



Inter-Governmental Action Group against
Money Laundering in West Africa

GIABA RESEARCH REPORT

**MONEY LAUNDERING RELATED TO FRAUD IN PUBLIC PROCUREMENT
IN WEST AFRICA: A CASE STUDY OF NIGERIA**

FEBRUARY 2014

Disclaimer

The designation employed and views expressed in this report are those of the researchers and do not necessarily represent the views of GIABA

© 2016 GIABA. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission. Requests for permission to further disseminate, reproduce or translate all or part of this publication should be obtained from GIABA, Complexe Sicap Point E Av Chiekh A. Diop, X Canal IV 1er Etage Immeuble A, BP 32400, Ponty Dakar (Senegal). E-mail: secretariat@giaba.org Tel: +221 33 859 18 18; Fax: +221 33 824 17 45; Email: secretariat@giaba.org; Website: www.giaba.org

Table des matières

Table des matières.....	1
List of tables.....	2
List of figures.....	3
List of case study.....	4
CHAPTER ONE.....	5
Introduction.....	5
1.1 Statement of Problem.....	8
1.2 Purpose of study.....	9
1.4 Scope of Study.....	10
1.5 Research Design.....	10
1.6 Data Collection.....	11
CHAPTER TWO.....	12
2.0 Literature Review.....	12
2.1 General Overview.....	12
2.2 Historical Context.....	13
2.3 Public Procurement Fraud and Money Laundering.....	15
2.4 Conclusion.....	16
Chapter Three.....	18
3.0 FINDINGS.....	18
3.1 Case Studies and Typologies.....	18
3.2 Due Process in contract award.....	23
3.3 Corruption Risk Assessment for Public Procurement fraud as it relates to Money Laundering in Nigeria.....	35
3.4 Recoveries of the EFCC.....	40
3.5 Money laundering linked to procurement fraud in the 3 tiers of Government in Nigeria.....	41
Chapter Four.....	43
4.1 Conclusion and Recommendations.....	43
4.2 Nexus between Public Procurement Fraud and Money Laundering in Nigeria.....	43
4.3 Transactional typologies that could be associated with public procurement fraud perpetrated by the actors seeking to launder money.....	43
4.4 Appropriate legal, institutional and program capacity that most rapidly responds to the challenge of money laundered from public procurement fraud in Nigeria.....	43
4.5 Gaps in the public procurement process that fuel fraud and money laundering and solutions.....	44
4.6 The informal economy and the laundering of money in Nigeria.....	45
Bibliography.....	47
Glossary.....	49

List of tables

Table 1: Corruption Risk Assessment	34
Table 2: Categories of Forfeited Property.....	37
Table 3: Forfeited Accounts, Shares, Vehicle and Vessel.....	39
Table 4: EFCC RECOVERIES: 2008-2012.....	39

List of figures

Figure 1: Diagram showing trend in public procurement fraud in Nigeria.....	29
Figure 2: Categories of Public sector corruption recorded in 2012 (EFCC).....	33
Figure 3: % distribution of Public Sector Corruption 2011.....	33
Figure 4: Percent distribution of procurement fraud investigation by the EFCC in January-December 2012.....	36
Figure 5: Categories of Procurement Fraud Offences Investigated by the EFCC in January – December 2011.....	36
Figure 6: Sectorial distribution of Procurement fraud.....	36
Figure 7: Investigation of Public Sector Corruption across the 3 tiers of Government: 2011.....	40
Figure 8: Investigation of Public Sector Corruption across the 3 –tiers of Government: 2012.....	41

List of case study

Case 1.....	18
Case 2.....	19
Case 3.....	21
Case 4.....	22
Case 5.....	25
Case 6.....	25
Case 7.....	27
Case 8.....	28
Case 9.....	31
Case 10.....	31

CHAPTER ONE

Public procurement is the government activity most vulnerable to corruption
- OECD (*Integrity in public procurement, 2007:3*)

Introduction

1. This report presents an analysis of public procurement fraud in Nigeria and how this crime feeds into money laundering in the country. Nigeria has one of the most dynamic political and economic systems in West Africa. From the vibrant political pluralism of the immediate post-independence era through the first military seizure of power, the subsequent 1967-1970 Civil War, the protracted period of military rule, the short-lived Second Republic, the still-borne Third Republic, to the current Fourth Republic, Nigeria has gone through a boisterous political history that has tested its survival and stability. In spite of the myriads of the country's political turbulence, Nigeria has enjoyed uninterrupted democratic rule since 1999, and is set on the path of democratic consolidation and stability.

2. The ballooning of oil revenues from the early 1970s provided the much-needed economic foundation for the stability and development of the country. In particular, the huge financial inflow of the new petro-state drove implementation of post-war reconstruction, rapid infrastructural expansion and economic growth. While the country still ranks as a low-income economy, it has sustained rapid GDP growth over the last decade (African Economic Outlook) and has one of the fastest growing economies in the world. It is expected that this impressive economic performance, buoyed by the consolidation of democratic politics, will further stabilize the country and generate the conditions for social development in the medium and long term.

3. In spite of this positive outlook, human development in Nigeria has been hamstrung by a complexity of factors, all of which can be categorized as governance deficits. The country has continued to rank very low on globally accepted indices of governance, including human development, public accountability and transparency, participation and human rights, as well as safety and the rule of law. For instance, the yearly Index of African Governance published by the Mo Ibrahim Foundation has seen the country persistently posting unimpressive performance. Equally, the annual Corruption Perception Index published by Transparency International persistently reveals the popular perception of high level public sector corruption in the country over the years.

4. A crucial aspect of governance that has posed daunting challenges for human development in the country is public procurement fraud. In a petro-state with rapidly expanding public spending on capital investment like Nigeria, the public procurement process provides a huge avenue for monumental fraud. From project conception to implementation, the public procurement process provides opportunities for officials and collaborators to tap into government contracts and divert huge financial resources for their private gains.

5. Corrupt officeholders, particularly Politically Exposed Persons (PEPs), as well as professional consultants and contractors with connections to the officialdom, subvert the procurement process and generate money that is then laundered. Investigations into massive misappropriation of funds at the Office of the Head of Service of the Federation (OHSF), Police Pension, the power sector, and those involving subsidy payments on the importation of refined fuel into Nigeria, all reveal that the procurement process is usually abused for the private advantage of Politically Exposed Persons (PEPs). Investigations into the oil subsidy fraud alone revealed that suppliers in connivance with procurement officers misappropriated over N388.5 billion (a large chunk of the national budget).

6. An interview with a Bureau of public procurement official and a consideration of the petitions emanating from the BPP reveal that the perpetrators of public procurement fraud are generally the actors in the procurement process. They are the contractors, procurement officers, auditors, consultants, observers etc. Furthermore, the money acquired through fraud in the procurement process goes through the money laundering process of placement, layering and integration. Public officers collude directly with the contractors to over-invoice the amount for each lot. This happens with the help of the auditors and the consultants who inflate the prices of the contract. In other cases, colluding parties under-bid, knowing that each party will benefit in the event of one of their bids being accepted. It was also identified in the course of the interview that coercion was as a common method used by uncompetitive bidders to force the competing bidders out of the bid process.

7. Whenever coercion is at play the pre-agreed share is not given to the public officers directly but is 'cleaned up' through various channels provided by the versatility of the said largely informal nature of the Nigerian economy that thrives on cash-in-hand, no-questions-asked deals. This sector thrives in cash purchases of goods like electronics, vehicles, real estate, and jewelries or legal, accounting, hospitality and other professional services generally needed to create a façade of legitimacy around such monies.

8. Between 1999 and 2007, 31 out of 36 governors were prosecuted for theft of public funds, money laundering, false declaration of assets and illegal acquisition of real properties within and outside Nigeria (Udofia, 2012: 4). Furthermore, in April 2012, a former governor of Delta state, Nigeria was convicted in a London court for misappropriating and laundering funds of his state to the tune of \$80 million.

9. Procurement fraud in Nigeria thrives, no thanks to insufficient and poorly implemented institutional safeguards and a general lack of transparency in the procurement process. More specifically, politicians and public office holders in the country are allowed to award contracts and influence the procurement process by relying on illicit acts that masquerade as legitimate procedure. Public procurement has become global, hence public sector officials exploit both local and transnational financial networks and systems to manipulate the regulations designed to prevent money laundering in the first place.

10. Nigeria is dogged by porous borders, weak laws, and poor law enforcement; and this situation has complicated current efforts to stem the tide of money laundering in the country, as criminal groups exploit this situation to launder monies siphoned from the economy. Systemic corruption continues to

provide illicit proceeds that are then sought to be used without connection with the illegal activity that produced them. Money laundering is not unique to any society but thrives wherever the enabling environment exists.

11. Money laundering thrives in the inherent vulnerability of the largely informal economy that thrives in Nigeria as well as in West Africa. This informal economy is the unregulated non-formal portion of the economy (sometimes a subset of a regulated economic sector) that produces goods and services for sale on a cash-in-hand basis. This sector thrives in cash purchases of goods like electronics, vehicles, real estate, jewelries or legal, accounting hospitality and other professional services generally needed to create a façade of legitimacy around such monies. This economy provides a safety net for corrupt procurement officials seeking to re-integrate their ill-gotten wealth back into the mainstream financial system. They do this while seeking to avoid attracting attention to this 'income'.

12. Furthermore, PEPs, contractors, public office holders, etc., or their proxies make use of the unregulated informal sector (UIS) to carry out their money laundering activities. This UIS broadly include businesses dealing in cars, landed property, precious metals, parallel money changers, and the acquisition of companies (including financial institutions). Though the CBN has several regulations seeking to regulate the activities of the UIS, this sector thrives because bulk cash is prevalent as a means for settlement in the absence of effective restrictions or control.

13. The Nigerian government is currently re-organising the economy in a manner that manage the risk of fraud and abuse across the various sectors. These include the banking and power sector reform, the petroleum subsidy reinvestment programme, as well as the petroleum industry bill. The biggest contributory factor to the incidence of procurement fraud is the lack of internal controls or, where these controls exist, their deliberate flouting. In the face of rampant incidences of procurement risks, like phantom vendors, bid rigging, grey market operations, maverick buying, etc. in the country, adherence to proper accounting and auditing principles are very important in improving the management of public finances. This will not only drive higher efficiency, but will also likely impact positively on anti-fraud controls.

14. The UN Convention against Corruption, to which Nigeria is a signatory, provides for different forms of corruption such as trading in influence, abuse of power, and acts of corruption in the private sector. In Article 9, the UNCAC mandates each member state to "establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision making, that are effective in preventing corruption." Although some progress has been made in Nigeria with respect to vigorously implementing transparency, competitiveness, competence, integrity and value for money in the public procurement process, much remains to be done to fulfill the UNCAC provisions.

