

## Summary

Nigeria has produced several hundred billion dollars worth of oil since independence in 1960, but ordinary Nigerians have derived appallingly little benefit from all of that wealth. This situation exists primarily because successive governments, both military and civilian, have stolen or misused much of Nigeria's tremendous oil wealth. The head of Nigeria's Economic and Financial Crimes Commission has stated that the country lost as much as \$380 billion to corruption and waste between 1960 and 1999, the year Nigeria's current government came to power.

The human rights impact of those losses has been profound, as funds that government could have spent on basic health care and primary education for Nigeria's citizens have instead been squandered or embezzled. Nigeria's public schools and clinics have been left to crumble and wither away and Nigerians have suffered greatly from the decay of those vital public services. Accurate statistics do not exist, but one million Nigerian children are believed to die each year before the age of five, and most of those children lose their lives to diseases that are easily preventable or treatable at low cost. The country is also thought to have the world's second-highest number of maternal deaths each year, trailing only India. Public primary schools have reached the point of near-collapse in many areas, with many children passing through the system without learning to read.

Meanwhile, corruption has undermined public accountability and fueled political violence and other forms of human rights abuse. Those who speak out against the conduct of those in power have often been targets of violence or intimidation, and officials who commit such abuses are often able to enjoy complete impunity. In mid-2006, one local government chairman in Rivers shot three of his constituents following an argument about a broken electrical transformer. He continues to occupy his office.

Since coming to power in 1999, the government of Nigerian President Olusegun Obasanjo has been presented with a tremendous opportunity for change—rising oil prices have filled government coffers with the revenues Nigeria needed to begin the long, hard task of recovering from the debilitating effects of corrupt, unaccountable

military rule. That opportunity remains largely unfulfilled. Many officials at all levels of government, but especially at the state and local levels, have acted with utter disregard for the rights of their constituents. Their use of public resources has been characterized by extravagance, waste and opacity; their performance in providing for basic health and education services has widely been viewed as a shocking and disastrous failure.

Nigeria's federal government has made important—albeit limited—strides towards becoming more transparent and responsible in its own use of public resources. But it has failed to stem rampant corruption in the country's state and local governments, and that failure has crippled governments' capacity to realize their citizens' rights and deliver the services poor Nigerians need most.

This failure has been particularly acute at the local level. Nigeria has an obligation under international law as well as under its own Constitution to progressively achieve the full realization of the rights to education and the highest obtainable standard of health for its people. Nigeria's Constitution, together with federal government policy, has largely delegated those responsibilities to the country's 774 local governments.

Until 1999, local governments often lacked any real resources to invest in health and education, but local revenues have now risen to unprecedented levels, due largely to rising oil prices in recent years. Local government budgets in much of Nigeria have quadrupled since 1999, fueled by federal government allocations that have risen on the strength of international oil prices. Too often, local leaders have failed to direct that windfall into any attempt to meet their most important responsibilities.

Human Rights Watch investigated these failures in Rivers State, which is in the oil-producing Niger Delta region. Rivers is the heart of Nigeria's oil industry and its state government is wealthier than that of any other Nigerian state. The contradiction between Rivers' wealth and the material deprivation experienced by many of its people could not be any starker.

In five local governments researched by Human Rights Watch in Rivers, local administrations have failed to make more than nominal investments into health care

and education. Much of the money that could have gone into improving these services has been squandered or outright stolen. Human Rights Watch found that one local government chairman habitually deposited his government's money into his own private bank account. Another has siphoned off money by allocating it towards a "football academy" that he has not built. According to state and federal government officials, civil society activists and other sources, these problems mirror the situation in most of Rivers' local governments.

The results of this malfeasance have been devastating. Rivers' people have been robbed of some of their most basic human rights, including their rights to health and education. Public schools have been left to fall apart and health care facilities lack even the most basic of amenities. One local government's primary health care coordinator told Human Rights Watch that many of his demoralized staff had simply given up, padlocking and abandoning their posts in rural areas because their salaries were in arrears and their clinics lacked any of the materials they needed to do their jobs. A school headmaster in another local government said that when he had complained about his school's lack of chalk, he was told the local government had no money for education. "Maybe they are deceiving us," he said. "We don't know."

