

THE EROSION OF PUBLIC WEALTH: POLITICS AND KLEPTOCRACY IN NIGERIA, 1999-2023

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Abstract

This study explores the pervasive issue of kleptocracy in Nigeria from 1999 to 2023, focusing on how political corruption has led to the squandering of the nation's vast resources. The primary problem addressed is the entrenchment of kleptocratic practices among Nigeria's political elite, which has severely hindered national development. The objectives of the study included examining the mechanisms of resource appropriation by political elites, understanding the socio-economic consequences of such practices, and assessing the effectiveness of anti-corruption measures. Utilizing a qualitative methodology that involved an analysis of secondary sources, including government reports, case studies, and academic literature, the research uncovered a deeply rooted culture of political corruption. The findings revealed significant socio-economic impacts, including increased poverty and inequality, weakened governance, and a tarnished international reputation. Despite numerous anti-corruption initiatives, the study concluded that addressing kleptocracy requires a multifaceted approach, emphasizing stronger legal frameworks, increased transparency, and robust enforcement of anti-corruption laws.

Keywords: Kleptocracy, political corruption, Nigeria, anti-corruption measures, socio-economic impact.

Introduction

Kleptocracy, a governance system characterized by corrupt leaders exploiting national resources for personal enrichment, has been a persistent challenge in Nigeria. As Africa's largest economy and one of its most resource-rich nations, Nigeria paradoxically grapples with widespread poverty, failing infrastructure, and systemic corruption. Despite earning billions from oil revenues, the country faces staggering socio-economic disparities, largely attributed to the mismanagement of public wealth by successive political elites. The roots of kleptocracy in Nigeria can be traced to its colonial history. During the colonial era, the British administration's extractive economic policies set the stage for a pattern of exploitation and resource mismanagement.

The British colonialists also entrenched their dominance by creating a pseudo-power sharing arrangement with the nascent Nigerian bourgeoisie. This arrangement allowed a select group of Nigerian elites to gain political power and economic privileges in exchange for maintaining the status quo of resource extraction.¹ The colonialists effectively co-opted these elites into their economic system, creating a dependent and complicit bourgeois class. This partnership between the colonial powers and Nigerian elites laid the groundwork for the institutionalization of corruption, as the pursuit of personal enrichment over national development became deeply ingrained in the political culture. According to S. O. Osoba:

...The British colonialists arranged to perpetuate themselves in a dominant position over the wealth of Nigeria and its accumulation process by putting in place a spurious power-sharing arrangement or partnership between

themselves and their monopoly enterprises on the one hand, and the fledgling Nigerian bourgeois on the other.²

Following Nigeria's independence, the power-sharing model between the former colonialists and the Nigerian bourgeoisie evolved but did not fundamentally change. Successive governments, both military and civilian, perpetuated the legacy of corruption, using state resources for personal gain and patronage. This kleptocratic governance system was particularly pronounced from 1999 onwards, as Nigeria transitioned to civilian rule. The return to democracy was marred by rampant corruption, with political leaders exploiting public office for private wealth accumulation. This period saw the entrenchment of a political elite whose primary focus was the misappropriation of state resources, resulting in widespread poverty and underdevelopment.

The core issue at hand is the persistent and systemic corruption that has plagued Nigeria from the colonial era to the present day, particularly highlighted from 1999 to 2023. This corruption has not only stunted economic growth and development but has also eroded public trust in governmental institutions. The kleptocratic practices of political leaders have diverted funds meant for infrastructure, healthcare, education, and other critical sectors into private coffers. This misappropriation of resources has perpetuated a cycle of poverty, inequality, and social unrest. Moreover, the entrenched culture of corruption has hindered efforts at reform, making it challenging to implement policies aimed at improving governance and accountability.

