

Financial Transparency and Governance: Building Trust in Public Institutions

Gushibet Solomon Titus PhD

Senior Fellow & Head/COO, Centre for Financial Economics, NIPSS Kuru

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PROTOCOL

PREAMBLE

- It is my singular honour and privilege to be in your midst today in the occasion of ANAN 29th Annual National Conference 2024, and to deliver this lecture on the topic “Financial Transparency and Governance: Building Trust in Public Institutions”.
- It is indeed a sub-set of the broader theme of the Conference: ‘Advancing Accounting Excellence in a Changing World’. This is very apt.
- When contacted, I accepted to speak on the topic for four reasons.
 - First, the topic is a contemporary issue and is quite relevant to the policy direction of the present Administration.
 - Second, the topic will broaden the intellectual scope of national accountants on the linkage between financial transparency and good governance.
 - Third, it hinges on building trust in public institutions, especially now that we are in a time when Nigerian people are rapidly losing confidence in public institutions and public office holders.
 - Fourth, it gives me the opportunity to advise our leaders and accountants as financial custodians of the nation.
- In view of this, I will attempt to do justice to this topic, and I am to be held responsible for possible errors of commission or omission that may occur in the process of delivering this lecture.

INTRODUCTION

- Nigeria is one of the countries in the world endowed with natural and human resources.
- Nigeria is also one of the world’s largest oil exporters, and has been the continent’s leading economy for several years (Kreck, 2019).
- With over 200 million inhabitants, Nigeria is Africa’s most populous country.
- Nigeria has been under military dictatorship for many years until 1999.

- But between 1999 and 2010, many scholars and Nigerians believed that the country was positioned on the path of sustainable growth and development as a debt-free country by the Obasanjo administration.
- This was consolidated by the Yar'adua administration which further strengthened the hope for a prosperous future.
- What happened afterwards is a story for another day.
- From 2015 to 2022, however, growth rates decreased and GDP per capita flattened, driven by monetary and exchange rate policy distortions, increasing fiscal deficits due to lower oil production and a costly fuel subsidy programme, increased trade protectionism, and external shocks such as the COVID-19 pandemic.
- By 2023, the economic situation worsened; occasioned by fuel subsidy removal
- Weakened economic fundamentals led the country's inflation to reach a 24-year high of 31.7% in February 2024, which, in combination with sluggish growth, has pushed millions of Nigerians into poverty.
- Despite having the largest economy and population in Africa, Nigeria offers limited opportunities to most of its citizens.
- Weak job creation and entrepreneurial prospects stifle the absorption of the 3.5 million Nigerians entering the labour force every year, and many workers often choose to emigrate in search of better opportunities.
- The poverty rate is estimated to have reached 38.9% in 2023, with an estimated 87 million Nigerians living below the poverty line — the world's second-largest poor population after India (World Bank, 2024).
- The pervasive nature of corruption culminating in lack of transparency, accountability, good morals, and ethical conduct are among the many woes of leadership in Nigeria.
- It is generally believed among the cross-section of the populace that the resources meant for the implementation of some of the developmental programmes are misplaced, diverted or even misappropriated, with gross impunity hence Nigerians are becoming poorer by the day.
- In Nigeria, the worsening economic challenges seems to suggest the absence of good governance.
 - Persistent high cost of living, weak naira, sustained mono-economy, and extreme poverty levels have become permanent features of the economy.
- Nigeria is currently facing several economic problems largely occasioned by fuel subsidy removal; debilitating debt burden, a weak power sector leading to low productive capacity in the country; corruption at various levels including mismanagement at the Central Bank of Nigeria (CBN) which has further unsettled the economy, etc.

- These glaring economic problems have translated into multi-dimensional poverty with absolute poverty engulfing the majority of the citizenry.
- Addressing these basic issues to reposition the economy on the path of growth and development has, from a policy point of view, become imperative.
- The fact that the economy is already in distress and both middle-income class and the poor find it difficult to survive, and barely could afford the three square-meals, and parents could not cope with rising school fees which is a signal to an expected large number of drop-outs etc; surely, there is danger ahead.
- This signifies more security threats and danger to the existing relative peace and stability in the country.
- Urgent steps are therefore required to fix the economy.
- Today, Nigeria has a debt burden of over N121.6 trillion or \$91.5 billion (DMO, 2024). It is clear that the economic problems are enormous and the governing class has not been able to tackle these problems.

