



THE STATE OF TRANSPARENCY AND INTEGRITY OF PUBLIC INSTITUTIONS IN NIGERIA

October 2024



Executive Summary

The 2024 Transparency and Integrity Index (TII), developed by the Center for Fiscal Transparency and Public Integrity, evaluates Nigeria's public institutions, states, and Local Government Areas (LGAs) based on transparency, accountability, and fiscal responsibility. The Index highlights the performance of these entities across five key variables: financials, procurement, human resources, control of corruption, and citizen engagement. Federal institutions like the National Oil Spill Detection and Response Agency (NOSDRA) led the rankings with a score of 77.92%, setting an example in the oil sector. Other top-performing federal bodies include the Nigerian Investment Promotion Commission (NIPC) and the Development Bank of Nigeria (DBN). However, major institutions within the oil sector, such as the Nigerian National Petroleum Company Limited (NNPC), lagged significantly in transparency, reflecting long-standing issues of corruption and inefficiency.

At the state level, Kaduna State ranked first with 51.42%, largely due to its digital transparency and citizen engagement initiatives like open budgeting.

Nonetheless, the overall performance of states saw a decline compared to previous years, partly due to the expiration of the World Bank's State Fiscal Transparency Accountability and Sustainability (SFTAS) Program. Many states, including Taraba, Plateau, and the Federal Capital Territory, performed poorly in transparency measures, reflecting a lack of commitment to reforms and low citizen participation. Local governments also underperformed, with Cross River and Ekiti States' LGAs standing out with scores of 17.7%, though this is still considered a poor result. Widespread governance issues were noted at the grassroots level, particularly in Benue and Abia states, where transparency efforts were almost non-existent.

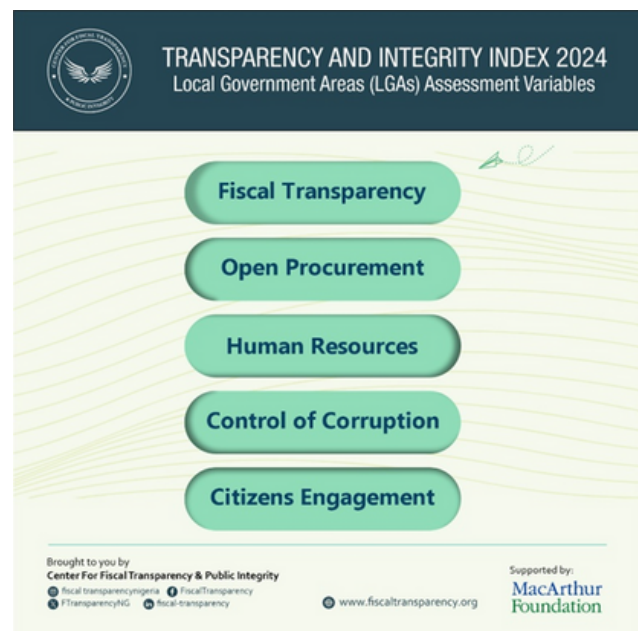
The 2024 TII stresses the urgent need for systemic improvements in governance across Nigeria. This analysis recommends strengthening oversight mechanisms at federal and state levels to improve accountability, promoting citizen engagement through open governance tools, and building the capacity of LGAs to better implement transparency reforms.



INTRODUCTION

The Transparency and Integrity Index (TII) by the Center for Fiscal Transparency and Public Integrity serves as a critical evaluation tool that highlights the performance of federal institutions, 36 states, and 774 Local Government Areas (LGAs) in Nigeria in terms of transparency, accountability, and fiscal responsibility. Now in its fourth edition, the 2024 TII provides a broad perspective on governance standards across Nigeria’s public sector and aims to encourage reforms by identifying both successes and gaps.

