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THE INTERNET AND CORRUPTION
Transparency and accountability online



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NIGERIA

USING ICTS TO CHECK CORRUPTION IN NIGERIA'S OIL INDUSTRY



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Introduction

On 1 January 2012, the Petroleum Products Pricing Regulatory Agency (PPPRA) announced the withdrawal of a petroleum subsidy with effect from that day.¹ This had been preceded by months of dialogue between government and civil society, and the government indicated a willingness to explore further multi-stakeholder dialogue before any subsidy withdrawal implementation. The sudden withdrawal was therefore considered to be in bad faith and civil society reacted with widespread work stoppages, nationwide. The government was taken unawares by the scale of public discontent following the withdrawal, and quickly announced some palliative measures while the lower house of legislature set up an ad hoc committee to investigate the issue of petroleum subsidy, which had become a perennial challenge with successive Nigerian governments.

The lower house's investigation revealed monumental corruption in the oil industry and undermined all the rationale for withdrawal of the subsidy. The matter was further compounded when electronic evidence emerged of bribe taking by members of the investigating committee.

Policy and political background

From the beginning of military rule in Nigeria in 1966, successive Nigerian governments had announced a removal of the subsidy on petrol. Removal of the petroleum subsidy seems a cost-effective and quick means to mobilise government funds. However, there has never been an in-depth investigation into the rationale of the oil subsidy removal. The government's standard explanation has always been that the removal will lead to the availability of resources to improve the living standards of Nigerians. However, over the years, living standards in this oil-producing nation have continually slipped; Nigeria now ranks 156th out of 187 countries on the

Human Development Index,² and Transparency International's Corruption Perceptions Index 2011 has ranked Nigeria 143rd out of 183 countries.

The upper legislative chamber, in November 2011, had set up the Joint Committee on Petroleum Resources (Downstream), Appropriation and Finance to investigate the management of the fuel subsidy scheme as a result of the government's extra-budgetary spending on the subsidy. The investigation by the lower house in the wake of the widespread civil discontent following the sudden withdrawal of the subsidy in January 2012 discovered large-scale fraud involving many of the stakeholders of the subsidy value chain: this included officials of the Ministry of Petroleum Resources, Nigerian National Petroleum Corporation (NNPC), Department of Petroleum Resources (DPR), Petroleum Products Marketing Company (PPMC) and the PPPRA.³

Taking the oil battle online...

The monumental corruption discovered in the Nigerian oil industry is best understood within the context of the global economic crisis. This was the period when entire nations (Greece, Ireland, Iceland, Spain, Italy, etc.) had gone bankrupt and had to receive large bailouts from the International Monetary Fund. In every one of these failed economies, the immediate reactions of the leadership have been to impose harsher economic sanctions on an already hard-up population. In Nigeria, the Central Bank had raised an alert that the country was not immune from the raging global economic crisis, and along with the Ministry of Finance, had provided the rationale for the removal of the petroleum subsidy. The implications of a 130% hike in the cost of fuel on a nation that has a youth unemployment rate of 45% and a loss of over 1.8 million jobs within a decade did not feature in the Nigerian leadership's calculations. This followed a similar pattern in the reaction of governments in countries that had gone bankrupt across the world.

A coalition of civil society groups in Nigeria had questioned why, as a member of the Organization of the Petroleum Exporting Countries (OPEC), Nigeria

1 saharareporters.com/news-page/nigeria-announces-removal-petrol-subsidy?page=5

2 hdrstats.undp.org/en/countries/profiles/NGA.html

3 www.informationnigeria.org/2012/04/storm-gathers-over-subsidy-probe-oil-chiefs-may-face-trial.html

has the highest cost of petrol per litre and is the only member that imports 80% of its refined petroleum products.⁴ This situation has developed over the years due to failure to invest in the refinery and maintenance sector of the petroleum industry, despite the regular announcement of funds allocated for turn-around maintenance of the existing refineries.

