



# CENTER FOR FISCAL TRANSPARENCY AND INTEGRITY WATCH

MONTHLY TRANSPARENCY WATCH



April 2022 Edition

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# INTRODUCTION▶

Dear Reader,

The month of April presents another opportunity for us at the Center to advocate for transparency, integrity and accountability in the nation's public sector.

Our weekly Twitter Spaces conversations continue to provide us with a hands-on technological solution to advance and spotlight societal issues on corruption, good governance and accountability. Within the months of April, topics on the urgent need to address fraudulent investment platforms, voters apathy ahead of the 2023 poll, citizens and the fight against insecurity in Nigeria, and the issue of corruption in constituency project implementation drew public attention, and we are encouraged to champion more advocacies.

In this edition, you would find our media interventions on the missing financial records on the treasury portals, which is disturbing, especially as it was a sharp violation of the principles of transparency and accountability in the nation's public service, vis-à-vis the Center's Transparency and Integrity Index (TII) project.

It is our hope that you would find this edition of our Monthly Transparency Watch resourceful, as we look forward to more exciting moment in May.

Thank you for your continuous support and partnership.

**Victor Agi**  
*Public Affairs Manager*

# CeFTIW Decries Poor Monitoring of Constituency Projects



**Umar Yakubu**, *Executive Director*

The Center for Fiscal Transparency and Integrity Watch (CeFTIW) has decried the poor monitoring of the execution of constituency projects in the country.

Constituency projects are a means by which the government develops local areas through representatives of the people at the Senate and federal House of Representatives of the National Assembly.

Speaking as a guest on Trust TV's Daily Politics program, on the topic 'Corruption and Public Accountability in the Execution of Constituency Projects', the Center's Executive Director, Umar Yakubu said that Nigerians are not fully aware of projects sponsored by their representatives in the Budget, and that lawmakers are not doing enough to sensitize their constituents about the actual projects nominated in annual budget estimates.

"Politicians usually made a lot of project promises during election campaigns. However, when they are eventually elected, they nominated different projects against the ones they promised their constituents due to several factors. Advocacy needs to be deepened for people to know that this project is supposed to be for their constituency."

noting that legislatures have no business, other than nominating projects in the appropriation and providing oversight to ensure that projects are properly executed.

"To combat corruption, especially grand corruption, you have to use policies. The misuse of the policies gave room for corruption to thrive. Politicians usually circumvent the awards of contracts. They nominated a project and influenced to whom the contract should be given. And that's what led to the huge loss of resources. The problem is largely on the procurement processes," he said.

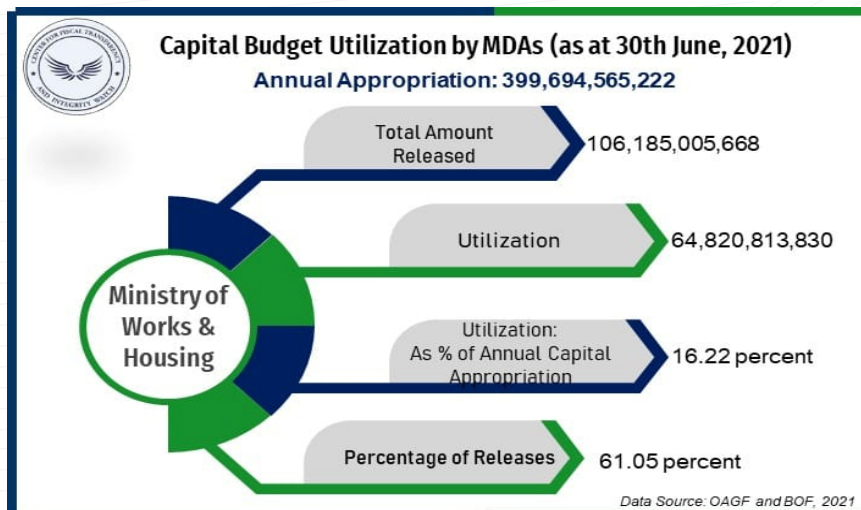
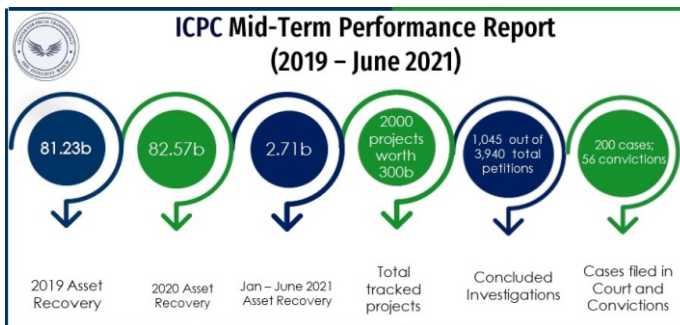
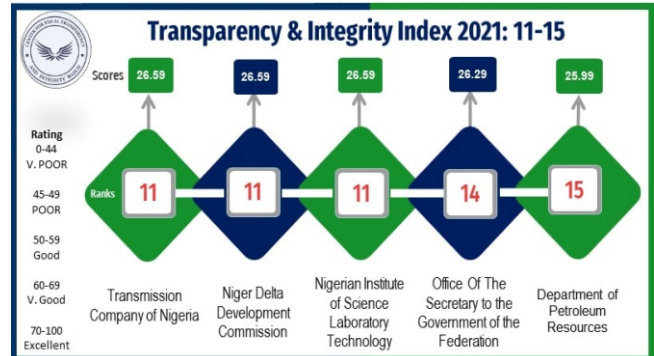
Calling on the need for project to reflect the needs of the populace, Yakubu stated that most projects nominated by lawmakers in the past do not always have bearing with local people; noting that most of the projects do not generally affect the lives of Nigerians in tangible ways.