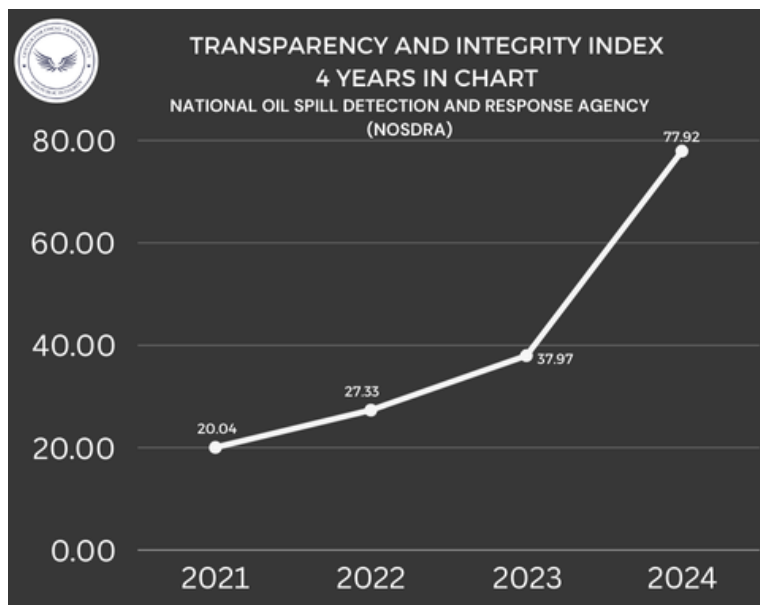
The 2024 assessment is carried out across five key variables including financials, procurement, human resources, control of corruption and citizen engagement; and 29 sub-variables which evaluate the publication of information statutorily required to be within the public domain in line with national laws, policies and guidelines, and other international agreements to which Nigeria has made commitments.



FEDERAL MDAS INSIGHT

In 2024, the top federal institution in the 2024 TII is the National Oil Spill Detection and Response Agency (NOSDRA), which scored 77.92%, followed by the Nigerian Investment Promotion Commission (NIPC) and Development Bank of Nigeria (DBN) with 71.53% (2nd) and 60.17% (3rd) respectively. NOSDRA's high ranking signals its adherence to transparency measures, particularly in a sector often associated with corruption and environmental degradation. The NIPC and DBN have been consistent in their top performances over the past years. NIPC for instance also occupied second position in 2023 and 6th in 2022 assessment. The DBN on its part maintained the top positions in 2022 and 2023 with 58.7% and 73.2% respectively.

An analysis of federal institutions' performances in 2024 underscores the complexity of Nigeria's governance ecosystem. While NOSDRA set a positive example, other key agencies within the oil sector, including the Nigerian National Petroleum Company Limited (NNPC), Nigerian Midstream and Downstream Petroleum Regulatory Authority, and Nigerian Upstream Petroleum Regulatory Commission continued to lag significantly, with scores ranging between 12% and 25%. Their performances in 2023 are similar with the NNPC, NMDPRA and NUPRC scoring 20.8%, 25.8% and 23% respectively. These low scores reflect a longstanding challenge within Nigeria's oil and gas sector, where issues of corruption, lack of transparency, and inefficiency have historically undermined public trust.



The mixed performance across Ministries, Departments, and Agencies (MDAs) also points to the uneven application of corporate governance practices within the federal system. While the financial sector with an average score of 25.5% continues to dominate the Index year-on-year, Commissions, Agencies, Departments and Units, as well as Federal Ministries, FCT Examination Bodies and River Basins sectors continue to perform poorly with an average score range of 7.4 - 12.9% in 2024.

