



# **Balancing Compliance and Business Growth**

The Impact of the FCPA Enforcement  
Pause for Multinational Companies  
Operating in Nigeria.

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# Introduction

## **The Foreign Corrupt Practices Act (FCPA) is integral to the United States' global anti-corruption efforts.**

Designed to prohibit U.S. companies and their representatives from bribing foreign officials to gain business advantage, the FCPA has long been a critical regulatory framework for multinational companies operating worldwide. However, the recent executive order under the current U.S. administration pausing FCPA enforcement for 180 days,<sup>1</sup> has sparked significant debate. This pause introduces a layer of uncertainty for companies operating in complex jurisdictions like Nigeria where corruption risks are prevalent, particularly in sectors like oil and gas, infrastructure and government procurement. While some companies may perceive the pause as a reprieve from rigorous compliance, the reality is quite contrary. Nigeria's stringent anti-corruption laws, alongside global regulations like the UK Bribery Act and France's Sapin II, remain in full force. This article explores the implications of the FCPA enforcement pause and how multinational companies in Nigeria can strategically balance compliance with business growth while the pause remains in effect. It emphasizes why ethical practices remain critical for long-term sustainability and offers strategic insights on navigating regulatory compliance whilst maintaining business growth.



# An Overview of the FCPA and its implications.

The FCPA, enacted in 1977, is a landmark U.S. legislation that prohibits companies and their representatives from bribing foreign officials to gain a business advantage. It prohibits payments, gifts or even offers of “anything of value” to a “foreign official” for the purpose of influencing the official or otherwise “securing any improper advantage” in obtaining, retaining or directing business.<sup>2</sup> The FCPA helps make American companies and the ‘Made in America’ brand stronger and more attractive by proving that American goods

and services are sought after because of their merit, not simply because they out-bribed their competition.<sup>3</sup> The FCPA is enforced by the U.S. Department of Justice.

Beyond promoting ethical business practices, the FCPA also fosters healthy competition. It ensures that companies succeed based on merit, innovation and fair business strategies, as opposed to corrupt practices.<sup>4</sup> However, in February 2025, the U.S. government announced a temporary halt on FCPA enforcement, citing concerns that the

law’s application may have been stretched beyond its intended scope, potentially undermining American foreign policy, economic interests and national security,<sup>5</sup> thus making it challenging for U.S. companies to compete against foreign entities operating under less stringent anti-bribery frameworks. While the pause in enforcement is framed as a strategic review, it has raised concerns about potential setbacks in global anti-corruption efforts.

## Understanding the Uncertainties Surrounding the FCPA Enforcement Pause and its Implications

While the U.S. government has presented the FCPA enforcement pause as a temporary review, its broader implication remains uncertain, particularly for

multinational companies operating in Nigeria. This pause has sparked concerns about potential setbacks in global anti-corruption efforts, creating an environment where

businesses may struggle to balance compliance with their growth strategies. The following are concerns that have been raised in the global market:

## Decline of Anti-Corruption Efforts:

For decades, the FCPA has served as a strong deterrent against corrupt business practices, particularly in high-risk sectors including oil and gas, infrastructure, telecommunications and government bids procurement. The FCPA pressured multinational corporations to implement rigorous compliance programs, reducing the prevalence of bribery and fostering more ethical business environments. However, with its enforcement now on hold, there is a growing concern that companies may begin to deprioritize anti-corruption safeguards. Without the looming threat of penalties from U.S. authorities,<sup>6</sup> some businesses might become more willing to engage in questionable transactions, potentially reversing the progress made in global anti-corruption efforts.

## Regulatory Uncertainty and Compliance Challenges:

Beyond the risk of increased corrupt practices, the enforcement pause has created a climate of uncertainty for compliance officers and corporate legal teams. Many multinational companies have invested heavily in internal controls, employee training, and due diligence processes to align with FCPA standards. Now, with enforcement in question, businesses are grappling with whether to fully embrace compliance at a full-scale or adjust their approach. This uncertainty complicates decision-making and may result in inconsistent compliance efforts, potentially exposing companies to risk if enforcement resumes with extant or stricter measures after the period of review.

## Potential for Increased Localized Corruption Risks:

In countries like Nigeria, where regulatory oversight is often inconsistent, the pause in FCPA enforcement could embolden corrupt practices. Government officials and business intermediaries who previously exercised caution due to the strict enforcement of the FCPA may feel less compelled to uphold compliance. For ethical companies, this shift could create a more challenging landscape where maintaining integrity comes at the cost of a competitive disadvantage.