The interest of this paper therefore is to identify and discuss the issues around transparency in resource use and governance that has pushed Nigeria into this difficulty. The objective of the paper is to examine transparency issues and governance challenges in relation to economic problems in Nigeria, with a view to proffering solutions. Again, the paper assesses the state of governance in Nigeria and examines some of the factors that erode public trust, and suggests ways to restore public confidence.

EXPANDED CONCEPTUAL CLARIFICATIONS

Financial Transparency

- Transparency is a multifaceted concept, considered by some prominent scholars to be more often invoked than defined, and more often preached than practised (Heald and Hood 2006).
- Financial transparency in the public sector refers to the open and accessible disclosure of financial information and data related to government activities, budgets, and resource management.
- Financial transparency is the practice of openly disclosing financial information to stakeholders, such as investors, employees, customers, and the public.
- It involves providing clear and accurate information about an organization's financial performance, assets, liabilities, and future prospects.
- It involves the following key elements:
 1. Disclosure of Financial Information:

- Proactive and timely publication of financial data, including budgets, expenditures, revenues, contracts, and procurement records.
 - Ensuring the comprehensiveness and granularity of the disclosed information.
 - Providing clear explanations and context to enhance the understandability of the financial data.
2. Accessibility and Usability of Information:
 - Making financial information easily accessible to the public through user-friendly portals, websites, and open data platforms.
 - Ensuring the data is available in machine-readable formats that facilitate analysis and reuse.
 - Providing multiple channels and mediums for citizens to access and engage with the financial information.
 3. Reliability and Integrity of Data:
 - Ensuring the accuracy, completeness, and timeliness of the financial data being disclosed.
 - Implementing robust internal controls, audit mechanisms, and data validation processes.
 - Adopting standardized reporting templates and formats across the public sector.
 4. Transparency in Decision-Making:
 - Disclosing the rationale, assumptions, and decision-making processes behind budgetary allocations, spending, and resource management.
 - Enabling public scrutiny and input into policy and resource allocation decisions.
 - Promoting transparency in the award of public contracts and procurement processes.
 5. Citizen Engagement and Feedback:
 - Empowering citizens to access, understand, and provide feedback on the disclosed financial information.
 - Facilitating citizen monitoring, oversight, and participation in the use of public resources.
 - Establishing feedback mechanisms and grievance redressal systems to address citizen concerns.

In a nutshell, financial Transparency could be described as:

- i) Access and proper disclosure of financial information
- ii) Visibility into an organisation's financial affairs
- iii) Sharing financial information with stakeholders, and
- iv) Timely, meaningful and reliable disclosures about an organisation's financial performance.

Financial Transparency is not only aimed at dealing with corruption, but also a means to strengthening governance. It implies that:

- Transparency and accountability are critical for ensuring good governance in the public sector
- Transparency is essential for accountability.
- Transparency leads to better governance, increased accountability, and reduced corruption.
- The debate about the integrity of the state and the fight against corruption is still vivid nowadays, and administrative secrecy remains a key issue in contemporary governance.
- Transparency is often linked with accountability, in the sense that secrecy prevents any administration from disclosing information, therefore making it unaccountable to the general public because information and actions are deliberately hidden (Florini 1998).
- According to Pasquier and Villeneuve (2007), documentary transparency enables “the public [to have] a legally guaranteed right of access to information held by the government, the main objective being to force public authorities to disclose what they would rather keep secret
- Both kinds of transparency are intentional in their objective to give citizens information about the workings of government.
- There is also a third way to increase transparency. It involves the unintentional access to government information: this kind of transparency refers to leaking and whistleblowing acts. It is considered by the authors (Pasquier and Villeneuve, 2007) as forced access to information, since disclosure of this type is mostly provoked by individuals and not controlled by the government.