GOVERNMENT OWNED ENTERPRISED INSIGHT

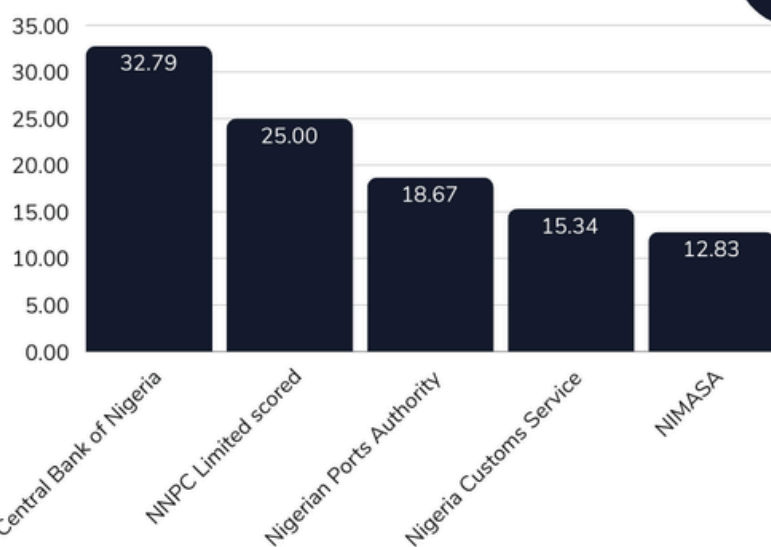
What is more concerning is the performances of the so-called Government-Owned Enterprises (GOEs), especially the top guns among them. The 2024 TII highlights a significant lack of transparency and accountability in several key GOEs. Agencies such as the Central Bank of Nigeria scored 32.79% across variables and ranked 9th, the NNPC Limited scored 25% and ranked 18th, the Nigerian Ports Authority (NPA) scored 18.67% and ranked 37th, the Nigeria Customs Service (NCS) scored 15.34% and ranked 61st, the Nigerian Maritime Administration and Safety Agency (NIMASA) scored 12.83% and ranked 128th. These agencies received low scores, indicative of a critical absence of embedded corruption control mechanisms, with glaring issues like limited access to operational information, opaque procurement processes, and insufficient public access to records.

For instance, NNPC Limited scored poorly due to limited transparency in financial reporting, particularly regarding revenue generation and subsidy management. Despite its mandate to manage and disclose earnings from petroleum resources, NNPC Limited's operational opacity has consistently led to alleged mismanagement and loss of public funds, allowing inefficiencies and potentially corrupt practices to go unchecked.

Likewise, NIMASA and NPA, which play crucial roles in managing Nigeria's maritime and port sectors, showed significant gaps in disclosing contracting processes and oversight mechanisms. These agencies frequently fail to publish open procurement information and are perceived to maintain discretionary practices, which limit scrutiny and increase corruption risk.

The absence of corruption controls in these GOEs allows for operational abuses, financial irregularities, and unchecked decision-making, ultimately making them conduits for rent-seeking rather than contributors to Nigeria's economic growth. Their opaque nature not only facilitates potential misappropriations but also erodes public trust, which is essential for effective governance.