15. The Nigerian government has realized that colossal sums are lost yearly to procurement fraud, hence in 2000 the Obasanjo administration engaged World Bank consultants to conduct a Country Assessment Review (CPAR) in conformity with its stated objectives of probity, transparency, and accountability in all transactions involving government departments. The CPAR also contained recommendations for the establishment of a new procurement system, which the country has adopted.

The Procurement System recommended by the World Bank has a strong position against corruption and favors increased transparency. Nigeria, like several other countries in the sub-region, now has detailed legislations domesticating global best procurement and anti-bribery and corruption practices. It however remains to be seen how effective these laws, regulations and directives have been in curbing the growth of procurement fraud and money laundering in Nigeria.

1.1 Statement of Problem

16. Procurement fraud in Nigeria thrives, no thanks to insufficient and poorly implemented institutional safeguards and a general lack of transparency in the procurement process. More specifically, politicians and public office holders in the country are allowed to award contracts and influence the procurement process by relying on illicit acts that masquerade as legitimate procedure. Public procurement has become global, hence public sector officials exploit both local and transnational financial networks and systems to manipulate the regulations designed to prevent money laundering in the first place.

17. This study analysed the nature of the recoveries and forfeitures of the illicitly gained properties of two Nigerians who are Politically Exposed Persons to establish that the proceeds of procurement fraud laundered in and outside the local economy turns no benefit to the domestic economy. It found as follows:

1. Chief Diepreye Alamieyeseiagha:

18. He was a Nigerian Governor, impeached and then convicted, for, amongst others, procurement related fraud and money laundering. The following is a recital of the monies forfeited to the Nigerian Government by him:

- | | |
|---------------------------------------|--------------------|
| a) Proceeds from sale of Houses ----- | N1, 732,250,000.00 |
| b) Proceeds from Rents ----- | N92, 801,457.43 |
| c) Other monies ----- | N 225,799,268.70 |

19. Provisional Total for Alamieyeseigha's forfeited assets:

- Two Billion and Fifty Million Eight Hundred and Fifty Thousand Seven Hundred and Twenty Six Naira Thirteen Kobo: **N2, 050,850,726.13**
- Forfeited Foreign Exchange: **£ 1,999,594.49**
- Other assets were forfeited, specifically to the state he once presided over.

2. Mr. Tafa Balogun

20. He was a former Nigerian Inspector General of Police. He was convicted for, among other things, procurement related fraud and money laundering.

1) Proceeds from sale of Houses -----	N2, 010,000,000.00
2) Proceeds from Rents -----	N62, 663,351.27
3) Forfeited shares -----	N 484,260,863.28
4) Proceeds from dividends -----	N15, 451,669.62
5) Treasury Bills -----	N1, 017,178,719.42
6) Cash forfeited from various banks -----	N 2,789,497,432.83
7) Property in London valued @ -----	N253, 500,000.00

21. Provisional Total for Tafa Balogun’s Assets less his forfeited foreign exchange is:

- Six Billion, Four Hundred and Four Million, Four Hundred and Two Thousand, and Thirty Six Naira only **(N6, 404,402,036.00)**
- Forfeited Foreign Exchange: **£ 5,978.96**

22. The study of these two ex-public officers reveals that there was a specific and identifiable method to the manner funds procured from mismanaged procurement processes was laundered. A study of the case files reveal there is a discernable preference for local and foreign *real estate* acquisitions as well as *financial instruments*. The pattern of abuse of public funds noticeable in the study of the case files reveals that appropriate controls necessary to transparency and good governance were lacking in those cases hence it was possible to commit those procurement frauds.

1.2 Purpose of study

23. This study enquires into public procurement fraud and its relationship with money laundering in Nigeria. Generally, procurement fraud occurs at any point in the procurement process (from project conception to implementation), usually as an abuse of position by someone in authority.

24. The proceeds of this crime is immediately sought to be distanced from direct association from the initial fraud, either by placing it in the financial system or some other high cash involving business. From this point the beneficiary of the placed money generates schemes in an attempt to outwit any discerning eye from tracing the laundered money back to the initial illegal source. Subsequently, the launderer or his/her agent(s) set(s) up a smoke screen around the money in a manner that enables him/her to use the money in legitimate transactions.

25. It is known that various crimes supply the funds for the money laundering process, however, the exact nature of the relationship between procurement fraud and money laundering in Nigeria has not be

exhaustively researched. This study is designed to reveal the volume of monetary recoveries, and the number of assets laundered in and out of Nigeria from procurement related fraud. This study, among others, sought to:

- Provide the contextual understanding of the nexus between public procurement fraud and money laundering in Nigeria;
- Identify transactional typologies that could be associated with public procurement fraud perpetrated by the actors seeking to launder money;
- Determine appropriate legal, institutional and program capacity that most rapidly responds to the challenge of money laundered from public procurement fraud in Nigeria;
- Identify gaps that exist in the public procurement process that fuel fraud and money laundering and proffer solutions;
- Investigate the manner by which the informal economy facilitates the laundering of money in Nigeria;
- Generate reliable statistics on monetary recoveries and assets laundered in and out of Nigeria, arising wholly or in part from public procurement fraud

26. This research seek to show that there is a nexus between procurement fraud and money laundering in Nigeria as well as demonstrate that the Money Laundering (Prohibition) Act 2012 meets global standards on the subject except that compliance monitoring is still not effective especially in the largely informal and cash based sector of the economy.

1.4 Scope of Study

27. The study investigates the nature and manner of public procurement fraud through the public procurement value chain. The legal and institutional framework of public procurement and money laundering in Nigeria is explored. The research relied on petitions and investigated cases involving procurement fraud that is connected to money laundering from current and spent files in the various zones of the EFCC. This report does not attempt to give an aggregate total of the amount of money lost to procurement fraud related money laundering in Nigeria, neither does it provide the total number of petitions or investigations related to the subject arising out of Nigeria.

1.5 Research Design

28. The research design, methods of data collection and analysis was dictated by the objectives of this research. Official documentation of cases of public procurement fraud related to contract scam, over invoicing/under invoicing and external trade were reviewed to identify gaps and lapses in the procurement process in Nigeria. The research applied on-the-spot interview method and case studies in the six geo-political zones of the country.

1.6 Data Collection

29. Primary and secondary data were used for the study. Primary data on money laundering issues were collected from procurement officers in Bureau of Public Procurement, and the Economic and Financial Crimes Commission (EFCC), alongside information gathered from Nigerian Financial Intelligence Unit (NFIU). More specifically, researchers were deployed in various geo-political zones of Nigeria to gather the data. Formal and informal in-depth interviewing methods were used, with the identity of interviewees kept confidential in sensitive cases.

30. An extensive desk review of relevant secondary data on public procurement fraud and money laundering was undertaken. This include, but not limited to, local and international news sources, literature on financial crime and anti-money laundering organizations such the UN, the World Bank, the OECD, and Open source data of the Nigerian Government. Also examined are publications of civil society organizations relevant to the subject, online resources, newspaper reports, journal articles and other document and vital statistical data from the EFCC.

CHAPTER TWO

2.0 Literature Review

2.1 General Overview

31. Corruption in the procurement system in West Africa is best exemplified by the extent of fraud in the public procurement system in Nigeria. The nature of corruption in Nigeria is pervasive and involves PEPS in all tiers of government. Corruption involves public officials and professionals that assist them to carry out their fraudulent practices. This fraud is a major predicate crime for money laundering due to both the frequency with which the corrupt acts occur and the combined sums of money involved.

32. The UN Convention against Corruption provides for different forms of corruption such as trading in influence, abuse of power, and acts of corruption in the private sector. Articles 4 and 6 of the African Union Convention on Preventing and Combating Corruption and Related Offences sets parameters that establish the laundering of proceeds of corruption as an offence. More specifically, under this Convention, one does not have to be the owner of the funds to be liable, and “liability is that of a principal offender and not that of an accomplice” (Muna, 2004:20). The position of the African Union is consistent with the efforts of the Economic Community of West African States (ECOWAS), as reflected in the Protocol against Corruption adopted in October 2001.

33. However, in practice, weak enforcement of procurement laws and the huge amount disbursed for public procurement present an almost irresistible opportunity for corrupt pay - offs. This provides the money that is then available for laundering within or outside the specific economy (Shehu, 2006: 216). Procurement fraud is therefore an expression of corruption.

34. Although the precise definition of Money Laundering depends on its context, the preceding activity that generated the money in question, as well as the jurisdiction from which it originated or is destined to (Shehu 2006: 6), it is the contention of these researchers that at its core money laundering, no matter its context, preceding activity that generated it or jurisdiction in which it occurred, is the concealing of illicitly generated money in a manner that hides the identity of the beneficiaries for their eventual benefit and use. Context, preceding activity and jurisdiction relate to the AML/CFT as well as criminal justice framework that best responds to an initial definition of the existence of money laundering.

35. Odey defined money laundering as the process of integrating the proceeds of crimes into legitimate stream of financial commerce by masking its origin (2010:1). The uses to which laundered money is put is what makes its criminal origin appear legitimate. Money laundering as a crime is a creation of law and money laundering would not exist without the law as it is the law that establishes it as a phenomenon, an event and a crime (Unger: 2007:188).

36. There is relative availability of literature on corruption as well as money laundering in Nigeria (especially if the mass media is considered an authoritative source). There is however a dearth of literature on studies that investigate the nexus between public procurement fraud and money laundering. This paucity of information could be explained by the relatively recent nature of literature linking the ubiquitous fraud in the public service and money laundering in Nigeria. (Okogbule, 2007:63). This study has been prompted by the need to study the nexus between the nature of, and the manner in which, procurement fraud feeds the money laundering cycle in Nigeria and the effect that this has had on the larger Nigerian society.

2.2 Historical Context

2.2.1 Public Procurement in Nigeria before 2007

37. Before 2007 there was no law in Nigeria that regulated public procurement in a wholesome and holistic manner. This resulted in a system where awards of public contract became a means of dispensing political favors as well as amassing wealth. In the pre-Public Procurement Act era, Nigeria did not have a comprehensive procurement law and the existing Financial Control and Management Act, 1958 together with the various financial regulations setting rules for managing public expenditure, had gaps, deficiencies and faulty implementation.

38. This situation made it possible for public officers involved in the procurement process to favor their friends, acolytes and cronies with the award of contracts. This scenario encouraged the flouting of internal controls in the procurement process (where they existed) and led to the increased incidence of activities associated with procurement fraud like, phantom buying, under bidding, bid rigging, contract splitting, round tripping, grey market operations, maverick buying, non- completion of contracts, etc.

39. In the face of the huge proportion of funds lost to procurement fraud, as well as the devastating effect it has on the economy and its infrastructures, the Olusegun Obasanjo Administration commissioned the World Bank in 1999, in collaboration with some private sector specialists, to review the country's public sector procurement structure, including the existing legal framework, organizational responsibilities and capabilities. Their brief was to assist Nigeria 'with a process of enthroning efficiency, accountability, integrity and transparency in Government procurement and financial management systems' (Ekpenkhio: 2003:1). The World Bank Report was damning and noted, in part, that:

40. "About 50% of projects in Nigeria are dead even before they commence... the projects are designed to fail because the objective is not to implement them, but to use them as vehicles for looting of the public treasury... Instead of adding value, they become economic drain pipes" (Ajayi: 2010:132).

