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Can Periodic Elections Control Corruption? Evidence from Nigeria

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Abstract

This paper examines the effectiveness of periodic elections and anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC) in controlling corruption in Nigeria using a political agency model. We found that, regular free and fair elections may not abate corruption in a multi-ethnic country like Nigeria particularly if electoral system is inefficient and not completely independent. Equally, if politicians can bribe the anti-corruption (monitoring) agency the citizens are better off without monitoring. The paper concludes that the first best step to control corruption through periodic elections in Nigeria is to establish an efficient electoral system and ensure that zoning arrangement is incorporated in Nigeria's constitution so that electoral positions will be competed for by people of similar ethnic affinities at a time. Orientation of electorates to vote on the basis of performance rather than ethnicity could also help.

Keywords: Corruption, Elections, Political Agency Model, Nigeria

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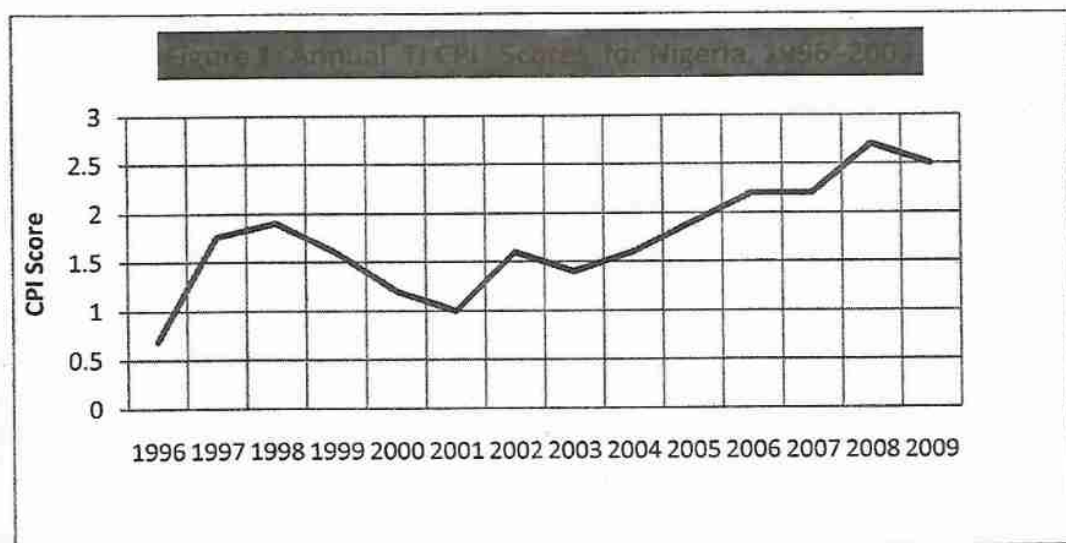
1. Introduction

Corruption is a worldwide problem which is as old as the history of man and prevalent in every society but at varying degrees. Corruption is a multi-dimensional phenomenon, hence it has been defined in different ways. Generally, corruption in public sector is the abuse of authority by the public officials to make personal gains in the discharge of their official responsibilities. It encompasses activities ranging from bribery, embezzlement, extortion, fraud, dishonesty, nepotism to other related illegal or unauthorized behaviours. Corruption has steadily entered into the fabrics of all sectors of Nigeria and is now a popular custom, transferred from generation to generation. Nigeria becomes an animation of corruption at home and abroad. It is seen as a means of survival in the country, amidst of economic decline, undemocratic policies, rampant human right violations, clamp down, massive unemployment and wide poverty (Ahmed 2006). Theoretical and empirical studies have generally established that corruption is inimical to growth and investment (Mauro 1995, Méon and Sekkat 2005, Podobnik et al 2008), and it exacerbates poverty and income inequality in a country (Gupta et al 2002).

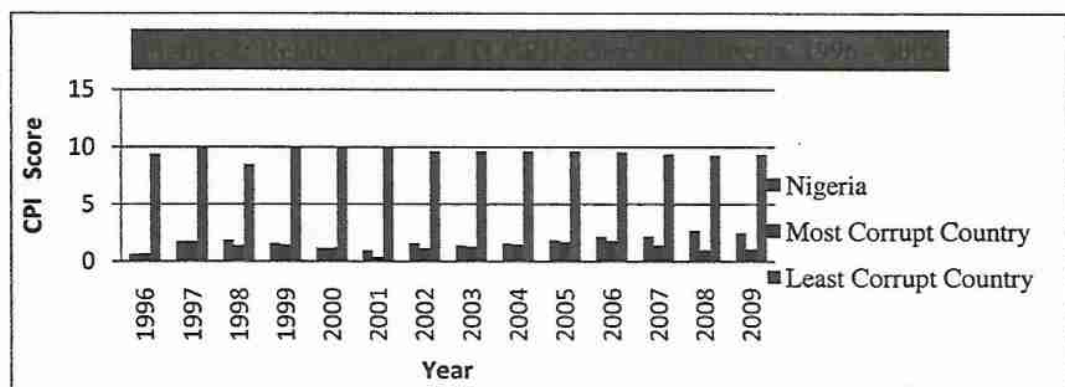
The established consequences of corruption in Nigeria become worrisome. It has contributed largely to the failures of several public enterprises and consequently, informed the need for privatization of these enterprises. All these informed the setting up of anti-corruption agencies (Independent Corrupt Practices and other Related offences Commission (ICPC) in 2000 and Economic and Financial Crime Commission (EFCC) in 2004) to cleanse the country of the monster. However, despite this and launching of other retinue of reforms, the monster is still flourishing with its attendant costs still manifesting especially in provision of

