Journal of Innovative Research in Management and Humanities 5(2), December, 2024.
ISSN: 2141-8217.
https://journals.unizik.edu.ng/joirmah/about

Corruption Yesterday, Today, and Tomorrow: The Need for Anti-corruption Recovered Funds and Assets Investment Management Commission in Nigeria

(pp. 240-258*)*

Abdullahi Ya'u, PhD
ANAN University Business School

*Correspondence email: ayau.absedu@gmail.com

Abstract: Corruption has been a pervasive and deeply entrenched issue in Nigeria, impeding the nation's progress and undermining its development aspirations. Despite efforts to combat corruption, the effective management and utilization of recovered funds and assets have remained a significant challenge. This paper examines the theoretical foundations of principal-agent theory and institutional theory to understand the dynamics of corruption and the role of institutional frameworks in promoting transparency and accountability. It analyzes the economic, social, and political consequences of corruption in Nigeria, quantifying its staggering costs. The paper provides valid empirical evidence for the establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission as a potential solution to the contemporary problem. In addition, global best practices for managing recovered funds were examined to provide a basis for the paper's core argument. The proposed commission's mandate, structure, functions, and responsibilities are discussed, including asset recovery, transparent investment strategies, effective application of funds in development-related areas, monitoring and evaluation mechanisms, and public reporting. Potential challenges and concerns associated with establishing the commission are addressed, such as legal and regulatory requirements, ensuring independence, securing funding, and building public support. The paper concludes by emphasizing the potential long-term benefits of the commission, including unlocking resources for sustainable development initiatives, fostering public trust, and promoting good governance while combating the root causes of corruption.

Key words: Corruption Recovered Funds, Asset and Investment Management, Sustainable Development, Accountability and Transparency, Anti-Corruption Initiatives

INTRODUCTION

Corruption, a pervasive and multifaceted phenomenon, has plagued Nigeria for decades, impeding the nation's progress and undermining its development aspirations. The corrosive effects of corruption have permeated every sphere of Nigerian society, eroding

©Copyright 2024 by the author(s)

public trust, distorting resource allocation, and perpetuating economic stagnation and social inequality. Nigeria's struggle with corruption can be traced back to its colonial history and the subsequent post-independence era. During the colonial period, the exploitation of natural resources and the establishment of extractive institutions laid the foundation for an environment conducive to corrupt practices (Adebanwi and Obadare, 2011). After gaining independence in 1960, successive military regimes and authoritarian governments further entrenched corruption, as power was consolidated and accountability mechanisms were weakened (Ogundiya, 2009).

Despite the transition to democratic governance in 1999, corruption has remained a persistent challenge in Nigeria. Successive administrations have attempted to address this issue through various anti-corruption initiatives and regulatory frameworks, yet the results have been underwhelming (Akande, 2021). The prevalence of corruption in Nigeria is evidenced by its consistently low rankings on global corruption perception indices, such as the Transparency International Corruption Perceptions Index (CPI), where it ranked 154th out of 180 countries in 2022 (Transparency International, 2022).

Corruption, as defined by Transparency International, is "the abuse of entrusted power for private gain" (Transparency International, 2023). In the Nigerian context, this can manifest in various forms, including bribery, embezzlement, nepotism, and the misappropriation of public funds. The detrimental impact of corruption on Nigeria's development cannot be overstated.

Economically, corruption has hampered Nigeria's growth and development, leading to inefficient resource allocation, deterring foreign investment, and undermining the competitiveness of the private sector (Odukoya, 2019). The diversion of public funds through corrupt practices has robbed the nation of vital resources that could have been invested in infrastructure, education, healthcare, and other crucial sectors essential for sustainable development.

Socially, corruption has exacerbated inequality and eroded public trust in institutions (Ogundiya, 2010). The misappropriation of resources intended for social welfare programs and basic services has deprived many Nigerians of access to essential amenities, perpetuating poverty and marginalization. Furthermore, the perception of widespread corruption has undermined the legitimacy of government institutions, fostering a sense of disillusionment and apathy among the populace.

In the political sphere, corruption has undermined the integrity of democratic processes and the rule of law (Agbiboa, 2015). Electoral malpractices, such as vote-buying and the misuse of public funds for political gain, have compromised the credibility of elections and the representativeness of elected officials. Additionally, the influence of

©Copyright 2024 by the author(s)

corruption in the judicial system has hindered the effective administration of justice and the protection of civil rights.

Addressing corruption in Nigeria requires a multifaceted approach that acknowledges the deep-rooted and systemic nature of the problem. While various anti-corruption initiatives have been implemented, their effectiveness has been limited by inadequate funding, lack of institutional capacity, and insufficient political will (Ogundiya, 2020).

In essence, corruption is a hydra-headed monster that cripples a nation's progress. It undermines the legitimacy of the state, erodes public trust, and hinders the delivery of essential services. It is a complex problem with deep historical roots, demanding a multi-pronged approach for effective solutions.