GOEs DATA

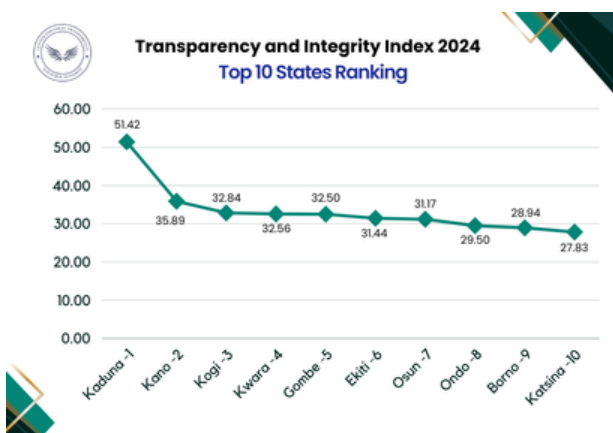




STATE GOVERNMENT INSIGHT

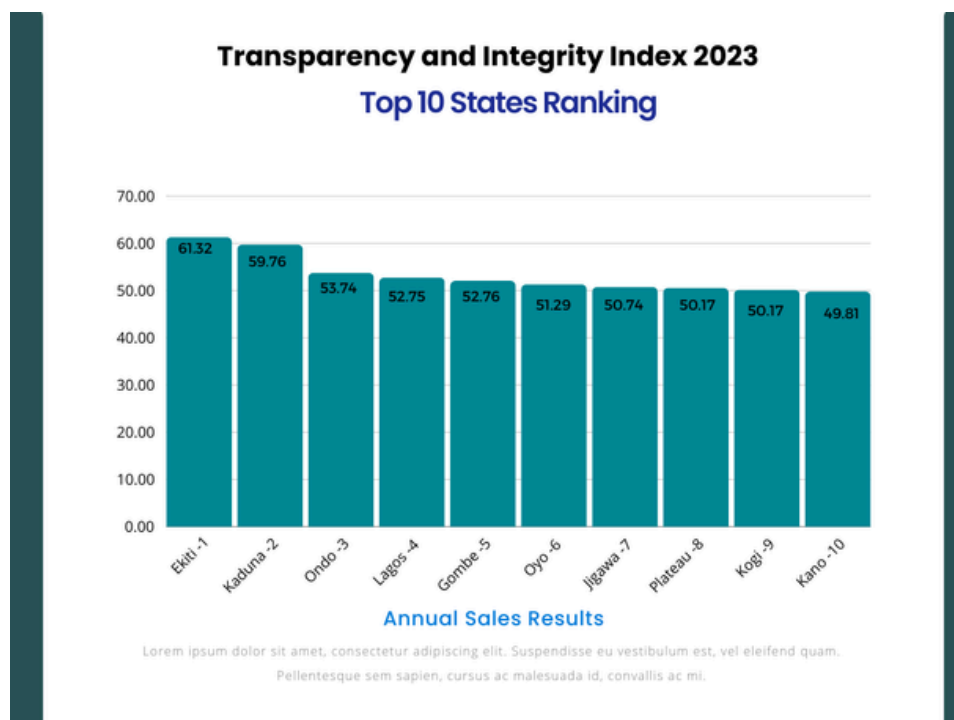
Kaduna State's first-place ranking among Nigeria's 36 states with a score of 51.42% is a reflection of the state's reform efforts that focus on digital transparency and citizen engagement. Over the past few years, Kaduna has implemented initiatives such as open budgeting, which makes it easier for citizens to access fiscal information, setting a good precedent for open governance at the sub-national level.

An analysis of the 36 states and FCT's performances in 2024 shows a nosedive in comparison with previous years. While changes in leadership of the various states may be a contributory factor, there are no known commitment by most states to be opened across the variables for the TII assessment. It was observed that the end of the World Bank funded State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program in December 2022 has also contributed to the poor performances of the 36 states in this year's ranking. For instance, in 2022, the three highest-ranked states (Ekiti, Kaduna and Taraba) scored 58.7%, 58.3% and 54.1% respectively, all above the highest ranked in 2024. In fact, data showed that the top-eight states in 2022 ranked above the highest-ranked state in 2024. Similarly, in 2023, Ekiti topped the ranking with 61.32%, followed by Kaduna, Ondo, Lagos, and Gombe with 59.7%, 53.7%, 52.7% and 52% respectively.



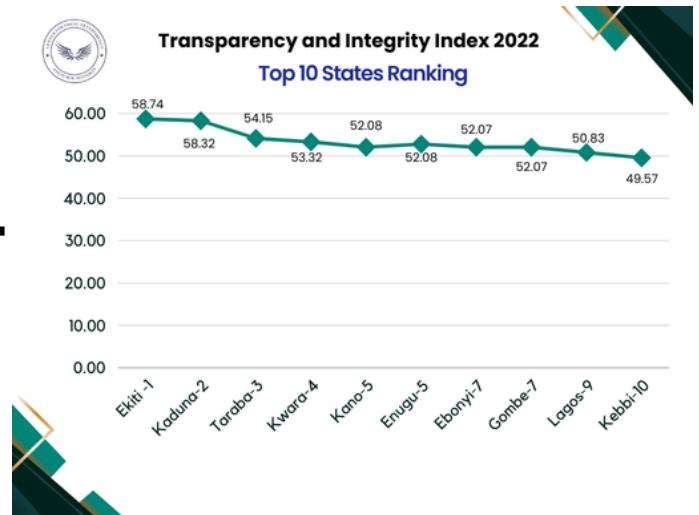


Other so called high-ranking states in 2024 include Kano (35.89%), Kogi (32.84%) and Kwara (32.5%) which compared negatively with their scores in previous years. In general, majority of the states perform below expectations. States like Taraba (12.00%), Plateau (8.72%), and the Federal Capital Territory (2.58%) occupy the lower end of the spectrum, signaling serious governance and transparency issues. These low scores suggest a lack of effective reforms and low citizen participation in governance, which are essential for improving transparency.