The mainstay of opposition to what is perceived as a widespread lack of transparency and accountability on the part of the Nigerian government and its agencies in the oil industry has been Nigerian civil society. The government's repressive tactics have not dimmed their vocal and independent response to the Nigerian crisis.⁵ Their voices have been amplified by their access to the internet, and the government propaganda machinery has not matched their effective use of social media. There were whistleblowers who would release advance notices of the government's actions and they found ready partners in civil society. Nigerian civil society has also effectively linked up with Nigerians in the diaspora,⁶ such as the US-based Nigerian Democratic Liberty Forum (NDLF), making use of every opportunity to challenge visiting Nigerian officials.⁷

The spontaneity and nationwide spread of vocal discontent over the sudden removal of the petrol subsidy may have caught the government off guard. Previous mass protest had usually been at the instigation of the Nigerian labour movement. But the fuel protest had transcended such borders, and at a time when Nigeria was still under attack by fundamentalist Islamic terrorists, the protesters had a common cause that also transcended ethnic or religious divides. Reports were received of Muslims protecting Christian worshippers during the anti-government protests, and Christians doing the same for Muslims.⁸

The strident opposition of Nigerian civil society has helped to keep the oil subsidy issue in the limelight and ensured the intervention of the legislative houses. The investigation by the ad hoc committee of the House of Representatives indicted the industry regulators, the NNPC and PPPRA, for their collusion with Nigeria's oil marketers who had been paid USD 255 million without making any supply

of petrol. The international dimensions of the oil subsidy fraud in Nigeria had been documented in a WikiLeaks release that showed that collusion by the Nigerian regulatory authorities led to the loss of over USD 300 million.⁹

To its credit, the House of Representatives had opposed President Goodluck Jonathan's plan to scrap the oil subsidy when he presented it in 2011, calling it "premature".¹⁰ Before the protests, government agents had informed the nation that there was a "cabal" that had misappropriated funds paid to subsidise fuel products. This admission by highly placed government officials that there was a fuel-subsidy syndicate was later confirmed when the Nigerian Senate released the names of individuals and companies that had received subsidy funds¹¹ and reported that they had subsequently refunded the amount they received.¹² The Nigeria Customs Service revealed that the fuel subsidy problem had its roots in the previous administration of President Olusegun Obasanjo and Adamu Ciroma, his finance minister.¹³ The government-run NNPC, which had the primary responsibility for the industry, has been ranked the world's least transparent state oil firm.¹⁴

It was the findings of the House committee that encouraged the federal government to institute its own investigations¹⁵ and demand that fraudulent marketers refund the subsidy payments they had collected.¹⁶

The oil subsidy saga has been further complicated by audiovisual evidence that linked key members of the fuel subsidy ad hoc investigating committee of the House of Representatives to attempts to subvert justice by receiving a bribe from one of the indicted oil marketers. Video and audio evidence of the bribe was placed in the public domain.¹⁷

4 saharareporters.com/news-page/occupy-nigeria-civil-society-labour-unions-engage-series-mass-action-january-2012

5 saharareporters.com/news-page/occupy-nigeria-jonathan-orders-arrest-femi-falana-tunde-bakare-dino-melaye-and-shehu-sanni

6 www.informationnigeria.org/2012/01/nigerians-in-diaspora-urge-prosecution-over-subsidy-graft.html

7 saharareporters.com/news-page/occupy-nigeria-protests-hold-washington-dc-and-new-york

8 www.weeklytrust.com.ng/index.php?option=com_content&view=article&id=8159:why-occupy-nigeria-protests-are-spreading&catid=40:cover-stories&Itemid=26

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12 premiumtimesng.com/business/97551-fraudulent-marketers-refund-subsidy-payments-fg.html

13 premiumtimesng.com/news/3488-customs-fingers-olusegun-obasanjo-adamu-ciroma-in-fuel-subsidy-s.html

14 saharareporters.com/news-page/6bn-fuel-subsidy-scam-international-criminal-court-asked-prosecute-indicted-nigerian-offic

15 www.newsnnet.com.ng/news/17/08/fuel-subsidy-fg-names-21-companies-under-investigation-alleged-fraud