public goods, and other activities of government. Based on CPI¹ scores, Nigeria had been found as the most corrupt among the countries surveyed by Transparency International (TI) in 1996, 1997 and 2000, and second most corrupt in 1999, 2001, 2002, 2003 and 2004. But starting from 2005, an upward trend in Nigeria's CPI scores has been recorded. In 2008, Nigeria got its all time highest score, 2.7 and ranked the 59th from the bottom in a survey of 180 countries for the year. However, this could not be sustained as the score fell slightly to 2.5 in 2009.

The trend could however be misleading, as Nigeria still remains in the group of highly corrupt countries, with CPI scores ranging between 0.69 and 2.7 which is still far from 10, the upper limit. This clearly indicates that, despite democracy and the ongoing reforms, Nigeria is still one of the most corrupt countries in the World. (see figure 1 and 2 below).



¹ The CPI (Corruption Perception Index) score for a country is an indicator of perceived level of corruption in that country. CPI score ranges between 0 and 10. A low CPI score indicates very high level of corruption and Vice Versa.



Source: Transparency International CPI Scores for Various Years

The main concern is Why is corruption still pervasive despite the setting up of the anti-corruption agencies and other reforms? The answers to this question revolve around the effectiveness and sufficiency of these agencies in fighting corrupt practices in a one party dominated country. Based on experience of Thailand, it was found that even strong anti-corruption policies would still be incapable of reducing corruption, if political contest is absent, and where state and regulatory captures prevail (Mutebi, 2008). If the above finding is valid, then other measures such as periodic, free and fair elections could be helpful in controlling corruption in Nigeria. But the question is how?

In this paper, we built a political agency model on how periodic elections could be used to curb corruption and linking its implications to the practice in Nigeria. We also infer from the analysis, how the fight against corruption could be more effective.

The paper is divided into five sections. The next section discusses the determinants of corruption and election and corruption. The third section presents a political agency model of corruption and its implications on fighting corruption in Nigeria. The fourth section presents an empirical application of the model while, the fifth contains the conclusion.

2. Determinants of Corruption

The determinants of corruption are numerous but economic theory established that the desire for financial enrichment is a powerful motivating force throughout the world (UNDP 1997). The incentive for corruption in public sector

isdetermined by the economic wide outcome and also the behavior of all bureaucrats (Blackburn, Bose and Haque 2004). And it will continue to thrive if the net-benefits accruing to the perpetrators are positive (Yaru, 2009). Empirically, the causes of corruption are mixed and complex as the concept itself. What would be regarded as corruption in one society might not be seen as such in another. The pattern and nature of corruption also vary from society to society, thus same causes of corruption may not be applicable across societies.

However, a number of studies have derived some of hypotheses about determinants of corruption which have spurred and guided several empirical investigation. For instance, Glaeser and Sak (2006) focused on three of these in US, which also appear very much related to Nigeria. The first is that, Corruption tends to reduce with rising income and education². The second, is that societies with high ethnic fragmentation appear to be more corrupt because, the voters choice of candidates during elections are mainly based on what each of the fragmented groups got or would get from the politician rather than his honesty or overall performance (Mauro 1995 and Glaeser and Sak 2006). The third, countries with higher revenue or regulations will have higher level of corruption. Most empirical studies have validated these hypotheses. Thus, Nigeria's peculiarities created an environment for intensification of endemic corruption that would be very difficult to be control. Nigeria has abundant oil resources and comprises of over 250 ethnic groups, spread across 36 states and six geopolitical zones. It is also divided by two major religions (Christianity and Islam) and majority of the people are very poor and illiterates.

2.1 Election and Corruption

Election is an integral part of representative democracy, which is the formal process of selecting people for public office or accepting or rejecting a political proposition by voting. This process is usually a periodic exercise, for instance in Nigeria, elections are conducted every four year period. The periodic nature of elections present a platform for electorates to vote in or vote out the incumbent, depending on the behavior of the politician. Therefore, re-election process is supposed to reframe incumbent politician particularly first termmer in office from

²The argument is that educated and averagely rich citizen are more informed and have greater ability and willingness to monitor corrupt practices by public officials, take on them legally and vote corrupt politicians out of office.

corrupt practices. The incumbent behavior model developed by Ferejohn (1986), Persson and Tabellini (2000), Besley and Case (1995), Besley and Burgess (2002), and Besley (2005) predicts that the possibility of re-election provides politicians with incentives to align their preferences with that of the citizenry and refrain from rent-seeking behavior. Incumbents seeking reelection are therefore more likely to be less corrupt than those ineligible for re-election. This claim that re-election is a democratic instrument to control the behavior of politicians, is based on the premise that elected governments develop close connections between voters' preferences and public policies. It is generally assumed that the possibility of competitive re-elections causes democratic governments and their policy makers to take into account citizens' preferences more fully than they would otherwise. However, this is a proposition that has to be tested rather than assumed. Hence, this paper examines this hypothesis using both theoretical model and empirical data in Nigeria.

