.8	9.2	5.0	5.2	5.5
The electric power company/ agency (NEPA)	30.5	12.0	4.7	5.8	3.3
The water/ sewerage service/agency (Water Board)	19.6	9.0	4.5	3.1	1.4
Public health care service/ hospitals	10.5	9.6	3.3	4.2	2.2
Education services (primary, secondary and tertiary)	13.7	8.0	4.2	2.9	2.8
The police	22.8	10.4	3.1	2.8	1.0
Traffic police/ traffic Warden/ FRSC	9.3	9.8	2.6	3.0	1.0
Government procurement agencies (Tenders Board)	8.5	8.4	2.1	2.5	1.7
NNPC	8.9	9.7	2.7	2.9	1.0
Vehicle Inspection Officer (VIO)	11.9	8.1	2.8	0.8	1.6

The general impression from the table is that the complaints were completely ineffective. Even for those with the complaint units like NEPA and NITEL the respondents believed they were completely ineffective.

Poor service delivery may be a logical outcome of the nature of the service, in which case it might not necessarily lead to corruption if complaints are responded to by the establishment. When consumers are sure their complaints would be listened to, they are encouraged to seek assistance of the organisation rather than the short-cut through undue influence of

public service providers. The lack of a proper reporting system undermines the ability of the system to curb corruption and it could instead encourage corruption. The survey sort to know how effective complaints by consumers has been. Respondents were required to indicate how effective complaints about the services of public service providers were during the previous year by those who had reason to complain about the services of public service providers. The results are presented on Table 13

Table 13
Perceived Effectiveness of complaints about Public Service Delivery by Households

1 = completely ineffective; 5 = completely effective (Percentage)

	Completely ineffective 1	2	3	4	Completely Effective 5
Public Health	23.4	20.1	24.6	20.4	5.7
Public education	21.3	21.8	24.0	19.2	5.6
Traffic Police	22.2	18.3	17.9	16.2	4.7
Police	46.0	19.2	12.8	6.8	2.7
Tax/Revenue Inspector	15.7	19.0	21.7	12.9	4.7
Building/Con permit	9.8	12.1	15.7	11.1	4.9
Customs Authority	14.2	15.3	13.7	8.2	2.7
Social Welfare Office	9.1	8.8	19.3	18.3	6.2
Judge/Courts Officials	18.8	17.0	19.5	15.4	5.7
Water Board	28.9	14.4	13.5	13.8	4.6
Electricity (NEPA)	39.5	14.3	14.0	10.8	4.1
Telephone Service (NITEL)	16.0	10.9	11.6	10.5	4.0
Post Office (NIPOST)	9.1	9.3	16.6	21.9	10.4
Passport Office	7.9	10.8	10.9	6.9	2.9

For those areas where services were found to be of poor quality so too is the level of effectiveness of the reporting system. A larger proportion of respondents considered the complaints made as ineffective/completely ineffective. These response patterns indicate that most Nigerians believe that public service providers are not readily responsive to complaints. This would certainly create a situation in which service users will easily fall prey to officials of the public agencies responsible for the provision of the services.

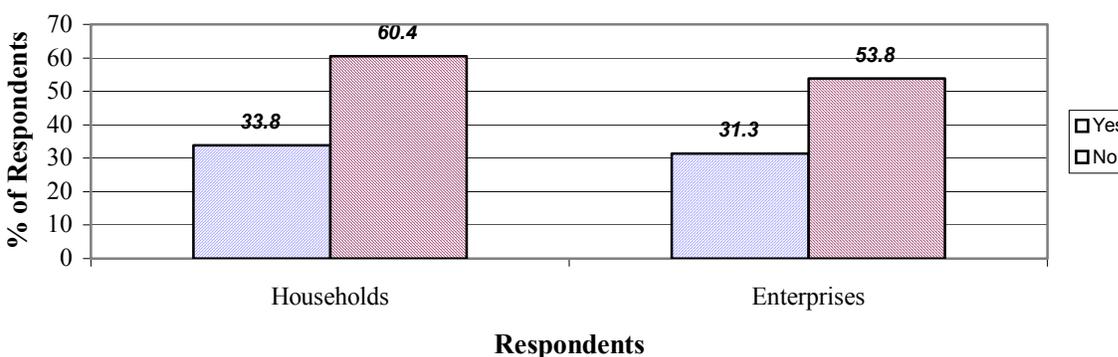
7. A few key sectors

7.1 The Judiciary

The judiciary is a critical variable in any anti-corruption effort. The legal framework and the mechanism to handle cases of corruption must be fully operational and enjoy the confidence of the people if they are to be the recourse for corruption cases. Inadequate legislative and judicial oversight, provide a nurturing environment for corruption. Nigerian needs to have faith in the judiciary to be able to use it against corruption. When the courts cannot protect the individual he is forced to resort to other means of settling dispute and feels helpless when confronted with official corruption. The survey sought to establish whether households and enterprises ever felt the need to use the court system but decided not to during the previous two years. It also sought to establish whether households and enterprises initiated a lawsuit against anyone in the last three years and if they have solved an important dispute without going to formal courts. The results are presented in Figure 63.

Figure 63

***The use of the Judiciary as a Means of Settling Disputes:
Those Who Felt the Need to Use the Court System But Decided Not To***



The results suggest that both households and enterprises are not inclined to use the formal courts to seek redress for wrong done to them. Of the households interviewed 33.8% felt the need to use the court system but decided not to while 31.3% of enterprises felt the same.

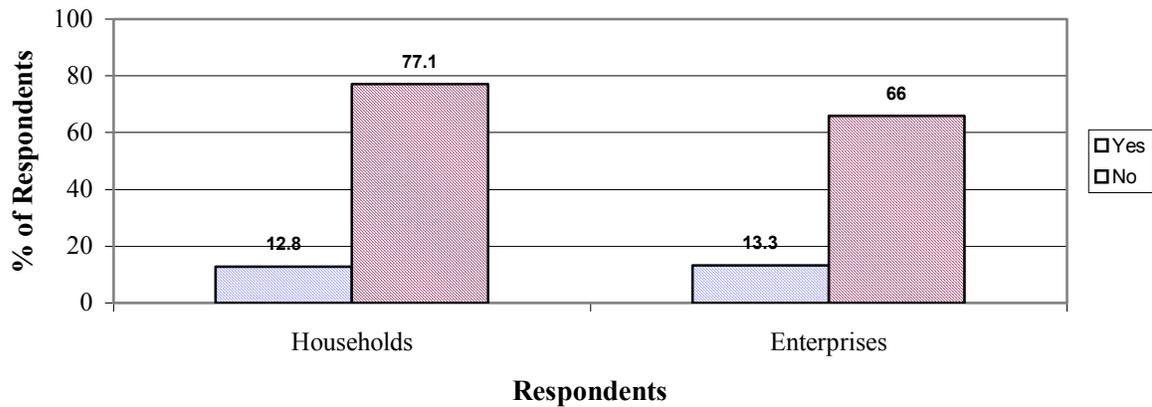
Figure 64

Enterprises Inclination to Seek Redress in Courts (Comparison by Political Zones)



The zonal differences in the use of the courts is of particular interest as it might not just reflect cultural differences but also differences in perceptions of the relevance of the courts in resolving disputes. Figure 64 shows some zonal differences. The South-East and South-South show a marked tendency towards using the courts, while the South-West and the North-East are less so inclined.

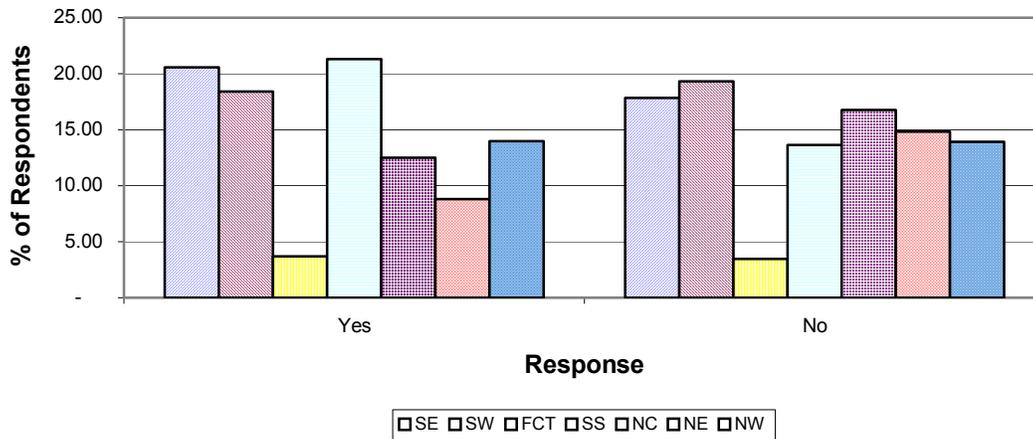
Figure 65
***The use of the Judiciary as a Means of Settling Disputes:
 Those Who Initiated a Lawsuit to Settle a Dispute***



A larger percentage of those interviewed, either did not feel the need to use the courts or felt the need and actually used the courts. Figure 65, however,

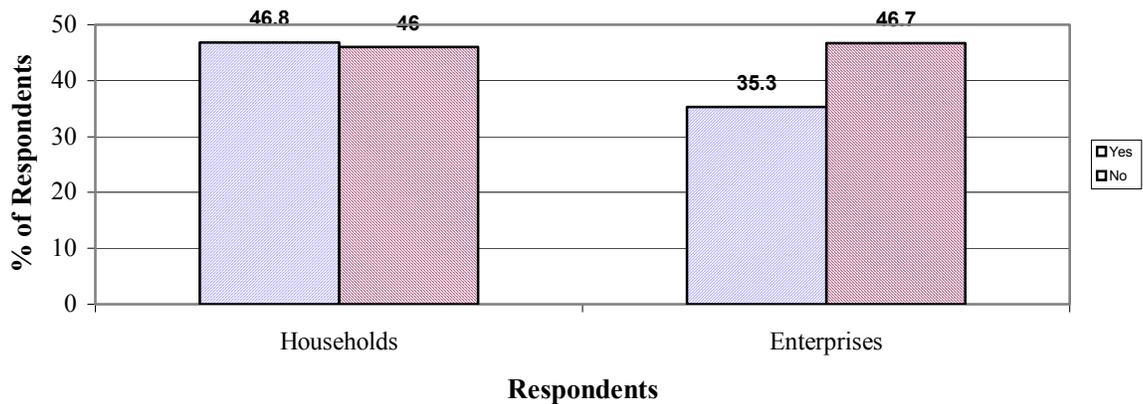
shows that only 12.8% of households interviewed initiated a lawsuit against anyone in the previous three years while 13.3% of enterprises did initiate a lawsuit.

Figure 66
Enterprises Who Initiated Law Suits (Comparison By Political Zones)



South-East and South-South enterprises are more confident of the courts as they have used them relatively more than other states.

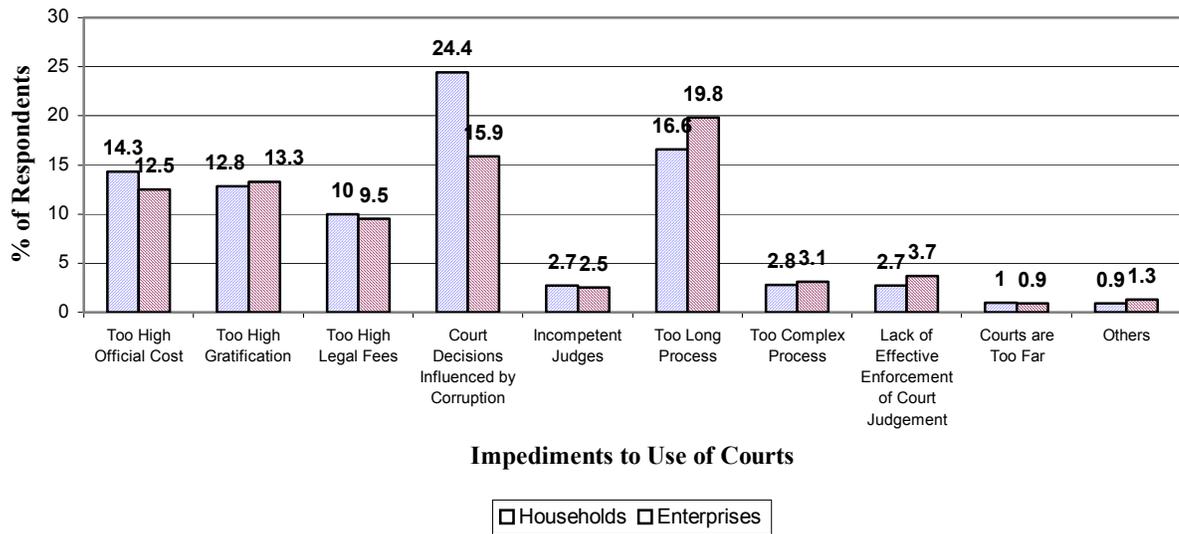
Figure 67
The use of the Judiciary as a Means of Settling Disputes: Those Who Solved Important Disputes Without Going to Formal Courts



We can contrast this with the 46.8% of households that had in the previous two years solved an important dispute without going to formal courts and 35.3% of enterprises that had done the same. The impression given by the

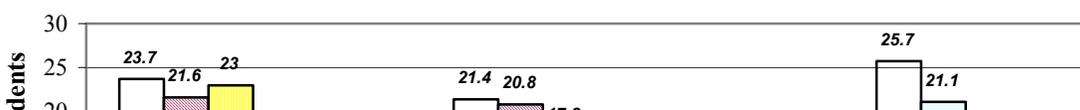
table is that both households and enterprises would rather use avenues other than formal courts to solve important disputes. What are the possible reasons for this development? Households and enterprises were asked to indicate the three most important obstacles to using the courts. Their response is given in Figure 68.

Figure 68
Impediments to the Use of Courts for Settling Disputes



Of the households interviewed 24.4% indicated that the fact that court decisions were influenced by corruption was an important obstacle to using the courts. This obstacle was chosen by the largest proportion of households. Next to it is the point of too long process in formal courts (16.6%) and too high official cost (14.3%) and too high gratification (12.8%). Households do not have much faith in the decisions coming out of formal courts. Enterprises on the other hand chose the length of the process as the main obstacle (19.8%), court decisions influenced by corruption (15.9%), too high gratification (13.3%) and too high official cost (12.5%). Both households and enterprises are in agreement as to the major obstacles to using the formal courts. Basically, they have doubts about the integrity of the courts. Households, enterprises and public officials were actually specifically required to assess the integrity of the courts. Their responses are given in Figure 69

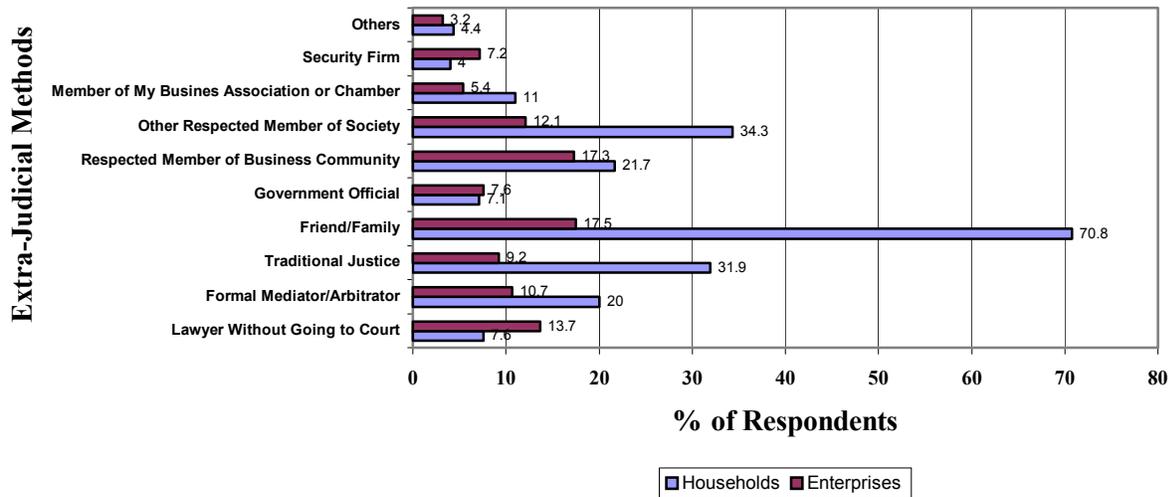
Figure 69
Perception of the Integrity of Nigerian Courts



Of the households interviewed 45.3% feel Nigerian courts are Very/Somewhat dishonest while only 17.8% feel they are Very/Somewhat honest. For business enterprises, 42.2% feel they are Very/Somewhat dishonest while 21.6% feel they are Very/Somewhat honest. For Public Officials 32.4% feel they are Very/Somewhat dishonest while 30.3% feel they are Very/Somewhat honest. On balance more people believe that the courts are dishonest than honest.