41. Based on their mandate, the Country Procurement Assessment Report (CPAR) was produced. The CPAR made the following recommendations:

- Have a comprehensive procurement law in Nigeria that is based on the United Nations Commission for International Trade (UNCITRAL) model;

- Establish a Public Procurements Commission (PPC) to serve as the regulatory and oversight body on public sector procurement;
- Revise key areas of financial regulations to make them more transparent;
- Streamline Tenders Boards and strengthen their functional authority, including their powers to award contracts;
- Rebuild procurement and financial management capacity in the sector; etc.

42. Rather than merely enacting a statutory legislation to regulate public contracts, the government decided to check the abuses in the procurement system by establishing the Budget Monitoring and Price Intelligence Unit (BMPIU). This Unit was to ensure fiscal transparency and strict compliance with Federal Government Guidelines on Due Process in the Certification and procurement of facilities and services at appropriate cost. It was also to promote the restoration of fiscal responsibility and strict compliance to extant laws and regulations in the procurement process. Such fiscal transparency and fair standards serves the purpose of saving the government money. This is, in turn, to facilitate wider industrial, social or other policies, which are not directly connected with the procurement itself (Geroski: 1990:186).

43. On the other hand, when these fair standards and practices are not adopted, the following tendencies are encouraged in the procurement process: a hesitation to compete, submission of inflated tenders containing a risk premium, or submission of deflated tenders followed by delayed or defective performance, collusion in bribery by frustrated or unscrupulous vendors and purchasing entities, bad value for those entities and their constituents, and betrayal and abuse of the public trust for personal gain (The ABC of the Contract: 2nd Edition, 2006).

44. The BMPIU (the Unit) deployed a vigorous procurement reform agenda that employed the *Due Process* mechanism to promote openness, competition, budgetary discipline, optimal costs and efficient project implementation within a planned and coordinated framework. It has been reported that the effort of the Due Process department saved Nigeria in excess of 260 million naira in reductions in inflated contracts alone from 2003 – 2007 (Amaechi: 2009). Justifying the creation, mandate and processes of the Unit, its then Director-General said, “[T]his rapid-response, expert driven, and integrity-centered mechanism is designed to restore fiscal transparency, enforce strict compliance to rules and procedures, as well as promote the culture of effectiveness in the costing prioritization and execution of government expenditure items, in order to achieve value for money” (Ezekwesili: 2005).

45. The BMPIU was also responsible for preparing documents that would serve as Guidelines in the public procurement process. These are: the Standard Documents on Bidding for Procurement of Works, Small Works and Goods; Standard Request for Proposals in Selection of Consulting Firms on three Criteria (Complex Time-Based, Complex Lump-Sum, and Small Assignment lump-sum); and Selection of Individual Consultants. Also other documents providing step-by-step checks and balances in the public procurement process were prepared. On June 4, 2007 the then president Umaru Musa Yar’Adua signed into law the Public Procurement Act (PPA).

2.2.2 Public Procurement in Nigeria: After 2007

46. Government accepted the CPAR in its entirety while yet insisting on retaining the practice of registration of contractors and the involvement of political office holders such as Ministers and Commissioners in the award of contracts in excess of 50 million naira contrary to the recommendations of the CPAR. Furthermore, the PPA, in tandem with its objective of ensuring transparency, competitiveness, value for money and professionalism in public sector procurement system (s. 4(1)), provides for the establishment of the National Council on Public Procurement (NCPP) in s. 1, and the Bureau of Public Procurement (BPP) in s. 3. The NCPP and BPP were intended to serve as the regulatory authorities responsible for oversight, management and monitoring of public procurement practices and systems in Nigeria. However, the NCPP, which superintends the entire procurement process, is yet to be set up four (5) years after the enactment of this law.

2.3 Public Procurement Fraud and Money Laundering

47. Public procurement fraud is the corrupt activity that provides the funds, which are then laundered through formal (financial institutions) as well as informal (cash transactions, micro saving schemes, etc) channels. It further appears that the link between procurement fraud and money laundering is such that, the proceeds of public procurement fraud are susceptible to laundering and the combined effect of corruption and poor governance institutions can and do blunt the effective operation of anti-money laundering (AML) systems. In this sense, public procurement fraud facilitates money laundering (ML) and money laundering encourages public procurement fraud (Chaikin and Sharman, 2009:2-3).

48. It has been argued that current AML action is targeted at the placement point where the proceeds of crime enters the money laundering cycle (GIABA: 2010:2-3). There is therefore an emphasis on principles as Know Your Customer (KYC), Customer Due Diligence (CDD), Know Your Business (KYB) and the like, targeting formal financial institutions. While these measures are important, it is also necessary to find ways to trace the movement of funds sourced through procurement fraud where the financial system is by-passed and recourse is made to, say, bulk cash smuggling across Nigerian borders. The problem in this scenario is that there is a total lack of KYC, CDD, KYB frameworks in public procurement practice, making it very difficult to trace transactions.

49. On the procurement side, it is interesting to ask why the Federal Executive Council (FEC) now sits as a public contracts award panel knowing fully that its continued involvement in the contract award process is inimical to the actualization of the intent of the PPA. In addition, it has been suggested that the government is uncomfortable with answering the question of the necessity of its disengagement from the procurement process (Ajayi: 2010:133). Available literature suggest that the continued involvement of members of the executive at the federal and state levels in contract wards against the recommendation of the CPAR is designed to retain their grip on the levers of patronage and influence. This trend may be defended from the stand point that politicians, by their involvement, are ensuring equitable distribution of resources. It can, however, be argued that this objective would be more effectively served by legitimizing the public procurement process through the crafting of appropriate legislation and regulations rather than by direct involvement.

50. Many public office holders have extensive business interests outside of their public sector roles. While this is not in itself evidence of money laundering, such businesses provide convenient avenues for the mixing or layering of fraudulently acquired funds, particularly in the absence of adequate controls. A study has shown that the real estate sector is a net receiver of monies been laundered away from their fraudulent origins (Giaba 2010: 2-3). This study will attempt to further enquire into the various other sectors and businesses that receive laundered monies from procurement fraud.

51. A. Y. Shehu (2006:215) argues that money laundering is not unique to any society but thrives where certain 'enabling environment' exists. The prevalence of corruption, drug trafficking, tax fraud, smuggling, kidnapping and various financial crimes provides criminal rings in Nigeria with the money to launder. He further argues that corruption is a disincentive to money laundering since money launderers would not want to hide their monies in a place where they are likely to be defrauded.

52. As it applies to Nigeria, this study shows that money laundering is not only trans-national as proceeds of crime may be laundered within the same jurisdiction where an offence which generated the illicit income was committed. The same gaps in the public management structure that made it possible to commit procurement fraud in the first place also makes it possible to retain the proceeds of the crime.

53. Most monetary estimates of the extent of money laundering in Nigeria are speculative as it is difficult, if not impossible, to ascertain the volume of a recurrent process. The tendency used to be to discuss money laundering as a stand-alone experience. Subsequently, Corruption and money laundering were discussed as related experiences that feed each other. However, this study looks at public procurement fraud as a sub-set of corruption and then proceeds to consider the nature of its relationship to money laundering.

2.4 Conclusion

54. Farida Waziri (2009:4) agrees with the opinion that the managers of public procurement processes and proceedings in Ministries, Department and Agencies (MDAs) must go through relevant procurement training. This would allow them to acquire the requisite professional knowledge fundamental to the practice of public sector procurement in the country. However, it should be realised that training alone does not guarantee appropriate implementation. There is need for political will demonstrated through a dynamic and systematic enforcement of the provisions of the Public Procurement Act 2007 and the Money Laundering Prohibition Act (as amended).

55. One of the main purposes of the study is to direct attention to the fact that there is need for full, not partial, compliance with the provisions of the PPA as a first step to regaining public confidence in the commitment to the fight against public procurement related fraud. Also, by analyzing the effectiveness or otherwise of the existing controls in the public procurement process, recommendations are made for greater transparency in the management of the various control processes as a means of ensuring effectiveness.

56. In highlighting the role that the continued involvement of politicians and public office holders play in the perpetuation of fraudulent practices in the public procurement process, it is observed in this study that their dissociation from the contracts award process would effectively minimize fraud. This would leave contract award to the professionals and the government would concentrate on development of institutions to implement the process.

Chapter Three

3.0 FINDINGS

3.1 Case Studies and Typologies

Case 1

Mr. Kenny Martin's was the coordinator of the Police Equipment Fund in Nigeria. He was arraigned before the court on 28 amended counts. He was disbursing loans from the Police Equipment fund for his private gain. Whilst his actions were fraudulent, there was no statutorily recognized fund under that name. The case is still pending.

57. In this case it was established that the coordinator of the Police Equipment Fund actually disbursed monies from the said fund, by way of loans, to his private account (for his private gain). It was however not established that the PEF was registered at any point and the problem the court had to deal with was how a non-designated fund could actually be stolen from. The non-registration of the PEF account was not only to conceal the identities of the owners and the transactions conducted through it, but also to ensure easier closure when suspicion is raised. Importantly, it is difficult to detect illegal transactions, especially those related to money laundering, that are conducted through unregistered accounts. Accordingly, compliance with Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements is critical to detecting such accounts and the transactions conducted through them.

58. Section 12 of the Money Laundering Act 2004 (as amended), requires reporting entities, particularly banks and financial institutions, to conduct CDD on their prospective customers. Details to be collected include full names, and addresses. Prospective customers are also to be subjected to KYC procedures. Specifically, reporting entities are to collection any other necessary information on their customers for purposes of knowing and monitoring the transactions they conduct. This would enable enforcement of compliance by customers and subscribers with regulations in line with section 3 of the Money Laundering (Prohibition) Act, 2004, which mandates such customers to provide proof of:

- a) Identity, by presenting ...a valid original copy of an official document bearing his/her names and photograph; and
- b) Address, by presenting...the originals of receipts issued within the previous 3 months by public utilities.

59. S. 12(3) provides for penalties in the event that a person or entity providing electronic communication service does not comply with the requirements of section 12(1), while section 12(2) provides for penalties in the event that such a defaulter is a natural person. However, Section 12(1) does not provide a means for verifying the information provided. This implies that false information could be collected by a negligent service provider (bank), which does not insist on verifiable identification documents. Section 12(1) also fails to impose a requirement for such identification details to be updated and the frequency of such update. The fine of N100, 000 and forfeiture of the equipment or facility used in providing such service seems appropriate penalty for this offence.

Case 2

Mr. X, a PEP from Nigeria, is charged with acting contrary to certain provisions of the Public Procurement Act, 2007, to wit; non-competitive bidding, collusion, intention to defraud the government of the country, etc. to the tune of N40 billion and punishable under the relevant sections of the said Act.