# Nigeria's Anti-Corruption Regulatory Framework

Nigeria is one of Africa's largest economies and a hub for multinational investments. However, it is also a jurisdiction with significant corruption risks, especially in sectors involving large-scale government interactions. These include the oil and gas sector - due to its strategic importance and high-value contracts, the procurement sector - where contracts and tenders in public procurement are often susceptible to unethical practices, the

infrastructure industry - where large public projects often involve complex bidding processes and the telecommunication sector - where the process of procuring licences present several challenges. For instance, following US and German prosecution, Siemens AG - a multinational telecommunication company operating in Nigeria - agreed in late 2008 to pay \$1.3 billion as penalties to U.S. and German authorities, who accused the firm and three of its subsidiaries of paying

thousands of dollars as bribes to federal officials in several nations, including Nigeria, from 2001 to 2007.<sup>7</sup> This was the largest monetary sanction ever imposed in a case under the FCPA since it was passed in 1977.<sup>8</sup>

Nevertheless, despite global perceptions, Nigeria has made strides in strengthening its anti-corruption framework through various laws and their corresponding enforcement agencies. The key laws and agencies are as follows:

## Economic and Financial Crimes Commission (EFCC):

The EFCC, which was established by the Economic and Financial Crimes Commission [Establishment] Act 2004, is Nigeria's foremost anti-corruption agency, established to combat economic and financial crimes, including money laundering, bribery, and fraud. The EFCC has broad investigative and prosecutorial powers, allowing it to pursue cases involving both public officials and private entities. Over the years, EFCC has led several high-profile corruption investigations, including cases involving multinational companies. For instance, in 2020, the EFCC investigated and prosecuted former Attorney General Mohammed Adoke and oil giants Shell and Eni over the controversial Malabu Oil scandal, a \$1.1 billion bribery case involving the allocation of OPL 245.<sup>9</sup> The case demonstrated the EFCC's ability to handle complex cross-border corruption issues, reinforcing Nigeria's commitment to enforcing anti-bribery laws

## **Independent Corrupt Practices and Other Related Offences Commission (ICPC):**

The ICPC focuses on preventing corruption within Nigeria's public sector. Unlike the EFCC, which deals with financial crimes, the ICPC prioritizes systemic corruption, public service fraud, and unethical practices among government officials. One of the ICPC's major successes was its investigation into multiple cases of procurement fraud and ghost workers, leading to the recovery of billions of naira in stolen public funds within government ministries, departments and agencies.<sup>10</sup> Additionally, the ICPC has been instrumental in implementing anti-corruption compliance programs for public institutions, ensuring that government contracts and procurement processes adhere to ethical standards. The ICPC was established under the Corrupt Practices and Other Related Offences Act

## **Code of Conduct Bureau (CCB):**

The CCB, established under the 1999 Constitution of the Federal Republic of Nigeria, was put in place to enforce ethical standards among public officers. The CCB is responsible for ensuring that government officials declare their assets and do not engage in acts that would amount to a conflict of interest, abuse of office, or illicit enrichment. One of the most notable cases handled by the CCB was the trial of former Chief Justice of Nigeria, Walter Onnoghen, in 2019.<sup>11</sup> The CCB charged him for failing to declare his assets, leading to his removal from office. This case underscored the critical importance of financial disclosure for public officials and highlighted the role of the CCB in ensuring accountability at the highest levels of government.

## **Proceeds of Crime (Recovery and Management) Act:**

The Proceeds of Crime (Recovery and Management) Act (POCA), provides a legal framework for the seizure, management, and forfeiture of assets acquired through corrupt practices. Under POCA, agencies like the EFCC, ICPC, and the Nigerian Financial Intelligence Unit (NFIU) have been empowered to track, freeze, and recover assets linked to corruption cases. The law has played a significant role in recent asset recovery efforts, including the repatriation of funds looted by former public officials.

## **Money Laundering (Prevention and Prohibition) Act 2022:**

The Money Laundering (Prevention and Prohibition) Act, represents one of Nigeria's key laws targeted at strengthening the existing system for combating money laundering and related offences and expanding the scope of money laundering offences. The law is a commendable step taken by Nigeria to bring business and financial practices in line with current global trends. It also introduced a much more refined approach to the fight against corruption and money laundering with key innovations such as recognizing virtual assets and the establishment of the Special Control Unit Against Money Laundering ("SCUML") (a department under the Economic and Financial Crimes Commission) as the authority responsible for supervising DNFI to ensure compliance with the provisions of the Act.



# Balancing Compliance and Business Growth

**For multinational companies, the FCPA pause mirrors a temptation to focus on short-term business gains, possibly at the expense of robust compliance.**

However, history shows that sustainable business growth is deeply linked to ethical practices and sound governance. Regulatory enforcement is paramount, and when the FCPA resumes enforcement, companies that have disregarded compliance may find themselves exposed to legal and financial consequences. Moreover, corruption and unethical business practices can erode investor confidence, damage the company's reputation, and lead to operational disruptions. Compliance, therefore, should not be viewed as a constraint on business growth but rather as a competitive advantage that enhances resilience and operational efficiency. Additionally, countries with weaker regulatory frameworks often attract heightened scrutiny from international authorities.