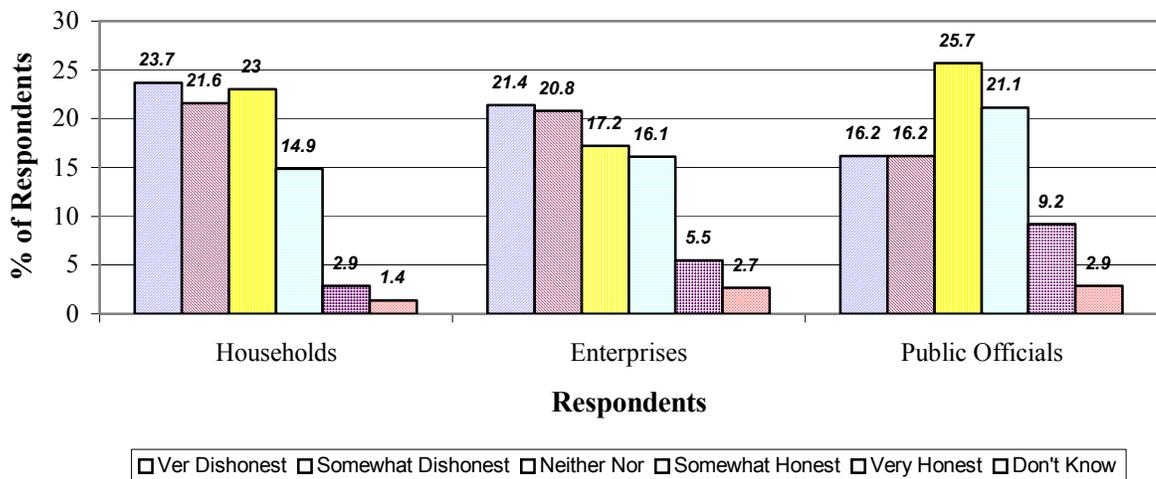
The survey tried to establish which methods other than formal courts are mostly used by households and enterprises. Households and enterprises were required to indicate whether they used the methods reported in Figure 70.

Figure 70
Extra-Judicial Methods Used to Settle Disputes



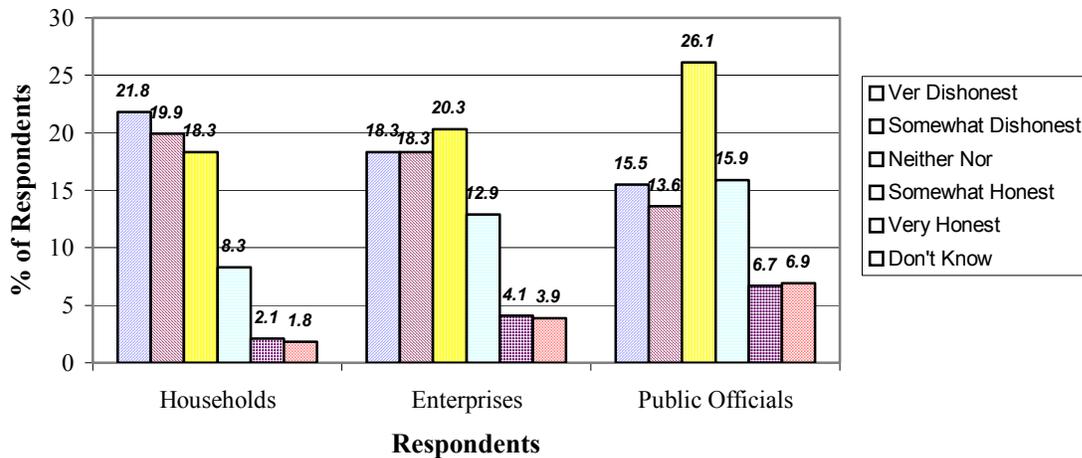
The no response from enterprises was above 60% in all these cases. As would be expected households resorted more to friends/family (70.8%) and other respected members of community (34.3%) to resolve disputes. It is clear that the traditional justice system has continued to play important role in dispute resolution despite the dominance of the presence and power of the state judicial system.

Figure 71
Perception of the Integrity of Nigerian Courts



Households, enterprises and public officials were required to assess the integrity of the Ministry of Justice/Director of Public Prosecutions (DPP), which form part of the system of justice in the country. Their responses are presented in Figure 72.

Figure 72
Assesment of the Integrity of the Ministry of Justice/DPP



More of the respondents find the ministry of Justice/DPP dishonest than find them honest. This is basically in line with their feelings about the courts and the system of justice in the country. People do not just believe that they can count on the judiciary for justice.

The Police

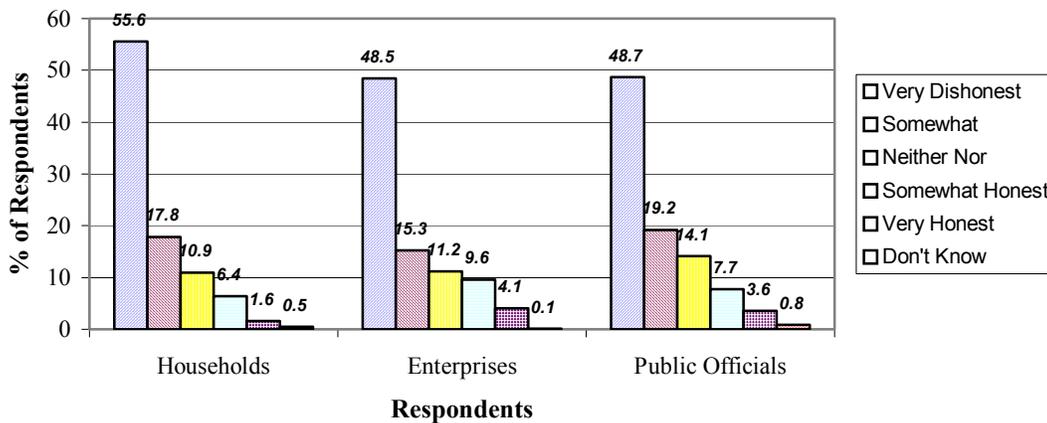
According to several reports the Nigerian police has been neglected for decades by past military governments. The Police has been denied adequate funding, welfare package, and even equipment to do its work. Some of the police barracks in are unfit for human habitation. They have no pipe borne water, and look like concentration camps. Some of the policemen on transfer from one place to the other were unable to get somewhere to live. It has always been like that for many years for the set of people who are saddled with the daunting job of internal security. Many Nigerians do not have a good image of their Police Force. That is one obvious result of the three surveys of this study. The Nigerian police, many would argue is a creation of the Nigerian perverted, greedy and insensitive society.

The recent highly embarrassing police strike was spurred by, among other reasons, the non-payment of the rent allowance to policemen for almost a year. Because they do not get their dues, they resort to harassing

motorists and other citizens with whom they come into contact in performing their responsibility to part with their money. The federal government in March 2002 undertook a shake up of the police, which swept the IG and a number of senior officers out of office. Government also released N5billion special grant to the police. What impact would these actions have on the morale of the police? The survey results suggest that a lot more need to be done.

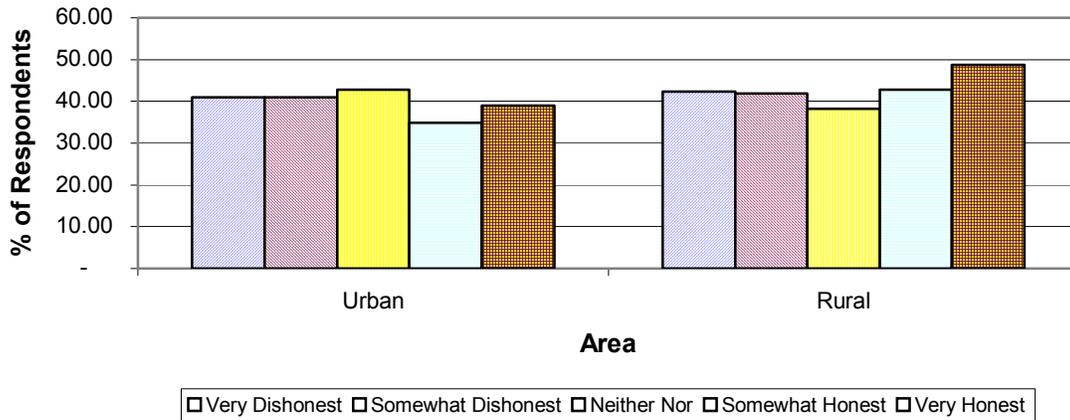
Internal security is a major precondition for domestic investment. Property rights cannot be protected effectively if the agents of law enforcement are weak. Law enforcement is also a major aspect of the anti-corruption effort in most countries. The police is central to this process. In Nigeria the police has always been singled out as a source of corruption. The result of this survey supports this perception. The state of the police force is however not the best now and this has been so for a very long time. The decay in the police has often been reported in the press with the more recent accusation by some media, of massive corruption including alleged misappropriation of funds meant for police allowances, salaries, logistics and operations. Households, enterprises and public officials were required in the surveys to assess the integrity of the Police and their responses are in Figure 73

Figure 73
Assesment of the Integrity of the Nigerian Police



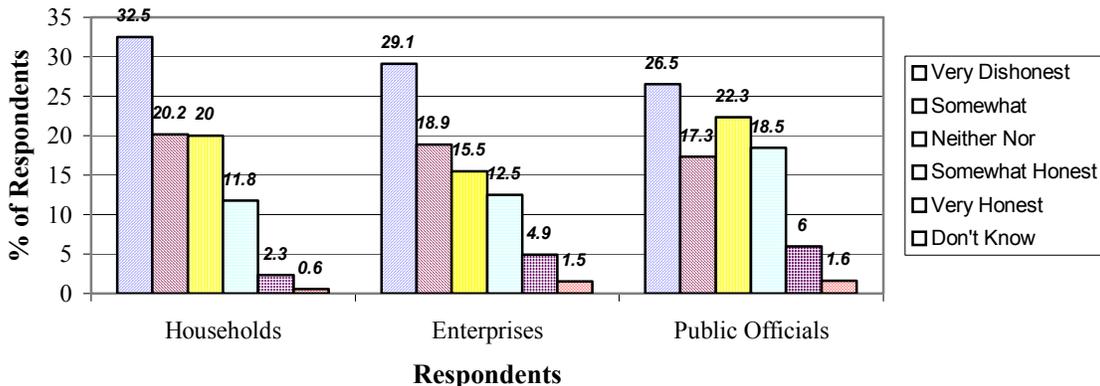
Of the households interviewed 55.6% assessed the police as very corrupt, and 1.6% as very honest.

Figure 74
Comparison of Households Assessment of the Integrity of The Nigerian Police By Area



There does not seem to be much differences the urban and the rural area in terms of their perception of the police. Figure 74 suggests however that the rural areas are slightly more sympathetic with the police as the proportion of those who think they are somewhat honest and honest are higher in the rural areas. The rural area certainly has less contact with the police. Households, enterprises and public officials were required to access the integrity of Traffic Police/Traffic Wardens/FRSC. The results are presented in Figure 75.

Figure 75
Assesment of the Integrity of Traffic Police/Traffic Warden/FRSC

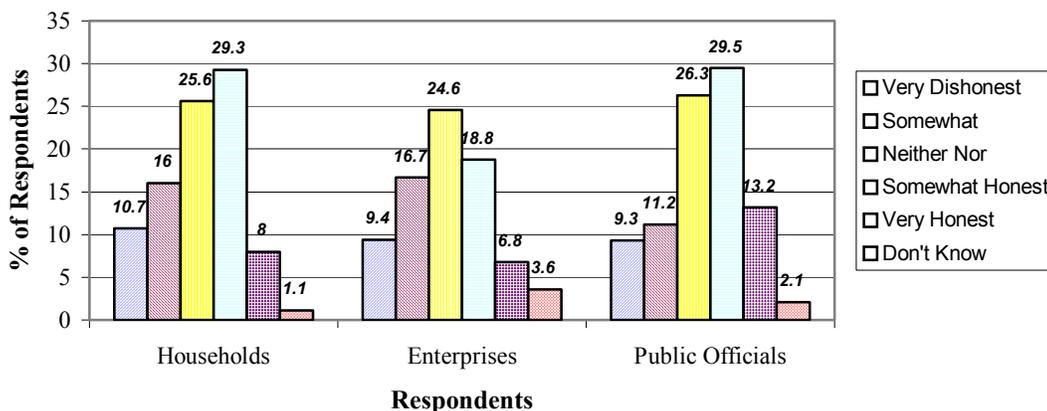


The public seems to have a better image of the traffic police/traffic Warders/FRSC than they do of the police force.

Educational Services

The role of the educational system in combating the culture of corruption and empowering people to fight corruption is important. The survey sought to obtain information on the school of the eldest school-age child in the household. The result indicated that 73.2% of households covered by the survey had the oldest school-age child currently attending school. Of these 16.5% were in primary schools, 33.3% in secondary school and 26.8% in post secondary institutions. Most of the children- 58.9% were in public schools while 15.2% were in private schools. As for the overall quality of school, 12.5% of those interviewed indicated that they were very good, 35.9% indicated that they were somewhat good, 14.9% indicated they were neither poor nor good, while 13.3% indicated they were somewhat poor/very poor. The respondents indicated that over the past three years, the overall quality of school has become somewhat better/much better, 41.4% about same, 18.9% and 14.5% somewhat worse/much worse. Given the quality of the school of their eldest school-age child, 33.7% of respondents considered the cost of the school, to be somewhat expensive/very expensive, 16.6% neither cheap nor expensive and 24% somewhat cheap/very cheap. Households, enterprises and public officials were required to assess the integrity of the education sector. Their responses are given in Figure 76.

Figure 76
Assesment of the Integrity of the Education Sector

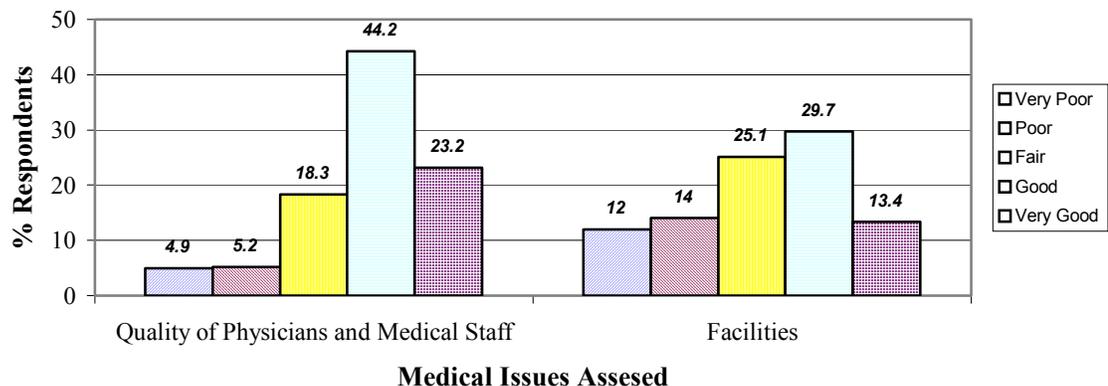


Public officials (43%) assessment of the educational system as somewhat honest/very honest in contrast to households (37%) and business enterprises 23% who expressed the same view. On the other hand, 26.7% of household believe that the educational system is Very dishonest/Somewhat dishonest, while 26.1% and 20.5% of enterprises and public officials respectively think so.

Health Services

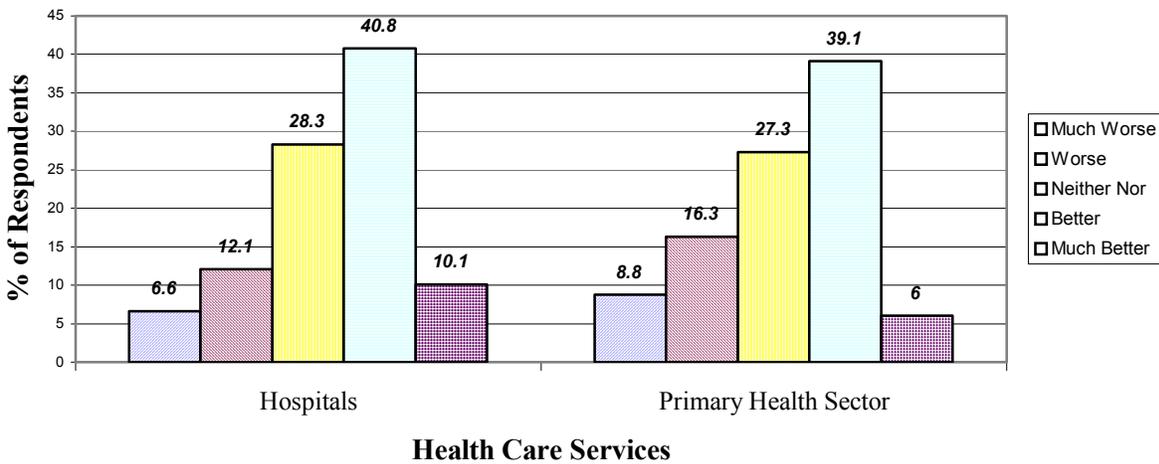
The households were asked if during the past twelve months, anyone in their immediate household visited a hospital, a clinic, or public health system including hospital visit for maternity. The households indicated that 69.8% had made such a visit while only 23% had not. Of those that made the visit 43.6% of them went to a General Hospital, 24.9% went to clinics, 17.9% Teaching/Specialist hospital and 11% to Primary Health Centre. Of these visits, 66.9% were to public institutions while 30.4% were to private ones. The respondents were asked if they were referred to a private hospital from a government hospital. The majority were not referred, as 82.8% responded in the negative and 11.5% in the affirmative. The respondents were asked to assess the quality of medical staff and facilities. (see Figure 77).