"It is actually a symptom of a larger problem. If you examine Nigeria's annual budget estimates, you'll find out that the budget of some capital infrastructures like roads is usually higher, even though the projects are not necessarily higher. Usually, these projects are nominated because their kickbacks or percentage of their share will be higher."

Yakubu seized the opportunity to call on other Civil Society Organizations (CSOs) to join efforts in checkmating and monitoring the execution of constituency projects, and encouraged citizens to demand accountability and ensure that their lawmakers are nominating beneficial projects.



# Infographics



## CeFTIW Engagement: CBN, Commercial Banks' Complicity Aiding Money Laundering – Bello

Currently estimated at 2-5 percent of global Gross Domestic Product or \$800 million – \$2 trillion yearly according to the United Nations Office on Drugs and Crime (UNODC), an industry expert, Dr. Kazeem Bello has said that the Central Bank of Nigeria, through its multiple exchange rates policy, and commercial banks' complicity have contributed to aiding money laundering in the country.

The UNODC sees Money laundering as “the conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions”.

To this extent, Bello, a banking and financial expert, who practiced in the Nigerian banking sector for over a decade, said CBN's failure to monitor activities of commercial banks contributes to fueling cases of money laundering that the country has recorded.

Bello made these submissions at a program organized by the Center for Fiscal Transparency and Integrity Watch (CeFTIW) in partnership with the Nigerian American Public Affairs Committee (NAPAC), and noted that through money laundering financial structuring which may involve layering away and integrations, Nigerians diaspora remittances are blown out of proportion.

The U.S. based expert explained: “The CBN issued dollar to a typical bank at 420 naira; when the bank is going to CBN to source for foreign exchange, the bank is going to CBN with a document called a Pre-advise Form “M”, which is what their customers submitted to them. When customers submit those forms to them to import raw materials or whatever the dollars is needed for, the CBN sells dollars to them at 420 to a dollars, but most Nigerian



banks, instead of allocating those monies to the customers, would take those monies, which are domicile in their correspondent banks abroad, route it through an integration process, which is complex process, and later on put the money through a “swift system”, and bring the money back to Nigeria.

“When the money is coming back to Nigeria, it is coming as a regular transfer which someone in diaspora is trying to transfer to Nigeria. So when the money comes back to Nigeria, it comes in as a remittance, because it has been integrated; and the bank gives the money out to people that would change it at 560. That's typical money laundering, because all the exchange differences and profiteering goes to benefit an illicit operations and this has been one of the major reasons why the Naira devaluation will never see an end of the road.” Bello described money laundering as “human nature”, saying that “potentially, people would want to take advantage of any situation they find themselves, or any opportunity they have coming their way for selfish reason,” and blamed the financial system for some cases.