60. In this instance, a Politically Exposed Person (Governor, Administrator, Director General, etc.) leverages his position to mismanage the bidding processes in a manner that not only secures monies unlawfully from government contracts but siphons such funds through various layering schemes for subsequent re-integration in the economy through seemingly genuine economic activities. Collusive tendering, called "bid rigging", is an agreement amongst competitors not to compete on the bids they submit after being invited to tender. For this purpose, firms will be regarded as competitors if they are in the same line of business. Together with price fixing and market allocation, collusive tendering falls within the class of conduct referred to as "cartel activity." Where, as in this case, PEPs are involved, the collusion is masterminded by the PEP who uses his knowledge of the inside workings of the procurement process to arrange the collusion between tendering companies to tender for a contract.

61. Collusive tendering may take many forms. The most common are laid out below:

- Complementary bidding: firms may agree on their bids in advance by deciding that one of them will submit the lowest bid or will submit the only bid containing acceptable terms;
- Bid suppression: in this form, some firms may agree to refrain from bidding; and
- Bid rotation: firms may decide to bid high so that a predetermined bidder will win.

62. Collusive tendering is often accompanied by an agreement to cede portions of a tender to the losing bidder, should the tenders not be awarded as had been agreed upon by the firms involved. All

forms of collusive tendering are prohibited by the PPA. Collusive tendering undermines the right of the ultimate consumer of public goods and services in that it:

- destroys the basis of competitive bidding;
- often leads to increased prices;
- often leads to reduced quality;
- stifles development and innovation; and
- is harmful to consumer welfare.

63. The following tools could be used to curb or manage these unlawful practices:

➤ **Use of non-collusion clauses on “invitation for bids” documents**

In compiling invitation, the attention of bidders could be drawn to their obligation not to collude by including a clause to this effect and providing for a sanction for any violation of the clause

➤ **Requesting certificates of independent bidding**

When inviting tenders, bidders could be requested to certify that they prepared and submitted their bid independently of any other competing bidder.

➤ **Seeking justification for a failure to bid**

Where a firm is expected to bid and it eventually did not, the reasons for non-bidding should be investigated. This could reveal an agreement between the firm and its competitors not to compete.

➤ **Looking out for suspicious bidding patterns**

Suspicious bidding patterns come in many forms. Some of these are listed below. Being aware of these patterns and dealing with them early can help prevent the harmful effects of collusive bidding. Collusive tendering is often present in bids which display one or more of the following suspicious bidding patterns:

- bids received at the same time;
- bids with similar or unusual wording;
- common mistakes across different bids;
- similar contact details across different bids;
- identical prices quoted in bids;

- prices with an equal difference between each bid;
- less detail than expected;
- failure to bid;
- lowest bidder not taking contract;
- drop in prices at entry of new or infrequent bidder;
- work subcontracted to a supplier that had a higher bid;
- last minute changes, such as reduced discounts; and
- suspiciously high bids without logical cost differences.

64. In all of these scenarios, the aim of collusion in the tender stage is to make the procurement process non-competitive. It is in this way that fraudulent transfers of contract sums can be arranged between the consenting parties and this sum is subsequently laundered. See Case Study 3 below.

Case Study 3

Federal Republic of Nigeria vs. xxxxxxx and 8 Others

Investigations by the Economic and Financial Crimes Commission (EFCC) revealed that a management staff of a government agency did not follow due process in awarding contracts for rural electrification as part of implementing the 2008 national budget. All projects (both grid extension and solar based projects) were turned into constituency projects to the benefit of members of the National Assembly, contrary to the Public Procurement Act, 2007 (PPA). The Permanent secretary and the CEO of the federal ministry and the parastatal, respectively, colluded to dispense with the provisions of the PPA and made emergency procurement orders to evade the requirement of retiring unspent funds at the end of the year to the federal treasury.

All contracts (both Grid Extension and Solar Based Projects) were awarded in December 2008 and payments of 15% and 85%, respectively, were made on December 30, 2008 before commencement of the contract. The cheques for 100% were only released to the contractors in January 2009.

Charges: Conducting or attempting to conduct procurement fraud contrary to s. 58(1) PPA, and false declaration of Assets contrary to s. 27(iii) of the EFCC Act.

The case is still pending.

Case study 4

FRN vs A federal Board of National Development Agency:

The Board of the National Development Agency (NDA) approved the construction of its new office complex. The contract was awarded to Sahenli Construction Company for the sum of \$3.6 million. Added to the contract was the renovation of the official residence of the Director General NDA for the sum of \$100,000 making the contract worth \$3.7 million.

Sahenli Construction Company won the contract through a bidding process facilitated by the procurement unit of the NDA by the secretary. The DG NDA, secretary and Sahenli Construction Company negotiated to inflate the contract sum from \$1.85 million (a possible bid price if they had done their due diligence) to \$3.7 million – an increase of 100%. The sum include SUVs purchased for the DG and the secretary of the Agency. Surplus funds from the contract were funneled to the DG through his front company Jamiyada Odula & sons Limited. With this payment, properties were bought and the secretary was paid his kickback of \$130,000.

65. An Interview with the lead investigator and an analysis of his article Adache A. gave a full account of the case. The three men are currently standing trials and an ex parte application order that compels them to forfeit all the traced assets and properties to the federal government of Nigeria was successfully executed. A close check on the procurement unit of the National Development Agency (NDA) showed that the Procurement Planning Committee was chaired by the Director General and the Secretary. Additionally, the committee was not staffed, and did not meet the requirements of the law.

66. A review of the processes that lead to the award of the Sahenli contract showed that NDA did not have appropriate controls, fraud prevention strategies or proper bidding processes in place, making the system susceptible to corruption. The processes above created a warm relationship among bidders, contractors and government officials. The selection of Sahenli Construction Company was, therefore, not done through competitive bidding. This evidence included the facts that:

- Adequate notice required by law, was not given between the time of the advertisement for prequalification tender and the submission of bids.
- The selection process was not properly and fully documented.
- The other four companies that bid with Sahenli Construction Company had, in the past, all bid in four other different identified contracts, and each had won one. This was a sign of a possible bid rotation or a complementary bidding scheme.
- One of the companies had close ties to Sahenli Construction Company, indicative of bid rigging.

3.2 Due Process in contract award

67. Due process either relates to the reasonableness or fairness of a substantive law or the consistency of government action with the procedures of relating with the rights of the people under the law. In the contract award process, it is a mechanism for ensuring strict compliance with the openness, competition and cost accuracy, rules and procedures that should guide contract award within the federal government of Nigeria. The Due Process mechanism ensures that:

- competitive bidding has been conducted in line with the procurement and contract award procedure as contained in the Public Procurement Act
- the best evaluated bid was selected among the pre-qualified bids
- the cost is in conformity with comparable best value

68. This is to the end that:

- public fund is effectively deployed and utilized
- there is value for money on contracts
- waste, misuses, and abuse of public fund is discouraged
- relevant accounting records and information are readily available
- accountability, transparency and sanity in the system is encouraged using Due Process procedures and guidelines

69. The aim of and reason for the Due Process mechanism is to curb the unlawful appropriation of contract sums and project objectives (as in this case study). Hence, evaluation of bids is done in a competitive manner that achieves best value imperatives. In this case the public procurement mechanism was appropriated by certain politically exposed persons for their own benefit in a manner that redefined “emergency procurement” to suit their private aims contrary to the provisions of the Public Procurement Act.

70. “Emergency procurement” means procurement of goods, works or services essentially to meet an emergency situation which cannot be done through normal procurement process. An emergency situation is an occurrence of a serious and urgent nature that demands immediate action. An emergency procurement may be made when an emergency situation arises and the need cannot be met through normal procurement procedures. It must be as a result of a situation that was unforeseen or unanticipated.

71. In other words, an Emergency Procurement is a good, service, or construction essential to meet an emergency situations such as a threat to life, public health, welfare, or safety by reason of a major natural disaster, epidemic, riot, fire, or such other reasons. Furthermore, to meet the criteria to be designated “emergency procurement” there must be:

- compelling urgency that creates threat to life, health, welfare or safety of the public by reason of major natural disaster, epidemic, riot, fire or such other reasons as may be determined by the accounting officer;
- situation that generates an immediate need for goods, works or services that, if done through normal procurement process, the Government or the organisation would suffer injury;
- situation whereby, without the urgent procurement, the continued functioning of the Government or organisation would suffer irreparable loss, the preservation or protection of irreplaceable public property, or the health or safety of the public will be threatened.

72. However, it seems suspect that a particular contract which had been appropriated or taken over by certain National Assembly members would be designated 'emergency procurement' to evade the requirement of retiring unspent funds at the end of the year to the federal treasury.

73. Furthermore, it is very difficult to justify an emergency procurement on the basis of poor planning, overlooked requirements, inaccurate usage history data or incorrect/lack of forecasting as was the case in Case Study 4. In the case study, last minute pressures arising from Nigeria's bid to host a football tournament was given as justification for certain emergency procurements carried out in a manner contrary to law. More so, this contract were overpriced and the payments made in a manner suggestive of diversion of public funds.

Case Study 5

FGN vs. xxxxx and 3 Others

The EFCC brought a 10-count charge of felony and abuse of office with intent to gain and misappropriate funds against a serving chief executive of one of the country's sport associations (1st accused) and members of his Board.

Charge:

The accused persons allegedly misappropriated N900m, \$1m, \$200,000, released to the association without giving proper accounts contrary to section104, Criminal Code Act. The said association also allegedly awarded a contract for supply of 2 Mercedes Benz Marcopolo buses valued at N99 m to CNBC Nigeria Ltd through emergency procurement contra S. 43 and punishable under s. 58 PPA.

1st accused approved payment of N82 m as part payment to the contractor for supply of said 2 Mercedes Benz marcopolo buses over and above the 15% standard mobilization fee stipulated by law, contrary to section 35 punishable under s.58 PPA.

This case still pending.

Case Study 6

FRN vs. xxxxxxxxxxxxxxxxxxxx

This case was instituted by the EFCC against the (then) CEO of a Nigerian agency. The charge sheet shows, inter alia, that the DG:

- i) diverted £300,000 from the agency's account ostensibly to fund someone's election campaign, thereby committing offence contrary to s. 14 (a) ML(P) Act, 2004 LFN;
- ii) split tenders and ensured that three consecutive tenders benefited one supplier. These tenders: xxxxx 90127/02/2010, 137/02/2010, 139/02/2010 were for the same supplies of office accessories and were all awarded and paid for the same day and for an amount over the official limit that he had authority to solely approve, committing offences contrary to s. 58(4)(d) PPA and punishable under s. 58(5)(a)(b)PPA;
- iii) split and approved contracts valued at N 2,437,098,603.20 beyond the threshold, which he could award without seeking authorization contrary to BPP Act, 2007. In one instance, 451 contracts were awarded to 206 companies. In another instance, 48 contracts were awarded to 17 companies' contra PPA;
- iv) grossly overpriced the contract to enable diversion of public funds of agency;
- v) abused disbursement procedure regarding cash advances totaling N337,000,000 as reflected in financial records.