Figure 77
Assesment of the Quality of Medical Staff and Facilities in Health Institutions in the Past Three Years



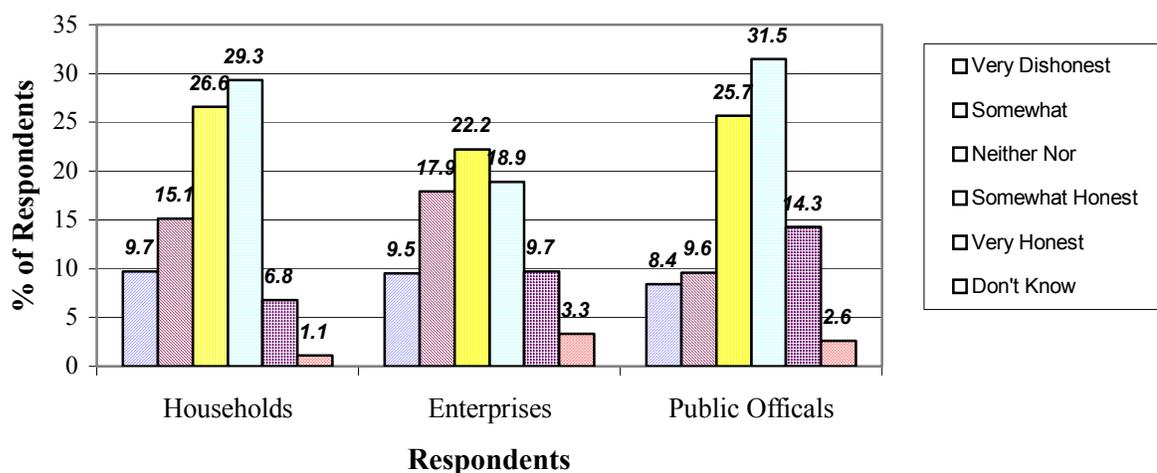
In figure 77, while about 67% of respondents consider the quality of physicians, good/very good, only 43% consider the facilities in the same way. Households are generally happy with the quality of physicians and medical staff and are less impressed by facilities. Indeed, 26% believe that facilities are Very poor/poor. Households were also required to compare the overall quality over the past three years. The result of that assessment is given in Figure 78.

Figure 78
Assesment of Health Care Services Over the Past Three Years



Over 50% of households believe that hospitals are much better/better than in the previous three years and over 45% believe that primary health care is much better/better than in the previous three years. Given the quality of the type of hospital, 23.1% of the respondents evaluated the price of medical services as somewhat cheap/very cheap, 25.5% neither cheap nor expensive and 49.8% somewhat expensive/expensive. Households, enterprises and public officials were required to assess the integrity of the health sector. The responses are presented in Figure 79.

Figure 79
Assesment of the Integrity of the Health Sector

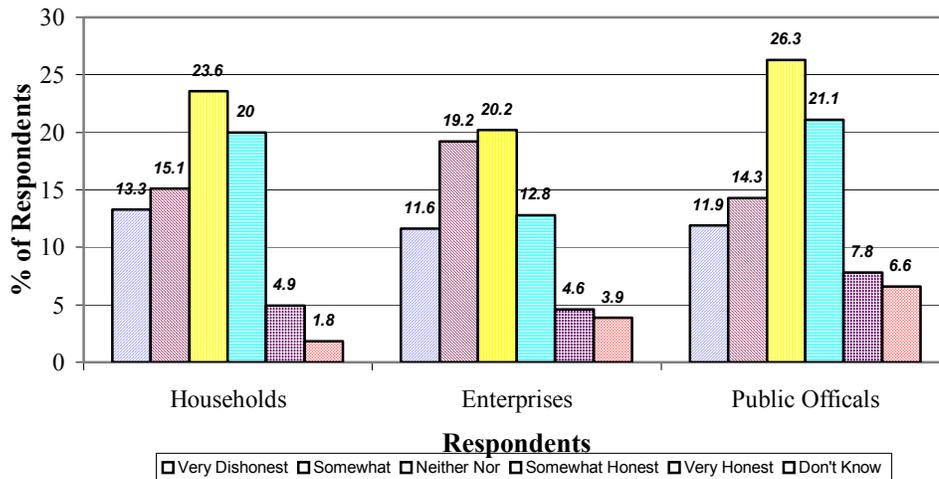


A relatively large percentage of all three categories indicated that this sector is neither honest nor dishonest (26.6%, 22.2% and 25.7% for households, enterprises and public officials respectively). A large proportion of public officials (45.8%) believe that the health sector is very honest/honest, while 28.6% of enterprises and 36.1% of households believe that the sector is very honest/honest.

Some other public services

In a highly agrarian economy the role of the extension agent is very important in assisting farmers improve on their productivity. The survey result shows that majority of the respondents (75%) were never visited by an extension agent, while only 16.3% had been visited by an extension agent and of these over 60% indicated that they were given advise by the agent and over 90% indicated that the advice was very good/somewhat good and that they followed the advice. Households, enterprises and public officials were required to assess the integrity of the Ministry of Agriculture and Rural Development and their responses are given in Figure 80.

Figure 80
Assesment of the Integrity of Ministry of Rural Development



The three categories of respondents were not particularly impressed by the ministry. Of the households interviewed, 28.4% believe that the ministry is very dishonest/somewhat dishonest, while 24.9% believe that it is very honest/somewhat honest. For enterprises 30.8% believe that the ministry is very dishonest/somewhat dishonest, while 17.4% believe it is very honest/somewhat honest. Public officials generally believe that the ministry is very honest/somewhat honest as indicated by 28.9%. The table shows that 26.3% indicated that the ministry is neither honest nor dishonest and 26.1%, that the ministry is very dishonest/somewhat dishonest.

Transportation

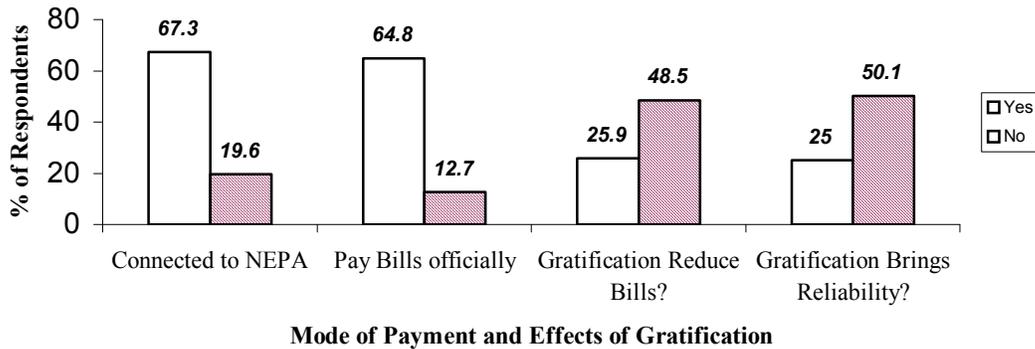
Transportation is a crucial variable in the development process. As expected 88.4% of respondent, indicated that road was the most commonly used means of transportation to their cities, towns or villages. These roads are mainly dirt roads (40.7%), gravel-surface (25%), Asphalt-surfaced (24.9%). Most believe that the road connecting them to other villages are bad/very bad (54.6%), neither bad or good (13.3%) and Good/Very Good (28.7%).

Public Electricity Power Supply

Public electricity power supply is another critical factor to both household and enterprises. Power is crucial for development and the lack of adequate power supply has undermined industrial activities by increasing cost of production. Of the enterprises interviewed 75.9% indicated that they were connected to public power system (NEPA) while 10.0% were not (13.3% no response). The survey results also show that 51.7% of enterprises own generators because of unreliable electric power supply while 33.5% did not. During the past year, 21.3% of enterprises spent below N50,000 on

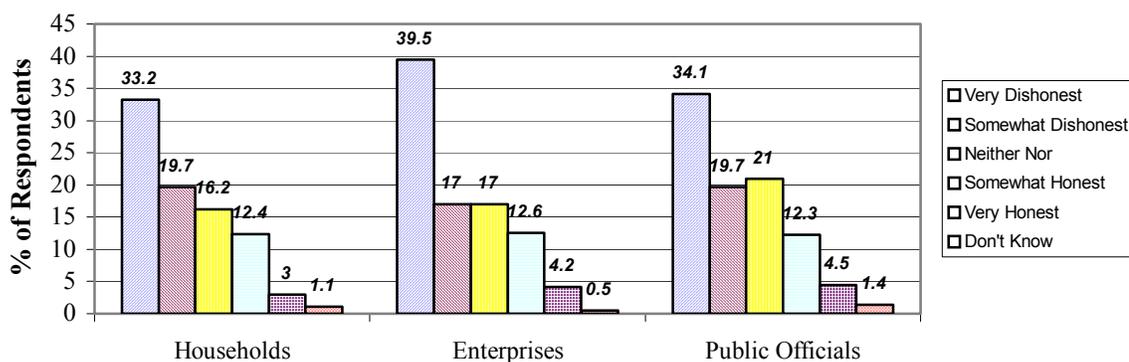
operating electricity generators; 16.3% spent between N50,000 and N100,000; 7.3% spent between N100,000 and N200,000 while 16.1% spent above N200,000. Households are seriously constrained in their use of electrical appliances due to the unreliable supply of power. 36.4% of the respondents indicate that electricity supply is unreliable/very unreliable, 14.3% neither reliable nor unreliable and 27.4% reliable/very reliable. The survey collected some more information on perceptions about the supply of power as presented in Figure 81.

Figure 81
Public Electricity: Mode of Payment and Effects of Gratification on Services



Of the households interviewed, 67.3% were connected to public electricity supply while 19.6% were not. Of these only 9% were connected unofficially, while 67.3% were connected officially. It is possible that the non-response were also unofficially connected and unwilling to accept the fact to the interviewers. On the payment of bills, 64.8% indicated that they pay through official channels, while only 12.7% indicated that they pay through unofficial channels. It is also possible that most of the over 20% non-response might have paid through unofficial channels. On gratification 25.9% of those interviewed believe that gratification can reduce bills, while 48.5% believe that it cannot. Although 25% of households believe that payment of gratification does guarantee reliable service, 50.1% indicated that it does not guarantee reliable service. Households, enterprises and public officials were required to assess the integrity of NEPA and their responses are shown in Figure 82.

Figure 82
Assesment of the Integrity of the Public Power Supply Corporation (NEPA)



Respondents

On the whole, NEPA is rated as very dishonest by most of its customers. Of the households interviewed, 33.2% believe that NEPA is very dishonest with another 19.7% indicating that it is somewhat dishonest, while only 15.4% believe that it is very honest/somewhat honest. On the part of business enterprises 39.5% believe that NEPA is very dishonest, with another 17.0% indicating that it is somewhat dishonest, while only 16.8% believe it is very honest/somewhat honest. Public officials have similar views about the organization as 34.1% believe it is very dishonest, with another 19.7% indicating that it is somewhat dishonest, while only 16.8% believe that it very honest/somewhat honest.

Water Supply

Water is considered very critical in both urban and rural areas in Nigeria. Communities rely mostly on wells, hand pumps and streams for water supply. Years of investment in urban water supply system have not solved the main issue of urban water supply. In many urban areas access to pipe borne water is limited. Rural water supply is even more of a problem in many parts of the country. Various rural and urban water projects in Nigeria have however failed to meet the water needs of these areas. This survey collected some information on access and impact of gratification and the results are given in Table 14.

Table 14
Connection to Piped Water Supply; and Effects of Payment of Gratification on Quality of Service. (Percentage)

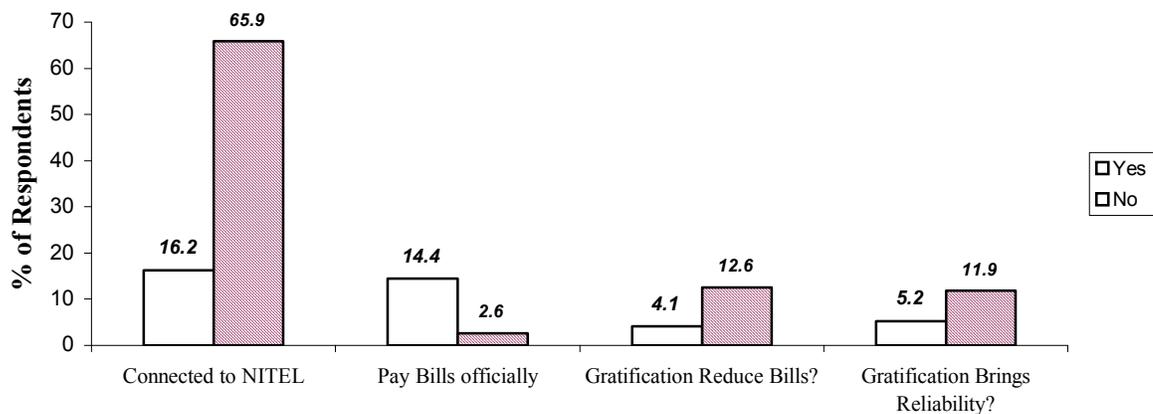
	YES %	NO %
Are you connected to Water Supply	41.0	45.0
Payment of bills through official channels	37.0	9.7
Can bills be reduced through gratification	12.9	34.7
Does payment of gratification guarantee reliable service	11.4	33.4

Of the household interviewed 41% were connected to piped water supply, while 45% were not. The 14% non-responses were probably also not connected. Of those connected only 9% pay bills through unofficial channels. Of those interviewed 34.7% indicated that gratification cannot reduce bills, while 12.9% suggests it would and 33.4% believe that gratification does not guarantee reliable service.

Telecommunications

Telecommunications has, up to very recently, been in the hands of the public sector in Nigeria. Public monopoly of the sector has resulted in the very slow pace of expansion of services. The sector has been generally characterized as inefficient and of limited access to households and enterprises. The teledensity in Nigeria is said to be among the lowest in the world. As part of her privatisation exercise the current administration has opened up the sector and a number of private service providers have joined in providing services to the public. NITEL the public monopoly, however remains the main service provider and is at present under negotiation for sale to the private sector. Of the household, only 16.2% had access to a telephone and most are connected officially (over 90% officially connected). The survey collected some information on the sector as presented in Figure 83

Figure 83
Connection to NITEL and Effects of Gratification on Services



Connection to NITEL and Effects of Gratification

Most households are not connected to telecommunications service as 65.9% of those interviewed indicated while only 16% indicated that they were connected. We assume that the non-responses are most likely unconnected also. Only 2.6% of household accepted that they do not pay their bills

through official channels. Most respondents believe that gratification will not reduce bills and that gratification cannot guarantee reliable service. The household respondents indicated that the service provided by NITEL was very reliable/reliable 10.9% and 3.7% unreliable/very unreliable.