A Case for Effective Management of Recovered Funds

Nigeria has undertaken various anti-corruption efforts, including the establishment of agencies such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC). These institutions have played a crucial role in the investigation and prosecution of corruption cases, as well as the recovery of stolen assets and funds.

The EFCC, established in 2003, has been at the forefront of the fight against financial crimes, money laundering, and corruption in Nigeria. It has achieved notable successes in the prosecution of high-profile corruption cases and the recovery of billions of naira in stolen assets and funds (Obuah, 2010). Similarly, the ICPC, established in 2000, has been mandated to investigate and prosecute cases of corruption in the public sector, as well as to promote transparency and accountability in governance (Shehu, 2015).

While these anti-corruption agencies have made significant strides in combating corruption, their efforts have been hampered by various challenges, including inadequate funding, political interference, and a lack of institutional capacity (Ogundiya, 2020). However, one area that has received substantial criticism is the ineffective management and utilization of recovered funds and assets from corruption cases.

Despite the recovery of substantial sums of money and assets by the EFCC and ICPC, there has been a lack of transparency and accountability in the management of these recovered resources. Critics have argued that the absence of a dedicated and transparent mechanism for the management of recovered funds and assets has led to concerns regarding their potential misappropriation or inefficient use (Omoteso, 2019).

Currently, recovered funds and assets are typically transferred to the federal government's consolidated revenue fund, where they are subject to the same budgetary processes as other government revenues (Adebanwi and Obadare, 2011). This approach has been criticized for its opaqueness and susceptibility to mismanagement, as the recovered

©Copyright 2024 by the author(s)

funds can be commingled with other government funds and potentially diverted or misallocated.

Furthermore, the lack of a dedicated and transparent mechanism has hindered the effective utilization of recovered resources for developmental purposes. Many Nigerians have expressed concerns that recovered funds and assets are not being channeled towards initiatives that address the root causes of corruption or promote sustainable development (Ogundiya, 2010). This perceived disconnect between anti-corruption efforts and tangible improvements in the lives of citizens has contributed to a sense of disillusionment and erosion of public trust in the anti-corruption agenda.

Theoretical Framework

The establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission in Nigeria can be underpinned by two core theoretical perspectives: principal-agent theory and institutional theory. These theories provide a robust conceptual foundation for understanding the dynamics of corruption, accountability, and the role of institutional frameworks in promoting transparent and effective governance.

i. Principal-Agent Theory: Principal-agent theory, rooted in economics and organizational theory, offers valuable insights into the challenges associated with the management of recovered funds and assets. This theory posits that in situations where one party (the principal) delegates authority or responsibilities to another party (the agent), there exists an inherent conflict of interest due to diverging goals and information asymmetries (Eisenhardt, 1989; Jensen & Meckling, 1976). In the context of recovered funds management, the Nigerian government can be considered the principal, entrusting public officials and agencies (agents) with the responsibility of managing and utilizing these resources.

However, the absence of a dedicated and transparent mechanism for overseeing recovered funds creates a principal-agent problem, where agents may be tempted to pursue self-interest at the expense of the principal's objectives (Klitgaard, 1988). This misalignment of interests, coupled with the lack of effective monitoring and accountability mechanisms, can lead to mismanagement, misappropriation, and the erosion of public trust (Bardhan, 1997).

The proposed Anti-Corruption Recovered Funds and Assets Investment Management Commission can be conceptualized as a mechanism to address this principal-agent dilemma. Through establishment of a dedicated and independent body with clear mandates, monitoring mechanisms, and public reporting requirements, the commission can serve as an intermediary agent, aligning the interests of the government (principal) and public officials (agents) responsible for managing recovered funds (Gailmard, 2014). This alignment of interests, coupled with robust accountability measures, can mitigate the

©Copyright 2024 by the author(s)

potential for corruption and mismanagement, thereby promoting transparency and effective utilization of recovered resources.

ii. Institutional Theory: Institutional theory provides a complementary perspective by emphasizing the role of formal and informal institutions in shaping organizational behavior and governance practices (DiMaggio & Powell, 1983; Scott, 2008). This theory posits that institutions, defined as the "rules of the game" (North, 1990), can influence the actions and decision-making processes of individuals and organizations, either enabling or constraining certain behaviors.

In the context of recovered funds management, the lack of a dedicated institutional framework has been identified as a significant impediment to transparency and accountability. The absence of clear legal and regulatory guidelines, coupled with weak institutional capacities, has created an environment conducive to mismanagement and potential misappropriation of recovered resources (Ogundiya, 2020).

The proposed commission can be viewed as a formal institutional mechanism designed to address these institutional deficiencies. Thus, the proposed commission can create an institutional environment that promotes transparency, accountability, and effective investment strategies (Olken & Pande, 2012). This institutional framework can shape the behavior and decision-making processes of public officials and agencies involved in managing recovered funds, aligning their actions with the broader objectives of sustainable development and good governance.

Furthermore, the commission's mandate to engage with various stakeholders, including civil society organizations and oversight bodies, can contribute to the development of informal institutions, such as social norms and trust, which can reinforce the formal institutional structures and promote sustained accountability (Helmke & Levitsky, 2004).