3. Political Agency Model

In this section, we developed a political agency model in which periodic elections could be used as mechanism for controlling corruption³. We consider governance as principal-agent relationship between citizens/electorates and politicians/bureaucrats. The citizens are the principals and politicians are the agents. Politicians (agents) care for holding elective offices and their welfare, while citizens (principals) care about the amount of public goods provided for them. Citizens elect the politicians for various offices and once elected they are charged with the responsibility of providing public goods.

3.1 Assumptions

- i. A representative democratic system of governance exist in the state.
- ii. There are rational electorates and politicians who are always willing and ready to contest for positions at periodic elections.
- iii. Elections are free and fair.
- iv. The electorates are better off with more public goods while the politicians are selfish agents who want to satisfy their welfare.
- v. There are two period for elections and at least two contestants/parties.

³ Prominent studies on the political agency model are: Ferejohn (1986); Persson, Roland and Tabellini, (1997); Persson and Tabellini, (2000); Borgne and Lockwood, (2005); Snyder and Ting, (2008)

- vi. The electorates have no information about the politicians at period 1, thus nature chooses who wins election at period 1.
- vii. Electorates cannot observe the activities (effort) of the politician and the level of corrupt practices, but they can observe the outcome of his activities which is the level of public goods provided. Effort is interpreted as the amount of money actually spent for the provision of public goods.
- viii. At period 2, the electorates form their belief about the incumbent based on the supply of public goods during his/her first tenure.
- ix. The incumbent is adjudged to be a good politician (Pg) by the electorates if he provides high level of public goods (gH) and bad politician (Pb) if he provides low level of public goods (gL) after being elected into office.
- x. A good politician exhibits low corruption (θ^l) level while a bad politician has high corruption (θ^h) level.
- xi. The state has limited resources M , out of which the elected politician could use $g(M)$ to provide public goods (g) and possibly divert R as rent for his welfare. Thus, $M = g(M) + R$. If M is normalized as 1, the rent R capturable by the politician will be $R = 1 - g(M)$, where $g(M)$ is the amount of money actually spent on the provision of g .
- xii. At the end of period one ($t = 1$), $R - c(M) \geq 0$ or $E(R_2) - E(c(M_2)) \geq 0$. Where, $c(M)$ and $E(c(M_2))$ are actual and expected costs of his/her effort at period 1 and 2 respectively. so, the incumbent N_i contests for re-election against a challenger j .
- xiii. Standing for election is cost free to both the incumbent and challenger.
- xiv. The votes cast by the electorates determine who wins election.

Solution 1: Derivation of the Value function of the Incumbent

Having observed the level of g in the first period, citizens form their belief about the incumbent. Let δ_2 be the belief that the incumbent is politician type $P_{\bar{g}}$ at the beginning of period 2. The incumbent value function can thus be written as:

$$V(M) = [\delta_2 \theta^l + (1 - \delta_2) \theta^h] M - c(M) \quad (1)$$

and would choose M (i.e. how much to spend on the provision of g) that maximizes his value by the electorates.

The First Order Condition FOC is:

$$\delta_2 \theta^l + (1 - \delta_2) \theta^h = c'(M) \quad (2)$$

Let the $\mathcal{M}$ that solves equation (2) be $\mathcal{M} = \mathcal{M}(\delta_2)$, substituting this in (2) yields:

$$\delta_2 \theta^l + (1 - \delta_2) \theta^h = c'(\mathcal{M}(\delta_2)) \quad (2^1)$$

The Second Order Condition SOC from 2^1 gives:

$$c''(\mathcal{M}(\delta_2)) = \theta^l - \theta^h \quad (3)$$

From (3) the incremental amount of money to be spent in order to be regarded as good politician is $\mathcal{M}'(\delta_2) = \theta^l - \theta^h / c''$ (4)

Since the information obtained by citizens through observing first period outcome in terms of the level of public goods provided is valuable to the incumbent politician, we can therefore, define the value function in term of δ_2 . Thus equation (1) becomes:

$V(\delta_2) = [\delta_2 \theta^l + (1 - \delta_2) \theta^h] \mathcal{M} - c(\mathcal{M})$, while the FOC becomes;

$$: V'(\delta_2) = (\theta^l - \theta^h) \mathcal{M} \quad (5)$$

(5) Can be written as $: V'(\delta_2) = (\theta^l - \theta^h) \mathcal{M}(\delta_2)$, thus SOC gives

$$V''(\delta_2) = (\theta^l - \theta^h) \mathcal{M}'(\delta_2) > 0 \quad (6)$$

Equation (6) implies that belief of the citizens formed from the information obtained from period 1 is strictly valuable to the incumbent. Again this information determines whether the incumbent will win or loss election in period two.