This case is still pending.

74. From the first count it can be seen that £300,000 pounds was unilaterally withdrawn from the foreign accounts of the agency for a private purpose. This money once withdrawn as cash becomes untraceable. This is a case of money laundering and the ends to which it is employed remains unknown. It must be stated that such money is withdrawn in excess of the authority of the DG and, once withdrawn, gets diverted to private ends through a myriad of financial transactions.

75. Tender splitting is the breaking up of a single tender into bits for the purpose of keeping the overall tender award within the official limit that the authorising officer has authority to solely approve. It is resorted to for the purpose of benefitting a pre-selected contractor and in a manner that is not equitable, transparent or competitive. In this case, not only were the split tenders for the supply of the same subject matter awarded to one supplier, the full tender amount was paid to the preferred supplier on the same day contrary to the provisions of the Procurement Act.

76. This scenario plays itself out where contracts are split in the same manner and to achieve the same ends as in the case of split tenders. This involves circumventing the requirement for authorisation from superior officers (as required in the provisions of the Public Procurement Act 2007) for the purpose of diverting public funds for private ends. Such contracts are often awarded to crony companies, which are often times not registered or not readily identifiable in terms of the provisions of the Money Laundering (Prohibition) Act 2004 (as amended). In this case, 451 split contracts was awarded to 206 companies. The cumulative sum of these contracts amounted to well over the authorisation threshold of the public officer.

77. The logic here is simple. The more the over-priced contract the more money goes to the authorising officer, so this officer keeps splitting the contract to achieve his aim. In instances such as these where offshore accounts are involved, the “over-price” is simply skimmed of the contact value and laundered in foreign accounts. Laundering is usually by direct withdrawals personally in camera, or through surrogates.

78. The various incidences of direct cash advancement in this case underscore the bulk cash handling dimension to money laundering in Nigeria. Such monies are either stored in private vaults or are immediately ploughed into real estate, jewelry and car purchases, etc.

Case Study 7

FRN vs. xxxxxxxxxxxx

This case has to do with procurement for members of the House of Representatives (HOR).

The accused person was chair of HOR Tenders Board (TB). This TB does not have specific threshold for approvals. There was no market survey conducted for this procurement and the members of the HOR awarded the contract to their own companies.

One paid into the account of certain of these companies, investigation revealed that parts of these funds (over N600,000,000.00 naira) were immediately withdrawn and deposited with a Bureau de Change. Yet, supplies were not made even though documents were signed, hence a presumption of diversion of money and money laundering.

Contracts for the supply of certain materials to the HOR were allegedly “shared” among members of the HOR, contrary to the PPA. The mode of payment for these contracts was also contrary to the PPA. Once paid, part of this money (in a certain instance) was immediately withdrawn and paid in cash to a Bureau de Change. From this point all traces of the money vanished.

This case is still ongoing.

79. What makes case study 6 relevant to our current purpose is that it not only shows an alleged case of misappropriation of public funds contrary to the extant laws, but also typifies a standard method of laundering these funds.

80. In Nigeria, Bureaux de Change businesses are largely cash-based, hence its attraction to money launderers is quite enormous. Bureaux de Change are referred to as Designated Non-Financial Institutions (DNFIs) for the purpose of monitoring, evaluating and supervising their activities. The Special Control Unit against Money Laundering (SCUML) has the mandate, under Section 5, among other provisions of the Money Laundering (Prohibition) Act, 2012, to monitor, supervise and regulate the activities of DNFIs.

81. SCUML, located in the EFCC, serves as a repository for DNFIs financial transactions and maintains a database of intelligence in support of tactical, operational and strategic policy options in combating money laundering and terrorist financing (ML/FT). SCUML analyses currency transaction reports (CTRs) and suspicious transaction reports (STRs) received from DNFIs for onward transmission to the Nigerian Financial Intelligence Unit (NFIU). Its other function is to ensure that DNFIs fully comply with the Money Laundering (Prohibition) Act, 2012, through the conduct of spot checks/routine examinations and sensitisation.

82. The work of SCUML is still, however, hampered by the non-compliance of DNFIs like the Bureau de Change involved in this case. As a result of this limited non-compliance with the law as well as the high levels of corruption in Nigeria, it has become quite daunting for SCUML and law enforcement agencies like the EFCC to prosecute the clients and owners of these organizations. Bureaux de Change have become willing tools for the laundering of money acquired through procurement fraud. as the BDC 's been largely cash based easily and readily mix these monies with other untainted sums to make both local and foreign purchases. Some Bureaux de Change now even act as agents, fronts and proxies on behalf of undisclosed principals in both local and international transactions.

Case Study 8

FRN vs. Rt. Hon. xxxxxxxx and Anor

The 1st accused in this case is the then Speaker, of a State House of Assembly in Nigeria, and the circumstances giving rise to this case arose during his tenure as Speaker. The 2nd accused person was the personal assistant and proxy to the 1st accused at all times relevant to this case.

Charges: inter alia, that:

1. The accused persons accepted various cash payments amounting in the aggregate to the sum of N273,303,708.00 only from the xxxxx State House of Assembly without going through a financial institution, thereby committing an offence contrary to s. 18(a) ML (P) Act 2011, punishable under s. 16(2)(b).
2. The 2nd accused, acting on behalf, and on the instructions, of the 1st accused, in like manner, accepted various cash payments, to wit, N7,150,000.00, N8, 135,083 and N8,135,083.00.

This case is pending in court.

83. This case study highlights the role played by proxies, individual or institutional, as well as the vehicles to which illicitly acquired money may be employed. The 1st accused person is into car dealership as a business even before becoming a principal member of the state legislature. The 1st accused is alleged to have directed his personal assistant (2nd accused) to withdraw certain amounts from the accounts of the State House of Assembly and to use the money withdrawn to purchase cars in favour of the private motor company of the 1st accused. Due diligence searches carried out when this case was being investigated revealed that the said private motor company was never registered with the Registrar of Companies at the Corporate Affairs Commission (CAC). The said motor company had disappeared into thin air at the time the hearing of this case commenced in court.

84. This case illustrates the difficulties experienced in trying to tie a Politically Exposed Person (PEP) with culpability in the nuanced circumstances of a specific case of money laundering. The foregoing case studies suggests that money laundering as it relates to public procurement fraud in Nigeria can be illustrated as shown in figure 1 below:

85. From Figure 1 above it can be seen that to carry out public procurement fraud, individual PEPs, other public office holders, account officers, contractors and suppliers, abuse their office one way or another, contrary to the provisions of the Public Procurement Act, 2007. The methods used vary and is dependent on the type of loopholes in the work flow process and management system in a given organization. These loopholes are then manipulated by corrupt public office holders, their cronies and proxies through bid rigging, tender splitting, contract splitting, over pricing, collusion, or emergency procurement. More often than not, several methods are used on one procurement fraud operation.

86. The Federal Government of Nigeria has recently begun to implement a cashless policy. The implication of this policy for procurement is that, once the budgetary allocation of an MDA is approved and the MDA begins disbursing funds for procurements, those funds must be paid through financial institutions. Payment in this way leaves an audit trail. However, the intending fraudulent public office holder or PEP would not want to be traced. They would, either by themselves or through their proxies, withdraw the proceeds of public procurement fraud from financial institutions using phony companies, corrupt bank officials, etc., as fronts in order to avoid the money trail. These monies are then lodged in the informal market, bureau de change legal services, real estate holdings, hospitality business, car dealerships, etc. This money, or part of it, could also be smuggled as bulk cash through any of the transit routes in the country (airport, sea port or land borders).

87. Formal payment products from financial institutions have continued to increase in Nigeria. However, experience has shown that these products do not have the confidence of a majority of the population because of either their complex or opaque nature or, the penalties attached to default or fees associated with its use. For instance, the current cashless policy of the Nigerian government is grossly misunderstood and misinterpreted. The resultant state is a loss/lack of confidence in the regulated financial institutions and this helps feed the continuing reliance on bulk cash transactions in the informal markets of Nigeria. The informality and anonymity associated with such cash transactions increases the vulnerability of the Nigerian economy to the incidence of money laundering.

88. The following case studies underscore the continuing flouting of the reporting system for transactions above a certain threshold in several car dealerships visited for the purpose of this study.

Case study 9

‘xxxx AUTOMOBILES LIMITED’ (Lagos, Nigeria)

Following an inspection exercise embarked by SCUML, it was discovered that this company sold cars above the threshold and failed to report these transactions to SCUML. The non-remittance of these transactions is deemed a deliberate infraction of the provisions of the ML (P) Act 2011.

Status: Case file had been referred to the Legal Unit of the EFCC for necessary action.

89. The facts as presented leads one to believe that the non-remittance of transactions is a deliberate act intended to conceal or disguise the genuine nature, origin, location, disposition, movement or ownership of the resources, property or rights derived directly or indirectly from the transactions. This action is in contravention of the Money Laundering (Prohibition) Act, 2012.

Case Study 10

‘xxxx NIG. LTD’ (Benin-City, Nigeria)

Upon examination of the Company’s books and documents, it was discovered that the Company had been selling cars above the reporting threshold and had failed to report the transactions to SCUML. The Company’s failure to comply could be interpreted as a cover-up for its involvement in illegal transactions.

Status: The case file has been sent to the EFCC for further directives and possible criminal prosecution.

90. The reporting threshold is a control system which red flags certain transactions as requiring further scrutiny. Where such control system is not preferred its objective is lost.

4. 2 Money Laundering and the Requirement for Risk Mitigation

91. Where the customer is a public officer entrusted with performing a prominent public function, both within and outside Nigeria, the financial institution shall put in place for such a customer, an appropriate risk management system in addition to obtaining senior management approval to maintaining any business relationship with the public officer (Money Laundering (Prohibition) Act, 2012)

92. The above provision of the ML (P) Act effectively increases the responsibility of financial institutions to set up appropriate risk mitigating measures in their financial relationship with public office holders and PEPs. This goes beyond the general duty of care in collecting and verifying the address details of such client (KYC) to specifically relating with such customers in a manner that does not run contrary to the provisions of the ML (P) Act. The requirement to obtain the approval of senior management before opening such account is to draw appropriately high level attention to that account and ensure compliance with said Act.

93. Figures 2 and 3 show categories of public sector corruption, ranging from abuse of office, diversion and conversion of public funds, and highlights an analysis of public sector corruption in the

past two years. It also shows that diversion of public funds and abuse of office top the list as preferred ways that the procurement process is compromised as observed in most ongoing and spent files of the EFCC.