Governance:

- Good governance involves far more than the power of the state or the strength of political will. The rule of law, transparency, accountability, strong and effective institutions, and patriotism are crucial for good governance to occur.
- Bad governance and the lack of transparency offers greater incentives and more opportunities for corruption – the abuse of public office for private gain (IMF, 2023)
- In Nigeria, governance has been problematic for lack of state capacity to deal with contemporary complexities of leadership.
- Governance and political leadership in Nigeria have been by self-interest and other primordial considerations, far and above public interest
- In my view, the Nigerian governance ecosystem has failed in four major areas:
 - i) Security of lives and property
 - ii) The rule of law
 - iii) Provision of visionary leadership

- iv) Love of country and Patriotism to nationhood
- These are, indeed, the reasons for the persistent challenges in Nigeria.
- If these four issues were emplaced in Nigeria; there would have been transparency in resource use with little or no corruption; there would have been rapid development given the enormous natural and human resources
- Where we are today is self-afflicted

Public Trust

- Public trust could be described as the legal obligations of public office holders and government officials to act in the best interest of the general public when managing resources that are entrusted to them
- Trust is associated with morality and a trustworthy person is honest, benevolent, friendly, true to his words, and highly predictable (Kim, 2005).
- Following preliminary work from Sako and Helper (1998), trust is based on expectations and divided into three dimensions:
 - (i) Competence (is the other party capable of doing what they say they will do?);
 - (ii) Contractual (will the other party carry out their contractual agreement?);
 - (iii) Good-will (will the other party make an open-ended commitment to take initiatives for mutual benefit while refraining from unfair advantage taking?).
- Public distrust is the erosion of confidence in leaders, representatives and public sector institutions
- Some of the causes of public distrust include:
 - Poor economic performance of a regime
 - Subversive/Insurrectional corruption
 - High cost of governance and affluent lifestyle by public office holders
 - Widespread poverty among citizens

Public Institutions

- Public institutions are entities that are established or controlled by the federal government, state government and local government.
- It encompasses all Ministries, Departments and Agencies at all levels
- Trust in public institutions is associated with higher effectiveness of public servants and political office holders who function according to the rule of law.
- It depends on the honesty, transparency, truthfulness, integrity and dependability of the public office holders including accountants.
- This is the basis upon which strong institutions are built
- Without strong institutions, good governance remains a mirage

THEORETICAL FOUNDATION OF THE PAPER

This paper is anchored on two theories: The Big-Push theory and the Dual-Sector Model:

The 'Big-Push Theory' of economic development states that:

- Developing countries are trapped in a cycle of poverty and underdevelopment, and escaping this situation requires injection of massive funds to first provide the needed social overhead capital upon which all other sectors will simultaneously grow.
- This cannot be achieved in the absence of financial transparency, good governance, and public trust in handling public resources.
- Transparency and accountability provide the platform for determining the quantum of financial resources at the disposal of government for national transformation.

The *Dual-Sector Model* propounded by Sir William Authur Lewis (and popularized by Rosenstein-Rodan,1943) acknowledges that:

- Given a country's resources, its rate of growth and development is determined by human behaviour and human institutions
- Economic Management & Progress is the function of the mindsets of people in powerful positions
- A country cannot grow and develop beyond the attitude of its people especially the leadership
- No country can develop beyond the content and character of its leaders
- The behaviour of the followership is guided by the conduct and disposition of the leader
- It implies that without visionary leaders, good governance will not happen
- Therefore, transformational leadership is essential for governance impact and rapid development to take place

LINKAGE BETWEEN FINANCIAL TRANSPARENCY AND GOVERNANCE

It is expected that, any government or organization that intends to show transparency, the following should be considered:

- a. Accountability
- b. Informed Citizenry & Participation in Decision Making
- c. Prevention of Corruption at all levels and sectors
- d. **Trust and Credibility:** Transparency fosters trust and credibility among stakeholders, leading to stronger relationships and loyalty.
- e. **Proper resource allocation:** Public finance management plays a crucial role in allocating scarce resources among competing demands and priorities. Governments, through effective management of resources

allocates to various sectors such as education, healthcare, infrastructure, defence, and social welfare.

- f. **Regulatory Compliance:** Many industries have specific financial reporting requirements. Transparency ensures compliance with these regulations.
- g. **Risk Management:** Transparency can help identify and mitigate financial risks, improving overall organizational health.
- h. **Enhanced Policy Making:** Transparency in governance allows for better policy-making as it involves input from various stakeholders, leading to more comprehensive and effective policies.

