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Corruption is not a fatality in Africa!

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Claudio Descalzi, the CEO of the Italian major oil company Eni, who is presently judged by an Italian court over a suspected corruption case in Nigeria, will find out his fate by the end of 2020.

The facts currently on trial in Milan date back to 2011, when Eni and its partner Shell paid USD 1.3 billion for an oil exploration license. They are accused of having paid USD 1 billion in bribes to win this bid.

Without pre-empting on the trial's outcome (both companies contest corruption), Claudio Descalzi faces up to eight years in jail. His co-defendants (former head of Eni Paolo Scaroni, former head of Shell exploration-production Malcolm Brinded and former Nigerian oil Minister Dan Etete) also face heavy sentences if found guilty.

This case reminisces many others in Nigeria, including that of US group Halliburton (led between 1995 and 2000 by Dick Cheney, the US vice-president from 2001 till 2019) and one of its former subsidiaries KBR, which was fined a record USD 579 million in 2009 for bribes paid to Nigerian high officials.

Indeed, Nigeria suffers from a bad reputation, especially when it comes to corruption risks. A few years ago, the CFO of a French group world leader in its field, evoking this risk, the security climate and other factors asked me:

« Do you really think we should go to Nigeria? » To which I replied « A world leading company in your industry cannot afford not to be in Nigeria. There is some corruption in Nigeria and no one denies it, but it is not unavoidable ».

Africa is a continent of opportunities and Nigeria is among the most important: it represents a potential market of 200 million consumers; It enjoys the continent's biggest GDP (USD 448 billion in 2019, according to the World Bank); it is Africa's largest oil and gas producer; and it is endowed with agricultural resources, a vibrant economy and a less unpredictable legal system than in many other African countries. Nigeria is definitely a country where one must be.

Since its inception in 1999 Square Strategy has conducted over a hundred missions in Nigeria, from the most simple ones (ethics and compliance checks for our client's partners) to the more complex ones (in preparation for market entry or major acquisitions). We also have established relations between one clients and some carefully selected strategic partners.

It has happened to us to put a red flag in a report or to advise against a planned partnership, for various reasons. But statistically no more than in many other countries (and not just African ones). The vast majority of clients we have supported do business in Nigeria, sometimes in difficult conditions but without resorting to corruption or being wise enough to reject it. It takes two for corruption to take place...

Without falling into a blissful angelism, one must know that the champion for corruption fighting in Nigeria, the Economic and Financial Crimes Commission (EFCC) is watching: between 2015 and 2018 the Commission convicted more than 600 Nigerian personalities for corruption. In December 2019, the country's former attorney general, Mohammed Adoke, was extradited from Dubai to Nigeria for his alleged involvement in the corruption case cited above. Nigeria also requested that Eni and Shell pay it the alleged amount of the bribes (USD 1.092 billion), as upfront payment for compensations.

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