He said that the illicitly structured financial operations technically lead to over-inflation, adding that gains from budget padding, tax evasion by corporate bodies are potential money laundering chess in the country.

“The recent case with MTN and the FGN when the company illegally and illicitly shipped billions of dollars out of Nigeria in a sensational capital flight transfers is one example. Those funds were technically moved using financial integrations and underreported revenue and tax evasion,” Bello cited.

Read full story here:

<https://www.fiscaltransparency.org/ceftiw->

# Missing Financial Records on Treasury Portal Disturbing - CeFTIW



**R**ecently, the Center for Fiscal Transparency and Integrity Watch (CeFTIW) launched the Transparency and Integrity Index (TII) Methodology Handbook. The TII represents the Center's response to systemic corruption in the public sector which thrives largely on secrecy and unwillingness to transparently publicize government activities through official websites and portals.

Through the TII, the Center advocates for transparency by insisting that Ministries, Department and MDAs comply with national laws and international conventions that promotes open governance.

Contrary to the Center's continuous advocacy for the principles of transparency and accountability to be entrenched in the nation's public service, it is disturbing to learn, in a report published by Daily Trust, that the federal government's open treasury portal has failed to comply with established norm, with substantial financial records purportedly missing, including those of the Presidency, Army,

Navy and several MDAs.

According to the exclusive report by the media organization, the portal which was down for several days was restored with records missing, "including those of the Office of the Accountant General of the Federation (OAGF) which oversees the portal."

Daily financial statements of the federal government, MDAs for three successive years, as well as financial records on "monthly budget performance" of several MDAs alongside annual general purpose financial statements were also said to be conspicuously missing on the portal.

This is a sharp violation of the President's mandate and intention to ensure transparency in government spending when he inaugurated the portal in December, 2019.

This, also coming after the Auditor General of the Federation, Adolphus Aghughu, had severally raised concerns over discrepancies

in the financial statements of MDAs shows the level of noncompliance and disregard for extant laws by government's own agencies.

The report referenced Aghughu to have raised the alarm in August 2021 that "MDAs failed to account for a total sum of N4.97trn in 2019 after an audit of their financial statements. Also, in December 2021, the auditor general queried the Federal Ministry of Agriculture for spending N3.809bn on the suspended rural grazing area scheme without a presidential approval or National Assembly appropriation."

This disregard by government MDAs and even the Presidency of extant law has continued unmitigated largely

because there has not been any known punishment for failure to comply, and when laws are continuously flaunted, they became mere counsel, and non-binding.

*Visit our website for the full press statement*

***This, also coming after the Auditor General of the Federation, Adolphus Aghughu, had severally raised concerns over discrepancies...***



# An Attack on Bourgeoisie Nationalism

By Umar Yakubu

The oppressed are allowed once every few years to decide which particular representatives of the oppressing class are to represent and repress them. – Karl Marx



Neo-Marxists have, for ages, argued that capitalism mainly serves the rich, as they consume most of the world's resources. To a large extent, they argue that Karl Marx was right in calling for the transformation of the global economic system. Of recent, two spectres and forces of the unjust social (dis)order are haunting Nigeria — that of massive poverty and that of vast income inequality, alongside an unholy alliance of undemocratic politicians, businessmen, and public servants, who ensure that these spectres remain unchanged.

Trains are usually made for all but targeted at the poor and middle-income earners. That must have been the plan when the Abuja-Kaduna train was conceived. As the trains rolled out, the poor began using them. Then came the bandits, and the elites also pushed them out. Prices were doubled (in the name of spacing, as part of the COVID-19 protocols).

Practically, the COVID restrictions are gone, but the prices of the trips have remained, with more elite options. There is now a first-class

cabin. And, most people can no longer afford the train. The elites refused to secure the roads since they have options. The trains are now for different categories of the elite.

One category is those who will board the train with armed police escorts. Let us note that the country roughly has 360,000 policemen and a substantial number of them are on protection duties for “very important people”.