How is this belief (δ_2) formed? It is important we examine this, because this is crucial in the outcome of election in period two. The belief depend on whether $\mathcal{G} = \mathcal{G}_H$ or $\mathcal{G} = \mathcal{G}_L$; let the probability that a politician type P_g provides $\mathcal{G}_H$ be $P = \theta^i \mathcal{M}_1$; where $i \in \{l, h\}$, $\mathcal{M}_1$ is the amount spent in period 1. Using Baye's rule we can write the probabilities $\mathcal{G}_H$ or $\mathcal{G}_L$ as:

$$\delta_2(\mathcal{G}_H, \mathcal{M}_1) = \frac{\delta \theta^l \mathcal{M}_1}{\delta \theta^l \mathcal{M}_1 + (1 - \delta) \theta^h \mathcal{M}_1} \quad (7)$$

$$\delta_2(\mathcal{G}_L, \mathcal{M}_1) = \frac{\delta(1 - \theta^l \mathcal{M}_1)}{\delta(1 - \theta^l \mathcal{M}_1) + (1 - \delta)(1 - \theta^h \mathcal{M}_1)} \quad (8)$$

where δ is common prior belief about the politician. It is obvious from (7) that $\delta_2(\mathcal{G}_H, \mathcal{M}_1)$ is independent of $\mathcal{M}_1$. It implies that level of spending does not necessarily determine the level of public goods provided. Hence, a politician can spend so much and yet provide low level of public goods. Providing high level of public goods depend on the relative level of corruption of the politician (θ^l / θ^h).

However, it is clear also from (8) that:

$$\frac{\partial \delta_2(g_L, \mathcal{M}_1)}{\partial \mathcal{M}_1} = -\frac{\pi(1-\pi)(\theta^l - \theta^h)}{(1-\theta^h \mathcal{M}_1)} < 0 \quad (9)$$

Equation (9) means that $\delta_2(l, \mathcal{M}_1)$ is decreasing in $\mathcal{M}_1$. In other words believing that the politician is type P_b reduces as the politician spends more on the provision of public at period 1.

Solution 2: Outcome of Second Period Election

Now that electorate/citizens have formed their belief about the type of politician the incumbent is, it remains to examine what the outcome of election between the incumbent i and challenger j will be in period 2. Notice that information from period 1 do not reveal the type of politician j is. We assume that citizens are not different on their belief about incumbent's type. Since citizens care about level of public goods provided, then they will prefer $i = P_g$ to $i = P_b$, because P_g provides high level of public goods while P_b provides low level. Let us define the probability that an incumbent will be P_g politician in the second period as:

$$\mu(\delta_2) = [\delta_2 \theta^l + (1 - \delta_2) \theta^h] \mathcal{M}(\delta_2) \quad (10)$$

This is also the expected utility (payoff) to all citizens except the office holder.

Hence if the incumbent type P_g contest and wins, his expected payoff is:

$$V(\delta_2) = [\delta_2 \theta^l + (1 - \delta_2) \theta^h] \mathcal{M}(\delta_2) + \mathcal{R} \quad (11)$$

Where $\mathcal{R}$ is rent from holding office. On the other hand if challenger j contest and wins, his expected payoff is:

$$V(\delta) = [\delta \theta^l + (1 - \delta) \theta^h] \mathcal{M}(\delta) + \mathcal{R} \quad (12)$$

The citizens expected payoff is $\mu(\delta) = [\delta \theta^l + (1 - \delta) \theta^h] \mathcal{M}(\delta)$. If incumbent type P_b contest and wins, his payoff is:

$$V(\delta_3) = [\delta_3 \theta^l + (1 - \delta_3) \theta^h] \mathcal{M}(\delta_3) + \mathcal{R} \quad (13)$$

Where δ_3 is the belief that the incumbent is type P_b , and the citizens expected payoff is $\mu(\delta_3) = [\delta_3 \theta^l + (1 - \delta_3) \theta^h] \mathcal{M}(\delta_3)$. For simplicity of notation we write the expected payoffs as: $\mu(\delta_2(g_H, \mathcal{M}_1))$; $\mu(\delta)$; and $\mu(\delta_3(g_L, \mathcal{M}_1))$.

Finally we assume that:

$$\mu(\delta_2(g_H, \mathcal{M}_1)) > \mu(\delta) > \mu(\delta_3(g_L, \mathcal{M}_1)) \quad (14)$$

This implies that $i = P_g > j$; and $j > i = P_b$.

The payoff matrix is presented as:

i	j		
		Contest	Do Not Contest
	Contest	a b	c d
	Do Not Contest	$V(\delta), V(\delta) + \mathcal{R}$	0 , 0

Where $a = c$ $\left\{ \begin{array}{l} g = g_H : V(\delta_2(g_H, \mathcal{M}_1)) + \mathcal{R}, \mu(\delta_2(g_H, \mathcal{M}_1)) \\ bg = g_L : \mu(\delta), V(\delta) + \mathcal{R} \\ dg = g_L : V(\delta_3(g_L, \mathcal{M}_1)) + \mathcal{R}, \mu(\delta_3(g_L, \mathcal{M}_1)) \end{array} \right.$

If neither i or j contests, their individual payoffs will be zero. As long as $\mathcal{R} > 0$ and is sufficiently large enough the Nash equilibrium of the game is (contest, contest). It is the only weakly dominant pure strategy equilibrium. Therefore, there is incentive for both the incumbent and the challenger to contest.