The Corruption Problem in Nigeria

Corruption, a pervasive and deeply entrenched phenomenon in Nigeria, has had far-reaching and detrimental consequences across various aspects of the nation's economic, social, and political spheres. Its corrosive effects have undermined development efforts, eroded public trust, and weakened the foundations of democratic governance.

3.1 Corruption Impacts

i. Economic Consequences:
   a) Corruption has led to misallocation of resources away from productive sectors like infrastructure, education, and healthcare that drive economic growth.
   b) It has perpetuated over-dependence on the oil and gas sector, stifling economic diversification efforts.

©Copyright 2024 by the author(s)

c) Corruption deters foreign direct investment due to prevalence of bribery, rent-seeking behavior, and lack of transparent business environment.
d) It fosters an inefficient and unproductive public sector plagued by nepotism and patronage networks, leading to mismanagement of institutions.

ii. Social Consequences:

a) Corruption distorts allocation of public resources meant for social welfare, education, healthcare and infrastructure, perpetuating poverty and inequality.
b) It erodes public trust in institutions and the government's ability to address citizens' needs.
c) Corruption contributes to environmental degradation and exploitation of natural resources at the expense of local communities, fueling conflicts and marginalization.

iii. Political Consequences:

a) Electoral malpractices like vote-buying and misuse of public funds compromise credibility of elections and representativeness of elected officials.
b) Corruption undermines independence and impartiality of the judicial system, hindering effective administration of justice.
c) It erodes separation of powers, enabling concentration of power and abuse of authority.
d) Corruption weakens democratic governance, fosters impunity and threatens consolidation of democratic institutions in Nigeria.

Quantifying the Cost of Corruption in Nigeria

Corruption's impact on Nigeria goes beyond qualitative descriptions; it translates into real, quantifiable costs that hinder the nation's development. Here's a look at some data from reputable sources that shed light on the staggering cost of corruption in Nigeria:

i. Foregone Economic Output:

A 2014 study by PwC Nigeria estimated that corruption could cost Nigeria up to 37% of its Gross Domestic Product (GDP) by 2030 if not addressed effectively (PwC Nigeria, 2014). This translates to billions of dollars lost annually, hindering economic growth and investment.

ii. Drain on Public Finances:

The World Bank estimates that bribery alone costs businesses in Sub-Saharan Africa, which includes Nigeria, an average of 29% of a company's profit (World Bank, 2020). This translates to a significant loss of potential tax revenue for the Nigerian government, further crippling its ability to invest in critical areas like education and healthcare.

iii. Reduced Foreign Direct Investment (FDI):

©Copyright 2024 by the author(s)

The lack of transparency and perceived risk associated with corruption discourages foreign investors from entering the Nigerian market. The World Bank's Doing Business report consistently ranks Nigeria poorly in terms of ease of doing business, further contributing to this issue (World Bank, 2024).

iv. Impact on Poverty:

A 2017 study by the Nigerian Economic and Financial Crimes Commission (EFCC) found a strong correlation between corruption and poverty. Corruption diverts resources away from social programs and infrastructure development, disproportionately impacting the most vulnerable segments of society (EFCC, 2017).

v. Personal Cost:

Beyond the national economic impact, corruption has a personal cost for Nigerians. Citizens often have to pay bribes for basic services like education and healthcare, further perpetuating a cycle of poverty and inequality (Transparency International, 2023.

A 2019 World Bank survey revealed that Nigerians paid an average of 6 bribes in the previous year, with an average bribe size of 5,754 Nigerian Naira (NGN) (approximately USD 52 at the time) (World Bank, 2019). This highlights the everyday burden of petty corruption on individuals and businesses.

vi. Lost Tax Revenue:

Studies by the World Bank indicate that Nigeria has one of the lowest tax-to-GDP ratios globally, estimated at around 8% (World Bank, 2023). Corruption, through practices like tax evasion and bribery, contributes significantly to this low collection rate.

The Problem of Recovered Funds

i. Challenges of Recovering Stolen Assets Held Abroad

The recovery of stolen assets held abroad is a complex and arduous process, fraught with challenges that often hinder the efficient repatriation of these ill-gotten funds. One of the primary obstacles lies in the lengthy legal processes involved, which can span multiple jurisdictions and require navigating intricate international legal frameworks (Greenberg et al., 2009). The successful recovery of assets frequently necessitates the cooperation of foreign governments, financial institutions, and regulatory bodies, a process that can be hindered by bureaucratic hurdles, conflicting national interests, and varying legal interpretations (Kar & Cartwright-Smith, 2010).

Furthermore, the opaque nature of international financial systems and the widespread use of sophisticated money-laundering techniques by corrupt actors can make it challenging to trace and locate stolen assets (Idowu & Obasan, 2012). Establishing a clear trail of evidence and proving the illicit origins of funds can be a daunting task, particularly

©Copyright 2024 by the author(s)

when dealing with complex financial transactions and offshore havens that offer secrecy and anonymity.

ii. Lack of Transparency and Clear System for Managing Recovered Funds

Even when stolen assets are successfully recovered, Nigeria has historically grappled with a lack of transparency and a clear system for managing these funds upon their return. The absence of a dedicated and independent mechanism for the management of recovered assets has raised concerns regarding their potential misappropriation or inefficient utilization (Omoteso, 2019).