Theoretical framework

The theoretical framework adopted by this study to further explain the study is the Dependency Theory, notably articulated by economist Andre Gunder Frank in his seminal work, "Capitalism and Underdevelopment in Latin America," published in 1967. The theory posits that underdevelopment in certain countries is a direct result of the exploitative economic relationships established during the colonial era and maintained through various forms of neo-colonialism. According to Frank, the global economic system is structured in such a way that the development of core (developed) countries is predicated on the underdevelopment of peripheral (developing) countries. This relationship is sustained through mechanisms of trade, investment, and finance that disadvantage the peripheral countries, leading to a cycle of dependency and exploitation.³

Dependency theorists argue that the roots of underdevelopment can be traced back to the colonial period when colonial powers extracted resources and wealth from their colonies, leaving behind economies that were structurally dependent on the metropole. The theory reveals that the peripheral countries are often integrated into the global economy in a way that prioritizes the interests of the core countries. This results in an unequal exchange where raw materials are exported at low prices while finished goods are imported at higher prices, perpetuating economic imbalances. The theory further highlights the structural inequalities embedded in the global economic system. Peripheral countries often have economies that are narrowly based on the extraction of natural resources or low-value-added industries, making them vulnerable to external shocks and exploitation. Dependency Theory also addresses the modern forms of economic domination through international institutions, multinational corporations, and foreign aid. These entities can perpetuate dependency by dictating terms of trade, investment, and development policies that serve the interests of the core countries.

In the context of Nigeria, Dependency Theory can be used to analyze how the colonial legacy of economic exploitation and structural inequality has laid the groundwork for political corruption. The power-sharing arrangement between the colonialists and the Nigerian bourgeoisie created a class of elites who prioritized personal enrichment over national development. This pattern of behavior was carried over into the post-colonial period, where political leaders continued to exploit state resources for personal gain, further entrenching underdevelopment. According to Ngozi Okonjo-Iweala:

Corruption, already burgeoning under the early politicians, became entrenched under military rule, and a kleptocracy elite with a very limited vision of the future of the country came into being. These elite remains largely intact today, even under democracy, and may constitute one of the biggest stumbling blocks in the way of Nigeria's progress.⁴

The theory also helps explain the role of international actors in sustaining corruption. Foreign businesses and governments may engage in corrupt practices to secure favorable trade deals or access to resources, perpetuating a cycle of dependency and underdevelopment. Additionally, the flow of foreign aid and loans, often tied to conditions that benefit the donor countries, can exacerbate corruption by providing opportunities for political elites to siphon funds. Thus, the theory provides a foundation for understanding how external and internal dynamics interact to perpetuate a cycle of exploitation, inequality, and corruption.

Politics and kleptocracy in Nigeria, 1999-2023

Causes of corruption

Social causes: The social fabric of Nigeria has significantly contributed to the pervasive corruption in the country. One major factor is the prevalence of patronage systems and the deep-rooted practice of nepotism. In many parts of Nigeria, societal expectations dictate that individuals in positions of power must use their influence to benefit their family and community members. This expectation leads to the prioritization of personal connections over merit in the allocation of jobs, contracts, and other opportunities. For instance, in the public sector, it is not uncommon for government officials to appoint relatives or acquaintances to positions for which they are unqualified, undermining the efficiency and effectiveness of public services. This culture of favoritism erodes trust in public institutions and normalizes corrupt behavior as a means of fulfilling social obligations.

Additionally, societal attitudes towards wealth and success often exacerbate corrupt practices. In many Nigerian communities, wealth is highly esteemed and serves as a primary indicator of success. Consequently, individuals are under immense pressure to amass wealth, sometimes through illicit means, to gain social status and respect. This societal pressure is compounded by the lack of adequate social safety nets and economic opportunities, making corruption an attractive option for those seeking to secure their financial future. For example, politicians and public servants may embezzle public funds or accept bribes to accumulate wealth rapidly, knowing that their societal standing and even their political careers depend on their ability to display affluence.

The influence of traditional and cultural practices also plays a significant role in perpetuating corruption. Certain customary practices, such as the payment of "kola" (a form of traditional gift) to elders or officials, can blur the lines between legitimate cultural gestures and bribery. These practices, while culturally significant, can be exploited to justify or mask corrupt transactions. Moreover, the communal nature of many Nigerian societies means that individuals in power are often expected to share their resources generously with their extended families and communities. This expectation can create a cycle of dependency and corruption, as leaders divert public resources to meet these social obligations, further entrenching corrupt practices in the societal norms.

Economic Causes: The economic landscape of Nigeria provides fertile ground for corruption. One of the primary economic causes is the high level of poverty and unemployment in the country. With a large proportion of the population living below the poverty line (the poverty rate is estimated to have reached 38.95 in 2023, with an estimated 87 million Nigerians living below the poverty line – the world's second largest poor population after India)⁵, many Nigerians are driven to engage in corrupt activities as a means of survival. For instance, low-paid civil servants may demand bribes to supplement their meager incomes, while unemployed youths may resort to petty corruption or join organized criminal activities. The lack of

economic opportunities forces individuals to find alternative means of income, often through corrupt practices, to sustain themselves and their families.