Solution 3: Political /Party Capture

We assume here that it is possible for the incumbent to manipulate election in period two. We liken this manipulation to political/party capture, implying that if the incumbent manipulates he wins election. Notice that if the incumbent is politician type $P_{\sim}$, he does not need to manipulate election, because there is common knowledge about his type and the expected payoffs if he is re-elected. Again we assume that the challenger lacks the incumbency power to manipulate election. However, manipulating election is associated with some cost, say $c(\varepsilon)$, where $c(\varepsilon)$ is a continually differentiable function such that $c'(\varepsilon) > 0$.

The payoff matrix becomes:

i	j		
		Contest	Do Not Contest
	Contest	a $\frac{\pi}{c(\varepsilon)} V(\delta_3(g_L, \mathcal{M}_1)) + (\mathcal{R} - c(\varepsilon)), \mu(\delta_3(g_L, \mathcal{M}_1))$	c $d: V(\delta_3(g_L, \mathcal{M}_1)) + (\mathcal{R} - c(\varepsilon)), \mu(\delta_3(g_L, \mathcal{M}_1))$
	Do Not Contest	$\mu(\delta), V(\delta) + \mathcal{R}$	0 , 0

$aDndcare$ as defined above, as long as $(\mathcal{R} - c(\varepsilon)) > 0$ there is incentive for the corrupt incumbent to manipulate election in the second period. In this case there is no unique pure strategy Nash equilibrium, because if the incumbent contest irrespective of his type the challenger is indifferent (j 's payoff is the same whether he contest or not). One important thing to note from the result is that a corrupt incumbent will be better off if he does not contest when there is a challenger contesting⁴ (particularly if $(\mathcal{R} - c(\varepsilon))$ is small)⁵.

But because $(\mathcal{R} - c(\varepsilon)) \neq 0$ and may be for some non monetary benefits of holding power the corrupt incumbent will prefer to hold office than be replaced with a challenger.

Solution 4: Introducing Monitoring

We introduce another agent in the model that is the monitor (such as EFCC in Nigeria). We assume that the monitor is independent, unbiased and committed. Thus, the monitor has the ability to detect any corrupt behavior by the politician. Meanwhile, monitoring is associated with certain cost say $c(\mathfrak{M})$. Everybody including the office holder will bear this cost. The payoffs in this case are:

$$i = P_g : V(\delta_2(\mathcal{G}_H, \mathcal{M}_1)) - c(\mathfrak{M}) = \mu(\delta_2(\mathcal{G}_H, \mathcal{M}_1)) - c(\mathfrak{M}) \quad (15)$$

$$i = P_b: V(\delta_3(\mathcal{G}_L, \mathcal{M}_1)) - c(\mathfrak{M}) + (\mathcal{R} - c(\mathcal{R})) \leq \mu(\delta_3(\mathcal{G}_L, \mathcal{M}_1)) - c(\mathfrak{M}) \quad (16)$$

Where $c(\mathcal{R})$ is cost of corruption on the politician. If the challenger contest and wins, he turn out to be either P_g or P_b . However, he is equally subject to monitoring and punishment, hence expected payoffs are:

$$\text{If } j = P_g : V(\delta) - c(\mathfrak{M}) = V(\delta) - c(\mathfrak{M}) \quad (17)$$

$$\text{If } j = P_b : V(\delta) - c(\mathfrak{M}) + (\mathcal{R} - c(\mathcal{R})) \leq V(\delta) - c(\mathfrak{M}) \quad (18)$$

⁴ Assumption (14) still holds

⁵ $\lim_{c(\hat{a}) \rightarrow \infty} \mathcal{R} - c(\hat{a}) = 0$

Solution 5: Bribing the Monitor

We want to relax the assumption that the monitor is unbiased. Let us assume that it is possible to bribe the monitor (EFCC), in other words the monitor will take a share of the rent. If the share is $s\mathcal{R}$, equations (16) and (18) become:

$$V(\delta_3(\mathcal{G}_L, \mathcal{M}_1)) - c(\mathcal{M}) + \mathcal{R}^I > \mu(\delta_3(\mathcal{G}_L, \mathcal{M}_1)) - c(\mathcal{M}) \quad (16^*)$$

$$V(\delta) - c(\mathcal{M}) + \mathcal{R}^I > V(\delta) - c(\mathcal{M}) \quad (18^*)$$

Where $\mathcal{R}^I = \mathcal{R} - s\mathcal{R}$, and $c(\mathcal{R}) = 0$.