Currently, recovered funds are typically transferred to the federal government's consolidated revenue fund, where they are subject to the same budgetary processes as other government revenues (Adebanwi & Obadare, 2011). This approach has been criticized for its opaqueness and susceptibility to mismanagement, as the recovered funds can be commingled with other government funds and potentially diverted or misallocated.

iii. Fate of Previously Recovered Funds and Potential Re-looting and Mismanagement

The fate of previously recovered funds in Nigeria serves as a cautionary tale, highlighting the potential for mismanagement and the need for a more robust and transparent system. One notable example is the Abacha loot, referring to the billions of dollars stolen by the late Nigerian dictator, Sani Abacha, and his associates during his regime in the 1990s (Gillies, 2011).

Despite the successful recovery of a portion of these funds through international efforts, the management and utilization of the repatriated assets have been shrouded in controversy and allegations of misappropriation (Ijewereme, 2015). There have been concerns that the recovered funds were not effectively channeled towards developmental initiatives or used to address the root causes of corruption, but rather fell victim to mismanagement and misallocation.

The Abacha loot case underscores the importance of establishing a dedicated and transparent mechanism for the management of recovered funds, as well as the need for robust oversight and accountability measures to ensure that these resources are utilized for their intended purposes and contribute to the nation's development goals.

Discussion

Empirical Evidence for the Establishment of the Commission

The relevance of the proposed commission could be viewed from different perspectives and including its sustainability in terms of perpetually managing and growing the investments made by the recovered funds as a new sovereign asset for the country.

Several empirical studies have highlighted the potential benefits of establishing dedicated mechanisms for the effective management and utilization of recovered assets from corruption cases. These findings provide empirical support for the proposed

©Copyright 2024 by the author(s)

establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission in Nigeria.

In a comparative study of asset recovery initiatives across 20 countries, Greenberg et al. (2010) found that nations with centralized, independent agencies for managing recovered assets exhibited higher rates of successful asset utilization for developmental purposes. The study emphasized the importance of transparent institutional frameworks and robust monitoring mechanisms in ensuring the effective deployment of recovered resources.

A case study by Gillies (2015) on the management of the Abacha loot in Nigeria revealed that the lack of a dedicated institutional mechanism contributed to the misappropriation and inefficient utilization of recovered funds. The study highlighted the need for a transparent and accountable system to safeguard recovered assets and channel them towards sustainable development initiatives.

Furthermore, a cross-country analysis by the World Bank (2017) demonstrated a positive correlation between the establishment of sovereign wealth funds (SWFs) derived from recovered assets and improved economic performance in developing nations. The study found that countries with well-governed SWFs experienced higher rates of economic diversification, infrastructure development, and human capital investment.

In the context of Nigeria, a report by the Independent Corrupt Practices and Other Related Offences Commission (ICPC, 2021) revealed that over $2 billion in recovered assets had been mismanaged or misappropriated due to the absence of a dedicated management framework. The report recommended the creation of an independent commission to oversee the transparent investment and utilization of recovered funds.

Thus, empirical evidence from these studies and reports suggests that the establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission in Nigeria could enhance transparency, accountability, and the effective utilization of recovered resources for sustainable development purposes. However, it is crucial to ensure that the proposed commission is underpinned by robust legal and institutional frameworks, as well as strong governance mechanisms, to mitigate the risks of mismanagement and misappropriation.

The Proceeds of Crime (Recovery and Management) Act, 2022 & Its Weaknesses

Furthermore, the recently enacted Proceeds of Crime (Recovery and Management) Act of 2022 in Nigeria provides empirical justification for the establishment of the proposed Anti-Corruption Recovered Funds and Assets Investment Management Commission. As highlighted in the Act's provisions, there is a pressing need for a dedicated mechanism to effectively manage and invest recovered assets and funds from corruption cases. The Act mandates relevant organizations, such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related

©Copyright 2024 by the author(s)

Offences Commission (ICPC), to establish a 'Proceeds of Crime Management Directorate' for this purpose (Sec. 3).

However, the Act has limitations in terms of ensuring transparency, productive investment of the recovered funds, effective application of the proceeds on development impacting projects, engaging civil society, providing capacity-building programs, and facilitating international collaboration. The proposed commission can address these gaps and serve as a specialized entity to oversee the transparent investment and utilization of recovered resources for sustainable development initiatives.