CHALLENGES AND GAPS IN TRANSPARENCY

In Nigeria, several challenges and gaps impede the effectiveness of efforts to enhance transparency and combat corruption (Fatile, 2012). The following obstacles are identified to better understand the root causes and potential solutions:

- i. **Weak Institutional Capacity:** Many governmental institutions lack sufficient resources, expertise, and independence to effectively enforce anti-corruption measures and ensure transparency. This results in limited oversight and accountability mechanisms, allowing corruption to persist unchecked.
- ii. **Political Interference and Elite Capture:** Political interference often undermines the autonomy of anticorruption agencies and regulatory bodies, influencing their investigations and enforcement actions. Additionally, elite capture of public resources and decision-making processes perpetuates corruption at higher levels of governance.
- iii. **Legal and Regulatory Frameworks:** Existing legal and regulatory frameworks may be inadequate or inconsistently applied, creating loopholes that enable corrupt practices. Strengthening these frameworks and ensuring their consistent enforcement is essential for enhancing transparency and accountability.
- iv. **Lack of Public Awareness and Participation:** Limited public awareness of rights, responsibilities, and available channels for reporting corruption reduces citizen engagement in anti-corruption efforts. Increasing awareness through education and outreach programs can empower citizens to hold officials accountable.

Lack of public awareness, understanding, and trust in government transparency initiatives can limit citizen participation and oversight. A history of corruption, inefficiency, and broken promises can

contribute to a widespread public mistrust in the government's commitment to transparency.

- v. **Complexity and Inefficiency in Public Procurement:** Procurement processes often lack transparency, with opaque bidding processes and inadequate monitoring facilitating corrupt practices. Streamlining procurement procedures and enhancing transparency can mitigate these challenges.
- vi. **Perceived Corruption in the Judiciary:** Perceived corruption within the judiciary undermines the rule of law and diminishes trust in the legal system. Addressing judicial corruption through reforms, ethical standards, and accountability mechanisms is crucial for upholding justice and combating impunity.
- vii. **Cross-Border and International Dimensions:** Corruption networks often transcend national borders, necessitating international cooperation and anti-corruption measures. Strengthening international partnerships and frameworks can help address transnational corruption challenges effectively.
- viii. **Resource Constraints and Funding:** Insufficient funding for anti-corruption agencies and oversight bodies limits their operational capacity and ability to implement robust anti-corruption strategies. Adequate resource allocation and financial management are essential for sustaining anti-corruption efforts. Capacity constraints
- ix. **Resistance to change:** Inadequate and improper communication of the thoughts and intentions of management may cause resistance. Public officials may be reluctant to adopt new systems and processes that challenge the status quo and established power dynamics
- x. **Lack of political will and commitment:** When the government or management of the organization is not able to bite though it barked is a serious concern especially when in relates to ability of the law to take its natural course. Entrenched bureaucratic and political interests may resist the increased transparency and public scrutiny that these initiatives bring, as they can expose inefficiencies and corrupt practices.
- xi. **Data quality and integrity concerns:** Inconsistency in the data and unverifiable data is a concern for any proper transparency and good governance. Public institutions may face difficulties in ensuring the accuracy, completeness, and reliability of the data they publish, which can undermine the credibility and usefulness of the transparency platforms.

Weaknesses in data management systems, internal controls, and record-keeping practices can contribute to data quality challenges

- xii. **Cybersecurity and data privacy risks:** Globalization comes with its attendant risk. The increased digital availability of sensitive government data raises concerns about cybersecurity threats, data breaches, and the protection of personal information.

Addressing these risks and ensuring robust data security measures can be technically and financially challenging for some public institutions.

FEATURES OF A WELL-GOVERNED ECONOMY

- ▶ Flouring industry & trade
- ▶ Well-developed agriculture but its share is less in national income
- ▶ Availability of food security
- ▶ Uninterrupted and Constant energy supply
- ▶ Modern & complex techniques of production are used
- ▶ Infrastructural facilities in all sectors are well provided for
- ▶ Use machines in the production process
- ▶ Automation largely replaces labour in the production process
- ▶ High productivity and exportation of excess superior products
- ▶ Large economies of scale (massive production with efficiency)
- ▶ High competition and complexity of products & services
- ▶ Highly organised labour – people leaving the family farm for large organisations/industrial complexes
- ▶ Large industrial estates across production lines
- ▶ Control of the international market
- ▶ Rapid urbanization & the transformation of countryside/rural communities with urban facilities
- ▶ Consume a great deal of energy & goods resulting in greater pollution
- ▶ Increasing income levels & decreasing poverty
- ▶ Knowledge-based economy/service economy
- ▶ High standard of Living for its citizens
- ▶ Transitioned into the Fourth Industrial Revolution e.g. the manifestations of computing such as robotics/artificial intelligence
- ▶ Well-developed cashless economy and strong financial institutions
- ▶ Little or no prevalence of corruption due to the existence of strong institutions in the country
- ▶ Citizens enjoy absolute peace with rare interlude of crisis and some pockets of occasional disruption of peace - natural to human nature

