



SERAP urges Tinubu to probe spending of \$1.5bn World Bank, \$3b Chinese loans

The Socio-Economic Rights and Accountability Project (SERAP) has called on President Bola Tinubu to investigate the \$1.5 billion World Bank loan secured by the 36 states and the Federal Capital Territory, as well as the alleged mismanagement of the \$3.121 billion Chinese loans obtained by the Federal Government. In an open letter dated August 10, 2024, signed by Kolawole Oluwadare, SERAP's Deputy Director, the organization urged President Tinubu to direct the Attorney-General of the Federation and Minister of Justice, Lateef Fagbemi, and relevant anti-corruption agencies to conduct a thorough investigation into the expenditure of these loans. SERAP emphasised that such scrutiny is essential for improving poverty reduction and social protection efforts across the states.

The statement released by SERAP read, "Suspected perpetrators of corruption and mismanagement should face prosecution as appropriate, if there is sufficient admissible evidence, and any proceeds of corruption should be fully recovered." SERAP also urged him to "direct Mr Fagbemi and appropriate anti-corruption agencies to promptly investigate the alleged mismanagement of the Chinese loans of \$3.121 billion

obtained by the Federal Government." SERAP urged him to "instruct the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and Other Related Offences Commission (ICPC) to jointly track and monitor the spending of the \$1.5 billion World Bank loan to Nigeria's 36 states and Abuja."

In the open letter dated 10 August 2024 and signed by SERAP deputy director Kolawole Oluwadare, the organisation said: "Ensuring accountability for the spending of World Bank loan and Chinese loans would build trust in democratic institutions with the ultimate aim of strengthening the rule of law." SERAP said, "Impunity for corruption in the management of World Bank loans and Chinese loans will continue as long as high-ranking public officials go largely unpunished for their alleged crimes." SERAP also said, "It is by pursuing these allegations and taking the evidence before the court that the truth will be revealed and justice best served." According to SERAP, "There are reports that the \$1.5bn World Bank loan to the 36 states and Abuja and the \$3bn Chinese loans obtained by the Federal Government may have been mismanaged or diverted, and in any case remain unaccounted for." The letter, read in part:

"Investigating and prosecuting allegations of corruption and mismanagement in the spending of World Bank loans and Chinese loans would be entirely consistent with the Nigerian Constitution, and the country's international anti-corruption obligations." "We note that while a governor may enjoy immunity from arrest and prosecution, he does not enjoy immunity from investigation. Any criminal allegation against a sitting governor can and should be investigated pending the time the governor leaves office and loses immunity. "The findings of such investigation can also be the basis for initiating impeachment proceedings against the governor. "Your government has the legal obligation to ensure accountability for the spending of the loans obtained from the World Bank and China. SERAP is concerned about the continuing lack of transparency and accountability in the management of World Bank loans and Chinese loans obtained by the states and the Federal Government. "We would be grateful if the recommended measures are taken within 7 days of the receipt and/or publication of this letter. If we have not heard from you by then, SERAP shall consider appropriate legal actions to compel your government to comply with our request in the public interest. "SERAP is concerned about years of allegations of corruption and mismanagement in the spending of World Bank loans and Chinese loans obtained by Nigeria's 36 states and the Federal Government as well as the entrenched impunity of perpetrators.

"These allegations have undermined the ability of governments at all levels to address the debilitating poverty and economic inequality across the states and the Federal Capital Territory. "Section 15(5) imposes the responsibility on your government to 'abolish all corrupt practices and abuse of power' in any part of the country. Section 15 defines 'government' to include the government of the federation, or of any state, or of a local government council or any person who exercises power or authority on its behalf. "The Nigerian Constitution and human rights treaties to which Nigeria is a state party impose obligations on your government to probe and prosecute allegations of corruption in the spending of World Bank loans and Chinese loans, and to ensure access to justice and effective remedies for victims of corruption. "Allegations of corruption and mismanagement in the spending of these loans and other loans have rendered already impoverished citizens incapable of satisfying their minimum needs for survival. "Prevention of corruption in the spending of World Bank loans and other loans are serious and legitimate public interests. There is a legitimate public interest in ensuring justice and accountability for alleged corruption and mismanagement in the management of these loans. "According to our information, the World Bank on 15 December 2020 approved a \$1.5 billion loan for Nigeria's 36 states and Abuja for social protection and strengthened state-level COVID-19 response. The loan aims to help the states and Abuja build a resilient recovery post-COVID19

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and to reduce poverty. "Specifically, the loan aims to increase access to basic education, quality water and sanitation services; improve primary healthcare; and increase the coverage and effectiveness of social assistance programs, promote women's empowerment and reduce maternal and child mortality across the states. "The \$1.5 billion World Bank loan is for two projects. The first is Nigeria Covid-19 Action Recovery and Economic Stimulus – Program for Results (Nigeria CARES) which aims to help increase access to social transfers and basic services, as well as provide grants to poor and vulnerable households. The project is financed through an International Development Association (IDA) credit of \$750 million. "The second is the State Fiscal Transparency, Accountability and Sustainability Program for Results (SFTAS), which aims to help increase the efficiency in spending, strengthen revenue mobilization, and enhance accountability in public resource management to strengthen state-level COVID-19 response. "The project is financed through an International Development Association (IDA) credit of \$750 million. "According to the Debt Management Office, the total borrowing by Nigeria from China was USD\$3.121 billion, as at March 31, 2020. The USD\$3.121 billion loans are for 11 projects including the Nigerian Railway Modernization Project (Idu-Kaduna section); and Abuja Light Rail Project. "Others include the Nigerian Four Airport Terminals Expansion Project (Abuja, Kano, Lagos and Port Harcourt), Nigerian Railway Modernization Project (Lagos-Ibadan section) and Rehabilitation and Upgrading of Abuja – Keffi-Makurdi Road Project. "According to the Debt Management Office, Nigeria's total public debt stock, including external and domestic debts, increased by ₦24.33 trillion in three months alone, from ₦97.34 trillion (\$108.23 billion) in December 2023 to ₦121.67 trillion (\$91.46 billion) as of March 31, 2024. "The debt represents external and domestic loans obtained by the Federal Government, the 36 state governments and the Federal Capital Territory (FCT)."