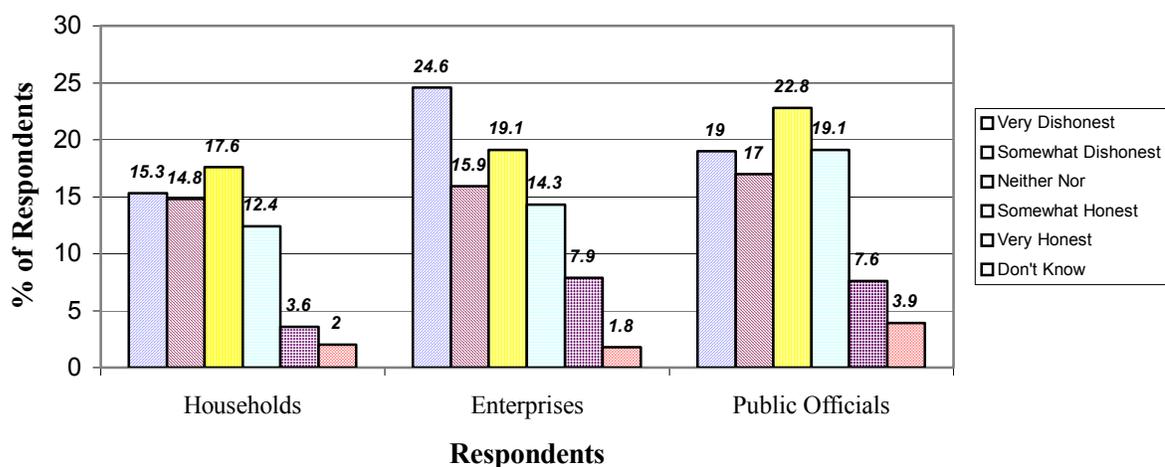
Enterprises were required to provide some information on access to telecommunication services and their responses are presented in Table 15.

Table 15
Connecting enterprises to NITEL and effects of gratification on quality of services (Percentage)

	YES	No
Is your firm connected to public telephone system?	47.6	31.4
Does your firm use mobile phones?	16.4	61.1
Does your firm have internet access?	14.0	63.9

Of the firms interviewed 47.6% had connections to public telephone service while 31.4% had none. Only 16.4% of the firms use mobile phones and only 14% have access to internet. This shows how undeveloped the telecommunication system is in Nigeria. Firms can improve on their performance if these services are improved on. Households, enterprises and public officials were required to assess the integrity of the Telecommunications services (NITEL). Figure 84

Figure 84
Assesment of the Integrity of NITEL



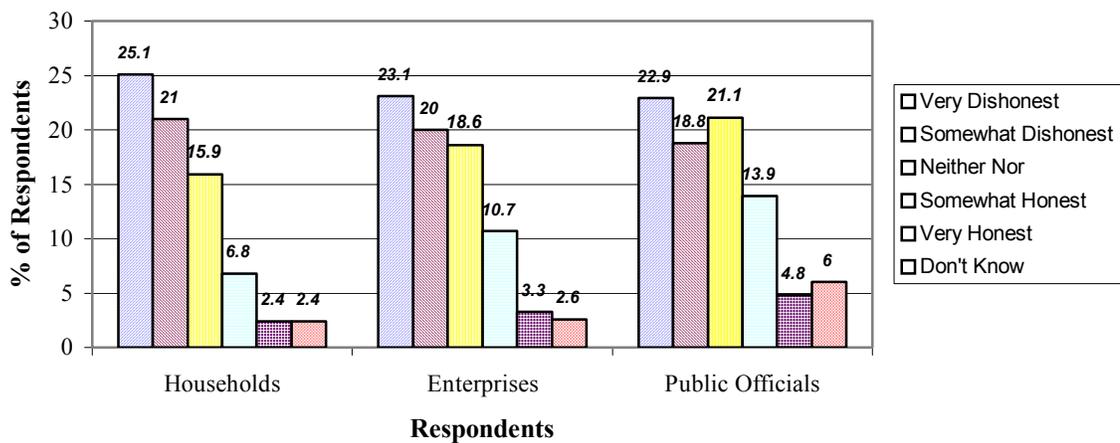
Generally those interviewed believe that NITEL is very dishonest/somewhat dishonest. Of the households interviewed 30.1% believe that NITEL is very

dishonest/somewhat dishonest, while only 16% believe it is very honest/somewhat honest. Of the business enterprises, 40.5% believe that NITEL is very dishonest/somewhat dishonest, while 22.2% believe it very honest/somewhat honest. Of the public officials, 36% believe that NITEL is very dishonest/somewhat dishonest, while 26.7% believe that it is very honest/somewhat honest.

Customs

Customs services are very important for enterprises that deal with imports and exports. Given the nature of the Nigerian economy and its dependence on imports the role of customs in facilitating or making difficult the flow of trade have a major implication for development. Households, enterprises and public officials were required to assess the integrity of the customs and their responses are given in Figure 85.

Figure 85
Assesment of the Integrity of the Customs Department



Households, enterprises and public officials generally believe that Nigerian customs service is very dishonest. For households, 46.1% of those interviewed indicated that it was very dishonest/somewhat dishonest, while only 9.2% claimed it to be very honest/somewhat honest. As for business enterprises 43.1% believe that customs is very dishonest/somewhat dishonest, while 14% believe it is very honest/somewhat honest. Of the public officials interviewed 41.7% believe that customs is very dishonest/somewhat dishonest, while 18.7% believe that it is very honest/somewhat honest.

8. The impact and Costs of Corruption

8.1 The Cost of Corruption

Corruption imposes a heavy toll on enterprises and households. There has been rising disquiet over the cost of corruption in terms of both domestic and external resources. Poverty reduction programmes are very often undermined by conflicts, a lack of public accountability, corruption, and the exclusion of beneficiaries in the programme processes. The survey evidence illustrates the significance of direct and indirect costs of corruption for households and businesses in Nigeria. A number of indicators were helpful in assessing the cost of corruption on households and enterprises.

The point of view of Households

Corruption stymies investment and growth and misdirects public resources. It systematically redistributes wealth in favour of those with the connections and money to work in the system. It acts as a regressive tax, felt most harshly by small businesses, micro-enterprises and the poor. It erodes confidence in the institutions of state and is associated with organized crime. For taxpayers, corruption erodes the quality of the public services financed with their money. Evidence provided so far in this report shows the extent to which corruption is perceived to affect households and business enterprise. In addition to the various evidence already provided, household heads were requested to indicate the extent to which each of the acts of corruption listed in Table 16 had an impact on their well being.

Table 16

Perception of Impact of various acts on Households' well being

1 No impact 2: Minor impact 3: Significant impact 4: Very significant impact 5: Don't know 6: Not applicable (Percentage)

	1	2	3	4	5	6
The Central Bank mishandling of funds	10.7	10.4	20.5	33.6	15.5	5.4
Bribe for parliamentary votes on legislations to suit private interests	9.0	12.2	24.4	34.4	12.5	5.6
Bribe for presidential decisions on private interests	9.8	11.2	22.5	35.0	13.1	5.9
Bribe for decisions of courts in criminal cases	11.2	9.6	23.0	36.5	11.2	6.0
Bribe to influence court decisions to litigants	12.1	11.4	22.2	32.7	12.2	6.7

Bribes to public officials to avoid taxes and regulations	9.0	12.8	24.2	36.2	9.6	5.5
Patronage [public officials hiring their friends and relatives into official positions]	7.4	10.9	21.7	43.5	10.1	3.8
Contributions by private interests to political parties and election campaigns	11.8	12.8	20.7	29.1	11.9	6.9

The responses indicate that between about 50% and 60% of the household heads feel that each of the acts of corruption has significant/very significant negative impact on their family. Of the households interviewed, 54.1% are of the opinion that the central bank mishandling of funds has very significant/significant impact on their welfare, 57.5% believe that bribe for presidential decision on private interest have very significant/significant impact on their well-being. The table shows that 59.5% believe that bribe for decisions of courts in criminal cases have very significant/significant impact on their well-being, while 54.9% believe that bribe to influence court decisions to litigate have a similar impact. We also learn from the table that 60.4% believe that bribe to public officials to avoid taxes and regulations have very significant/significant impact, while 65.2% believe that patronage-public officials hiring their friends and relatives into official positions- have the same impact. The results on this table reflect more household general disillusionment with corruption in the system. The apparent high percentage complaining of the impact of all the various types of corruption is more an indication of their helplessness in the face of what they perceive as a generally corrupt environment.

8.2 The point of view of business enterprises

Evidence provided so far in this report shows the extent to which corruption is perceived to affect households and business enterprise. In addition to the various evidence already provided, household heads were requested to indicate the extent to which each of the acts of corruption listed in Table 61 had an impact on their well being. We find that they show a lower percentage with very negative perception of impact of the various act of corruption when compared with the households. Their responses are given in Table 17.

Table 17
Perception of impact of various acts of corruption by business enterprises.

1=no impact 2=minor impact 3=significant impact 4=very significant impact 5=don't know 6= not applicable (Percentage)

	1	2	3	4	5	6
The Central Bank mishandling of funds	22.6	13.9	17.4	17.3	12.6	10.0
Bribe for parliamentary votes on legislations to suit private interests	19.3	13.5	20.7	14.1	15.0	12.7
Bribe for presidential decisions on private interests	17.7	14.4	17.8	16.4	16.5	12.6
Bribe for decisions of courts in criminal cases	18.6	11.8	18.8	18.7	14.3	13.0
Bribe to influence court decisions to litigants	18.9	12.5	19.8	15.3	13.6	14.0
Bribes to public officials to avoid taxes and regulations	17.5	12.5	22.0	22.7	10.7	9.5
Patronage [public officials hiring their friends and relatives into official positions]	18.8	12.1	15.9	26.2	10.6	11.1
Contributions by private interests to political parties and election campaigns	18.1	13.6	16.7	16.9	12.5	15.9

Enterprises did not particularly feel that the Central Bank mishandling of funds had very significant impact on their well-being. Indeed 36.5% believe that it had no impact/minor impact on their well-being with 29.7% indicating that it has very significant/significant impact on their well-being. The table shows that 37.5% of enterprises interviewed believe bribe for decisions of courts in criminal cases has very significant/significant impact on their well-being, while 30.4% believe it has no impact/minor impact. We also note that 35.1% believe that bribe to influence court decisions to litigants has very significant/significant impact on them, while 31.4% believe it has no impact/minor impact. The table shows that 42.7% of enterprises believe that bribe to public officials to avoid taxes and regulation has very significant/significant impact while 30.0% believe it has no impact/minor impact. Similarly, 42.1% believe that patronage - public officials hiring their friends and relatives into official positions - has very significant/significant impact on their well being, while 30.9% believe it has no impact/minor

impact. Public officials were asked to evaluate the impact of the same forms of acts of corruption. Their responses are given in Table 63.

8.3 The point of view of Public Officials

Evidence provided so far in this report shows the extent to which corruption is perceived to affect households and business enterprise. In addition to the various evidence already provided, public officials were requested to indicate the extent to which each of the acts of corruption listed in Table 63 had an impact on their well being. Their responses are given in Table 18

Table 18
Perceived impact of various forms of corruption on the nation by public officials

1 No impact 2: Minor impact 3: Significant impact 4: Very significant impact 5: Don't know 6: Not applicable (Percentage)

	1	2	3	4	5	6
The Central Bank mishandling of funds	3.4	5.8	22.0	54.0	10.0	2.2
Bribe for parliamentary votes on legislations to suit private interests	3.4	15.1	31.7	36.8	9.0	1.4
Bribe for presidential decisions on private interests	2.3	9.0	28.6	43.8	12.3	1.8
Bribe for decisions of courts in criminal cases	3.6	11.1	28.2	45.6	8.3	1.5
Bribe to influence court decisions to litigants	3.7	11.7	31.6	38.1	11.0	1.8
Bribes to public officials to avoid taxes and regulations	2.3	8.0	27.6	51.4	7.3	1.1
Patronage [public officials hiring their friends and relatives into official positions]	2.5	9.3	31.3	45.2	8.3	1.6
Contributions by private interests to political parties and election campaigns	3.4	11.9	28.2	38.5	14.0	2.7

Public officials believe that the Central Bank mishandling of funds have very significant impact on the economy (54% very significant, 22% significant); bribe for private interests was considered to have significant impact on the economy (36% very significant, 31.7% significant); bribe for Presidential legislations to private interests was considered to have very significant impact on the economy (43% very significant, 28.6% significant); bribe to influence decisions of courts in criminal cases was

considered very significant (45.6% very significant, 28.2 significant); bribe to influence arbitration court decisions to litigants was considered very significant (38.1% very significant, 31.6% significant; bribe to public officials to avoid taxes and regulations was considered to have significant impact on the economy (51.3% very significant, 27.6% significant); patronage – public officials hiring their friends and relatives into official positions was considered to have significant impact on the economy (45.2% very significant, 31.3 significant); contributions by private interests to political parties and election campaigns was considered to have very significant impact on the economy (38.5% very significant, 28.2% significant).

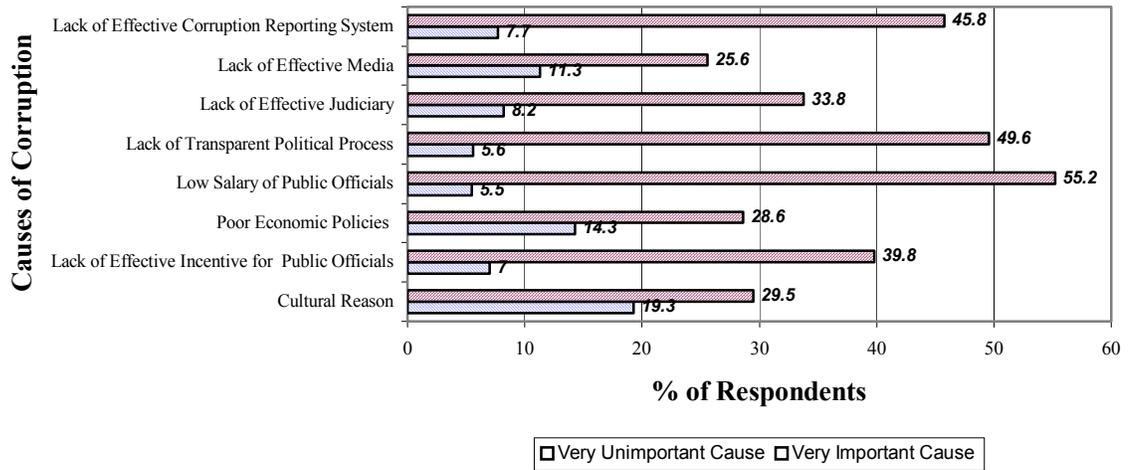
9. Performance of Public Sector Organizations and Causes of Corruption

9.1 Transparency and information flows

The integrity of the public sector depends on the rules and the regulations governing public institutions and how closely they are followed. A badly run public sector with weak rules and poor implementation of rule gives room for mismanagement and corruption. The quality of the civil service set the tone for government business and determines the level and intensity of corruption in the public sector. Transparency and accountability are the hallmarks of good management of the public sector, which policy reforms must try to achieve. The survey of public officials tried to capture the level of transparency in the public sector. Half of the respondents indicated that they did not know anyone in the organization that assisted them to get the job and that they were provided with a written job description prior to accepting position or soon after. Public officials do not think that their organization have to “gratify” officials of other governments/agencies before their subventions are released (while 34.1% did not respond to the question, only 19.7% said yes, and 46.3% said no). Public officials indicate that their performance is evaluated annually and that there was a written description of the criteria on which their last performance evaluation was based. They agree that disciplinary actions have been impartially applied to necessary cases and that such actions have been an effective tool for motivating public officials to perform well. Of the respondents 41.9% indicated that in the past year, someone in their organisation had been the subject of sanctions for poor performance or unprofessional conduct. Respondents indicated that in the past one year, elected officials, their appointees, or political party officials had not influenced any hiring decisions or promotions in their organization.

The survey of Public officials required them to scale how important various factors suggested are as causes for corruption in Nigeria. The result of their responses is given in Figure 86.

Figure 86
Opinion of Public Officials on Causes of Corruption



The responses indicate that all the factors listed were important causes of corruption in Nigeria. Public officials are of the view that they all contribute to the level and intensity of poverty in the country. Public servants believe that cultural reason, i.e, gratifications have been a custom for a long time is an important cause of corruption (52% important, 30.8% unimportant); lack of effective incentive mechanism for public officials, such as lack of meritocracy was considered an important cause of corruption (69.4% important, 13.9% unimportant); poor economic policies, such as privatisation was considered an important cause of corruption (51.6% important 26% unimportant); low salaries of public officials was considered very important cause of corruption (55.2% very important, 23.2% important and 9.8% unimportant); lack of transparency and accountable political process was considered very important (49.6 very important, 25% important and 10.6 unimportant); lack of independent and effective Judiciary was considered important (59.5% important, 19% unimportant); lack of independent and effective media was considered important (46.7% important, 24.9% unimportant); lack of effective corruption reporting system was considered very important (45.8% very important, 23.4% important 14.5% unimportant). All the factors listed were considered to be of significance in explaining corruption. They however paid more attention to low salary for public officers, lack of transparent and accountable political process, lack of independent and effective judiciary, lack of effective corruption reporting system as among the major causes of corruption in Nigeria. It is instructive that public officers believe that low salary of public officials is a major cause of corruption in Nigeria suggesting that public officers might be a major source of corruption in Nigeria. The survey

however indicated that public servants are generally satisfied with their work. They expressed the opinion that working in the public sector is generally better than working in the private sector, although they were dissatisfied with their salary and other benefits. Their satisfaction with job notwithstanding the salary issue can be a cause for corruption. In an environment in which conspicuous consumption and wealth are flagrantly displayed, low pay demoralises workers and makes them prone to corrupt practices. Delays in payment of salaries exacerbate the temptation to engage in corrupt practices. The survey of public officials showed that 53.1% of those interviewed experienced late payment of salary during the last twelve months. Despite this, however, they felt satisfied because of job security. They are generally confident that they will keep their position and get promoted when they perform their job well. This could help minimize the pressure for corruption.