3.2 Implications of the Model For Controlling Corruption

Solution 1: As shown earlier, provision of high level of public goods is a function of relative level of corruption of the politician. If citizens observed the level of public goods provided at the end of first period and find that it is high, they believe that the incumbent is a low corrupt type politician. Thus, the citizens will re-elect him for second period (that is solution a). Since they do not know the type of politician the challenger is, their expected utility will be higher if the incumbent wins than if the challenger wins. On the other hand, if the level of public goods is low at the end of first period, citizens will believe that the incumbent is the high corrupt type, and they will replace him with the challenger by voting for the challenger (that is solution b). Thus, if elections are conducted on regular basis and there are always challengers, politicians with high level of corruption will be flushed out of office. Meanwhile, if there is no challenger to contest against incumbent, we get either solution c or d, which means that incumbent will always win re-election irrespective of his corruption level.

Solution 2: The implication of this result on controlling corruption which is the theme of our paper is that if electoral system is inefficient (that is could be manipulated) then periodic elections are incapable of controlling corruption of politicians. Corruption will persist except if the society is lucky that nature chooses a politician type P_g in the first period.

Solution 3: From (15), monitoring will amount to welfare lost if the politician is not corrupt. However, if there is no monitoring $V(\delta_2(\mathcal{G}_H, \mathcal{M}_1)) + \mathcal{R} > \mu(\delta_2(\mathcal{G}_H, \mathcal{M}_1))$, then there is incentive to be corrupt. Because if $V(\delta_2)$ is

monotonic, the politician will prefer $V(\delta_2(g_H, \mathcal{M}_1)) + \mathcal{R}$ to $V(\delta_2(g_H, \mathcal{M}_1))$. There are three scenarios depicted in (16) :if $(\mathcal{R} - c(\mathcal{R})) < 0$, then $V(\delta_3(g_L, \mathcal{M}_1)) - c(\mathcal{M}) + (\mathcal{R} - c(\mathcal{R})) < \mu(\delta_3(g_L, \mathcal{M}_1)) - c(\mathcal{M})$, thus there is no incentive to be corrupt because the politician is better-off if he is not corrupt. If $(\mathcal{R} - c(\mathcal{R})) = 0$, $V(\delta_3(g_L, \mathcal{M}_1)) - c(\mathcal{M}) + (\mathcal{R} - c(\mathcal{R})) = \mu(\delta_3(g_L, \mathcal{M}_1)) - c(\mathcal{M})$, and the politician is indifferent whether he is corrupt or not. Finally, if $(\mathcal{R} - c(\mathcal{R})) > 0$, $V(\delta_3(g_L, \mathcal{M}_1)) - c(\mathcal{M}) + (\mathcal{R} - c(\mathcal{R})) > \mu(\delta_3(g_L, \mathcal{M}_1)) - c(\mathcal{M})$, there is incentive to be corrupt. This explanation also holds for the challenger.

Solution 4: The citizens will bear higher cost for monitoring and corruption will persist. In fact, the citizens are better off if there is no monitoring in a situation where it is possible to bribe the monitor.

4. Empirical Analysis

In this section, we endeavour to test the Political Agency Model built in this study to ascertain whether periodic elections could be used as a potent tool for curbing the endemic corruption in Nigeria. The empirical analysis is divided into two; first, analysis of pattern of voters' preference for the incumbent presidents in Nigeria who stood for re-election in 2003 and 2011 to challengers and second, estimation of an empirical model of voters' preference for the incumbent politicians based on the on outcomes of the 2003 and 2011 presidential elections in the 36 state and Federal Capital Territory (FCT) in Nigeria.

4.1 Empirical Model

In the theoretical model presented in the preceding section, the success of incumbent politician in second period depends on the factors; that is the belief of the electorates formed about him/her based on his/her performance in the first period, and possibility of manipulating the electoral system to his favour. One of the central thesis of our theoretical model is that an incumbent politician would only be re-elected if he/she performed well in the first period as measured by the quantity of public goods. He could also manipulate the electoral body to rig the election to his favour against the interest of citizens.

To test this model empirically, we specified a model of voters' preference of an incumbent politician to his/her challenger in Nigeria in equation (19). The model

has two set of independent variables; politician's performance as measured by amount of public goods provided and socio- political factors. The generic model is as follows; $VPI = f(\text{Performance of the incumbent, Political Party Capture, Regional and Ethnic factor, Adult Literacy Rate, Poverty Rate and Public Sector Dependency})$.

$$VPI_i = \alpha_0 + \alpha_1 PI_i + \alpha_2 PPC_i + \alpha_3 REF_i + \alpha_4 ALR_i + \alpha_5 PR_i + \alpha_6 PSD_i + U_i \quad (19)$$

Where, α_0 and α_j , are intercept and parameters, $i = 1, 2, 3, \dots, 37$

Table 1: List of Variables and Measurement

Variables	Measurement
VPI_i = Voters' Preference for the Incumbent Politician	Share of Votes cast for Incumbent in Total valid Vote Cast
PI_i = Performance	Per Capita Federal Transfers
PPC_i = Political Party Capture	Dummy
REF_i = Regional and Ethnic Factors	Index of Regional and Ethnic Factor
ALR_i = Literacy Rate	Adult Literacy rate
PR_i = Poverty rate	Head Count Ratio
PSD_i = Public sector Dependence	Share of Employees in Public Sector