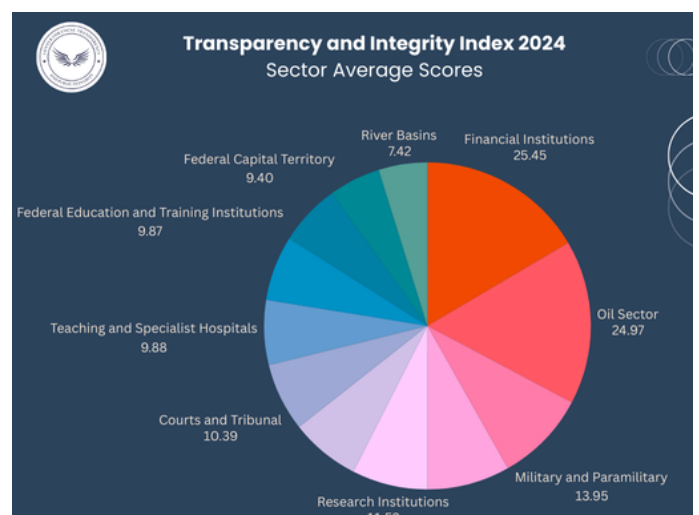


LOCAL GOVERNMENT AREAS INSIGHT

At the LGA level, Cross River and Ekiti States stood out, with all eighteen (18) LGAs in Cross River and 16 in Ekiti scoring 17.7%. By the rating of the Index, 0-44 percent score is considered “very poor” performance, hence the need for stakeholders to pay more attention to the transparency and accountability indicators in local government administration, especially with the recent granting of financial autonomy to LGAs. The lower-tier rankings are dominated by LGAs from Benue and Abia states with 0.74% scores, revealing a widespread lack of commitment to transparency in governance at the grassroots level of these states and generally.

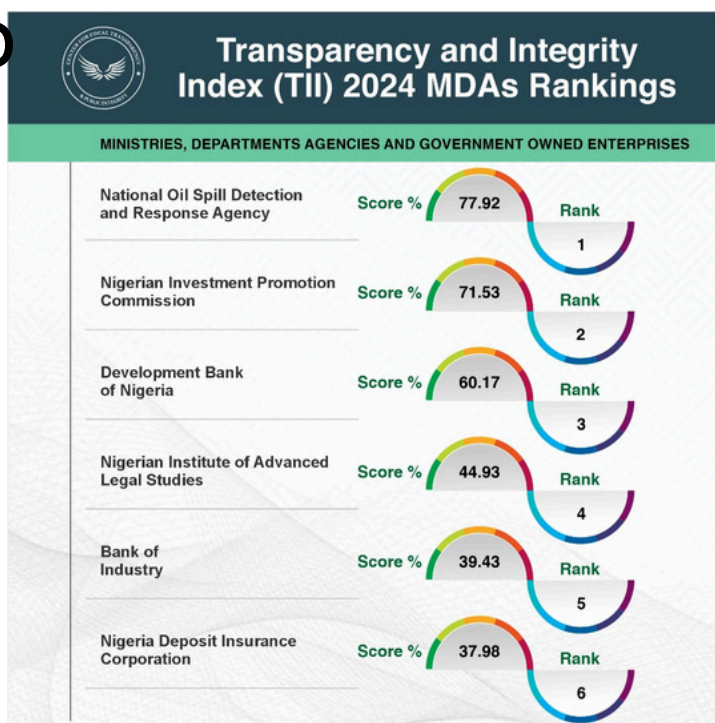


The poor performance of LGAs is particularly alarming because local governments, being the closest administrative bodies to citizens, play a crucial role in delivering essential services and improving community engagement. The failure to prioritize transparency and accountability at this level will continue to undermine both the effectiveness of local governance and public trust.