The second category is those who will board the train and send their drivers to meet them at the other end of the trip, meaning that the lives of drivers are expendable, as they would take the bullet if they run into bandits or terrorists on the road. The last category pertains to other members of the bourgeoisie class and middle-income earners.

Unfortunately, the terrorists decided to attack the train last week, during which innocent souls were lost, and many were kidnapped. From reports coming through the social media, one can only imagine what families that have lost loved ones to these rabid criminals are going through presently. A cousin was shot but he has recuperated. May the souls of the departed rest in peace and God bless the Kaduna State government and law enforcement agencies for their rapid response because, it could have been worse.

But this piece intends to draw attention to an anomaly that neo-

Marxists have been talking about. The poor are designed to remain poor, and the rich simply don't make policies in the interest of the poor. The same last week, twenty people drowned in Niger State while fleeing from terrorists. Daily Trust was the only major medium that reported this piece of information. Another thirty-five were killed in Zamfara, and only Premium Times and Daily Trust were bothered about the incident. Other killings just make the newsbar section of newspapers, as if not worthy of making the major headlines. They are reported for news purposes only and not to trigger any response from responsible parties. Psychologists call this ‘habituation’. We are getting used to gory violence, so much that we no longer care. Data from the International Office of Migration indicates that due to insecurity, there are approximately four million Internally Displaced Persons in the country, spread across thirty-five states and the Federal Capital Territory. Four million!

However, within the same week, the vice president visited Kaduna and saw the victims of the train attack. The Senate and House of Representatives were at the top of their voices. The chief of Army staff visited the scene. The Inspector General of Police inspected the whole 160-kilometre route. Minister Amaechi was fiery. Governors made their usual statements. The “Good Morning Nigeria”

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## Opinion

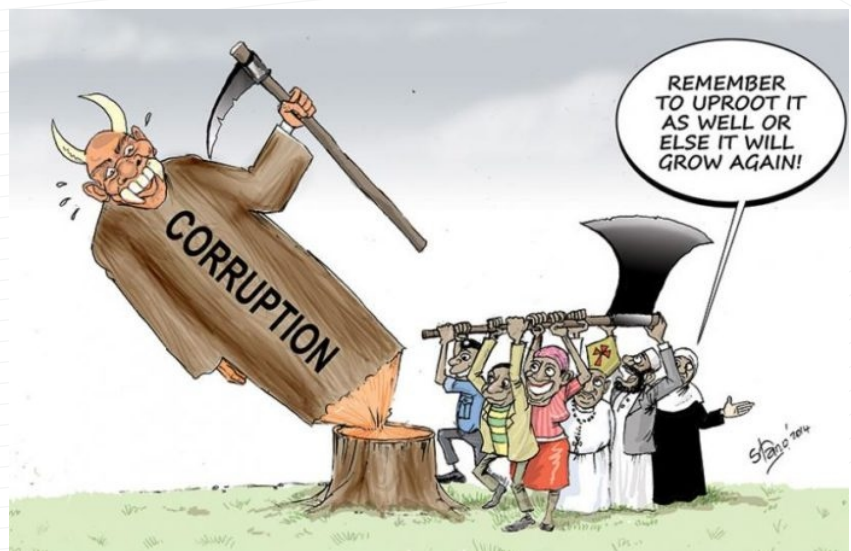
programme of the Nigerian Television Authority (NTA) made it the topic of discussion for two days. In a jiffy, the president approved N3 billion to install certain security features along the rail tracks. This what happens when the elite are affected.

Interestingly, other members of the elite were enraged all over social media. It's like they are just getting aware of the years of decadence and incompetence, and are still unaware of the what has been going on in Zamfara, Katsina and Niger States. Most are unaware that there is so much organised crime stretching the capacity of law enforcement agencies in the country to the limits or they might have simply entered the habituation mode. They are not angry at the level of insecurity but are enraged because people they know are involved. So psychologically, we only understand it when it hits home. As David Kold would call it, experiential learning – understanding through experience.

Since we now know that no one is safe from terrorists, I hope that we will utilise our immediate circles to ensure that the right things are being done at all levels. Public policy should have impact on the majority of the people, not a few. Grand corruption is killing us. The current bourgeoisie nationalism whereby the ruling class is deliberately dividing people on the basis of ethnicity and religion needs to stop. Our governance needs to improve and the forthcoming elections in an avenue to try and do the right thing. God bless Nigeria.