4.2 Data and Sources

The study used cross sectional data on 2003 and 2011 presidential election results in the 36 states and Federal Capital Territory. The data set on votes cast for the incumbent in 2003 and 2011 presidential elections was sourced from the Annual Abstract of Statistics, 2009 published by NBS and Nigerian Tribune Newspaper of April 19th, 2011 respectively. Other data used include poverty rate, adult literacy rate and proportion of employees in public sector by geopolitical zones are also sourced from Annual Abstract of Statistics, 2009 by NBS 2009. Index for regional and ethnic factors⁶ was computed by the authors. The political power

⁶The value of index are weighted scores of the geopolitical zones and ranged between 1 and 12. The scores for the geopolitical zones ranges between 1 and 6, a maximum score of 6 goes to the geopolitical zone of the incumbent president while the scores for the remaining zones were

capture was a dummy variable that takes on 1 if the state's chief Executive Governor is in the same party with the incumbent president and 0 otherwise.

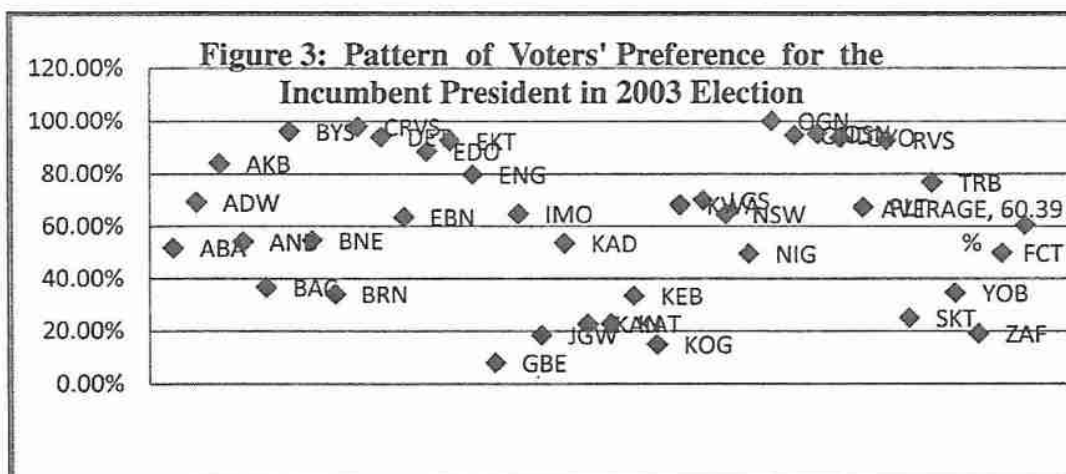
4.3 Data Analysis

The analysis is based on the patterns of voters' preference for the incumbent presidents in Nigeria against their challengers in re-election bids in 2003 and 2011 as shown in Figure 3 and 4 respectively. The incumbent president in 2003 was Chief Olusegun Obasanjo while Goodluck Jonathan who took over power after the demise of Umar Musa Yar'dua in 2010 stood for re-election as incumbent president in 2011. The analysis of the 2003 election shows that the incumbent scored average of about 60.39% of the total votes in all the states. In terms of state by state patterns, he scored about 90 percent of all the valid votes in all the states in the South West geopolitical zone and over 80 percent in all states in the South-South. He however, had the least percentage shares of the votes in the extreme northern state such Zamfara, Yobe and Sokoto⁷.

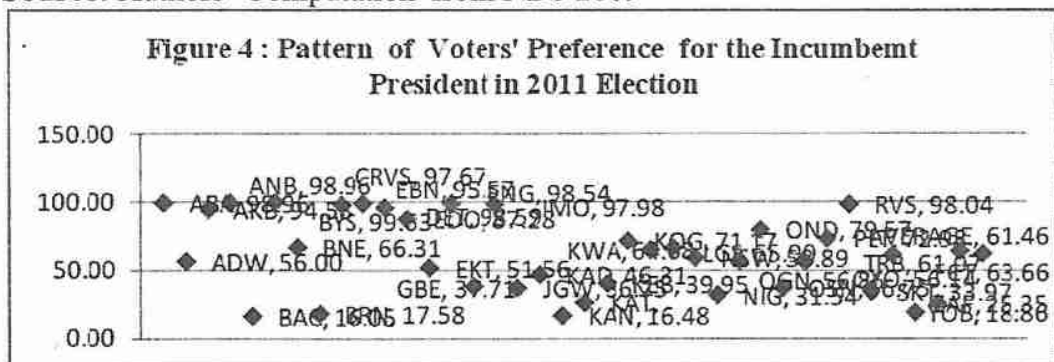
The distribution of the percentage share of the total valid votes for the incumbent president in 2011, also indicated similar pattern. The incumbent president scored over 95 percent of the total valid votes in South South and South Eastern States such as Bayelsa, Akwa-Ibom, Cross Rivers, Rivers, Delta, Imo, Enugu, Abia and Ebonyi, and won all states in the south west of Nigeria except Osun state. The pattern indicated the overwhelming influence of region and ethnic affinities on voters' choice of candidates in periodic election among other factors.

determined by the average distance of the zone from the incumbent president's zone. These scores were then weighted based on location of the geopolitical zone of the incumbent. 2 for south if the incumbent is from south and 1 for north. Since in the two cases examined, the incumbents are southerners the scores for geopolitical zones in the south are weighted by 2, while those from the north by 1.