Part of the reason these problems have not been addressed is that nearly eight years after the end of military rule, the people of Rivers State still have no way of holding their local officials accountable for their actions. Basic information about the use of public resources at the state and local level is kept a closely guarded secret, and state government "oversight" of the local governments is often carried out in a manner that is both secretive and ineffective. Past elections in Rivers State have been violent farces.<sup>1</sup> Most of the officials who came to power in those polls have no real mandate from the people—and no real fear of being turned out of office at the next election.

All of these problems are mirrored, and fueled, by the extravagance and cynicism of the Rivers State government. Rivers had a budget of \$1.3 billion in 2006, larger than

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<sup>1</sup>The 2003 elections in particular were marred by widespread political violence and outright fraud. These issues are discussed in this report; see also Human Rights Watch, *Nigeria's 2003 Elections: The Unacknowledged Violence*, June 2004, pp. 14-19, <http://hrw.org/reports/2004/nigeria0604/nigeria0604.pdf>.

those of many West African countries, with a smaller population. But the state government has done little to alleviate poverty or improve the delivery of basic services, and has not lived up to its responsibilities under state law to rein in corrupt local government officials. At the same time, the governor of Rivers budgeted tens of millions of dollars that year alone on questionable priorities like foreign travel, “gifts” and “souvenirs” to unspecified recipients, and the purchase of jet aircraft and fleets of new cars for his office.

Human Rights Watch calls upon the Nigerian government to attack the roots of the country’s corruption epidemic with more resolve; only by doing so can government begin to meet its human rights obligations in the areas of health and education. The outgoing government of President Obasanjo should work to put in place some key reforms that have been left unfinished, such as passage of legislation that would enhance the transparency of government spending and give ordinary Nigerians a right to demand and receive information about the activities of their officials at all levels. In the longer term, the authorities must accept the fact that fighting corruption will require them to make government in general far more transparent and accountable to the electorate than it is today—and that reforms must be pushed much harder at the state and local levels as well.

This report is based on a four-week research mission to Nigeria. That research included visits to five of Rivers State’s 23 local governments—Etche, Khana, Tai, Obio/Akpor and Akuku/Toru—as well as interviews in Port Harcourt, the capital of Rivers State, and the national capital Abuja. Human Rights Watch conducted more than 100 interviews with government officials, civil servants, donor agency officials, health care workers, teachers, civil society groups and residents of communities in Rivers. State government officials interviewed included individuals responsible for conducting oversight of Rivers’ local governments and others charged with overseeing and supporting the local government’s activities in the areas of health care and education. The names and identifying details of some interviewees, especially local government health care workers, teachers and other civil servants, have been withheld to avoid any possibility of reprisal.

## Recommendations

### To the Government of the Federal Republic of Nigeria

- Enact and sign into law the Freedom of Information, Fiscal Responsibility and Public Audit and Accountability bills without delay.
- Authorize and fund the publication of performance data on state and local governments to encourage good governance and transparency.
- Work with civil society to reform the Economic and Financial Crimes Commission to provide it greater institutional independence.
- Provide a truer picture of the financial resources over which local governments have direct control over by publishing the amount of federal deductions to local government monthly allocations.
- End the practice of distributing local government allocations through the state governments by developing mechanisms to pass them directly to the local government councils. In the interim, require state governments to publish federal funds allocated to local governments, including the amount the state government withheld from local government allocations.
- Subject the discretionary spending of governors and local government chairpersons to greater oversight; require that the actual use of funds allocated to discretionary budget lines be reported in detail and made public.

### To the Economic and Financial Crimes Commission

- Be more proactive in launching and following through on criminal investigations into credible allegations of corruption.
- Investigate pervasive allegations of local government corruption in Rivers State in greater depth even where information presented by outside petitioners is not by itself enough to warrant prosecution.