Nigeria's placement on the Financial Action Task Force (FATF) "grey list" in February 2023 underscores the country's struggles with compliance initiatives, particularly regarding anti-money laundering (AML) policies. As a result, businesses operating in Nigeria face heightened scrutiny and increased due diligence costs, leading to elevated expenses associated with international transactions and remittances. These challenges create a disadvantageous environment for international businesses.

As regulatory landscapes continue to evolve, companies that strike the right balance between compliance and expansion will be better positioned to navigate uncertainties, improve the economies of their operating jurisdictions, while securing long-term profitability and stability.

# Practical Strategies to be Adopted by Multinationals Operating in Nigeria to Ensure Compliance whilst Maintaining Business Growth

The pause in FCPA enforcement presents a significant challenge for multinational companies operating in Nigeria. While some businesses may view this as an opportunity to prioritize short-term financial gains over compliance, the reality is that sustainable business growth is closely linked to ethical practices and strong corporate governance. Non-compliance can have significant legal and reputational consequences for businesses. Failing to adhere to laws, regulations, and industry standards can result in severe penalties, damage to a company’s reputation and financial losses.<sup>12</sup> To navigate through this period of uncertainty, multinational companies must strike a balance between regulatory adherence and business expansion by adopting strategic approaches that reinforce compliance while supporting business growth. The following approaches should be adopted by companies pending when the pause on the FCPA is lifted:

## Strengthening Internal Compliance Framework:

Regardless of the FCPA enforcement pause, companies must ensure that they maintain strong internal compliance frameworks. This requires enhancing due diligence on third-party vendors,<sup>13</sup> Government contracts, and local partners to prevent engagement in corrupt practices. Additionally, businesses should implement strong anti-bribery policies and compliance programs that align with both the best global practices and local regulatory requirements. Strong compliance programs not only mitigate legal risks but also promote ethical corporate cultures, enhancing transparency, resilience, and long-term financial stability, by preventing waste and abuse.<sup>14</sup>

## Adhering to Nigeria’s Anti-Corruption Laws and International Regulations:

Although the FCPA enforcement may be on hold, multinational corporations operating in Nigeria remain subject to the country’s anti-corruption regulations. Beyond domestic laws, companies must also recognize that other international anti-corruption laws remain in full force. The UK Bribery Act,<sup>15</sup> for instance, has extraterritorial reach and imposes stringent penalties for bribery involving UK-linked entities. Similarly, anti-corruption frameworks in jurisdictions such as France Sapin II,<sup>16</sup> continue to hold businesses accountable for unethical practices. Thus, multinational companies must ensure compliance with these laws to avoid exposure to legal and financial liabilities in multiple jurisdictions.

## Leveraging Transparency and Ethical Business Practices for Long-Term Success:

Organizations must establish clear and enforceable policies governing ethics and compliance. Policies must be easily accessible, periodically reviewed and updated, and consistently applied.<sup>17</sup> By maintaining a culture of integrity, businesses can build trust with investors, customers, and regulatory bodies, enhancing their corporate reputation. Beyond reputational benefits, transparent governance structures contribute to operational stability, reducing the risks of legal disputes and financial irregularities that can disrupt business operations. Additionally, investors and stakeholders increasingly favour companies with firm ethical foundations, making compliance not just a legal necessity but also a competitive advantage. Therefore, despite a potential retreat of FCPA enforcement, companies should remain vigilant about reputational risks associated with perceived unethical business practices.<sup>18</sup>



## Conducting Internal Audits:

The enforcement pause is temporary, and multinational companies must prepare for its eventual resumption. Conducting internal audits to assess past transactions and ongoing compliance measures will help businesses identify and mitigate potential risks before regulatory oversight intensifies. Multinational companies should also maintain accurate financial records, particularly for dealings involving government entities. Furthermore, engaging legal and compliance experts to review corporate governance structures, strengthen internal controls, and implement risk-mitigation strategies will position multinational companies to operate seamlessly once enforcement mechanisms are reinstated.

## Adequate Training for Employees and Related Parties:

To maintain the highest standards of integrity and compliance, organisations must implement a comprehensive and ongoing training program for all employees, directors, officers, and third-party agents. This program should focus on the latest developments in key areas, including anti-crime laws and regulations, human rights protection and promotion, data protection and privacy best practices, environmentally sustainable initiatives, and international policies and standards. Moreover, the training program should provide clear guidance on reporting procedures for suspected wrongdoing or unethical conduct, as well as strategies for navigating interactions with government officials who may request bribes or other forms of illicit payment. This aspect of the training is particularly crucial, as it empowers personnel to resist corruption and uphold the organization's values and principles.

## Conclusion

The FCPA enforcement pause is a significant development. However, it does not eliminate the risks associated with unethical business conduct. For multinational companies operating in Nigeria, the stakes remain high. While we wait for the next steps from the U.S. administration on the FCPA, companies must recognize that compliance is not just about avoiding legal penalties but about safeguarding long-term growth, reputation, and stakeholder trust. By maintaining robust anti-corruption frameworks, investing in ethical practices, and seeking local legal expertise, companies can successfully balance compliance and growth.

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