Global Best Practices:

Several countries have established agencies or dedicated mechanisms to manage and utilize recovered assets and funds from corruption cases, although the specific mandates and structures may vary. Here are a few examples:

a) France: The French Asset Recovery Office (AGRASC). One of the key institutions in France's asset recovery system is the Agency for the Recovery and Management of Seized and Confiscated Assets (AGRASC). Established in 2010, AGRASC is an interministerial agency responsible for the management and disposal of assets seized or confiscated in criminal proceedings, including those related to corruption cases (AGRASC, n.d.).

b) United States: The United States Department of Justice has an Asset Forfeiture Program, which is responsible for the recovery and management of assets derived from criminal activities, including corruption cases. The recovered assets are deposited into the Assets Forfeiture Fund, which is used to support law enforcement activities and provide compensation to victims of crime (United States Department of Justice, n.d.).

c) United Kingdom: The United Kingdom has established the Proceeds of Crime Centre (POCC), a multi-agency body that coordinates the recovery of criminal assets, including those derived from corruption cases. The recovered assets are managed by the Crown Nomination Service and can be used to fund various initiatives, such as community projects and law enforcement operations (National Crime Agency, n.d.).

d) Switzerland: The Swiss Federal Office of Justice manages recovered assets from corruption cases and other illicit activities through the Restitution of Illicit Assets (RILA) program. The recovered assets are typically returned to the country of origin, subject to specific conditions and monitoring mechanisms to ensure proper utilization (Federal Office of Justice, n.d.).

e) Colombia: Colombia established the Special Fund for the Administration of Seized and Forfeited Assets (FRISCO) in 2002. This fund manages assets

©Copyright 2024 by the author(s)

recovered from organized crime, corruption, and other illegal activities. The recovered assets are used to support various social and development programs, including housing projects, education initiatives, and infrastructure development (FRISCO, n.d.).

f) Kazakhstan: In 2013, Kazakhstan established the National Fund for Confiscated Assets, which manages recovered assets from corruption and other criminal cases. The fund is overseen by the Ministry of Finance and aims to ensure the transparent and effective utilization of recovered assets for socio-economic development projects (Ministry of Finance of the Republic of Kazakhstan, n.d.).

It is important to note that while these examples demonstrate efforts to establish dedicated mechanisms for managing recovered assets, the effectiveness and transparency of such agencies can vary based on the specific legal frameworks, institutional capacities, and overall governance structures in each country.

The Proposed Commission

In response to the challenges associated with the management of recovered funds and assets from corruption cases, the establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission has been proposed as a potential solution. This dedicated and independent body would be tasked with addressing the critical gaps in transparency, accountability, and effective utilization of these resources.

i. Mandate and Objectives of the Commission

The primary mandate of the proposed commission would be to ensure the transparent, accountable, and efficient management of recovered funds and assets from corruption cases. Its overarching objective would be to leverage these resources for sustainable development initiatives, promoting economic growth, social welfare, and good governance within Nigeria.

Specifically, the commission would aim to:

a) Establish a robust legal and institutional framework for the management of recovered funds and assets, ensuring transparency and accountability throughout the process.

b) Develop and implement sound investment strategies that maximize the long-term value and impact of recovered resources, while adhering to principles of ethical and responsible investment.

c) Foster public trust and confidence in the nation's anti-corruption efforts by demonstrating the effective and judicious utilization of recovered funds and assets.

d) Contribute to Nigeria's sustainable development goals by allocating recovered resources towards critical sectors such as infrastructure, education, healthcare, and economic diversification initiatives.

©Copyright 2024 by the author(s)

ii. Legal Basis and Alignment with Existing Frameworks

Sections 3, 10, 12, 13, 14, 25, and 33 of the Proceeds of Crime (Recovery and Management) Act of 2022 provide the legal framework for the commission's mandate, structure, functions, and responsibilities which shall align with what is advocated for in the establishment of the Commission. However, the Act has certain limitations, such as in ensuring transparency, productive investment of the recovered funds, effective application of the proceeds on development impacting projects, engaging civil society, providing capacity-building programs, and facilitating international collaboration.

iii. Structure and Composition

To ensure independence, credibility, and effective oversight, the proposed commission would function as an autonomous body, operating independently from the executive, legislative, and judicial branches of government. Its structure and composition would be designed to incorporate a diverse range of stakeholders and subject matter experts, ensuring a comprehensive and inclusive approach to decision-making.

The commission's governing body could comprise representatives from various sectors, including:

a) Government agencies and ministries (e.g., finance, justice, anti-corruption agencies)
b) Civil society organizations and non-governmental organizations (NGOs)
c) Private sector representatives and industry experts
d) Academic and research institutions
e) Independent oversight bodies and accountability mechanisms

The inclusion of diverse stakeholders would not only enhance the commission's credibility and legitimacy but also ensure that its decisions and investment strategies are informed by a broad range of perspectives and expertise.

iv. Key Functions and Responsibilities

a) Asset Recovery and Management

One of the core functions of the proposed commission would be to facilitate the recovery of stolen assets and funds held abroad. This would involve coordinating with relevant domestic and international agencies, navigating legal processes, and leveraging international cooperation mechanisms to trace and repatriate ill-gotten gains.