Figure 2: Categories of Public sector corruption recorded in 2012 (EFCC)

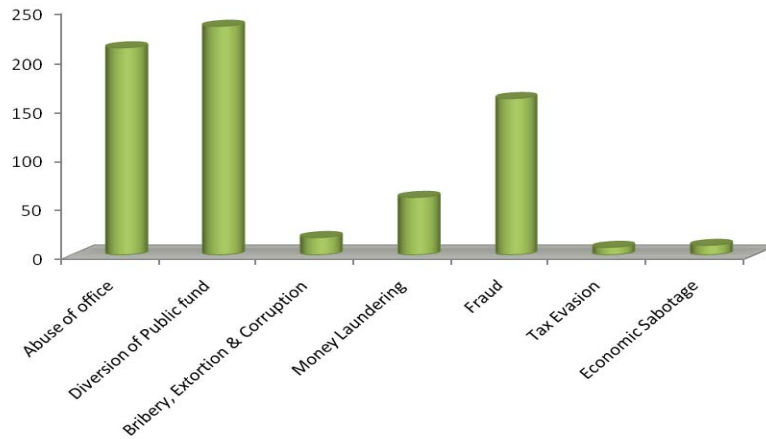
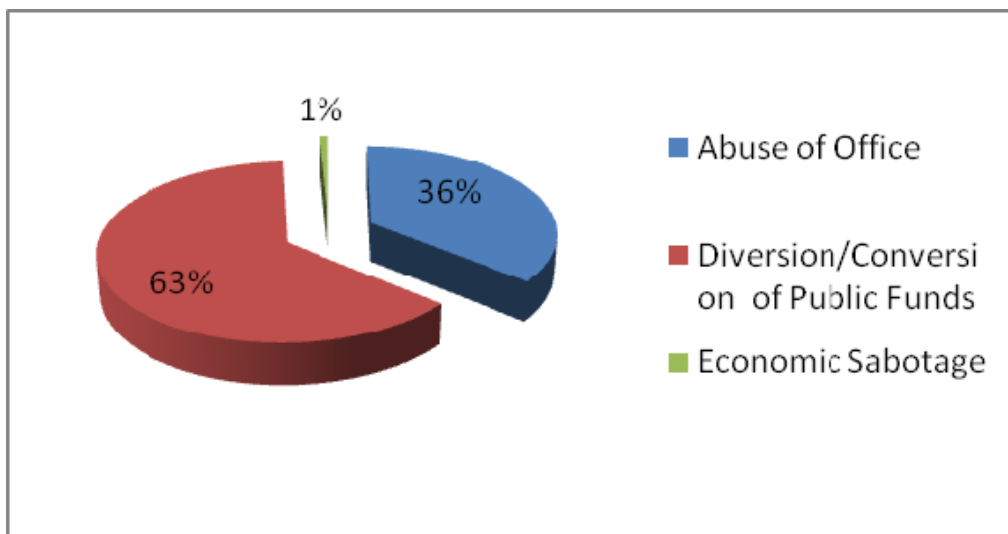


Figure 3: % distribution of Public Sector Corruption 2011



94. There appears, from this study, to be a link between access to public office (opportunity), the specific *actus* carried out in abuse of the public office (fraud) and the specific scheme to conceal the nature and extent of such fraud (laundering). The requirement for rendition of transactions reports on sums over a certain threshold is to enable the oversight authority, the Nigeria Financial Intelligence Unit (NFIU), to analyse those reports and disseminate findings to law enforcement agencies for investigations and possible prosecution. In case study 9, the car dealership in Benin-City involved in the matter insisted on noncompliance with reporting requirements and this was interpreted as an attempt to cover-up its involvement in illegal (suspicious) transactions.

95. Financial disclosures and the reporting framework is a critical tool to the realization of the objectives of detecting and punishing money laundering. This is why the ML (P) Act 2012 places a high emphasis on the duty of reporting institutions and punishes noncompliance, such as:

- i) Warning or in any way intimating the owner of suspected money laundering funds, of the making of any statutory report or refraining from making such a report.
- ii) Destroying or removing a register or record required to be kept under the money laundering (Prohibition) Act.
- iii) Making or accepting cash payments contrary to the provisions of the money laundering (Prohibition) Act.
- iv) Failing to report an international transfer of funds or securities.
- v) Carrying out or attempting to carry out a money laundering offence under a false identity.

96. The penalties, on conviction, for the offences (i) to (iii) above is a term of imprisonment of not less than two years but not more than three years, or a fine of N500,000 and not more than N1,000,000.

97. The penalty for making or accepting cash contrary to the provisions of the money laundering (Prohibition) Act 2012 is a forfeiture of 25% of the excess amount received or transferred. It is also an offence to knowingly retain the proceeds of a criminal activity, or to conspire, aid and abet the commission of a money laundering offence. Diversion and conversion of public funds constitute the dominant *modus operandi* of effecting public procurement fraud in Nigeria. The reason this continues to grow is that appropriate checks and balances on public office holders are either non-existent or not complied with where existent.

98. Findings (Case Study 6) indicate that, even though Nigeria has taken steps to regulate bureau de change operators, other financial institutions (OFIs) and other informal money handlers through SCUML, these parallel market operators continue to engage in co-mingling of illegally and legally acquired proceeds. By so doing, they allow themselves to be used by money launderers to plough money into various investment schemes both within and outside Nigeria. Case Study 7 exemplifies how proceeds of fraud are siphoned and laundered through third party accounts with the connivance of corrupt bank officials. In this case the proceeds were subsequently used to purchase, *inter alia*, exotic cars in a manner that further dissociates the proceeds from its criminal origin.

99. In Nigeria the only limitation to in-bank withdrawals beyond a certain threshold is the payment of a fee and the red flagging of the account. This study discovered that this does not discourage withdrawals in excess of such thresholds in the least as such clients acquiesce to paying such fees and getting on with their transactions. There is however a limit to daily cash withdrawals from ATMs. It is common knowledge that, in Nigeria, people can walk around with money in their persons, suitcases or vehicles, which they freely use to purchase any sort of high-value property they are inclined to. People can even cross the Nigerian borders with monies exceeding \$10,000 and their only obligation is to

declare it. This situation makes cash transactions vulnerable to laundering criminal cash proceeds without being detected.

100. Furthermore, findings from the study point to a troubling trend where infractions are currently increasingly processed through the courts without conviction. In other instances, the prosecuting process has been stalled due to the use of spurious and incessant applications as well as Interim Restraining Orders. Such orders are used to frustrate the final conclusion of the cases while suspects, who are currently on bail, enjoy their loot. In this respect the criminal justice system needs to be reformed upon to address these lapses.

3.3 Corruption Risk Assessment for Public Procurement fraud as it relates to Money Laundering in Nigeria.

101. This research found the risk of public procurement fraud as it relates to Money Laundering in Nigeria involving PEPs and public office holders to fall within the perceptual categorisation contained in Table 1 below:

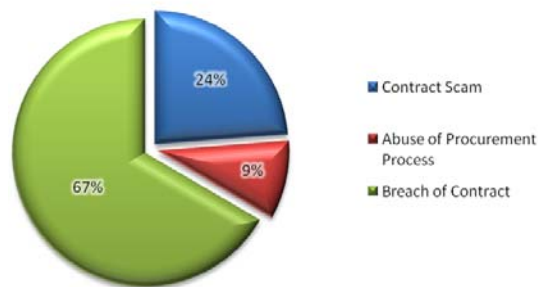
Table 1: Corruption Risk Assessment

Method	Risk Factor	Likelihood		Consequences	
		Vulnerability	Frequency	Reputation	Incidence of Money Laundering
Emergency Procurement; Collusion;	Acute	Existing control measures do not offer any protection	Will most probably take place	Constant negative media attention. Criticism from donors and public	High
Bid rigging; Contract and Tender splitting	High	Control measures are weak and can be circumvented	Is likely to happen at a point	Low confidence in the organisation and management	High
Price fixing; Overpricing	Medium	Control measures are good, but vulnerable to strategic	Can happen at a point	Doubts about the organisation, policies and staff	High

		attacks			
Nil	Low	Control measures provide adequate protection	Little risk of occurrence	Insignificant consequences for reputation	Nil

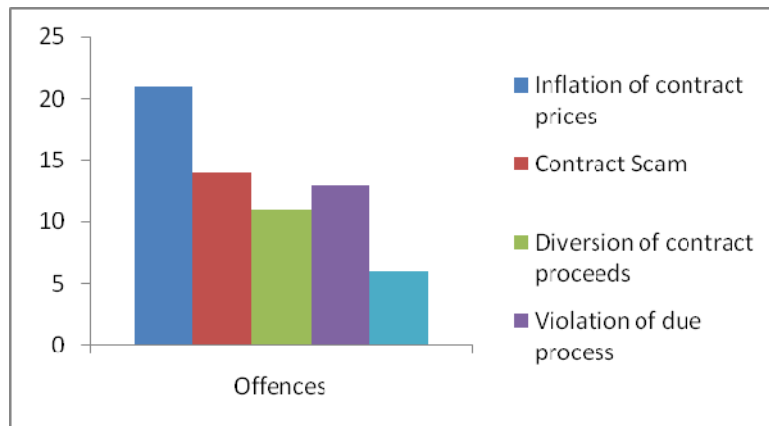
102. It must be noted that incidences where there is little risk of occurrence of public procurement fraud is low is not captured as there is widespread involvement of PEPs and public office holders in this fraud, particularly as it relates to money laundering. The Financial Action Task Force (FATF) delisted Nigeria from the list of Non-Complying Countries and Territories (NCCT) in October 2013 in appreciation of the on-going reforms in the financial sector as well as what they considered to be the commitment of the Nigerian government to improve the AML/CFT framework in the country. This delisting improves Nigeria’s global financial ratings as well as improves the outlook for foreign persons and entities seeking to do business with Nigeria. The responsibility is now on the country’s regulatory authorities to plug identified gaps and improve AML controls.

Figure 4: Percent distribution of procurement fraud investigation by the EFCC in January-December 2012



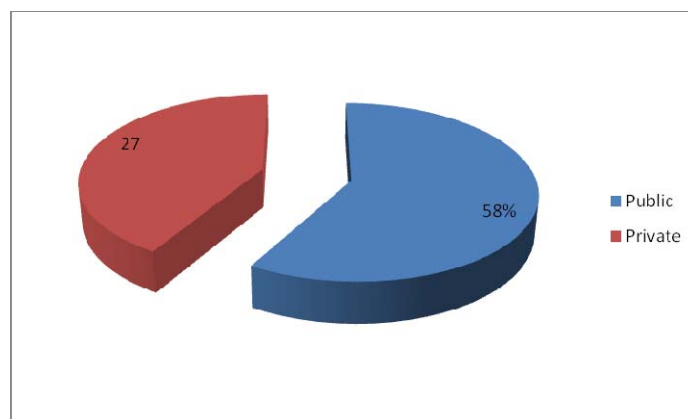
103. The EFCC in 2012 investigated procurement fraud cases as shown above. Out of the various frauds investigated breach of contracts received the highest with 67%, while in 2011 a total of sixty five procurement fraud related cases were investigated under the above categories. This is shown in the figure below:

Figure 5: Categories of Procurement Fraud Offences Investigated by the EFCC in January – December 2011



104. Inflation of contract prices and violation of due process were predominant in the public sector compared to the private. PEPs were the major culprits of these offences as they deliberately violate the due process. Most of these PEPs are governors of states who have refused to implement the Procurement Act so as to abuse the process when the opportunity arises. The Act is a law once implemented; otherwise it is difficult to prove where the law does not exist. The category is shared between the public and private sector as shown below.