Another significant economic factor is the country's reliance on oil revenues. Nigeria's economy is heavily dependent on oil exports, which account for a substantial portion of government revenue. This dependence creates a rent-seeking environment where public officials have access to vast amounts of money with minimal oversight. The concentration of wealth in the hands of a few elites leads to the misallocation of resources and fosters a culture of impunity. For example, the infamous case of the missing \$20 billion from the Nigerian National Petroleum Corporation (NNPC) in 2014 highlighted the extent of corruption in the oil sector.⁶ Such large-scale embezzlement and mismanagement of oil revenues undermine economic development and perpetuate poverty.

Furthermore, the informal economy in Nigeria, which operates largely outside the regulatory framework, contributes to corruption. A significant portion of economic activities occurs in the informal sector, including small-scale businesses and informal trade networks. These informal transactions are often unregulated and untaxed, creating opportunities for corrupt practices. For instance, small business owners may pay bribes to local officials to avoid regulatory scrutiny or taxation. The lack of formal economic structures and oversight mechanisms allows corruption to thrive, as individuals and businesses operate outside the purview of formal institutions, further weakening the rule of law and economic stability.

Political Causes: The political environment in Nigeria is a major driver of corruption. One of the key political causes is the weak institutional framework and lack of accountability mechanisms. Many public institutions in Nigeria are characterized by inefficiency, lack of transparency, and inadequate checks and balances. This institutional weakness allows public officials to engage in corrupt practices with little fear of detection or punishment. For example, the absence of robust auditing and monitoring systems in government agencies enables the misappropriation of public funds. The political elite often manipulate institutions to protect their interests, perpetuating a cycle of corruption and impunity.⁷

The nature of the political process in Nigeria also contributes to corruption. Elections are often marred by irregularities, including vote-buying, electoral violence, and manipulation of results. Political candidates frequently spend exorbitant amounts of money to secure votes, leading to a "recouping" mentality once in office. Elected officials see their positions as opportunities to recover their campaign expenditures through corrupt means, such as embezzling public funds or awarding inflated contracts to cronies. The high cost of running for office and the competitive nature of politics create incentives for politicians to engage in corruption to maintain their power and influence.

Furthermore, the lack of political will to combat corruption exacerbates the problem. Although anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC) exist, their effectiveness is often undermined by political interference and selective prosecution. Corrupt officials may be shielded from prosecution due to their political connections, while anti-corruption efforts are used as tools to target political opponents. This selective enforcement of anti-corruption laws erodes public trust in the government's commitment to tackling corruption and reinforces the perception that corruption is a necessary tool for political survival. For instance, high-profile corruption cases involving prominent politicians often end in acquittals or prolonged legal battles, reinforcing the culture of impunity and weakening the rule of law.

Dimensions of Corruption

Since the return to civilian rule in 1999, Nigeria has faced multifaceted dimensions of corruption that have permeated various sectors of the society and economy. One of the most significant dimensions is political corruption, which involves the misuse of public office for private gain. This form of corruption is evident in the manipulation of electoral processes, embezzlement of public funds, and patronage politics. For

example, the 2007 general elections were marred by widespread allegations of vote-rigging, ballot stuffing, and violence, which undermined the credibility of the electoral process.⁸ Politicians have frequently been implicated in scandals involving the diversion of public funds for personal use, such as the infamous case of James Ibori, the former governor of Delta State, who was convicted of embezzling millions of dollars.⁹ This political corruption has not only eroded public trust in government institutions but also stunted the country's democratic development.