IMPLICATIONS AND CONSEQUENCES

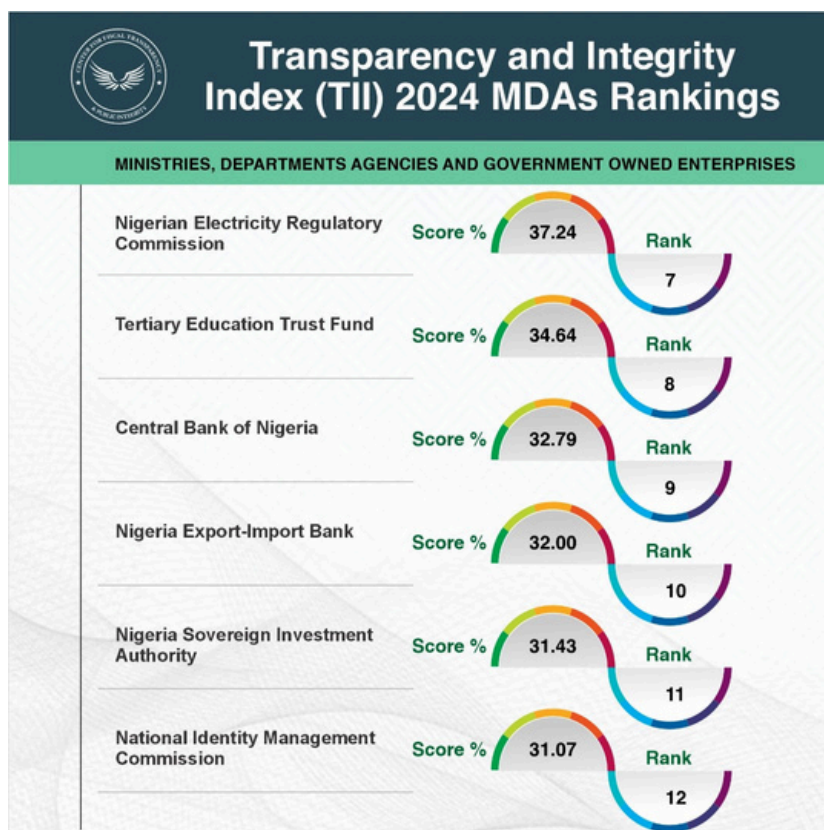
The poor performance of MDAs, states, and LGAs in transparency has far-reaching implications for economic development and the quality of services provided to the public. The recent TII findings expose a pattern of mismanagement and weak governance structures, which pose several risks to Nigeria's growth and citizen welfare:



1. Economic Consequences: The lack of transparency and accountability across government tiers disincentivizes Foreign Direct Investment (FDI) and private sector partnerships. Investors prioritize stable and accountable environments, and many state governors' failure to establish transparency mechanisms has directly affected their ability to attract FDI. It is therefore not surprising that the Nigeria Bureau of Statistics reported that 28 states failed to attract FDI in the first quarter of 2023. Similarly, the NBS reported that FDI to the country declined by 35.2% in the first quarter of 2024. In regions where resources and procurement processes are shrouded in secrecy, investment risks appear higher, and the possibility of stable returns diminishes. This trend significantly impedes job creation, local economic growth, and the diversification of revenue streams.

2. Decreased Quality of Service Delivery: Corruption and inefficiency across public institutions directly impact the quality of services provided to citizens. Resources allocated for health, education, and infrastructure are often misappropriated, diverted, or inadequately managed. This mismanagement translates into substandard public facilities, dilapidated infrastructure, and a lack of essential services for communities. As service quality deteriorates, public frustration grows. This further deepens the disconnect between the government and its citizens.