9.2 Voice and accountability in Public Service

Guidelines/policies/regulations of procurement management are said to be formalized in writing (50.2% said this applied to more than half of the areas and almost all the areas) and that exceptions are not frequently made. Public officials agree that policies that their organization is asked to implement are consistent to each other. A larger percentage believes that Government has adequate financial resources to provide an appropriate level of service than felt otherwise. Public officials believe that in their organizations, everyone has a clear understanding of his tasks and functions, that everyone believes that battling against poverty is one of their functions as public servant, that the citizens are their clients and that every worker is competent for his/her rank. They claim that there is a formal written statement on the main purpose of their organization. From the information given by public officials the public service is still capable of managing state activities. In their own perception the service is in a fairly good shape.

9.3 Quality of rules and procedures in personnel administration

The quality of internal management practices is very important in determining the extent to which the public encourage and facilitate corruption and the ability of the system to identify and correct these practices. Public officials were required to evaluate personnel management practices in their organisations based on the opposing statements in Table 19.

Table 19
Evaluation of Decision Making Process in Government Organizations
by Public Officials (Percentage)

Management Practice	1	2	3	4	5
Decision-making Process 1= completely unclear and not transparent ... 5= Completely clear and transparent	10.1	8.5	21.6	28.4	28.6
Management decisions 1:never announced5 Always announced	9.9	9.3	18.9	31.4	28.1
Management Decisions 1; completely fair5: completely unfair	6.3	7.6	22.8	36.2	24.6
Management Decisions 1:never audit/cross checked.....5:regularly audited/cross checked	9.5	10.6	19.8	29.0	27.7

The data in Table 65 indicate more than 55% of the public officials consider the decision making process in their organisation favourably. Furthermore, public officials were asked to indicate the relative importance of the indicators of meritocracy, nepotism, ethnicity etc presented in Table 66 in determining hiring and promotion of staff in public institutions.

9.4 Impact of meritocracy and meritocracy reforms

The importance of meritocracy in public sector management cannot be overemphasised in a developing country like Nigeria. The efficiency of the public sector and the ability to deliver public service will depend on the quality of public officials and their motivation for work. The selection criteria of staff and the guidelines for promotion must be fair and generally known to all staff. Staff evaluation and the promotion process must be transparent and command the confidence of workers. The survey collected information on the selection indicators in determining promotion and hiring of staff. Table 20 presents the results.

Table 20
The relative importance of selected indicators in determining
promotion and hiring of staff (Percentage)

	Very unimportant	Somewhat unimportant	Neither unimportant nor important	Somewhat important	Very important
Merit	4.9	7.4	12.9	32.0	40.0
Length of service	3.6	8.6	11.0	35.7	37.2

Quality of relationship with supervisors	7.9	10.3	20.4	31.1	26.7
Political connections	18.5	14.6	14.7	24.5	24.4
Ethnicity/ religion	27.9	16.3	18.7	19.5	13.7
Gender	29.7	17.3	20.7	18.3	9.2
Providing gifts or gratification	32.1	14.9	17.7	17.1	10.5
Other connections (e.g. family, professional)	18.3	9.9	18.1	20.6	15.6

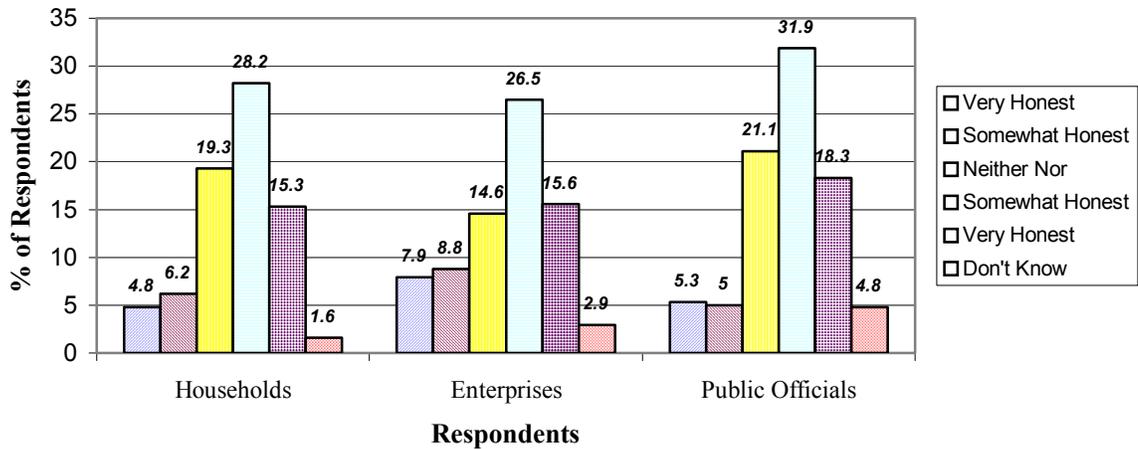
The responses indicate a large proportion of respondents (72%) believe that merit, length of service are important criteria for promotion and hiring in the public service. However a substantial proportion (28-36%) consider the provision of gifts and family connections as important for hiring and promotion in the public service.

Public servants are generally satisfied with their work in that they indicated that working in the public sector is generally better than working in the private sector but are dissatisfied with their salary and other benefits. They are satisfied with security of job and position. They are generally confident that they will keep their position and get promoted when they perform their job well.

9.5 Impact of civil society inclusion

Households, enterprises and public officials in the surveys showed confidence in NGOs, News Media and Religious Organizations. This is further demonstrated by the opinion of all categories of respondents on their integrity. Respondents to the survey seem to have greater faith in NGOs/CBOs, the news media and religious organizations in terms of both performance and integrity than government organizations. This suggests that civil society might be a more effective vehicle for mobilizing the population for the war against corruption than government organizations. Households, enterprises and public officials were required to assess the integrity of NGOs. Their response is given in Figure 87

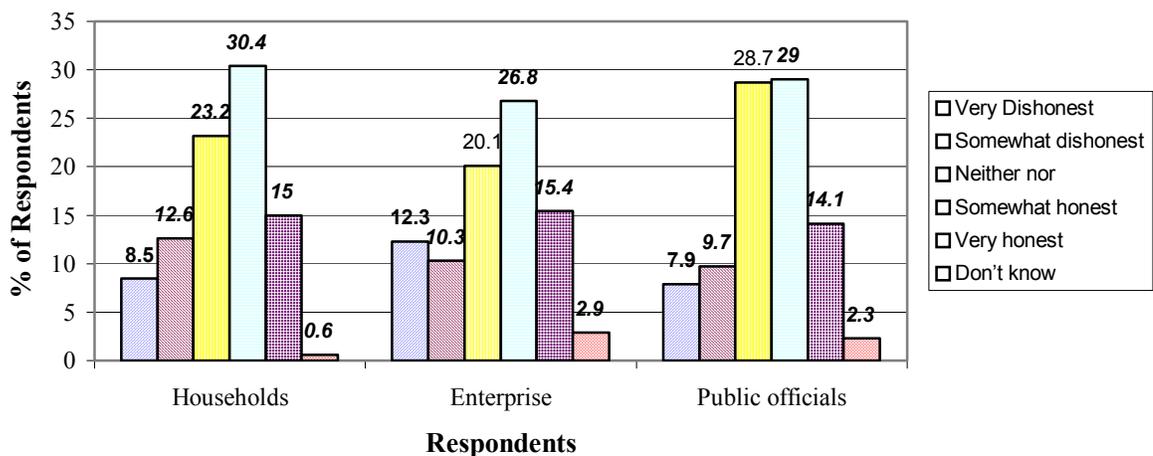
Figure 87
Perception of the Integrity of NGOs



The figure shows that 43.5% of those households interviewed considered NGOs very honest/somewhat honest, while only 11.0% considered them very dishonest/somewhat dishonest. As for the public officials, 50.2% considered them very honest/somewhat honest, while only 10.2% considered them very dishonest/somewhat dishonest. Enterprises also had a good impression of NGOs as 42.1% considered them very honest/somewhat honest, while 16.7% considered them very dishonest/somewhat dishonest.

Households, enterprises and public officials were required to assess the integrity of the news media. Their response is given in Figure 88

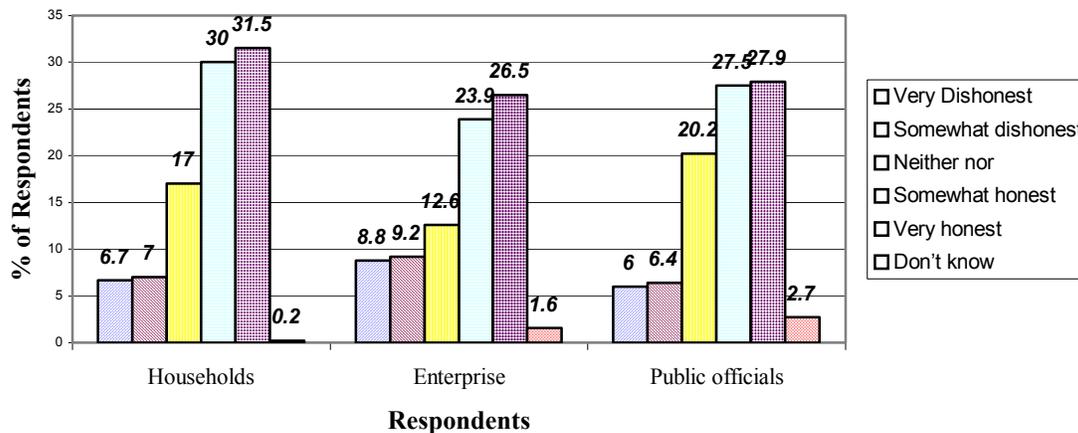
Figure 88
Perception of the Integrity of The Mass Media



On the whole households rate the Mass Media as honest with 45.4% of those interviewed indicating that it is Very honest/Somewhat honest and 21.1% indicating that it is Very dishonest/Somewhat dishonest. Enterprises also has a positive image of the Mass Media with 42.2% indicating it is very honest/somewhat honest and 22.6% indicating that it is very dishonest/somewhat dishonest. Public Officials also were positive with the Mass Media as 43.1% indicated that it is Very honest/somewhat honest and 17.6% claiming that it is Very dishonest/somewhat dishonest.

Households, enterprises and public officials were required to assess the integrity of religious organizations. Their response is given in Figure 89

Figure 89
Perception of the Integrity of Religious Organisations



Of the households interviewed 61.5% indicated that religious organizations are Very honest/Somewhat honest, while only 13.7 suggested that they are Very dishonest/somewhat dishonest. For enterprises, 50.4% indicated that they are Very honest/Somewhat honest, while 18.0% indicated that they are very dishonest/somewhat dishonest. For public officials, 55.4% indicated that they are Very honest/Somewhat honest, while 12.4% indicated that they are very dishonest/Somewhat dishonest.

10. Public Service Reform and Willingness to fight Corruption

10.1 Public Service Reform

Despite the good impressions public officers have of the services from their organizations, they recognise the need for improvements. The survey obtained information from public officers on various aspects of their organisation that would be very useful in designing reform programme for the civil service to strengthen its role in governance and fight against corruption. Information was obtained on the working environment, policies and resources, organisational purpose and performance. Of the public officers interviewed, 54.7% agreed that its organisations is asked to implement policies that are consistent with each other, only 16.3% disagrees. On the issue of adequacy of resources, 42.2% of public officials believe that Government has adequate financial resources to provide an appropriate level of services while 31.1% believes that financial resources are inadequate to provide an appropriate level of services. However, only 19.1% indicated that their organisations have adequate financial resources to provide an appropriate level of services. Of those that responded, 37.4% indicated inadequate resources available for provision of services. The general impression is that government can provide services with available resources but respondents believe more resources should be given to their own organization. Funding has always been given as one of the major reasons for poor performance of public agencies in service delivery.

Public officials were generally supportive of public sector reforms but are unsupportive of reduction in government workforce, even if the reduction would allow an increase in salary and benefits for remaining government workers. They were supportive of establishing a living wage for public employees and a personnel management system in the public sector, where compensation and promotions are specifically based on performance. They were also supportive of the decentralization of the state administration, delegating operative functions of the national government to local governments, privatisation of public services, (like Joint Stock Company), greater oversight of government functions by the general public and civil society and regular declaration of assets by public officials. Of all these types of reforms, public officials ranked living wage (53.2%) as the first priority, followed by merit-based personnel management system (18.1%), decentralization (7.4%) and asset declaration (6.2%). Public officials believe that the government has their full support (42.5%) in the implementation of public sector reforms and that of the general public (39.7%) in implementing public sector reforms.

A clear understanding of the purpose of an organization is very important for smooth running of any organization. Of the public officials interviewed, 73.1% agree that in their organization, everyone have a clear understanding of his/her tasks and functions, only 12.5% disagree. On the issue of poverty, 50% of the public officials interviewed, indicated that in their organization, everyone believes that combating poverty is one of their functions as public servants, 29.9% disagree. The survey result shows that 66.9% of the respondents agree that in their organizations everyone believes that the citizens are their clients, while 15.4% do not agree.

The survey of public officials collected information on the view of officials on the three most effective measures for improving performance of government organization. The responses are given in Figure 90.

Figure 90
Assesment of the Most Effective Measures for Improving Government Organisations' Performances

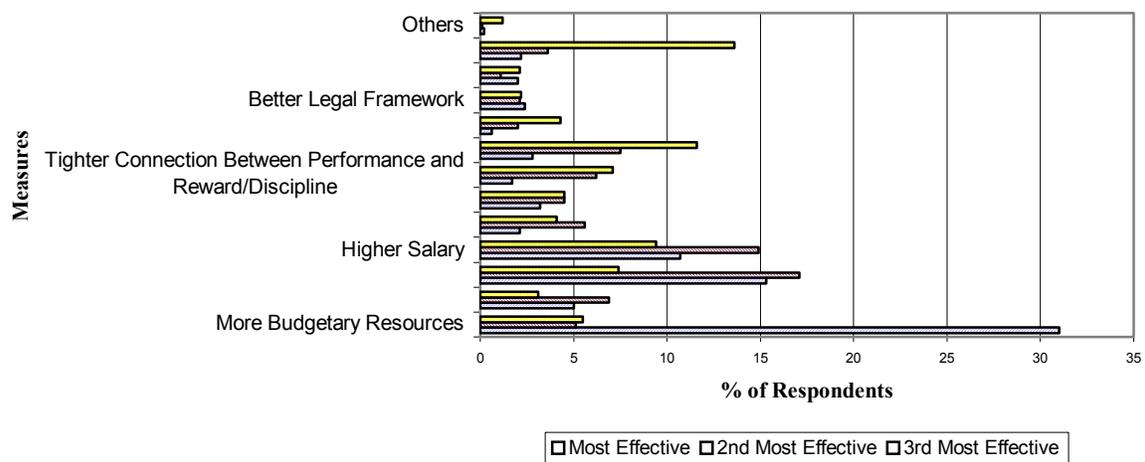


Table 21
The three-most effective measures for improving government organization's Performance (Percentage)

	The most effective measure	The second most effective measure	The third most effective measure
More budgetary resources	31.0	5.1	5.5
More staff	5.0	6.9	3.1
Better trained competent staff	15.3	17.1	7.4
Higher salary	10.7	14.9	9.4
Greater managerial autonomy	2.1	5.6	4.1
Immunity from political influence	3.2	4.5	4.5
Tighter connection between performance and reward/discipline	1.7	6.2	7.1
More and better equipment	2.8	7.5	11.6
Better communication between staff	0.6	2.0	4.3
Better legal framework	2.4	2.1	2.2
Reduced operational mandate	2.0	1.1	2.1
Better capacity to detect and punish corruption	2.2	3.6	13.6
Others	0.2	0.1	1.2

More budgetary resources are by far the choice of public officials of the measure for improving the performance of government organizations. Of those interviewed 31.0% indicated it, as the most effective measure for improved performance. Better-trained staff was considered the second most effective measure while better capacity to detect and punish corruption was chosen as the third most effective measure for improving government organizational performance. How much support would public officials give the various types of reform? The result of the survey indicates that they are supportive of some of the reforms suggested in Table 22.