Another dimension of corruption in Nigeria is bureaucratic corruption, which is pervasive within the civil service and public institutions. Bureaucratic corruption typically involves bribery, nepotism, and fraud within government agencies. Public servants often demand bribes for the provision of basic services, such as obtaining licenses, permits, or even routine administrative tasks. The Nigeria Police Force, for instance, has consistently been ranked as one of the most corrupt institutions in the country, with officers frequently extorting money from citizens under various pretexts. Additionally, ghost worker schemes, where non-existent employees are listed on payrolls, have been a common method for siphoning off public funds. The inefficiency and lack of accountability in public administration have resulted in poor service delivery and a general decline in public confidence in state institutions.¹⁰

Economic corruption, particularly in the oil and gas sector, is another critical dimension affecting Nigeria. The oil industry, which is the backbone of Nigeria's economy, has been riddled with corruption since the country discovered oil. Corrupt practices include illegal bunkering, oil theft, and fraudulent contracts. The case of the Malabu oil scandal, involving the allocation of the OPL 245 oil block¹¹, highlights the scale of corruption in this sector. High-ranking officials and multinational companies were implicated in a scheme to pay bribes and kickbacks amounting to billions of dollars. This type of corruption has not only deprived the country of substantial revenue but also contributed to environmental degradation and social unrest in the oil-producing regions of the Niger Delta. The mismanagement of oil resources has perpetuated poverty and underdevelopment in areas that should have benefitted most from oil wealth.

Judicial corruption also presents a significant challenge, undermining the rule of law and the justice system. Corruption within the judiciary can take various forms, including bribery, manipulation of court rulings, and appointment of judges based on political loyalty rather than merit. Instances of judges accepting bribes to deliver favorable judgments are well-documented, eroding public trust in the legal system. For example, the arrest of several senior judges in 2016 on allegations of corruption brought to light the extent of the problem within the judiciary.¹² This corruption hampers the effective administration of justice, allowing criminals to evade punishment and discouraging honest individuals from seeking legal redress. The lack of an independent and transparent judiciary has serious implications for human rights and the overall governance framework in Nigeria.

Lastly, corruption in the security sector is a pervasive issue, particularly within the military and police forces. The diversion of defense budgets, procurement fraud, and collusion with criminal elements are common forms of corruption in this sector. The Boko Haram insurgency in the Northeast has highlighted the detrimental impact of corruption on national security. There have been numerous reports of soldiers lacking adequate equipment, food, and medical supplies, despite substantial allocations to the defense sector. In some instances, funds meant for counter-terrorism operations have been embezzled by senior military officials, weakening the effectiveness of the armed forces. For example, the former National Security Adviser, Sambo Dasuki, was implicated in a \$2.1 billion arms procurement scandal, where funds intended for purchasing military hardware were allegedly diverted for political purposes.¹³ This type of corruption not only compromises national security but also endangers the lives of citizens and military personnel.

Implications for National Development

The pervasive corruption in Nigeria has far-reaching economic implications, severely hindering the country's national development. Corruption diverts public funds from essential services and infrastructure projects into private hands, thereby stalling economic growth and development. For instance, the embezzlement of funds meant for public infrastructure has resulted in dilapidated roads, insufficient healthcare facilities, and inadequate educational institutions. The mismanagement of oil revenues, exemplified by the Malabu oil scandal, has deprived the nation of significant resources that could have been invested in diversifying the economy and promoting sustainable development. Furthermore, corruption deters foreign investment, as investors are wary of the risks associated with an unpredictable and corrupt business environment. The World Bank's Ease of Doing Business report consistently highlights Nigeria's struggles with regulatory inefficiencies and corruption, which discourage international companies from establishing operations in the country. Consequently, this lack of investment hampers job creation and economic growth, perpetuating a cycle of poverty and underdevelopment.

Socially, corruption exacerbates inequality and undermines social cohesion, creating a society marked by significant disparities in wealth and opportunity. When public resources are siphoned off through corrupt practices, the poor and marginalized communities bear the brunt of the impact, as they are deprived of basic services and opportunities for upward mobility. The ghost worker syndrome in the civil service, where non-existent employees draw salaries, illustrates how corruption can divert funds away from vital social services, such as education and healthcare, thereby limiting access for those who need it most. Additionally, corruption in the educational sector, such as the payment of bribes for admissions and grades, undermines the quality of education and perpetuates a culture of mediocrity and dishonesty. This scenario erodes public trust in institutions and breeds cynicism among citizens, who perceive corruption as a normative behavior. The resulting social fragmentation and disenfranchisement can fuel social unrest, as seen in various regions where marginalized groups resort to protests and, at times, violence to express their grievances.