*This article was first published on Premium Times*

## Cartoons



# Beware of Popular Social Media “Santa Claus” Before your Next Investment

By Victor Agi



**D**ecember 2016 was a tipping point in Ponzi investment in Nigeria with the crash of the popular Mavrodi Mundial Moneybox, otherwise known as MMM. Several Nigerians across different social economic class, including celebrities, clergymen, business tycoons and low income earners who invested in the scheme, with the hope reaping their Returns on Investment (RoI), were left disappointed when the operators announced it was freezing accounts of investors.

The reason the scheme's operators gave for freezing the investment platform that promised its subscribers thirty percent ROI after one month, was to “prevent problems during the Yuletide.” Six years on, Nigerians are still expecting the “yuletide” to be over so they can recoup their investments.

The Nigerian Deposit Insurance Corporation (NDIC) estimated that about three million Nigerians lost N18 billion to MMM, with the then Managing Director of the corporation, Umaru Ibrahim declaring:

“The ponzi scheme is the phenomenon of illegal fund managers, popularly called “WonderBanks” which have continued to defraud unsuspecting members of the public of their hard earned money. This phenomenon has been a source for concern because despite our repeated warnings over the years, some members of the public have continued to fall victims of their fraudulent practices.

“We would like to reiterate the fact that these fund managers are illegal as they are neither licenced by the CBN to take deposits from members of the public nor are those who patronise them covered by the NDIC deposit insurance scheme.”

Despite these warnings from authorities, including the Central Bank of Nigeria and Security and Exchange Commission distancing the agencies from their activities, it was not long when other similar platforms emerged, and Nigerians again, invested with the hope of making “quick cash.”

Some of the platforms that emerged after the crash of MMM include Loom, Twinkas, Donation Hub, MyBonus2u, RackSterli, Shadow Net Global Limited, Quintessential Investment Company, Inks Nation, and Wales Kingdom Capital Limited, and subsequently disappeared with investors' money and their founders are at large.

It is important to point out that the popularity of these platforms are indeed driven by harsh economic reality, high rate of unemployment,

job losses and financial desperation among the populace; the result of which is an avaricious desire to get quick wealth by many Nigerians who are not careful to do due diligence. In recent years, these investment platforms have changed their modus operandi, with the likes of MBA Forex, Bara Investment, Chinmark, and Ovaioza all deceiving unsuspecting publics with unrealistic physical investments to attract more investors before either executing their grand plan of disappearing into thin air, or running into troubles with authorities as a result of their illegal operations.

The cases of Chinmark and Ovaioza are most recent cases of these investment frauds. For Chinmark, managed by Marksman Ijiomah, it was reported that over 4000 investors were yet to be refunded when the platform finally crashed in March, following expiration of the last deadline it promised its investors. Similarly, the Ovaioza Farm Produce Storage Business (OFPSB), ran by a popular facebook celebrity, Imu Ovaioza Yunusa was said to have collapsed following the arrest by officers of the Nigeria Police, Monday, April 18 over allegation of “criminal breach of trust and cheating.”

Public opinion about the operators of the above listed cases have shown one thing that is common with the duo, which is that both Ijioma and Yunusa were known to be living a lavish lifestyle upon floating their separate platforms with unrealistic ROI, with one report describing Marksman as a popular online ‘santa claus.’

## Opinion

Same is also true of Ovaioza who was also fond of distributing gifts to social media influencers as a promotional strategy to earn trust so as to recruit more investors.

As earlier noted, amid claims of registration with the Corporate Affairs Commission, the Security and Exchange Commission has disassociated itself from these investment platforms and severally warned Nigerians of the risk of staking their money with them. In fact, Section 38(1) of the Investments and Securities Acts (ISA) 2007 provides that “no persons shall (a) operate in the Nigerian capital market as an expert or professional or in any other capacity as may be determined by the commission, or (b) carry on investments and securities business unless the person is registered in accordance with this Act and the rules and regulations made thereunder.”