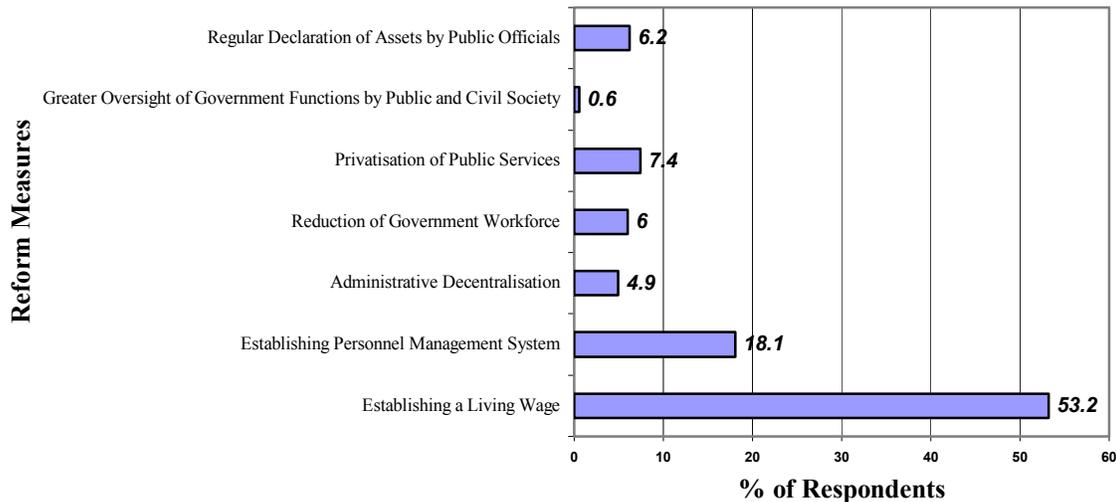
Table 22
Support for Reforms that would Improve Performance of Government organizations

1=Completely unsupportive. 5=Completely supportive (Percentage)

	1	2	3	4	5
Establishing a living wage	4.3	3.0	6.8	16.1	68.3
Establishing personnel management system based on performance	6.3	4.8	6.8	19.2	61.0
Administrative decentralization (federal to state/local Govt)	20.1	13.6	21.5	21.3	21.6
Reduction of government workforce, if it allows increase in salaries	44.7	14.6	13.1	11.7	13.2
Privatization of public services	20.2	13.2	23.0	20.1	21.0
Greater oversight of government functions by public and civil society	17.6	12.9	23.5	17.8	25.0
Regular declaration of assets of public officials	10.6	7.7	10.7	17.7	50.3

Officials are completely supportive of establishing a living wage (68.3% as against 4.2% completely unsupportive). They are supportive of establishing personnel management system based on performance (61.0% as against 6.3% completely unsupportive). They are also supportive of regular declaration of assets by public officials (50.3% as against 10.6% completely unsupportive). They were, however, unsupportive of reduction of government workforce, even if it allows increase in salaries for those left on employment (44.7% as against 13.2% completely supportive). There is a rather balanced view as to administrative decentralization. The issue of the over centralization of state powers, which characterized military regimes in Nigeria has since the current democratic dispensation been a burning issue. At the lower tiers of government the call for greater decentralization has taken some element of urgency. In some sections of the country the call for true federalism takes the form of insistence of greater decentralization. For public officials 20.1% is completely unsupportive of administrative decentralization while 21.6% are completely supportive. A larger proportion support 42.9% as against 33.7% that is unsupportive. Of all the reforms in the table respondents were required to indicate which would be the first priority. Their response is given in Figure 91

Figure 91
Government Organisation Reforms Rated as First Priority

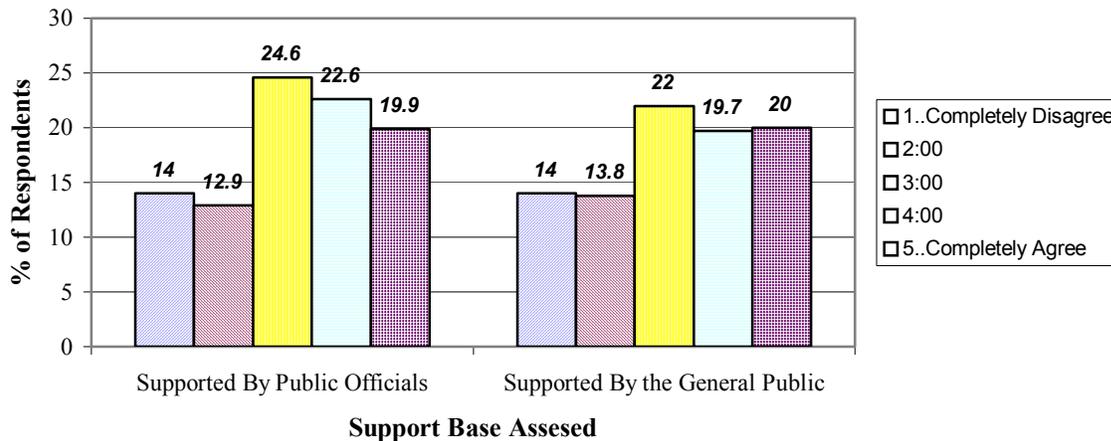


For public officials, establishment of a living wage should be given the first priority in Nigeria's reform of the public sector. Of those interviewed, 53.2% indicated it as the first priority. Establishment of personnel management system based on performance, privatization of public services,

regular declaration of assets of public officials and reduction of government workforce, if it allows increase in salaries were also ranked in that order.

The survey of public officials tried to find out if public officials and the general public support government's implementation of public sector reforms. Their responses are given in figure 92

Figure 92
Assesment of Support for Public Sector Reforms by Public Officials



Only 14.0% of public officials interviewed completely disagree with the government's implementation of public sector reforms. Only 19.9%, however completely agree with the reforms. A greater proportion of public officials agree with the reforms (42.5% as against 26.9% that disagree). The story is similar for the general public. Of the general public, 14.0% completely disagree with public sector reforms while 20.0% completely agree.

10.2 Institutional reforms for fighting corruption

Public service reforms need to focus more on institutional reforms necessary to address the issue of corruption. To show its determination and willingness to fight corruption the present administration has taken a number of steps in this direction. Efforts are been made to set up anti-corruption units in each ministry and government agencies. There is need to critically look at each institution and study the nature of its problems and address them specifically. Those agencies and bodies that have the potentials of assisting in the anti-corruption fight should be identified and strengthened. In this regard the survey required households to assess the usefulness of some institutions in addressing the issue of corruption in Nigeria. Their response is given in Table 23

Table 23
Opinion on usefulness of institutions in combating corruption in Nigeria.

1 means, “they have not helped at all”; and 5 means “they have helped a lot”.
(Percentage)

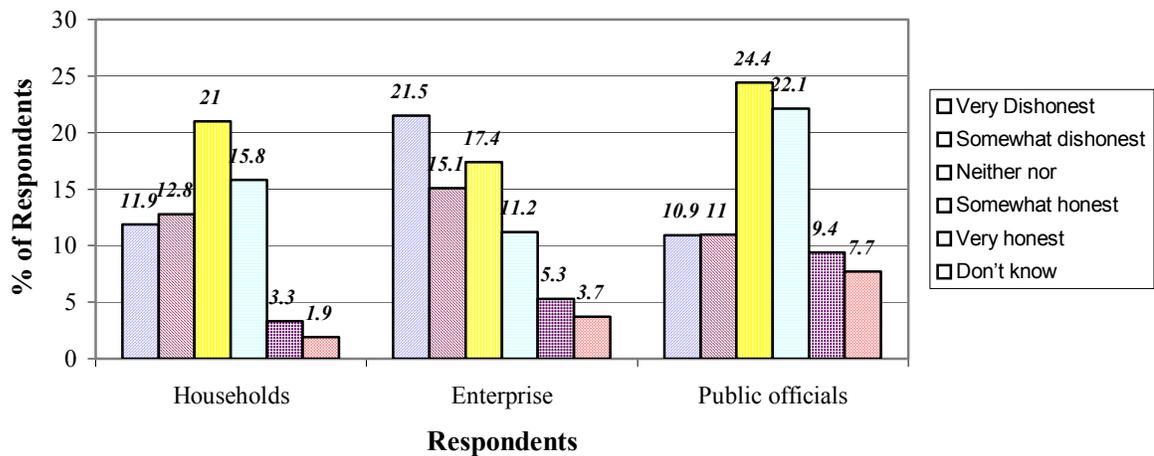
	1	2	3	4	5
Courts	27.7	17.2	20.7	20.5	11.5
National Assembly	40.4	18.6	19.7	12.6	6.0
Anti-corruption Commissions	19.9	14.1	24.1	24.4	13.9
Police	59.3	15.0	11.3	7.9	4.5
Armed forces/military	34.6	18.9	21.4	14.6	7.4
Media (press and TV)	9.6	10.1	23.2	33.9	21.7
Non-Government Organisations	9.3	7.4	29.2	32.4	17.6
Academics and teachers	11.4	11.1	25.1	31.1	18.4
Nigerian Bar Association	17.8	15.9	31.7	22.2	7.5
Institute of Chartered Accountants of Nigeria	19.6	16.1	35.1	18.3	4.7
Nigerian Medical Association	16.9	12.9	32.2	24.6	8.5
Code of Conduct Bureau	16.1	16.7	31.7	20.9	7.8
Auditor-General	25.9	19.8	24.7	16.8	6.0
Public Accounts committee of National Assembly	29.9	20.2	23.1	14.8	5.9
Public complaints Commission	16.2	16.3	28.9	23.0	10.4
Religious organisations	9.1	7.8	18.5	31.2	31.6
Traditional rulers	22.9	17.8	21.9	20.1	15.2

The respondents do not think the Police, National Assembly, Armed Forces/Military, Public Accounts Committee of the National Assembly, Auditor-General, Courts and Traditional rulers have been helpful in combating corruption. The percentage of respondents rating them “not helpful at all/not helpful”(1 and 2) is above 40. The worst is the police with 74.3% disapproval rate, National Assembly 59%, Armed Forces 53.5%, Public Accounts Committee of The National Assembly 50.1%, Auditor-General 45.7%, Courts 44.9%, and Traditional rulers 40.7%. At the other end of the spectrum respondent believe that Religious organizations, the Media (Press and TV), Non-Government Organisations, Academics and Teachers have been helpful/helpful a lot in combating corruption in Nigeria. The most highly supported is religious organization 61.8%, Media 55.6%, Non-Government Organizations 50.0% and Academics and Teachers 49.5%. Anti-corruption Commission also received a measure of support with 38.3% of the respondents feeling they have been helpful/helpful a lot in combating corruption in Nigeria. These results should guide efforts at targeting

institutions and groups that could form part of the institutional framework for fighting corruption in Nigeria.

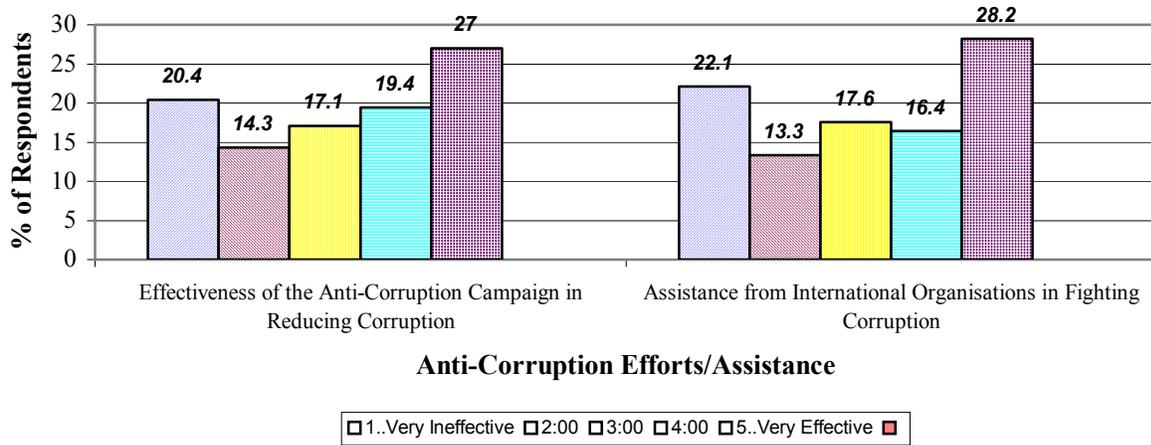
Government has set up the Independent Corrupt Practices and Other Related Offences Commission. This commission was one of the major actions taken by the present administration after its inauguration in 1999. With the passage of the Corrupt Practices and Other Related Offences Act, 2000 and the approval of the Anti-Corruption Law, Nigeria, for the first time, has a strong legal framework to tackle corruption. This institutional framework is still however gradually emerging. The commission must learn from the experience of similar efforts in the past. The code of conduct Bureau and the Public Complaints Commission have been in existence for sometimes now in Nigeria but have not made the necessary impact on corruption. The survey results indicate that households and enterprises have low opinion of the existing institutions. Households, Enterprises and Public Officials were required to assess the integrity of the Code of Conduct Bureau. Their response is given in figure 93.

Figure 93
Perception of the Integrity of the Code of Conduct Bureau



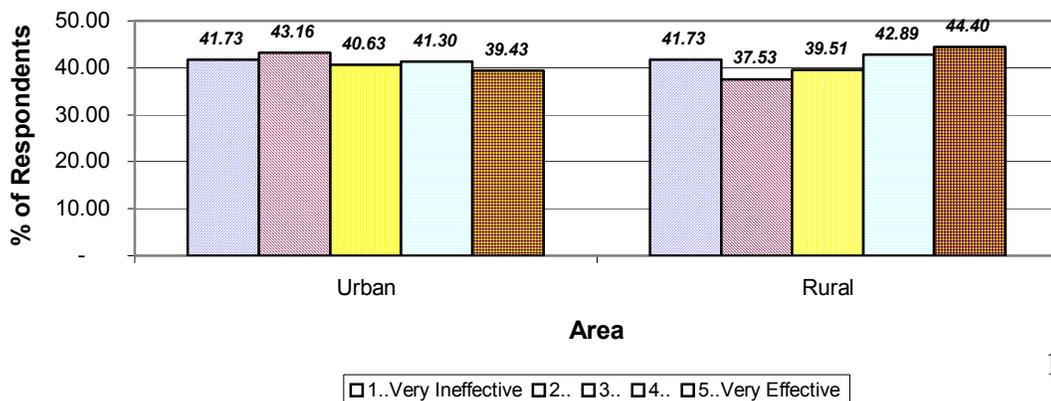
Households believe that the code of Conduct Bureau is Very dishonest/Somewhat dishonest as indicated by 24.7% of those interviewed, as against the 19.1% that felt it is Very honest/Somewhat honest. Households were specifically requested for their opinion of government anti-corruption campaign and the role of assistance from international organizations like the World Bank in fighting corruption. The responses are given in Figure 94

Figure 94
Perception of the Effectiveness of Government Anti-Corruption Campaign and the Role of International Organisations



The respondents have faith in the present anti-corruption campaign of government as 46.4% of those interviewed indicated that the campaign would be Very effective/effective, while 34.7% feel it will be Very ineffective/ineffective. As for the role of international organizations like the World Bank those interviewed indicated that they could be of assistance as 44.6% indicated that the assistance would be Very effective/effective, while 35.4% indicated that it would be Very ineffective/Ineffective.

Figure 95
Comparison of the Perception of Households on the Effectiveness of the Anti-Corruption Campaign



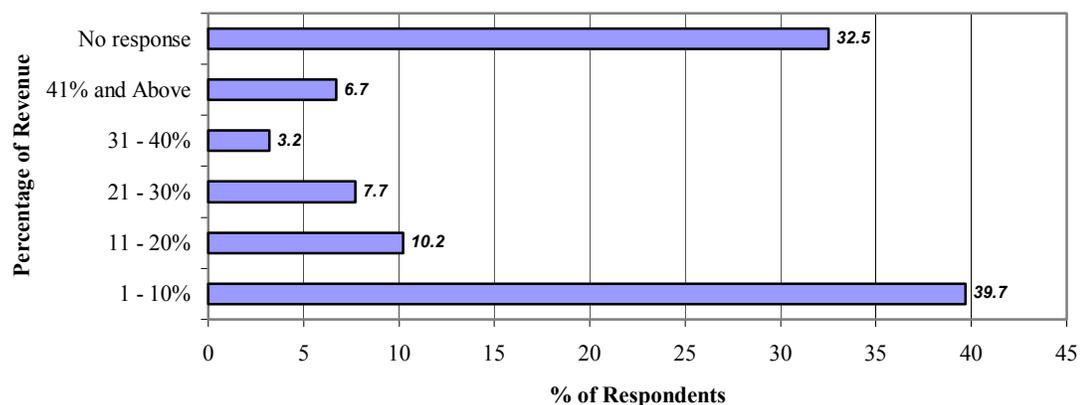
The differences in response between the urban and rural areas are not too significant.