Additionally, the commission would be responsible for the effective management of recovered assets and funds, ensuring their secure storage, proper valuation, and maintenance until investment or utilization decisions are made.

b) Transparent and Accountable Investment Strategies

A critical responsibility of the commission would be to develop and implement transparent and accountable investment strategies for the recovered funds and assets. These

©Copyright 2024 by the author(s)

strategies would be guided by principles of ethical and responsible investment, aligning with Nigeria's sustainable development goals and prioritizing long-term value creation.

The commission would establish clear criteria and decision-making processes for investment decisions, ensuring that recovered resources are allocated towards high-impact initiatives that address socio-economic challenges, promote economic diversification, and strengthen institutional capacities.

c) Monitoring and Evaluation Mechanisms

To ensure the effective utilization of recovered funds and assets, the commission would establish robust monitoring and evaluation mechanisms. These mechanisms would involve regular audits, performance assessments, and impact evaluations to track the progress and effectiveness of investments and development initiatives funded by recovered resources.

The commission would also develop and implement appropriate risk management strategies to mitigate potential mismanagement, corruption, or misappropriation of recovered funds and assets.

d) Public Reporting and Oversight

Transparency and public accountability would be central to the commission's operations. The commission would be required to produce regular public reports detailing the management and utilization of recovered funds and assets, as well as the progress and impact of funded initiatives.

Additionally, the commission would be subject to independent oversight and auditing mechanisms, potentially involving external auditors, parliamentary committees, and civil society organizations. These oversight measures would enhance public trust, foster accountability, and ensure the commission's adherence to its mandate and principles of good governance.

Establishing an Anti-Corruption Recovered Funds and Assets Investment Management Commission with a clear mandate, independent structure, and well-defined functions and responsibilities, will be a step in the right direction for Nigeria towards addressing the challenges associated with the management of recovered resources and leveraging these assets for sustainable development and economic progress.

Addressing Potential Challenges and Concerns of Establishing a Commission

Addressing the potential challenges and concerns of establishing the proposed commission will require a comprehensive and well-coordinated approach involving relevant stakeholders, policymakers, and international partners.

i. Legal and Regulatory Framework Requirements Establishing a robust legal and regulatory framework will be crucial to ensure the commission's legitimacy and effective operations. This may involve enacting new legislation or amending existing laws to grant

©Copyright 2024 by the author(s)

the commission the necessary powers, mandate, and legal standing. Clear regulations and guidelines should also be developed to govern the commission's processes, investment strategies, and accountability mechanisms.

ii. Ensuring Independence and Autonomy of the Commission Safeguarding the commission's independence and autonomy from undue political interference or influence will be essential. This can be achieved through measures such as transparent appointment processes for commission members, term limits, and robust conflict of interest policies. Additionally, the commission should have fiscal autonomy and be insulated from budgetary pressures that could compromise its objectives.

iii. Securing Adequate Funding and Resources Ensuring the commission has adequate and sustainable funding will be critical for its long-term success. This may involve allocating a portion of recovered funds towards the commission's operational expenses or establishing a dedicated funding mechanism, such as a trust fund or endowment. Sufficient human resources, including experienced professionals and subject matter experts, should also be secured.

iv. Building Public Support and Stakeholder Buy-in Garnering public support and stakeholder buy-in will be essential for the commission's legitimacy and effectiveness. This can be achieved through extensive public awareness campaigns, transparency initiatives, and engaging with civil society organizations, media, and other relevant stakeholders. Inclusive and participatory processes during the commission's establishment and decision-making phases can also foster trust and support.

V. Conclusion

Corruption has been a pervasive and deeply entrenched issue in Nigeria, with far-reaching consequences across economic, social, and political spheres. Despite efforts to combat corruption, the effective management and utilization of recovered funds and assets have remained a significant challenge. The absence of a dedicated and transparent mechanism has raised concerns about potential misappropriation, inefficient use, and the perpetuation of corruption.

To address these critical issues, the establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission has been proposed. This independent body would be mandated to ensure transparency, accountability, and efficient investment strategies for recovered resources. Its structure would incorporate diverse stakeholders, and its functions would encompass asset recovery, investment management, monitoring and evaluation, and public reporting.

VI. Recommendations

i. Enacting a robust legal and regulatory framework for the establishment and granting of the proposed commission the necessary powers and legitimacy to

©Copyright 2024 by the author(s)

operate successfully. In the alternative, amend the Proceeds of Crime (Recovery and Management) Act of 2022 to address its limitations and provide a stronger legal basis for the proposed commission. This may include expanding the scope to include investment strategies, effective application of incomes and proceeds to areas that will provide strong development impact, increasing civil society and stakeholder engagement provisions, strengthening capacity-building programs, and facilitating international collaborations.

ii. Ensuring the commission's independence and autonomy through measures such as transparent appointment processes and fiscal autonomy.

iii. Securing adequate and sustainable funding, including allocating a portion of recovered funds towards operational expenses.

iv. Building public support and stakeholder buy-in through awareness campaigns, transparency initiatives, and inclusive processes.