However, activities of fraudulent

investment platforms continue to take new fashion in several parts of the country, with Nigerians losing their hard earned money when these platforms became unsustainable. Like in recent cases, the authorities have paraded operators and arraigned some in courts, with SEC reportedly winning its case against the founders of Bara Finance & Investment Limited, Messrs Ede Agida Peters and Olom Ojebong Jacob for “engaging in illegal capital market activities and operating an unregistered investment scheme, contrary to the provisions of sections 38, 54 and 67 of the Investments and Securities Act 2007.

This is therefore clarion call to Nigerians to be more circumspect with investment decisions, and to beware of these disguised Ponzi platforms and “Santa Claus” founders. Authorities must strengthen mechanisms to detect these platforms at formative stage, before innocent members of the public are trapped by

their schemes.

The Center for Fiscal Transparency and Integrity Watch (CeFTIW) believes that Nigerians must be partner with authorities in entrenching culture of transparency in the system. The public service can be transparent to the extent the wider public is ready to cooperate in the fight against corruption in every aspect of our national lives. The current unwholesome desire for quick wealth without recourse to basic principles and values of hardwork, dignity of labour and patience, known of traditional African society, is distasteful and a recipe to more societal decay.

At the Center’s weekly twitter spaces, experts would be discussing issues of the fraudulent investment, in the wake of recent incidences, with a view to educating the public on ways to avoid these Ponzi platforms and how to identify credible investment avenues.

## Constituency Projects, Another Conduit Pipe for Grand Corruption?

By Victor Agi



When Nigerians see a contract signpost around their constituencies with the following inscription: “this project is sponsored by Senator A or Honourable B,” the conclusion for most citizens is that their National Assembly representative has graciously funded the project from his/her personal earning or allowances. These signposts have become a yardstick for knowing if a representative at the lower and upper chamber of the National Assembly is performing, regardless of the fact that lawmakers are constitutionally elected to make laws. For this reason, some lawmakers don’t stop short at taking ownership of

constituency projects with phony and mostly deceptive inscriptions that suggest they personally fund such projects so they can remain darlings of their constituents, and it comes with such encomiums that typical politicians crave to remain relevant.

But then, is it out of place for lawmakers to own projects that they nominated and facilitated into the appropriation bill?

Perhaps, this explanation of what constituency funds and projects entail would clarify. Constituency funds, essentially, are those monies set aside or appropriated for certain projects in a particular constituent, which are more

often than not nominated into the year’s appropriation by the representative of a constituent.

Cosmas Ofoma Urama Esq writing on the constitutionality or otherwise of constituency projects sees the concepts as a “developmental project sited in the constituencies of house of

representatives and senators by various ministries, departments and agencies of the government as appropriated in the budgets of federation or state.” To this end, the obligation of lawmakers with regard to the process of conception and implementation are simply those of nomination of such projects and oversight to ensure funds are released for proper execution of such projects.



## Opinion

This intervention would leave the burden of explaining the constitutionality or otherwise of constituency project to our “learned” friends, but to simply point out that the 1999 constitution is clear about the roles of the Executive and Legislative arms of government in Section 4 and 5.

In Section 4 (1&2) of the 1999

Constitution: (1) The legislative powers of the Federal Republic of Nigeria shall be vested in a National Assembly for the federation which shall consist of a Senate and a House of representatives. (2) The National Assembly shall have power to make laws for the peace, order and good government of the federation or any part thereof. And in Section 5 (1&2), (1) The executive powers of the federation, Shall be vested in the president and may be exercised by him either directly or through the Vice president and ministers of the Government of the Federation or officers in the public service of the federation and Shall extend to the execution and maintenance of this constitution, all laws made by the National Assembly and to all matters with respect to which the National Assembly has, for the time being power to make laws.

From the foregoing extract of the law, it is unambiguous what roles the legislatures should play with regard to the issue of constituency projects; but today, indications are that, lawmakers nominate and implement constituency projects, which is clearly against the nation’s constitutional provision and the principle of separation of power as spelt out in Sections 4, 5 and 6, which defines the roles of the Legislature, Executive and Judiciary respectively.