Figure 6: Sectorial distribution of Procurement fraud



105. The chart depicts a fifty eight (58%) percent rise in public and 27% in private procurement related fraud cases investigated by the EFCC in 2011. This implies that the major numbers and categories of offences shown in the investigation record are majorly public sector related. This is evidence that the Procurement Act has been fully implemented at the federal level and at some selected state governments. The federal and state government agencies and parastatals are mandated to

implement the Act and, as such, it is binding on them. The public sector procurement fraud is basically committed by the PEPs (governors, national assembly members, ministers, and other government employees such as procurement officers, heads of agencies and parastatals).

106. The Public Procurement Act ensures prudent management of government resources and money (s.16); sensitizes the citizenry on the objects, values and components of the Act so that it can be acceptable to all (s.5); and provides for penalty against the abuse of the procurement process (s.58). What is yet to be seen, however, is whether these objectives will be achieved as the current posture of government lends credence to fears that it is hesitant to fully embrace its provisions.

107. An example that comes to mind is an indictment of the BPP that came to light during the House Aviation Committee Sitting over the Abuja Airport Second Runway Contract for the construction of a four-kilometer second runway at the Abuja International Airport. A newspaper editorial captured the controversy surrounding the contract graphically this way:

“Many issues were uncovered during the public hearing. The ‘No Objection Certificate’ issued for the project was not only falsely issued by the Bureau of Public Procurement but deliberately and wrongly issued in conspiracy with the Managing Director of Federal Airport Authority of Nigeria [FAAN] and other officers of FAAN to inflate the contract and defraud the federal government of Nigeria. The proceedings, processes and decisions for the award of the contract were not made accessible to the public, which would have allowed for observation, monitoring, review, comment and possible whistle blowing to ensure transparency” (News Star Newspaper 31 May- 1 June 2011).

108. The trend of the involvement of PEPs, and other government employees in procurement fraud is seen in Table 2 below.

Table 2: Categories of Forfeited Property

	Property Type	No. of Property	What is the title of this column?	Location	Type of Forfeiture	Nature of Execution
PEP	29 Real Estate, 1 Hospital and 1 University	31	Former Governor of Enugu State	Nigeria	Interim	Order vacated
Public Servant	5 Real Estate, 4 Filing Station, 1 Hotel	10	Director Head of Service to the government	Nigeria	Interim	

PEP	12 Real Estate, 1 Hotel	13	Former Governor Bayelsa State	4 Real Estate in United Kingdom, 8 in Nigeria , 1 South Africa	Final	2 handed over to Bayelsea State, 4 Ongoing collaboration with foreign partners and the rest sold
PEP	5 Real Estate, 4 Land, 1 Hotel	10	Former Governor State of Plateau	Nigeria	interim	Placed under caveat
PEP	11 Real Estate, 1 Land, 1 Hotel	13	Former Governor of Edo State	1 Real estate in United Kingdom		
PEP	9 Real Estate, 2 Land	11	Former Governor of Abia State	Nigeria	Interim	
Public Servant	13 Real Estate, 1 Farm Land	14	Former Inspector General of Police (IGP)	Nigeria	Final Forfeiture	properties Sold
Public Servant	10 Real Estate	10	Staff of Head of Service to the Government	Nigeria	Interim	
PEP	15 Real Estate	15	Former Governor of Bayelsa	Nigeria	Final	
Public Servant	19 Real Estate, 1 Farmland	20	Staff of Police Pension Fund	Nigeria	Interim	Handover to the Management of the EFCC
Public Servant	20 Real Estate, 1 Hotel	21	Director police Pension Fund	Nigeria	Final	Processing its Disposal
PEP	13	13	Aide to former Adamawa State Governor	Nigeria	Interim	

Table 3: Forfeited Accounts, Shares, Vehicle and Vessel

		No. Forfeited Bank Account	Type of Currency	Remark on Accounts	Forfeited Type	Total Units	
PEP	Former Governor of Enugu State	20	Us Dollars	Vacated			
PEP	Former Governor of Abia State	59	7 US Dollar Account/52 Naira Account	Frozen in forfeited Account	3 Vessels		Process of recovery is on-going
Public Servant	Kenny Martins (Police Equipment)	12	Naira	Vacated			
PEP	Former Inspector General of Police (IGP)	15	Naira	frozen in forfeited account	10	383,022,090.00	Final (sold)
Public Servant	Staff of Head of service	6	2 Naira, 3 US Dollar, 1Euro	frozen in forfeited account		24 Trucks	Processes of recovery on - going

109. This study reveals that public officers tend to launder funds acquired from mismanaged procurement processes using real estate and other property, shares and other financial instruments. Dissociating public office holders from the contract awards process is found to be necessary to break the conduit between fraud and laundering of the proceeds of the fraud. Public office holders are largely responsible for directly or indirectly enabling the various sins associated with this fraud and are by themselves or through their surrogates in the business sector involved in the creating or maintaining of structures (including, cash based ones) that facilitate the laundering of illicitly acquired funds, both within and outside Nigeria.

3.4 Recoveries of the EFCC

Table 4: EFCC RECOVERIES: 2008-2012

Year	NAIRA	DOLLARS	EURO	POUND
2008	44,542,822,622.30	3,192,531.00	2000	5,500
2009	255,306,693,033.55	10,414,446.93	8600	78,115

2010	10,559,513,355.91	1,534,277.00	45	21,500
2011	11,117,460,717.88	168,068,974.75	21,620	561,844
2012	27,844,769,688.19	72,863,112.37	33,585.40	32,020
Total	390,850,291,737.53	259,253,814.63	77,160.40	1,183,924.00

110. The table above is the total recoveries of the EFCC’s investigated and prosecuted cases in the stated period. In the course of conducting this study, data supplied by the EFCC revealed that between 50%-60% of the above recoveries emanated from cases involving breach of the public procurement process across the three tiers of government. This scenario is captured in figures 7 and 8.

3.5 Money laundering linked to procurement fraud in the 3 tiers of Government in Nigeria

Figure 7: Investigation of Public Sector Corruption across the 3 tiers of Government: 2011

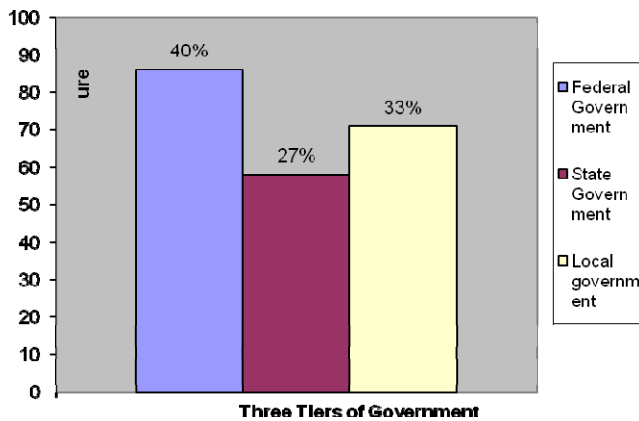
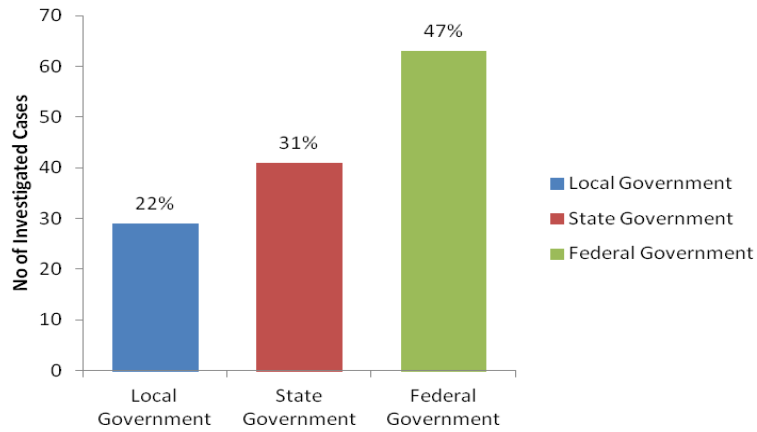


Figure 8: Investigation of Public Sector Corruption across the 3 –tiers of Government: 2012



111. Figures 7 and 8 represent a comparative look at the volume of petitions received by the EFCC from the three tiers of government between 2011 and 2012. This study revealed that, although captured in this manner by the EFCC, the crimes which were the subject of these petitions were predominantly involving public officials in allegations of procurement frauds. Between 2011 and 2012 there was an increase in the allegations of procurement fraud at the federal (40%-47%) and the State (27%-31%). The decrease in the petitions arising from the Local Government tier (33%-22%) in the period, the study found, is the result of more Local Government based petitions been filed at the state level in that year.

Chapter Four

4.1 Conclusion and Recommendations

112. From the foregoing case studies it is apparent that collusion in the tender stage, which makes procurement non-competitive, abuse of office in disbursing of public funds for private gain, outright embezzlement, diversion, conversion and misappropriation of contract funds, bid rigging, tender splitting, contract splitting price fixing, emergency procurement orders to evade the requirement of retiring unspent funds to the federal treasury, etc., are all forms that procurement fraud take in Nigeria.

4.2 Nexus between Public Procurement Fraud and Money Laundering in Nigeria

113. There is a direct connection between the lack of adherence to good governance standards and the proliferation of frauds in our public and private life in Nigeria. Good governance based on openness and transparency acts as a counter check to tendencies that encourage frauds generally and procurement fraud in particular. Corruption in the public procurement process has become endemic in Nigeria. The reason for this is that Politically Exposed Persons (PEPs) and the bureaucrats in the public service who control and manage the levers of resource distribution continue to embezzle and re-direct public funds for private gain and resort to various money laundering schemes to ensure that the source of such funds and the extent of such schemes are not discovered.

4.3 Transactional typologies that could be associated with public procurement fraud perpetrated by the actors seeking to launder money

114. This study found the following transactional typologies to be associated with public procurement fraud. Suspicious bidding pattern, collusive tendering (bid rigging), bid rotation, bid suppression, complementary bidding, tender splitting, contract splitting, over pricing, price fixing, collusion, emergency procurement. Also, bulk cash purchases, bulk cash smuggling and hoarding, providing incomplete identification details for opening bank accounts, and opening accounts (in collusion with corrupt bank officials) using improperly or incompletely registered companies, etc.