3. Erosion of Public Trust: A government that fails to operate transparently loses its legitimacy in the eyes of the people. The opaqueness in resource management create a climate of distrust, making citizens less willing to comply with laws or participate in civic duties, such as tax payments. This detachment weakens democratic accountability and allows corrupt practices to continue unchallenged. Over time, the lack of public confidence in governance institutions hampers national unity, fuels discontent, and risks social unrest, particularly among populations that feel systematically underserved and excluded.

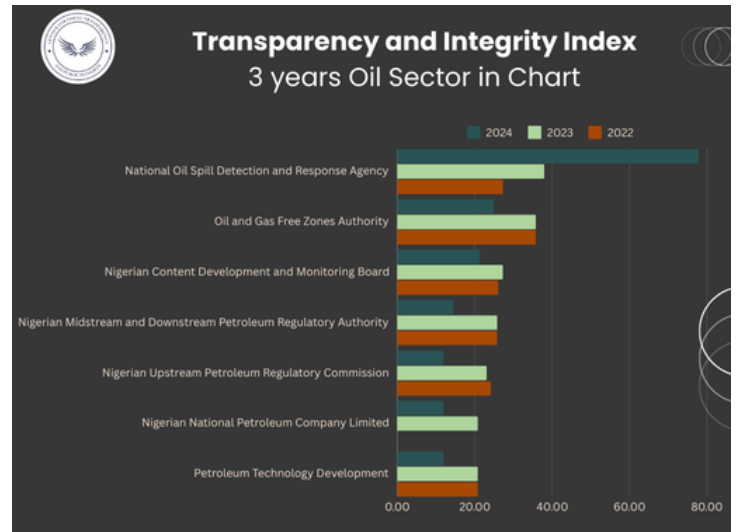


RECOMMENDATIONS

The 2024 Transparency and Integrity Index underscores the importance of transparency, citizen engagement, and fiscal responsibility in governance. While success stories like NOSDRA and Kaduna State demonstrate the benefits of reform, the underperformance of key institutions and numerous states highlights the urgent need for systemic improvements.

To close the gap in governance standards across the country, the following steps are strongly recommended:

- 1. SGF's Role in Leading Federal Compliance:** The SGF should establish and reinforce compliance mechanisms for MDAs and GOEs, ensuring that federal institutions regularly report their activities in line with TII standards. This would involve mandating transparent procurement, reporting financial data openly, and enforcing the publication of contract and project information. Establishing an independent oversight committee, including civil society representation, could provide continuous assessment, ensuring that federal institutions maintain integrity and transparency.
- 2. NGF's Responsibility in Promoting State-Level Domestication of TII:** State governors, under the Nigeria Governors Forum's leadership, must recognize the TII as a standardized benchmark for good governance.



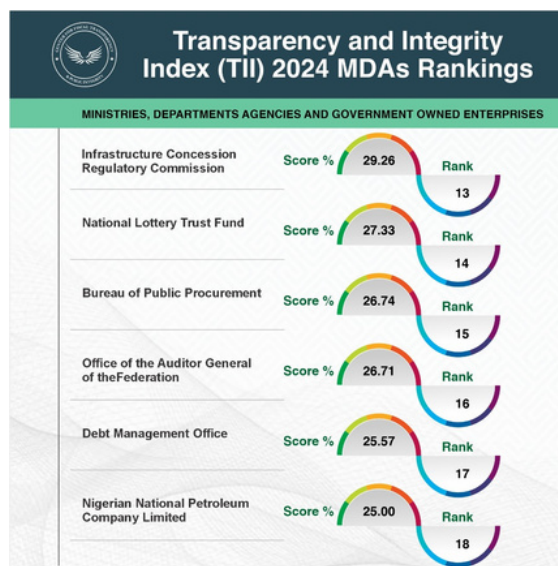
The NGF should push for states to integrate TII variables into their operations and ensure laws mandating public access to information are actively implemented. Enforcing these standards would empower citizens to scrutinize government expenditure and resource allocation, thereby improving public trust and reducing corruption.