Historically, the subject of constituency project came into the nation’s political equation during the early years of the President Obasanjo administration, when legislatures voted money for certain choice projects in the appropriation bill. There were rifts between then led Obasanjo’s Executive and the National

Assembly, but the dispute eventually became a non-issue as the then executive cowered as it needed the legislature to equally grease its own hands on other matters.

Till date, the constituency project “arrangement” has continued and has arguably created more problems than the development the initiative was supposedly intentioned for, with budget padding and mismanagement of earmarked funds by lawmakers becoming the order, amid abuse of constitutional provisions.

Recently, the Independent Corrupt Practices & Other Related Offences Commission (ICPC) released its Constituency and Executive Projects Tracking Group (CEPTG) phase three report. This project was initiated by the Commission to “facilitate good governance, transparency and accountability through proper implementation of government projects across the country, in line with the Commission’s preventive and enforcement mandates.” The interim report which investigated and monitor fraudulent procurement practices in the award of contracts for constituencies across the nation revealed several infractions by authorities.

Significantly, the report exposed how the National Assembly padded the 2021 budget of MDAs, which affected its performance and the year’s fiscal development plans. The investigation which the commission said tracked various zonal intervention and executive projects valued at over N114.1bn between 2019 and 2020, exposed how some lawmakers also site projects on their personal properties, and indirectly transfer ownership of the project to themselves.

The following excerpt from the report provides further insight into the extent of corruption perpetuated through the constituency project scheme: “Analysing

the 2021 National Budget alone across key sectors of education, water resources, health, power, science and technology, environment, works and agriculture, we found duplication to the tune of over N20 billion.”

Similarly, the Centre for Journalism Innovation and Development (then Premium Times Center For Investigative Journalism (PTCIJ)) investigated through its UDEME project, the performance of constituency projects, and found that government released about #200 billion for implementation of 6399 constituency projects across Nigeria in three years; 2016-2018, Premium Times had reported.

These illegal insertions and release of funds for constituency projects can best be described as a “conduit pipe” for diversion of public funds by some lawmakers, and betrays the very purpose of seeking equal representation and distributions of development projects across the country through the 360 federal constituencies.

The position of this piece is that, despite the constitutional debate surrounding the legality and otherwise of the scheme, with lawmakers trying severally to pass a bill legitimizing the process, there is an urgent need to entrench the principles of checks and balances and separation of power in the system to forestall further mismanagement and diversion of public funds. The culpable lawmakers have been successful to the extent that they have the cooperation of the executive arm who failed to do due diligence before funds are released for projects, and also failing to monitor their implementation.

It must be stated unequivocally that the current 1999 Constitution does not permit the legislature to execute projects, but can only nominate and provide oversight towards seeing that projects are properly executed.



# CORRUPTION



Corruption, corruption, corruption...

it is now a profession  
it is spreading like an infection

Needs an instant cure and  
medication it works like a termite

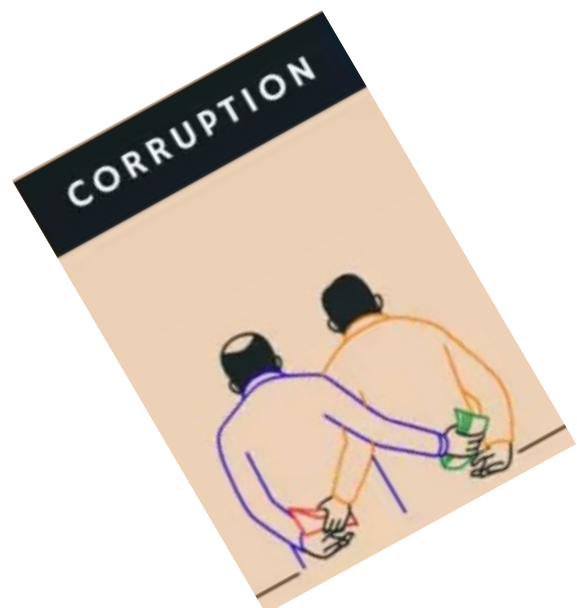
Eating everything day and night  
it is a malicious cancer  
deep-rooted, posing a danger

We only talk and enquire  
that also with no true desire

We hardly raise our voice  
as if we have no choice  
root source are 'we' not they he or she

let's pledge to fight  
to erode this termite.!

@Poetria Pot





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