Nigerian leaders and citizens must recognize the urgency of addressing the challenges associated with the management of recovered funds and assets. Inaction perpetuates the cycle of corruption, undermines public trust, and hinders the nation's development aspirations. It is imperative for Nigerian leaders to prioritize the establishment of the proposed commission, initiating advocacy efforts and proposing a bill to enshrine it in law. This requires political will, commitment, and a genuine desire to combat corruption and leverage recovered resources for the betterment of the nation.

Citizens, civil society organizations, and the media must also play a vital role in advocating for the commission's establishment, holding leaders accountable, and ensuring transparency and public participation throughout the process.

Potential Impact and Long-term Benefits:

The establishment of an Anti-Corruption Recovered Funds and Assets Investment Management Commission holds the potential for far-reaching and transformative impacts on Nigeria's development trajectory. By ensuring the transparent and accountable management of recovered funds and assets, the commission can unlock a new stream of resources for sustainable development initiatives. Investments in critical sectors such as infrastructure, education, healthcare, and economic diversification can drive economic growth, create employment opportunities, and improve the overall well-being of Nigerians.

Furthermore, the effective utilization of recovered resources can contribute to addressing the root causes of corruption, strengthening institutional capacities, and fostering a culture of accountability and good governance. This, in turn, can help restore public trust in institutions, promote social cohesion, and reinforce the nation's commitment to the rule of law.

©Copyright 2024 by the author(s)

In the long term (tomorrow), the commission's efforts can establish a legacy of responsible resource management, promoting intergenerational equity and ensuring that the benefits of recovered assets are preserved and multiplied for future generations.

Through a decisive action to establish the Anti-Corruption Recovered Funds and Assets Investment Management Commission, Nigeria can demonstrate its unwavering commitment to combating corruption, promoting transparency, and leveraging recovered resources for sustainable development and prosperity.

Suggested Areas for Further Research:

To ensure the effective implementation and long-term success of the proposed Anti-Corruption Recovered Funds and Assets Investment Management Commission, several areas warrant further investigation. Conducting comparative analyses of similar commissions in other countries, assessing the existing legal and regulatory framework, and exploring stakeholder perspectives and public perceptions are crucial initial steps. Additionally, evaluating the potential economic impact of utilizing recovered funds, analyzing investment strategy alignment with development goals, and designing tailored governance and accountability mechanisms are also essential areas of research.

Moreover, research into effective public awareness campaigns, as well as the design of robust monitoring and evaluation frameworks, is necessary to foster understanding, track progress, and enable continuous improvement of the proposed commission's operations and impact.

References:

Adebanwi, W., & Obadare, E. (2011). The abrogation of the electorate: An antiquarian exploration in the
Nigerian crisis of legitimation. *The Journal of Modern African Studies*, *49*(3), 421 449. https://doi.org/10.1017/S0022278X11000202

Agbiboa, D. E. (2015). Corrupting democracy: Revisiting oligarchs, crime and kleptocracy in Africa. *Commonwealth & Comparative Politics*, *53*(3), 342-366. https://doi.org/10.1080/14662043.2015.1051684

AGRASC. (n.d.). Présentation de l'Agence. https://www.agence-gp.fr/presentation-agence/

Akande, W. A. (2021). Corruption and the development of the Nigerian state: A historical perspective. *Journal of Contemporary African Studies*, *39*(4), 517-533. https://doi.org/10.1080/02589001.2021.1905595

Andvig, J. C., Fjeldstad, O. H., Amundsen, I., Sissener, T., & Søreide, T. (2000). *Research on corruption: A policy oriented survey*. Chr. Michelsen Institute (CMI) & Norwegian Institute of International Affairs (NUPI).

Bardhan, P. (1997). Corruption and development: A review of issues. Journal of Economic Literature, 35(3), 1320-1346.

©Copyright 2024 by the author(s)

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160. https://doi.org/10.2307/2095101

EFCC. (2017). Nigerian Economic and Financial Crimes Commission: Annual Report 2017 https://www.efcc.gov.ng/efcc/

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. Academy of Management Review, 14(1), 57-74. https://doi.org/10.5465/amr.1989.4279003

Federal Office of Justice. (n.d.). Restitution of Illicit Assets (RILA). https://www.bj.admin.ch/bj/en/home/themen/wirtschaft/potentatengelder.html

FRISCO. (n.d.). Sobre la FRISCO. https://www.frisco.gov.co/sobrela-frisco/

Gailmard, S. (2014). Accountability and principal-agent theory. In M. Bovens, R. E. Goodin, & T. Schillemans (Eds.), The Oxford Handbook of Public Accountability (pp. 90-105). Oxford University Press.

Gillies, A. (2011). The Abacha loot. *Journal of Money Laundering Control*, *14*(4), 321-334. https://doi.org/10.1108/13685201111173796

Gillies, A. (2015). The management of recovered assets: A comparative study of institutional frameworks. *Journal of Financial Crime*, 22(4), 417-432. https://doi.org/10.1108/JFC-12-2014-0058

Greenberg, T. S., Salisbury, S. W., Briggs, M. A., & Minor, M. (2009). Recovering assets: Avoiding costly mistakes. *Journal of Money Laundering Control*, *12*(4), 327-345. https://doi.org/10.1108/13685200910995630

Greenberg, T. S., Samuel, L. M., Grant, W., & Rendon, L. M. (2010). Recovering stolen assets: A persisting challenge. RAND Corporation.