10.3 Willingness to Fight Corruption

The success of any administration to fight corruption will depend on the willingness of the citizens themselves to fight corruption. While everyone seems to agree that corruption is an evil that must be fought to liberate the economy and society from the ills of poverty and underdevelopment, not everyone knows what to do or does what has to be done to eradicate the problem. Corruption therefore persists and continues to undermine the development of societies.

The survey tries to find out if the respondents know what to do and if they are willing to sacrifice their money in combating corruption. Enterprises were required to indicate how much additional tax they would be willing to pay as a percentage of revenue, if corruption would be eliminated. Their response is given in Figure 96.

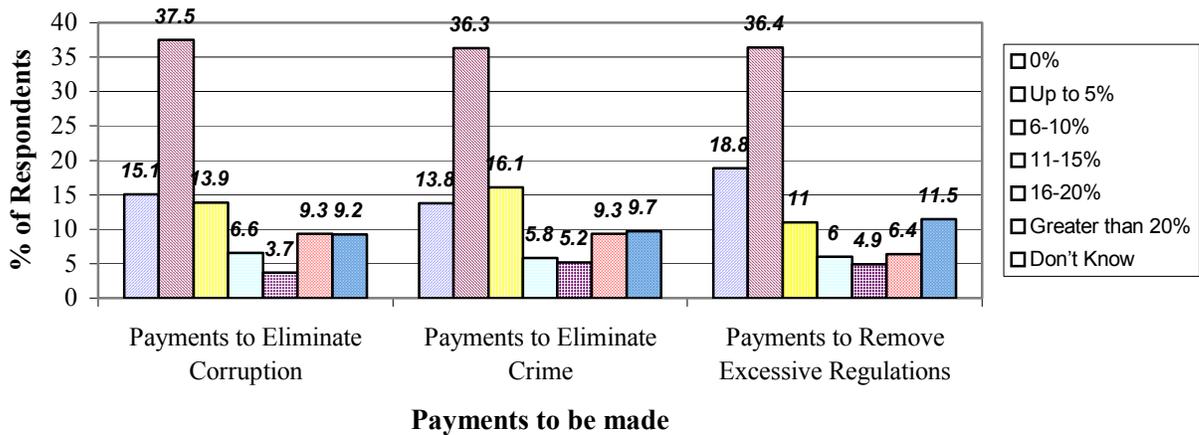
Figure 96
Additional Taxes Enterprises Are Willing to Pay to Eliminate Corruption



Although 32.5% of those interviewed did not respond, 39.7% were willing to pay additional tax of between 1% and 10% of revenue if corruption would be eliminated. Another 10.2% are willing to pay between 11% and 20%,

while 6.7% are willing to pay above 40%. The survey also required respondents to indicate additional taxes they were willing to pay, as percentage of revenue, if crime is to be eliminated and if excessive regulation is eliminated. The responses are given in figure 97.

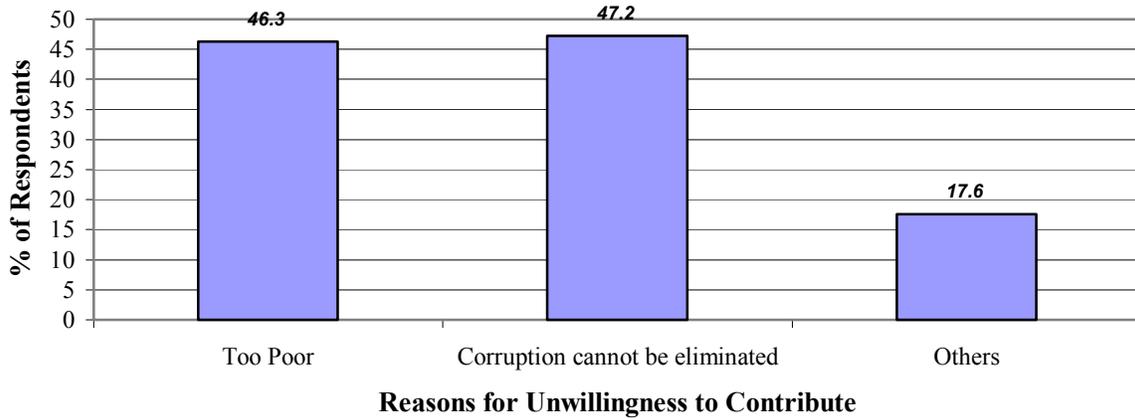
Figure 97
Additional Payments Enterprises Are Willing To make to Eliminate Corruption, Crime and Excessive Regulations



The pattern of response is similar for all three categories of issues. The largest proportion of respondents (52.4%) is prepared to pay additional tax of between 1% and 10% of revenue, if crime would be eliminated. The same is the case for reduction of excessive regulation as 47.4% are willing to pay between 1% and 10% if it would be eliminated. Of the respondents 15.1%, 13.8% and 18.8% are willing to pay 0% if corruption, crime and excessive regulation respectively are to be eliminated.

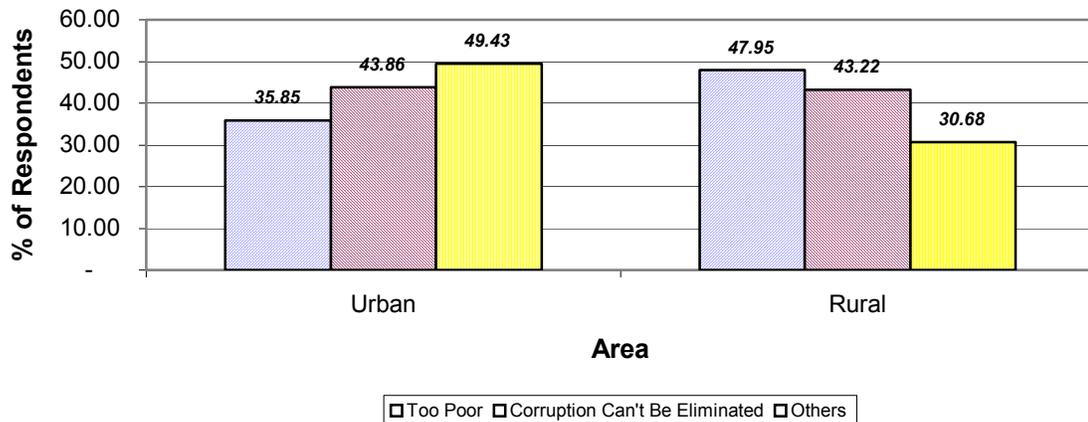
When households indicated they were not willing to contribute to fighting corruption they were required to give reasons why they are not willing to contribute any percentage of their household income to eliminate corruption completely from the public sector. The response is given in Figure 98.

Figure 98
Households' Reasons for Unwillingness to Contribute Income to Eliminate Corruption



It is instructive that almost half of household respondents believe that corruption cannot be eliminated and are thus not prepared to part with money to fight corruption. Certainly from the various responses obtain by this survey it is clear that households believe that corruption could be addressed through various other means. Poverty is also given as a reason as indicated by another 46.3 percent. While the fact that households feel powerless in the face of corruption can also be deduced from their responses.

Figure 99
Reasons Why Households Are Unwilling to Contribute to Eliminate Corruption (Comparison By Area)



The result presented in figure 99 shows some differences in the reasons given by the urban and rural respondents. The rural respondents emphasized poverty while both urban and rural are equal in their position that corruption cannot be eliminated as a reason for not willing to pay to eliminate corruption.

11. Summary of Key Findings

The surveys of households, enterprises, and public officials, have provided a wealth of information on perceptions and actual experiences with corruption in Nigeria. Corruption is still perceived to be rampant in Nigeria although survey results indicate that it is perceived to have reduced in the last three years. The advent of democracy brought renewed hope and expectation for solving the entrenched problem of corruption in Nigeria. As a first step in the right direction the current administration pledged and proceeded to tackle corruption at all levels and to ensure good governance in an attempt to overturn the country's notoriety as one of the world's most corrupt nation. There is an apparent lack of faith in the honesty of the political parties and the legislature, the judiciary and worst of all, the police. These surveys tend to indicate that a large number of Nigerians still consider corruption to be a major problem in the country and a good proportion consider it so entrenched that little could be done to eliminate it for now. It is however instructive that a larger proportion of Nigerians consider unemployment as the most pressing issue before them now. They indeed rank corruption as the third of the most important problems of the nation.

The three surveys gave a lot of insight into perception of corruption in Nigeria. It is clear that households, enterprises and public officials consider corruption as a major problem, which has had significant impact on the life of the people.

The survey of households produced the following results:

- Households were concerned about the high cost of living, unemployment, inflation, safety, political instability, lack of leadership, corruption in the public and private sectors and low quality and price of various public services. They were however particularly concerned with unemployment, high cost of living/inflation and corruption in the public sector.
- The survey indicated that households consider their standard of living to be neither bad nor good. However, they believe they are much/somewhat better now than three years ago.
- Households believe that corruption is a serious problem in the country. Compared to a year ago households believe that corruption is worse.
- Households have very low opinion of the various organs of government. They believe that most are very dishonest.

- Households were more inclined to contribute between 1% and 10% to completely eliminate corruption in the public sector.
- Households were very unhappy with the quality of most public services in the country.

The survey of business enterprises produced the following results:

- Enterprises were generally dissatisfied with the services provided by various public agencies.
- In general enterprises find information on the laws and regulations affecting them difficult/somewhat difficult to obtain and they are almost equally divided as to whether these laws and regulations are consistent or inconsistent but are more inclined to the position that changes in these laws and regulations are unpredictable. They feel that in case of important changes in laws or policies affecting them the government seldom/never takes into account concerns voiced either by them or by their business association.
- Enterprises believe that the most important obstacle to using courts is that of long process, the second most important obstacle is that court decisions are influenced by corruption.
- Enterprises reported that they have to pay some gratification to get things done in their line of business.
- On the average firms pay less than 12% in gratification to public officials.
- Enterprises believe that contracts relating to government procurement are never/seldom awarded in a clear and efficient manner.
- Enterprises indicated that major obstacles in doing business with government include too complex process, too much competition and requirement of gratification.
- Enterprises, in the last 12 months, were not required to contribute to a political fund or party in order to avoid unfair treatment. They were never required to contribute to a political fund or party in order to avoid unfair treatment during the last election campaign.
- Enterprises have very low opinion of the integrity of various public institutions. The police was considered the least honest of the public institutions.

The survey of public officials produced the following:

- Public officials generally have a good perception of their organization despite the various misgivings on certain aspects of the service. They believe that personnel management decision-making process is clear and transparent; decisions are always announced, fair and are

regularly audited (cross checked) by control agencies. The most qualified applicant gets the job and Guidelines/policies/regulations of personnel management are formalized in writing.

- On the criteria in determining how specific staff are treated, including who gets hired, the best remuneration, the best training opportunities, and so on, public officials indicated that the following factors are important: merit, length of service, quality of relationship with supervisors, political connections. Others are considered of little or no importance such as ethnicity/religion, gender, providing gifts or gratification, other connections (e.g. family, professional)
- Public servants are generally satisfied with their work in that they indicated that working in the public sector is generally better than working in the private sector but are dissatisfied with their salary and other benefits. They are satisfied with security of job and position. They are generally confident that they will keep their position and get promoted when they perform their job well.
- Public officials indicate that their performance is evaluated annually and that there was a written description of the criteria on which their last performance evaluation was based. They agree that disciplinary actions have been impartially applied to necessary cases and that such actions have been an effective tool for motivating public officials to perform well.
- Respondents indicated that in the past one year, elected officials, their appointees, or political party officials have not influenced any hiring decisions, promotions in their organization.
- Guidelines/policies/regulations of procurement management are said to be formalized in writing and that exceptions are not frequently made.
- Public officials agree that policies that their organization is asked to implement are consistent to each other and that Government has adequate financial resources to provide an appropriate level of service than felt otherwise.
- Public officials believe that in their organizations, everyone has a clear understanding of his tasks and functions, that everyone believes that battling against poverty is one of their functions as public servant, that the citizens are their clients and that everyone is competent for his/her rank. They claim that there is a formal written statement on the main purpose of their organization.

- Public officials believe that more budget resources as the most effective measure for improving their organization's performance, followed by better-trained staff, and better capacity to detect and punish corruption.
- The Police (excluding traffic police) was considered the least honest organization followed by the National Electric Power Authority (NEPA)
- Public officials (71%) believe that corruption is pervasive presently in Nigeria and (79.4%) believe that corruption is more pervasive today than three years ago in Nigerian.
- Public officials however believe that corruption is modest in their own organization presently but prevalent three years ago.
- Public officials generally know what process to follow in reporting a case of corruption and have in the past two years observed some cases of corruption of a public official. Of those that observed such corruption 52.7% did not report the aforementioned corruption case.
- Public officials believe that there is a genuine and sincere commitment in their organization at this time to fight corruption).
- Public officials believe that there is a genuine and sincere commitment in the government at this time to fight corruption.
- Public officials were generally supportive of public sector reforms but unsupportive of reduction in government workforce, even if it allows an increase in salary and benefits for the remaining government workers. They were supportive of establishing a living wage for public employees, establishing personnel management system in the public sector, where compensation and promotions are specifically based on performance, administrative decentralization of the state, delegating operative functions of the national government to local governments, privatisation of public services, such as a set up of Joint Stock Company, greater oversight of government functions by the general public and civil society and regular declaration of assets of public officials. Of all these types of reforms public officials ranked living wage (53.2%) as the first priority, followed by merit based personnel management system (18.1%), decentralization (7.4%) and asset declaration (6.2%).
- Public officials believe that the government has their full support in the implementation of public sector reforms and the general public (39.7%) in implementing public sector reforms.

12. Conclusions and Recommendations

Good governance is important for economic development not only to creating the right economic environment but also to adopting a clear development vision that stipulates the strategic choices that define the economic paradigm the government would adopt. It also relates to building accountability and transparent economic management and equipping the government apparatus with the capacity to design and implement policies that aim at realizing that shared development vision.

Pervasive corruption has weakened government's ability to function effectively and severely detracted from the equity goal in the provision of public services. As the scope of corruption widens, the definition has been enlarged to cover the abuse of all offices of trust for private gain, whether in the public or private sector. As table 15 indicates private enterprises and households do offer gratification to gain undue access to government. Corruption undermines development. It is both a symptom and an outcome of poor governance.

This study confirms that Nigeria faces a serious problem with corruption. To address this problem the government has set up the anticorruption commission. This study can help in the understanding of the phenomenon in Nigeria and provided the basis for reforms that would help reduce the incidence of corruption in the country. There is enough evidence that corruption has undermined democratic governance in the past and has resulted in persistent crisis, which led to military interventions that on their part intensified the incidence of corruption. The current war on corruption, among other things, has changed Nigeria's image abroad with the international community vesting a lot of trust in the Nigerian president. Within Nigeria the administration has made considerable strides in attempting to restore public confidence in government.

This study has provided insights into possible strategies that could assist in the war against corruption in Nigeria. The various causes identified in the survey are starting points in this war. It is obvious that good governance is a sine qua none for the eradication of corruption. The survey shows that people are worried about the poor economic conditions in the country. They are concerned about unemployment and high cost of living as the level of poverty in the country also seriously affects them. They have little faith and hope in the country's institutions and are yet to gain confidence in the political and democratic structures. This is understandable after decades of military dictatorship in the country.

From the results of the survey a number of conclusion we arrive at the following conclusions:

- Corruption is a very serious problem in Nigeria. Households and enterprises report that corruption is among the most serious problems undermining their existence.
- There seem to be general agreement on those institutions that are prone to corruption. The result of the study shows that the Police, NEPA are generally considered the most corrupt.
- There is still lack of confidence in the integrity of the political process in Nigeria. Enterprises and households still have very low opinion of the Federal State and local Government executives, political parties, and members of the various assemblies. The cost of corruption is generally high and has undermined the growth process
- There is need for reforms in various sectors of the country. The survey indicates that there is need for public institutions characterized by merit driven personnel, transparent management, efficient corruption reporting mechanisms, and a high moral and reform minded staff, perform better and are able to control corruption more effectively.

From some of these conclusions necessary actions seem to suggest themselves. These surveys highlight certain areas that need to be addressed immediately to combat corruption in Nigeria. Evidence provided by the results of the surveys suggests certain actions for eradication of corruption in Nigeria so of which have already been put in place by the present administration in the country.

From the result of the survey instrument a number of recommendations could be made. We start our recommendation in agreement with households who suggested as in Table 24 when they were asked “If you were in a position of responsibility and you could do something to fight corruption in your country, what would be the first thing you do? What would you do next?”