- 3. ALGON's Role in Enhancing LGA Performance:** ALGON must advocate for each local government area (LGA) to integrate transparency practices across all TII variables, which include transparency in budgeting, open contracting, control of corruption and citizen engagement. Given the vast geographical spread and resource dependency of LGAs, ALGON should work closely with the Center and relevant local authorities to provide training on TII standards and monitoring mechanisms.

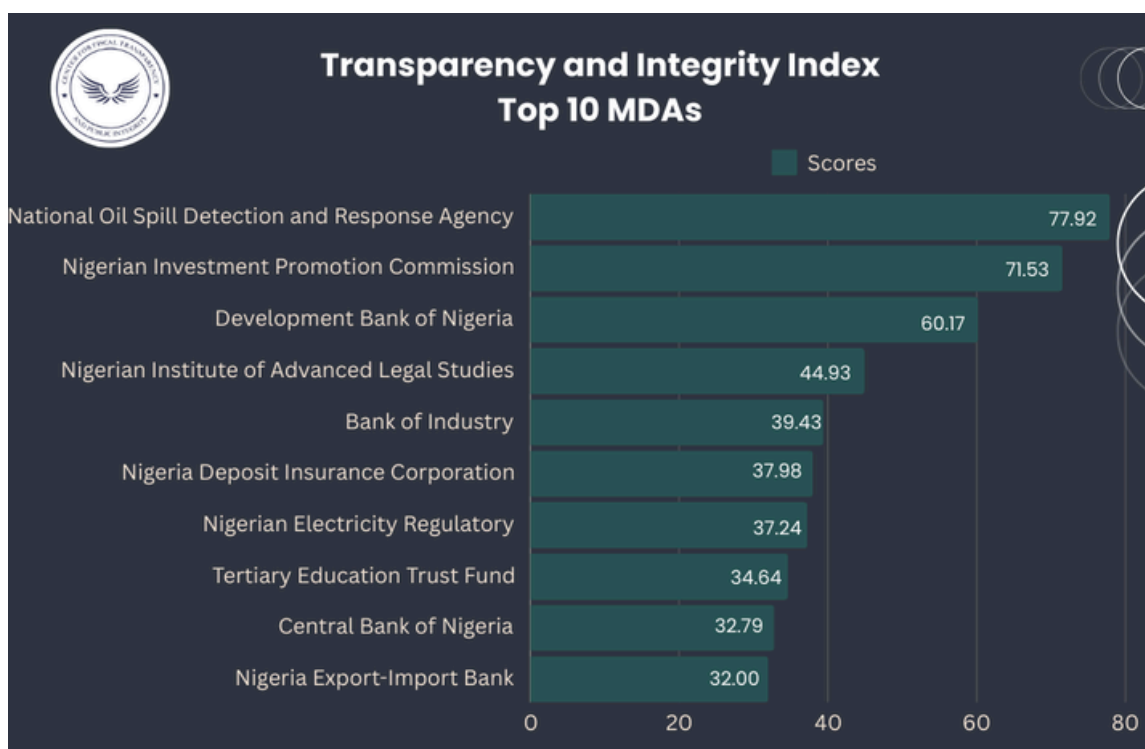
RECOMMENDATIONS

4. Strengthening Oversight: Federal and state institutions should establish robust oversight mechanisms to ensure accountability in their operations. The failure of the National Assembly and States House of Assemblies to exercise their oversight functions as provided for in sections 88, 89, 128 and 129 of the Constitution continues to give impetus to public institutions disregard for transparent and accountable practices.

5. Promoting Citizen Engagement: There is a need for greater involvement of citizens in decision-making processes. Open governance tools, such as public budget portals, should be adopted by more states and LGAs to promote transparency in public administration.



6. Digital Governance Drive: The assessment relied on data and information on the websites of public institutions, hence the need to strengthen the capacity of institutions on digitization and its effectiveness in promoting transparency and accountability in governance.



CONCLUSION



The 2024 TII offers a comprehensive snapshot of Nigeria’s progress toward more transparent and accountable governance. The strong performance of NOSDRA and Kaduna State suggests that meaningful reforms can lead to significant improvements in public service delivery. However, the Index also highlights the considerable work that remains, particularly at the state and local levels.