## To the State Governments

- Make public quarterly budget execution reports that detail monthly state government income from federal allocations and other sources, and state government expenditures, including allocations to local governments.
- Hold public hearings in various state locales as part of the budget-making process to allow for greater public scrutiny of government spending priorities.
- Require local governments to make public quarterly budget execution reports, as well as local government budgets and expenditure reports when they are submitted to the state government.
- Publish annual state budgets immediately upon their passage and disseminate these widely, including by posting them on the internet.
- Introduce clear procedures for the handling of local government allocations deposited by the federal government into state-controlled joint allocation accounts, and publish the actual amounts distributed to the local governments each month.
- Improve availability of information on public investment projects. Require bulletin boards in public places for publicly funded projects, to inform local communities on the nature of the projects, total project costs, sources of funds, the timetable for project completion, and the name and address of the contractors carrying out the work. Make public all contracts awarded by government to private contractors. Require or encourage local governments to do the same.

## To the Government of Rivers State

- Significant increases in state government financial resources should be reflected in increased budgetary expenditures for health and education so as to progressively realize these basic rights.

- Publish the state's budget for 2007 and future years along with the budgets of the state's 23 local governments. Also publish the supplementary budgets passed by the state House of Assembly in 2005 and 2006. Publish a detailed accounting of state government expenditures in 2006.
- Encourage and assist local civil society participation in the state's oversight of local government councils. Publish all reports issued by the Auditor General for Local Government and Ministry of Local Government Affairs in the course of carrying out their oversight responsibilities.

#### **To the Local Governments**

- Take all necessary steps to ensure that international legal requirements to provide for primary health care and primary education are met.
- Hold public hearings as part of the budget-making process to allow for greater public scrutiny of government spending priorities. Publish annual budgets and end-of-year expenditure reports and make these widely available to the public.
- Introduce public bulletin boards outside of the local government secretariat and other prominent public places in the Local Government Area. Post the total amount of the allocations received by the local government each month.
- Post detailed accountings of all local government spending on the health and education sectors to coincide with the production of the local government's end-of-year expenditure report.
- Post information on publicly funded projects, to inform local communities on the nature of the projects, total project costs, sources of funds, the timetable for project completion, and the name and address of the contractors carrying out the work.

## To Foreign Governments and Donor Agencies

- Prioritize programs to improve good governance and transparency of state and local governments in Nigeria.
- Support independent comparative evaluation of state-level performance to promote good governance and transparency. This could include the regular preparation and publication of an index of state transparency.
- Insist upon the timely publication and wide dissemination of budgets, expenditure reports, and audits when providing aid and other forms of cooperation to Nigeria's federal, state and local governments alike. In the event that state and local governments are unwilling to undertake these measures, examine the feasibility of ways to provide needed social services directly to affected communities instead of through aid to government, while at the same time continuing to insist on government reforms, in a manner consistent with the principles laid out in the World Bank's strategy for strengthening engagement on governance and anti-corruption issues.<sup>2</sup>
- Consistent with the principles articulated by the World Bank's anti-corruption strategy and the United States government's anti-kleptocracy initiative, improve governmental efforts to prevent officials in foreign countries from hiding the proceeds of corruption in Western financial institutions and help the governments of those countries to recover stolen assets that have been invested abroad. Make assertive use of prerogatives to deny corrupt foreign government officials the right to enter the country or invest money there.

## To Foreign Companies Operating in the Niger Delta

- Publish and ensure wide public dissemination of regular and detailed accountings of all development, social and humanitarian expenditures undertaken by the company in the Niger Delta in order to differentiate private from public funding, and make government expenditures more transparent.

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<sup>2</sup> See, for example, Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries, Strengthening Bank Group Engagement on Governance and Anti-Corruption, September 8, 2006, pp. 37-38, <http://www.worldbank.org/html/extdr/comments/governancefeedback/gacpaper.pdf> (accessed December 19, 2006).