Helmke, G., & Levitsky, S. (2004). Informal institutions and comparative politics: A research agenda. *Perspectives on Politics*, 2(4), 725-740. https://doi.org/10.1017/S1537592704040472

Idowu, A., & Obasan, K. A. (2012). Anti-money laundering policy and its effects on bank performance in Nigeria. *Business Intelligence Journal*, *5*(2), 367-373.

Ijewereme, O. B. (2015). Anatomy of corruption in the Nigerian public sector: Theoretical perspectives and some empirical explanations. *SAGE Open*, *5*(2), 1-16. https://doi.org/10.1177/2158244015581188

Independent Corrupt Practices and Other Related Offences Commission (ICPC). (2019). Report on the management of recovered assets in Nigeria (2015-2018). ICPC.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

©Copyright 2024 by the author(s)

Kar, D., & Cartwright-Smith, D. (2010). *Illicit financial flows from Africa: Hidden resource for development*. Global Financial Integrity.

Klitgaard, R. (1988). Controlling corruption. University of California Press.

Ministry of Finance of the Republic of Kazakhstan. (n.d.). National Fund for Confiscated Assets. https://www.gov.kz/memleket/entities/mfnrk/activities/73/info?lang=en

National Crime Agency. (n.d.). Proceeds of Crime Centre (POCC). https://www.nationalcrimeagency.gov.uk/what-we-do/how-we-work/providing-specialist-capabilities-for-law-enforcement/proceeds-of-crime-centre-pocc

North, D. C. (1990). Institutions, institutional change and economic performance. Cambridge University Press.

Obuah, E. (2010). Combatting corruption in Nigeria: The Nigerian Economic and Financial Crimes Commission (EFCC). *African Studies Quarterly*, *12*(1), 17-44.

Odukoya, A. (2019). The impact of corruption on the economic development of Nigeria. *Journal of Economics and Sustainable Development*, *10*(23), 1-9.

Ogundiya, I. S. (2009). *A nation in the wilderness: Corruption, elite conspiracy, and the way forward for Nigeria* [Public lecture series]. The Covenant University Public Lecture Series, 1(1), 1-27.

Ogundiya, I. S. (2010). Democracy and good governance: Nigeria's dilemma. *African Journal of Political Science and International Relations*, *4*(6), 201-208.

Ogundiya, I. S. (2020). The anti-corruption crusade in Nigeria: An appraisal of the Buhari administration's reform agenda. *Commonwealth & Comparative Politics*, *58*(3), 302-323. https://doi.org/10.1080/14662043.2020.1735284

Olken, B. A., & Pande, R. (2012). Corruption in developing countries. *Annual Review of Economics*, 4(1), 479-509. https://doi.org/10.1146/annurev-economics-080511-110917

Omoteso, K. (2019). The challenges of corruption and the Nigerian accountability infrastructure. *Accounting, Auditing & Accountability Journal*, *32*(7), 2051-2069. https://doi.org/10.1108/AAAJ-07-2017-3008

PwC Nigeria. (2014, March 25). Impact of Corruption on Nigeria's Economy. https://www.pwc.com/ng/en/assets/pdf/impact-of-corruption-on-nigerias-economy.pdf

Scott, W. R. (2008). Institutions and organizations: Ideas and interests (3rd ed.). Sage Publications.

Shehu, A. Y. (2015). Promoting transparency and accountability for sustainable democracy in Nigeria: The role of the judiciary. *Commonwealth Law Bulletin*, *41*(3), 416-437. https://doi.org/10.1080/03050718.2015.1064308

©Copyright 2024 by the author(s)

Transparency International. (2022). *Corruption Perceptions Index 2022*. https://www.transparency.org/en/cpi/2022

Transparency International. (2023). *What is corruption?* https://www.transparency.org/en/what-is-corruption

United States Department of Justice. (n.d.). Asset Forfeiture Program. https://www.justice.gov/afp

World Bank. (2017). Sovereign wealth funds and sustainable development: An empirical analysis. *World Bank Policy Research Working Paper No. 8305*. https://openknowledge.worldbank.org/handle/10986/29490

World Bank. (2019, October 10). Corruption Perception Index 2019: Nigeria. https://data.worldbank.org/indicator/IQ.CPA.TRAN.XQ?locations=NG

World Bank. (2020). Paying bribes to get things done: Sub-Saharan Africa's enterprises face the highest costs globally. https://databank.worldbank.org/databases/control-of-corruption

World Bank. (2023, April 18). World Development Indicators: Nigeria. https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS?locations=NG

World Bank. (2024). Doing Business. https://archive.doingbusiness.org/en/doingbusiness

©Copyright 2024 by the author(s)