4.4 Appropriate legal, institutional and program capacity that most rapidly responds to the challenge of money laundered from public procurement fraud in Nigeria

115. The Money Laundering (Prohibition) Act 2012 addresses a lacuna in the ML (P) Act 2004 in mandating that financial institutions have a means of verifying personal details provided by customers as well as increasing the reporting thresholds. This control is very important. Also, customer due diligence (CDD), Know Your Customer (KYC), Know Your Business (KYB) systems must be strengthened in financial, and non-financial institutions to increase the ability of government to prevent, investigate and prosecute money laundering cases. These systems help identify individuals who may be involved in suspicious transactions for purposes of investigation or prosecution. In this direction, SCUML and the

Nigeria Financial Intelligence Units (NFIU) are two institutions that handle the necessary reporting frameworks (currency transaction reports and suspicious transaction reports).

116. The Economic and Financial Crimes Commission (EFCC) manages the prevention, investigation and prosecution of public procurement fraud and money laundering in Nigeria. Enlightenment campaigns by the EFCC, in conjunction with supply chain practitioners in Nigeria and directed at creating awareness of the impact of procurement fraud on the Nigerian economy, have been held though their impact at reducing the incidence of this fraud is doubtful.

4.5 Gaps in the public procurement process that fuel fraud and money laundering and solutions

- The inability of the BPP to submit Audit Reports on procurement actions to the National Assembly, as required by law. The BPP is unable to do this because it does not have a competent person to sign a Public Procurement Audit Report and lay before the National Assembly bi-annually, as required by section 5(p), PPA, 2007. Specific capacity development is required to fill this gap.
- Poor implementation of annual budget which is due largely to lack of proper procurement planning and implementation of procurement actions by MDAs under the supervision of the BPP as per section 19 (a) – (j) and 5(k). Whilst the procurement planning committee draws up the budget, the procurement planning committee decides what to spend the budgeted money on. Maintaining these committees in line with the PPA will help in the planning and implementation of procurement actions.
- Interference with the selection process of MDAs by the BPP. They are not to be seen as meddling into who wins bids but should give MDAs the free hand to identify and appoint consultants, suppliers/contractors in line with the requirement of the bidding documents. This will strengthen the capacity of MDAs to award contracts to only the lowest evaluated responsive bidders and not just the lowest bidders as per section 4(c)-(d) and 24(3).
- The BPP should stipulate a Code of Conduct for all public officers, suppliers, contractors and service providers, in line with section 57 of part XI, with regards to the standards of conduct acceptable in matters involving the procurement and disposal of public assets.
- The lack of review of technical specifications for goods/equipment, works, and non-consultancy services for prior review threshold and the terms of reference for consulting services weakens the capacity of the BPP and the MDAs.

- The current practice of appointing procurement officers as heads of project evaluation teams instead of officers from the end-user departments creates a situation where experts/departments affected by the procurement are not the ones evaluating the procurement process.
- There is currently a non-flexibility of schedule of adverts as the PPA prescribes 6 weeks. A leaf may be borrowed from international donor agencies which prescribe that such schedule be flexible.
- Currently, as practiced by the BPP and MDAs, in substantial contravention of the Public Procurement Act (PPA), adverts bear brand names of goods and equipment instead of generic descriptions. Also, technical proposals are opened in the public as against financial proposals and announcement of prices for goods and equipment on a separate date other than the day the bids were opened. This creates room for collusion in favour of specific bids.
- Another discernable gap is the lack of adequate circulation of procurement policies, guidelines and contract thresholds to the MDAs as per section 16(1)-(4) to enable them effectively comply with the requirements of procurement procedures and processes.

4.6 The informal economy and the laundering of money in Nigeria

117. The informal economy is a broad term that refers to that part of an economy that is not taxed, monitored by agencies of government, or included in any gross national product (GNP) of a country. It is unlike the formal economy, which is regulated by government. It also refers to economic practices that are unlawful, unregulated and un-protected by the state. Even where regulations exist in Nigeria, the informal economy still thrives in a manner that keeps the proceeds of economic activities undertaken away from the scrutiny of the law.

118. In the context of this study, every economic activity that exists beyond the active regulation of the government in whole or part of its operations is regarded as constituting the ‘informal economy’. The informal economy thrives in under-regulated societies like Nigeria. It flourishes in corrupt environments where the requirements of reporting to appropriate authorities are easily circumvented by the paying of bribes or subverted by other ingenious means.

119. Money laundering thrives in opacity and such *terra incognita* is a haven for successfully hiding the source of funds and redirecting the uses they are applied because government does not actively regulate these activities. We have made extensive reference to bureaux de change (BDC), garages, jewelers, real estate businesses, etc., as popular conduits for moneys acquired through procurement fraud. A review and analysis of ongoing cases and spent files of the EFCC on cases related to procurement fraud showed that most public funds converted and diverted through fraudulent procurement activities. A former governor of Bayelsa state, from the case files with EFCC, converted monies voted for public purposes using bureau de change businesses to convert the money into foreign

exchange for easier handling and transportation. In case study 8, the PEP from a State House of Assembly laundered voted funds in an unregistered car dealership business.

120. The informal micro money management schemes (popularly called *adashe* in Nigeria) are thriving outside of the formal banking sector. This is partly because they are long standing and have deep roots in the circle of trust built into our traditional society. They have however become useful to the purposes of launderers who inject fraudulently acquired funds into as a means of laundering such funds. The *adashe* scheme is convenient for their purpose as it is based on trust and could go on entirely by word-of-mouth, hence avoiding KYB and ID requirements. In fact, managers of this scheme are known to act as agents of the owners of such funds in the application of moneys in their custody. In recent times the informal economy has come under scrutiny because of its bulk cash dealings, which has attracted perpetrators of all manner of frauds in patronizing this medium because it is an easy way of integrating stolen funds to legitimize them.

Bibliography

- Ajayi. O. Procurement law in Nigeria: Challenges for Attainment University of Botswana December 2010; 131-151
- Amaechi R. Public Procurement: The Rivers State Experience Public Procurement Journal 4th Edition November-December 2009 8-12.
- Austin S .M .Adache The seemingly Upstanding Citizen: Bribery and Corruption Casebook, The View from Under the Table edited by Joseph T Wells and Laura Hymes 2012; 199-207
- BMPIU (2006) The ABC of the Contract Due Process Policy: A Manual on Public Procurement Reform Programme in Nigeria, 1st Edition BMPIU, Abuja
- Brigitte Unger (2007) The Scale and Impacts of Money Laundering, Edward Elgar Publishing Inc.; 188
- Chaikin D and Sharman J C (2009) Corruption and Money: A symbiotic Relationship, Palgrave Macmillan, New York. 2-3 in GIABA (2010) Corruption –Money Laundering Nexus: An Analysis of Risks and Control Measures in West Africa
- Ekpenkhio, S.A. Public Sector Procurement Reforms: The Nigerian Experience: A Paper Presented at the Regional Workshop on Procurement Reforms and Transparency in Government Procurement for Anglophone African Countries in Tanzania on 16th January, 2003, 1.
- Ekwekwo, A (2009) Public Procurement Journal Raining Season Edition April – June, 16.
- Ezekwesili,O (2005) Public Procurement Reforms and the Future of Nigerian Economy: The Imperative of Governance-Civil Society Partnership. A Paper Presentation at the BMPIU –Civil Society Workshop, Abuja
- Farida Waziri Paper delivered at the Public Service Institute, Abuja Aspect of Financial Crimes in Public Sector Procurement June 2009, 4
- Geroski, P.A.:1990 Procurement policy as a tool of Industrial policy, International Review of Applied Economics, 4 [2]; 182 -198.
- GIABA (2010) Corruption –Money Laundering Nexus: An Analysis of Risks and Control Measures in West Africa
- Ismail Odeh, Anti Money and Combating Terrorism Financing for Financial Institution, (Dorrance Publishing Ltd. 2010)1

Muna, A (2004) Understanding the African Union Convention on Preventing and Combating Corruption and Related Offences Transparency International (2nd Ed.); 20

News Star Newspaper 31 May- 1 June (Editorial) Profligacy in Public Procurement; 14

Nlerum S. Okogbule (2007) “Official Corruption and the Dynamics of Money Laundering in Nigeria” Journal of Financial Crime, Vol.14, Iss.1; 49 – 63

OECD (2007) Integrity in Public Procurement Good Practice from A-Z
<http://ssrn.com/abstract=987026> (viewed 3/6/2011), 3.

OECD (2007) Bribery in Public Procurement Methods, Actors and Counter- Measures
www.oecd.org/bribery and <http://www.ingentaconnect.com/content/oecd/16080173/2007/00002007/0000006/280706> (Both viewed 3/6/2011), 9.

Procurement procedure Manual for public procurement in Nigeria Bureau of public procurement January 2008; 5

Sanusi, M.M (2008), “Money laundering with particular reference to the banking deposit transactions An Islamic perspective”, in Rider B.A.K. (Ed.), Journal of Money Laundering Control, Institute of Advanced Legal Studies, vol.11, Number 3; 251.

Shehu A.Y (2006) Economic and Financial Crimes In Nigeria: Policy issues and Options, National Open University of Nigeria; 215 – 230

Socio-Economic Rights and Accountability Project (2009) Eddy Asae Press, Lagos, Nigeria.1

The African Press Organization March 26, 2010.

Udofia A. <http://www.academia.edu> Enhancing Anti Money Laundering and combating financial Terrorism Compliance Programmes by Banks in Nigeria- What Lesson from the European Union? (as at 2/2/2014)

UN Convention against Corruption (2003)

U.N Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988

The United Nations Convention against Trans-National Organised Crime (2000)

Glossary

AML/CFT	Anti Money Laundering and Counter Terrorism Financing
ATM	Automated Teller Machine
AU	African Union
BDC	Bureau De Change
BMPIU	Budget Monitoring and Price Intelligence Unit
BPP	Bureau of Public Procurement
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CPAR	Country Procurement Assessment Report
CTRs	Currency Transaction Report
DNFIs	Designated Non Financial Institutions
FAAN	Federal Aviation Authority of Nigeria
FATF	Financial Action Task Force
FEC	Federal Executive Council
GNP	Gross National Product
GIABA	Intergovernmental Action Group against Money Laundering
HOR	House of Representative
IMF	International Monetary Fund
IMoLIN	International Money Laundering Information Network
KYB	Know your Business
KYC	Know your Customer
MDA	Ministries, Departments and Agencies
ML	Money Laundering
NCPP	National Committee on Public Procurement
NFIU	Nigerian Financial Intelligent Unit
OECD	Organization for Economic Co-operation and Development
PEF	Police Equipment Fund
PEPs	Politically Exposed Persons
PPA	Public Procurement Act
PPC	Public Procurement Commission
PPF	Public Procurement Fraud
SCUML	Special Control Unit on Money Laundering
STRs	Suspicious Transaction Reports
TB	Tender Board
UN	United Nation
UNCAC	United Nations Convention against Transnational Organized Crime
UNCITRAL	United Nations Commission for International Trade
UNDP	United Nations Developmental Project
UIS	