16 premiumtimesng.com/business/97551-fraudulent-marketers-refund-subsidy-payments-fg.html?doing_wp_cron=1352841983.4810919761657714843750

17 premiumtimesng.com/politics/5869-farouk-lawan-agreed-to-send-third-party-to-collect-bribe-payment-new-audio-shows.html and saharareporters.com/news-page/fuel-subsidy-probe-oil-biz-magnate-femi-otedola-confirms-bribe-lawmakers-thisday-newspaper

While the police were still investigating the allegations of bribery, there was an unexpected fuel scarcity in the country. The federal government claimed that the artificial scarcity had been caused by petrol marketers who had been indicted for corruption in the 2011 fuel subsidy scam.¹⁸

Conclusions

Although corruption appears to be rife in government affairs,¹⁹ Nigerians have shown courage and willingness to expose corrupt elements in the society. The entire fuel subsidy saga in Nigeria suggests that the various statistics being used to justify the removal of the subsidy were flawed. If a subsidy existed, it pales in significance when compared to the level of corruption in the industry.²⁰ The Economic and Financial Crimes Commission (EFCC) seems to have lost steam and is seen by many Nigerians as ineffective.²¹

The struggle for justice in the wake of the fuel subsidy removal has shown that Nigerian civil society may not always share the same interests and strategies with organised labour (the Nigerian Labour Congress and the Trade Union Congress). Civil society took exception to the way organised labour called off the first wave of civil disobedience without adequate consultation.²²

Civil society groups have continued to demand justice and the resignation of key government officials whose offices have been linked to the inefficiencies that led to the massive corruption found in the management of the fuel subsidy fund. So far the officials of the Ministry of Petroleum Resources and the NNPC have resisted the calls for their resignation.²³

Internet access and the expertise to deploy the whole range of social media – Twitter, Facebook, blogs, and photo- and video-sharing sites like Flickr and YouTube – have made Nigerian netizens a significant player in the exposure and civic activ-

ism against corruption in Nigeria.²⁴ Many of this generation of internet-savvy youth are under 35 and comprise more than 60% of the population of Nigeria. It was the netizens and their access to the internet that kept the various corruption issues in the public domain, beyond the reach of any government agencies. It was clear that citizens' access to information helped to minimise attempts by the government to withhold or distort information.

Civil society may have come out of this experience stronger and better equipped to monitor government actions. The misgivings of civil society, which were initially discounted by the government, now appear to be closer to the truth than any information coming from government sources.

It is now clear that the government takes notice of the various internet-mediated activities of Nigerian civil society. The background research for this report was conducted on the internet, while the author was living in a remote village that has no grid. The only requirement is access to the net. The core civil society activists have the skills and some resources to keep up the struggle against corruption in Nigeria. The evidence so far shows that they can win the battle.

Action steps

The high level of corruption in Nigeria could not have been exposed without the internet. Civil society, within and outside Nigeria, is largely responsible for digging up relevant information, disseminating it and keeping it in the public domain. Nigerians must continue to insist on access to the hard facts that can be used to bring corrupt people to justice.

The cost of internet access has not deterred Nigerians from ensuring their views are heard and disseminated through the internet. Nevertheless, lobbying for affordable access remains a civil society priority. There is a ray of hope that the optic fibre that is still lying idle at the Lagos port will be rolled inland to ensure affordable access for more Nigerians. ■

18 premiumtimesng.com/news/96720-indicted-marketer-instigating-fuel-scarcity-fg.html and premiumtimesng.com/news/96860-government-vows-more-action-against-rogue-marketers-despite-fuel-scarcity.html

19 saharareporters.com/letter/corruption-%E2%80%93-nigeria%E2%80%99s-37th-state

20 premiumtimesng.com/business/96716-exclusive-nigerias-biggest-oil-fraudsters-the-worst-subsidy-scam-ever.html

21 saharareporters.com/report/weak-efcc-and-endemic-corruption-pm-news-editorial

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24 saharareporters.com/column/nigerian-netizens-and-man-palm-oil-bling-bling-pius-adesanmi