⁷ See appendix the full meaning of the abbreviations in Figure 3 and 4



Source: Authors' Computation from NBS 2009



Source: Authors' Computation from *The Nigerian Tribune*, 19th April, 2011.

The empirical results presented in Table 2 below show that performance and ethnic factors are the only significant determinants of success of the incumbent president in 2003. However, performance was not a significant factor for the re-election of the incumbent in 2011. Regional and Ethno-linguistic factors, political capture, poverty and illiteracy rates significantly influenced voters' preference. The result of 2003 election support our argument that re-election of an incumbent is function of his performance in the first period. On other hand, result of 2011 election contracts this argument.

Table 2: Empirical Analysis of Determinants of Electoral Success of an Incumbent Politician

Dependent Variable: Voters' Preference of the Incumbent Politicians in Nigeria.

Independent Variables	Based on Data Set of 2003 Presidential Elections Outcome			Based on Data Set of 2011 Presidential Elections Outcome		
	Coefficient	Robust Standard Error	P-Value	Coefficient	Robust Standard Error	P-Value
Intercept	10.338	10.511	0.333	-68.248**	26.947	0.017
Performance	0.002**	0.001	0.024	0.001	0.001	0.389
Political Party Capture	4.468	6.850	0.519	17.54***	6.294	0.009
Regional and Ethnic	3.801***	1.132	0.002	3.736***	0.832	0.000
Factors						
Adult Literacy rate	0.264	0.215	0.230	0.708***	0.172	0.000
Poverty rate	-	-	-	0.580*	0.298	0.061
Public sector Dependence	-	-	-	0.180	1.253	0.887

Number of Obs. = 37, $R^2 = 62.74\%$, $F(4,32) = 30.78$, Prob. > F = 0.000, $R^2 = 81.26\%$, $F(6,30) = 74.83$, prob. > F = 0.000, *** Significant at 1% Significance Level, ** Significant at 5% Significance Level, * Significant at 10% Significance Level

One possible reason for the contradiction could be that the incumbent (President Goodluck) does not exhibit the true characteristics of an incumbent as described in our model since he only took over after the death of the elected president (Umar Yar'adua). Thus, it is not surprising that other factors rather than first tenure performance influenced his success. From this analysis, it could be inferred that the choice of candidate by an average voter in Nigeria is mainly determined by his/her regional affinities such as region, religion and culture with incumbents. The pattern of voters' preference in Figures 3 and 4 supported the results of the estimated models.

5. Conclusion and Lessons for Nigeria

This paper goes beyond the conventional wisdom in the literature that regular election is an effective machinery for fighting corruption. It indicated that, this is valid if an efficient electoral system exists and elections are free and fair, and voters' choice of candidate are based on performance and independent of regional and ethnic affinities. The second best solution is to introduce effective monitoring system. The worst case scenario is for the monitor to take a share of the rents. Nigeria has returned to democracy for twelve years now and anti-corruption agency EFCC is seven years old, yet corruption is still prevalent in the country.

The implication is that the electoral system is not efficient and that EFCC is not an unbiased body (as evidenced in the results of our model). Since there are a number of reforms going on, we recommend that electoral reforms that will ensure that people's votes really count should be pursued and constitutional amendments to incorporate the zoning arrangements of elective positions to check the influence of regional and ethnic affinities on voters' choice during elections. This would ensure that voters choice of candidate would be based on performance. More so, EFCC should be made effective by making it independent, unbiased and non-corrupt.

As a suggestion for further research, this paper did not study how efficient electoral system as well as effective monitoring system could be established. Research in this area could be rewarding in terms of addition to literature.

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Appendix I

States	Abia	Adamawa	Akwa- Ibom	Anambra	Bauchi	Bayelsa	Benue	Borno	Cross River	
Abbreviations	ABA	ADW	AKB	ANB	BAC	BYS	BNE	BRN	CRVS	
States	Delta	Ebonyi	Edo	Ekiti	Enugu	Gombe	Imo	Jigawa	Kaduna	
Abbreviations	DET	EBN	EDO	EKT	ENG	GBE	IMO	JGW	KAD	
States	Kano	Katsina	Kebbi	Kogi	Kwara	Lagos	Nassarawa	Niger	Ogun	
Abbreviations	KAN	KAT	KEB	KOG	KWA	LGS	NSW	NIG	OGN	
States	Ondo	Osun	Oyo	Plateau	Rivers	Sokoto	Taraba	Yobe	Zamfara	Abuja
Abbreviations	OND	OSN	OYO	PLT	RVS	SKT	TRB	YOB	ZAF	FCT