Table 24
Action to fight corruption

	The first thing you do Percentage	The next thing you do Percentage
Provision of employment	12.9	9.9
Punish offenders	27.2	29.4
Eradicate poverty	5.3	5.8
Spiritual approach/prayers	3.8	3.6
Encourage leaders/people should behave themselves	10.1	8.2

Educate citizens	6.2	7.5
Improve living standards	8.0	8.8
Improve/increase agricultural production	0.7	1.2
Do nothing because corruption cannot be eradicated	1.6	1.2
No response	24.1	24.4

The greater number of households believes that offenders should be punished. This implies that households do not believe that enough sanctions exist today to deter people from corruption. People generally believe that since the high and powerful are themselves enmeshed in the rot, they do not have the moral strength of sanctioning others. High-level corruption has not only to be tackled but also be seen by the people to be tackled. Examples must be made of very senior officials who are generally known to be corrupt but who have escaped any form of sanction. Next to punishment the next group believe that employment should be provided. This implies that people believe that lack of employment makes the population powerless in the face of official corruption. Employment will empower people to be able to resist official corruption. The next group suggest encouraging leadership and making people change their behaviour. Leadership is indeed paramount in the fight against corruption. Poor leadership has no doubt fuelled corruption in Nigeria. Lack of accountability and transparency, which has been the hallmark of various administrations in the past, can to a large measure, be held responsible for the level and intensity of corruption in the country. Nigerians are still very distrustful of the current democratic process as they watch the performance of all arms and tiers of government with disillusionment. Public officials had their advice as to what should be done in their answer to the question “If you were in a position of responsibility and you could do something to fight corruption in your country, what would be the first two things you want to do?”

Table 25
Public Officials Suggested Actions to fight corruption

	Percentage	Percentage
Prompt payment of Salaries and wages	12.3	8.8
Promulgate/enforce appropriate laws to combat corruption	14.7	18.8
Welfarism and increased salaries	17.8	16.9

Employ qualified persons/train workers to perform their roles properly	6.3	8.5
Educate citizens on evils of corruption	3.8	3.9
Promote/motivate staff	2.1	3.1
Launch anti-corruption crusade	10.2	10.5
Teach moral Philosophy	3.3	3.0
No action, because corruption cannot be curtailed in Nigeria	0.9	0.4
No Response	28.6	26.0

The largest percentage of public officials (17.8%) suggested that welfare would be their first line of action. Government they believe should increase salaries of public officials and promote their welfare and that would reduce the level of corruption in the country. The next group (14.7%) would first promulgate laws against corruption and enforce them while the next group (12.3%) would pay salaries and wages promptly. The next group (10.2%) would launch anti-corruption crusade first.

More specifically this study recommends that:

- The anti-corruption campaign has to be stepped up and the public made to identify with the effort of the commission. Lack of information on the activities of the commission must have influenced the perception of the business that the commission is dishonest.
- Reforms of institutions that are identified as been prone to corruption. Corruption appears to be concentrated in a few institutions and agencies. The survey evidence underscores the need to carry out reforms in those institutions and agencies that are readily associated with corruption.
- Enhancement of the credibility of various arms of government. For democracy to be sustained in a developing country like Nigeria there is a need to quickly enhance the credibility of the various actors in the democratic process. This study has shown that creating capacity for good governance and reduction of corruption is a sine quo none for the sustenance of democracy in Nigeria.
- Corruption reporting system should be introduced and protection provided for whistle blowers
- Launch in an aggressive manner an anti-corruption campaign.

- Mobilize and sensitise the various agencies of government and the general public on the need to fight corruption by making available evidence of the costs of corruption on the economy and society.

Appendix 1

Methodology

The Nigerian governance and corruption diagnostic study is based on three survey instruments applied to randomly selected households, public officials and business organizations in Nigeria. Nigeria is, however, a complex multi-ethnic and multi-cultural nation with a federal constitution. In order to obtain a sample representative of the economic, cultural and socio-political realities of the country, a multi-stage area sampling design was employed in this study. Nigeria is administratively divided into six geo-political zones. Each zone is comprised of several states. All the six zones are covered in this study. Within each zone, two states have been randomly selected. Given its unique status as the administrative capital of the country, Abuja (FCT) is treated as an additional seventh zone. The Municipal Council Areas within the FCT (six in number) are treated as the Local Government units. The zones and the states comprising each of these zones are as follows:

Northwest, comprising Kaduna, Kano, Katsina, Kebbi, Jigawa, Sokoto and Zamfara States. **Northeast**, comprising Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe States. **North Central**: comprising Benue, Kogi, Kwara, Nassarawa, Niger and Plateau States. **Southwest**: comprising Ekiti, Lagos, Ogun, Ondo, Osun and Oyo States. **Southeast**: comprising Abia, Anambra, Ebonyi, Enugu and Imo States. **South South**: comprising Akwa-Ibom, Bayelsa, Cross River, Delta, Edo and Rivers States. (See Figure 1.)

SAMPLING

Household Survey

For the purpose of this study a household is defined as a dwelling unit, which may comprise one or more nuclear families. Where a compound or residential unit has more than one family a simple random technique was employed to select one household head for interview. A total of 2,500 households were sampled throughout the country. A sample of 130 households was selected from the FCT and 395 households were selected per zone. This translates to 198 households per state. Since there is no current list of all households for Nigeria listed anywhere, a multi-stage area sampling design was used. Two local government areas (LGAs) were selected randomly from the list of all LGAs in each selected state. The state capital housing the seat of government is included as the third sampled area in the state. The 198 households in a state, when divided by three sample areas, namely, the state headquarters and two LGAs, gave 66 respondents per each unit area sampled. The Units – the State Capital as well as the LGAs – were divided into wards. In the two selected LGAs, a list of all the wards was obtained from the LGA headquarters.

In the state capitals, the residential areas were stratified into high, medium and low-income areas in accordance with the prevailing income categories living in each area. Using a simple random selection method, one cluster was selected from each of the residential categories. Three streets in each of these clusters were selected by a simple random technique. The dwelling units along each selected street were enumerated. Every **nth** house along each street was selected until the required sample size for that residential category is obtained (where **n** is the sampling interval which differed from case to case).

The urban wards in the LGAs are usually divided into streets. Three streets were selected by a simple random technique in each ward. The households on the selected streets were enumerated and those to be interviewed were selected at regular intervals.

In the rural wards, the list of households in each selected community was obtained using available tax records and/or the 1991 Census records. This was authenticated and updated in consultation with the village or ward head of each community. The simple random sampling technique was then applied to select the required number of households for interview.

Where a selected household head cannot be found after two visits, such a household head was replaced using the same random criteria indicated above.

Survey of Public Officials

According to the Federal Character Commission's records as published in the *Weekly Trust* of June 25, 1999, there were a little more than a million public sector employees in Nigeria as of November 1997. Of this number, 327,221 were in the Federal Service. This is roughly a third. Accordingly, the 1,500 public officials interviewed were distributed equally among the three tiers of government. Thus, 500 public officials each were interviewed at the Federal, State and Local Government levels.

Federal Level - The Federal Government officers are to be found in both the FCT (Abuja) and in every state of the Federation. Fifteen Federal Government officials were interviewed in each of the twelve selected states (giving 180 Federal officers in all the states). The rest, 320, were selected from the FCT.

State Level - In the selected states, 42 state officials were interviewed, giving a total sample of 504 interviewees. The four interviewees in excess of the planned 500 is due to the desire to have equal number of respondents from all selected states.

Local Government Level - In each of the two LGAs selected in a state, thirteen (13) LGA officials were interviewed. In the state capital, one Local Government Area was randomly selected and 13 LGA officials were interviewed. This gives a total of 39 officials in each state (or 468 officials nationally). In the FCT, sixteen (16) Area Council (LGA) officials were selected in each of the two sampled Area Councils (giving a total of 32 officials).

Survey of Business Enterprises - The survey of business environment covered over 1,000 enterprises. Even though enterprises tend to be more concentrated in certain areas than others, we retained the principle of wide geographical spread of such enterprises. Accordingly, an equal number of 160 enterprises per zone, and 40 for the FCT (Abuja) were sampled in this survey. Since state capitals have a higher concentration of business enterprises, in each selected state and the FCT, 80 per cent of the business enterprises were selected from the large urban areas (principally the state capitals, Abuja (FCT) Municipal and any other large towns). The remaining 20 per cent was sampled from the two selected local government areas (LGAs).

All enterprises in each selected state were stratified into large, medium and small-scale enterprises. A stratified random sample of these enterprises was selected for the survey. Some level of flexibility was maintained with respect to small-scale enterprises to ensure the inclusion of informal sector businesses some of which might not be registered.

In each selected enterprise the preferred person interviewed was the head or chief executive of the firm, i.e. the managing director or overall boss. Where this was not possible after two attempts, another member of the top management was interviewed.

Sample Characteristics Households

Table 1 Location of Household

	Frequency	Percentage
Urban	1066	40.8
Rural	1090	41.7 (17.5% no response)

The tabulation of results shows that 40.8% of those interviewed were in urban areas while 41.7% were from the rural areas. There was 17.5% non-response.

Table 2 Gender of Respondent

	Frequency	Percentage
Male	2051	78.5
Female	347	13.3 (8% no response)

Table 2 shows that there were more male respondents than female. Female headed households account for only 13.3% of those interviewed while male accounted for 78.5%.

Table 3 Educational status

	Frequency	Percentage
Cannot read or write	450	17.2
Lower than secondary	461	17.6
General secondary	417	16.0
Specialized secondary	132	5.1
College/University	893	34.2
Post-Graduate	217	8.3
No response	43	1.6

The block of those interviewed fall into the category of University graduate accounting for 34.2% of household heads. The next group are those between general secondary to the earliest stage of education. This category accounts for 33.6% of household heads, while 17.2% could not read or write. Post-graduate certificate holders account for 8.3% of the sample.

Table 4 Marital status

	Frequency	Percentage
Married	2181	83.5
Widowed	149	5.7
Divorced	52	2.0

Single	144	5.5
Others	36	1.4
No response	51	2.0

Most of the household heads are married as indicated by 83.5% of the sample, while 5.7% are widowed, 2.0% divorced and 5.5% single.

Table 5 Monthly Household income

	Frequency	Percentage
Less than 10,000	549	21.0
10,000 – 30,000	856	32.8
31,000 – 50,000	358	13.7
51,000 – 70,000	197	7.5
71,000 – 100,000	133	5.1
Above 100,000	142	5.4
Don't Know	290	11.1
No response	88	3.4

Table 5 shows the income group of the respondents. The largest group are those earning between N10,000 to N30,000 a month. They account for 32.8% of the sample. Those earning less than 10,000 a month account for 21% of the sample.

Distribution of Household Income By Area

	Urban	Rural
Less Than 10,000	32.06	50.64
10,000 - 30,000	36.10	46.73
31,000 - 50,000	47.49	36.59
51,000 - 70,000	48.73	30.96
71,000 - 100,000	49.62	34.59
Above 100,000	57.75	25.35
Don't Know	45.17	37.24

Distribution of Household Income By Area of Respondents

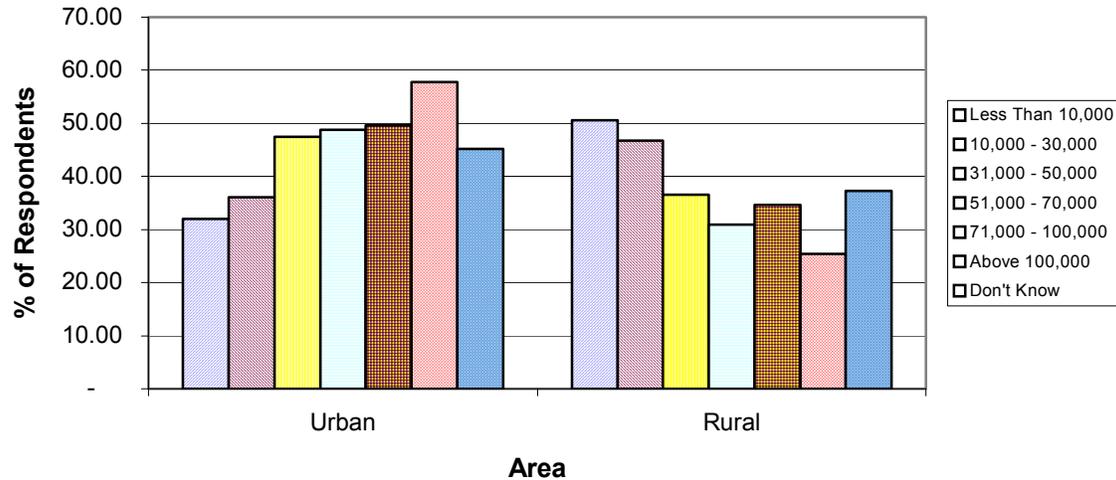


Table 6 Sources of household income

	The main income source Percentage	The second income source Percentage
Formal employment for a private company	11.9	6.9
Formal employment for the state and state enterprise	28.8	5.5
Formal employment for a political party or trade Union	2.5	1.6
Self-employment, including small-scale trading	29.4	19.9
Farming/Fishing	13.0	20.7
Pensions	5.8	5.6
Family/Friends support system	2.8	19.3
Other formal income	1.5	7.5

Table 6 shows the sources of household income. The largest group are the self-employed, including small-scale trading. They accounted for 29.4% of the sample. Next are those with formal employment with state and state enterprises. They account for 28.8% of the sample. The second most popular source of income is farming which accounts for 20.7% of the second source of income for the sample. This is followed by family/friends support, which accounts for 19.3% as the second source of income.

Public Officials

Table 7 Age of respondent

	Frequencies	Percentages
20s	107	6.8
30s	533	33.8
40s	597	37.9
50s	238	15.1
60s	27	1.7
No response	74	4.7

The block of the sample of public officials are in their 30s and 40s. Both group account for 71.7% of the sample. As indicated in Table 8 below 72.7% of the sample is male while only 19.9% is female.

Table 8 Gender of respondent

Gender	Frequency	Percentage
Male	1146	72.7
Female	313	19.9
No response	117	7.4

The educational background of the sample is given in Table 9.

Table 9 Educational Background of Respondent

	Frequency	Percentage
Lower than secondary	55	3.5
Secondary	152	9.6
OND/NCE	283	18.0
HND, BSc/BA, etc	599	38.0
Post-graduate Studies	303	19.0
Others	31	2.0
No response	153	9.7

The block of public officials interviewed have at least the first degree or equivalent. Of the sample 38.8% has the HND, BSc, BA qualification and another 19.0% have the post-graduate qualification. Only 3.5% have qualification lower than secondary.

Public Officials - Organizations

Table 10 Number of Actual staff in organization

	Frequency	Percentage
Less 100	157	10.0
100 – 200	88	5.6
201 - 500	102	6.5
501 – 1,000	85	5.4
1,001- 2,500	60	3.8
2,501 – 5,000	27	1.7
5,001 – 7,000	14	0.9
7,001 – 9,000	19	1.2
Above 9,000	248	15.7
No response	776	49.2

Table 10 shows the size of the organizations sampled. Of these 15.7% have staff of over 9,000, while 10% have staff of less than 100.

Table 11 Nature of Appointment

	Politically Appointed	Appointed Through Exam	Elected	Special Appointment due to expertise	Contract Service
> 20%	40.3	10.8	10.2	21.7	13.3
20 – 40%	7.4	3.8	7.9	6.8	10.0
41 – 60%	3.2	5.0	1.7	5.5	1.8
61 – 80%	1.1	9.4	3.3	2.5	4.4
81 – 100%	3.8	36.7	7.8	8.6	6.1
No response	44.2	34.3	69.1	54.9	64.3

Table 11 shows the nature of employment in these establishments. The picture shows that political appointments in public organisation are low (40% below the 20%), while placement by examination is more common (36.7% for that between 81-100%).

Business Enterprises

Size of Company

Table 12 Number of Full-Time Employees

	Now	Three years ago
Less than 10	25.4	28.1
10 – 20	20.6	16.4
21 – 50	10.4	10.1
51 – 100	5.3	5.2
101 – 500	6.4	5.3
501 – 1,000	2.9	0.8

Above 1,000	2.7	2.7
No response	26.4	31.4

The largest group are those 0 and 20 employees accounting for 46% presently. This shows that despite the sampling technique employed the large percent of enterprises covered are small enterprises. This reflects the nature of the business environment in Nigeria. The table shows that there has been a slight improvement in the size of those enterprises sampled over the last three years in terms of employment. The locations of the management of these enterprises are shown in Table 13 below. The table shows that the largest group of enterprises are to be found in states as they account for 44.4% of the sample. Local governments accounted for 16.7% while the federal capital accounted for 6.1%

Table 13 Location of Management

	Frequency	Percentage
Federal	62	6.1
State	450	44.4
Local Govt.	169	16.7
Large City	22	2.2
Others	27	2.7
No response	283	27.9