Politically, corruption destabilizes governance structures and erodes the legitimacy of democratic institutions, leading to a weakened state incapable of effectively addressing the needs of its citizens. Electoral corruption, including vote-buying and manipulation, undermines the integrity of the democratic process and results in the election of leaders who lack accountability to the electorate. The widespread allegations of vote-rigging in the 2007 general elections, for example, significantly undermined public confidence in the electoral process and the resulting government. This erosion of trust in political institutions can lead to apathy and disengagement among the populace, reducing civic participation and weakening the democratic fabric of the nation. Moreover, the prevalence of corruption within the legislative and executive branches can stymie policy-making and implementation, as vested interests and patronage networks prioritize personal gain over public welfare. This dysfunction impedes the formulation and execution of effective development policies, further entrenching poverty and inequality.

The poor international image and perception of Nigeria, driven largely by its entrenched corruption, have significant diplomatic and economic repercussions. Internationally, Nigeria is often associated with high levels of corruption, which tarnishes its reputation and diminishes its standing on the global stage. This negative perception affects diplomatic relations, as other nations may be reluctant to engage with Nigeria or may impose stricter conditions on aid and cooperation agreements. The country's placement on Transparency International's Corruption Perceptions Index, consistently ranking among the most corrupt nations, highlights the extent of the problem. Such a reputation can also influence the terms of international loans and grants, with donors and financial institutions demanding greater oversight and accountability measures, which can complicate and delay the implementation of development projects. Furthermore, the association with corruption can impact the diaspora, as Nigerians living abroad may face stigma and discrimination due to the negative image of their home country. This international perception not only affects Nigeria's diplomatic and economic engagements but also undermines the pride and morale of its citizens.

Conclusion

The study aimed to investigate the extent and impact of politics and kleptocracy in Nigeria from 1999 to 2023, with a focus on how political corruption has contributed to the squandering of the country's vast resources. The objectives included examining the mechanisms through which political elites have appropriated public wealth for personal gain, understanding the socio-economic consequences of such kleptocratic practices, and assessing the effectiveness of anti-corruption measures implemented during this period. Through a comprehensive analysis of political, economic, and social dimensions of corruption, the research uncovered a deeply entrenched culture of kleptocracy that has significantly hindered Nigeria's development prospects. Political corruption, characterized by embezzlement, patronage networks, and electoral fraud, has diverted substantial resources away from critical sectors such as healthcare, education, and infrastructure, thereby exacerbating poverty and inequality.

The findings revealed that despite numerous anti-corruption initiatives and institutions established since 1999, the pervasive nature of kleptocracy in Nigeria remains a formidable challenge. The study highlighted several high-profile corruption cases, including the embezzlement scandals involving governors and other political figures, which underscore the systemic and institutionalized nature of corruption in the country. Moreover, the research demonstrated that kleptocracy has not only weakened governance and public trust in democratic institutions but also tarnished Nigeria's international reputation, affecting foreign investment and diplomatic relations. The analysis concluded that addressing the scourge of kleptocracy requires a multifaceted approach, including stronger legal frameworks, increased transparency, and robust enforcement of anti-corruption laws, as well as fostering a culture of accountability and ethical leadership. Only through such comprehensive measures can Nigeria hope to reclaim its squandered riches and achieve sustainable development.

Endnotes

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- ⁴ Ngozi Okonjo-Iweala, *Reforming the unreformable: Lessons from Nigeria* (London: The MIT Press, 2012), 2.
- ⁵ <https://www.worldbank.org>country>
- ⁶ Ngozi Okonjo-Iweala, *Fighting corruption is dangerous* (London: The MIT Press, 2018), 43-49.
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- ⁸ See Human Rights Watch, 25 April, 2007. "Nigeria: Presidential election marred by fraud, violence". Online version available at <https://www.hrw.org>2007/04/25> Accessed 13 July, 2024.
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- ¹⁰ Okonjo-Iweala, *Fighting corruption is dangerous* (London: The MIT Press, 2018), 91-106.
- ¹¹ See www.globalwitness.org "The Scandal of Nigerian Oil Block OPL 245", 25 November, 2013. Accessed 15 July, 2024.
- ¹² See *Vanguard News*, 5 October, 2016. Online version available at <https://www.vanguardngr.com>tw...> Accessed 15 July, 2024.
- ¹³ See *BBC News* "Nigeria's Dasuki 'arrested over \$2BN ARMS FRAUD', 1 December, 2015. Online version available at <https://www.bbc.com>news>wo...> Accessed 13 July, 2024.