MAJOR CHARACTERISTICS OF THE NIGERIAN ECONOMY

- ▶ Nigeria is an emerging economy but belongs to countries with lower-middle-incomes
- ▶ Nigeria is supposed Africa's largest economy by GDP size; yet with high prevalence of poverty
- ▶ Major source of income: crude oil

- ▶ Nigeria is operating at its minimal potential in terms of domestic production and manufacturing
- ▶ Largely underdeveloped economic structures in spite of being the 27th largest economy in the world
- ▶ Large fraction of the population relies on peasant farming
- ▶ Nigeria has a less diversified energy mix
- ▶ Today, 80% of power generation comes from gas (most of the remainder comes from oil)
- ▶ Nigeria has the largest oil-fired back-up generators in the world
- ▶ There is too much – over reliance on public sector
- ▶ Although there is a little shift towards solar power – as the country began to exploit its large solar power potentials
- ▶ There is progress on access to clean cooking services but three quarter of the population still lack access (IEA, 2019)
- ▶ Development has been constrained by widespread corruption in the three tiers of government
- ▶ Majority of the population are poor

ISSUES AND CHALLENGES OF THE NIGERIAN ECONOMY

- ▶ Nigeria has been a developing economy with complex challenges
- ▶ Government has remained the key driver of the economy since 1960
- ▶ Nigeria has been indeed an oil economy with symptoms of a failed state
- ▶ The oil economy has encouraged
 - Consumption-based system
 - Rent-seeking activities, speculative and criminal economy
 - Laziness and debilitating corruption
 - Lack of innovation & frail private sector
 - Weak manufacturing sector & pathetic industrial base
- ▶ Limited application of modern technology
- ▶ Limited investments in technology and R&D at the enterprise level
- ▶ Highly underdeveloped rural sector
- ▶ Weak productivity in almost all sectors including agriculture
- ▶ Vulnerability to external shocks
- ▶ Non-inclusive growth
- ▶ Low per capita income & low GDP growth rate
- ▶ Weak institutions and unjust legal system
- ▶ Persistent balance of payments deficit
- ▶ Lack of competitiveness in the global market
- ▶ Abundant natural resources but under the grave influence of resource curse
- ▶ Frequent changes in policies with regime change
- ▶ Limited investments in social and economic infrastructure
- ▶ Limited investment in education and human capital development
- ▶ Weak Healthcare system
- ▶ Infrastructural decay and poor maintenance culture
- ▶ The introduction of SAP policies in 1986 to replace industrial policies led to:

- De-industrialisation of the Nigerian economy, and
- Created the foundation of weak domestic currency
- ▶ Nigeria will remain at the bottom of global wealth table as long as it remains a raw material exporter
- ▶ The private sector rotates largely around the oil economy and the public sector, without concrete impact on productivity
- ▶ This allows for the emergence of vested interest by 'powerful' individuals whose interest lies in non-industrial activities
- ▶ The Nigeria elites, by their behaviour have sabotaged industrial initiatives e.g iron and steel, refineries, petrochemical companies & fertilizer projects
- ▶ Unpredictable business environment; a discouragement to investors
- ▶ Brain-drain, gross unemployment, widespread poverty, and political instability
- ▶ Ethnicity and religious manipulations have denied Nigeria patriotism to nationhood and economic greatness
- ▶ Stubborn violation of the Constitution & subsidiary legislations
- ▶ The oil economy and its indolent nature
- ▶ Poor technical capacity and a lack of technology deployment
- ▶ Inability to convince foreign investors for technology transfer and diffusion
- ▶ Inability to mobilise private sector investments
- ▶ Poor infrastructural development
- ▶ Deprived capital formation
- ▶ Insecurity of life & property (general insecurity)

These economic problems arising from weak management of resources have prevented Nigeria from achieving concrete development. These are pointers that Nigeria lacks the features of a well-governed economy

SOME MODEST ACHIEVEMENTS BY SUCCESSIVE ADMINISTRATIONS IN NIGERIA

Despite these challenges, some modest achievements are recorded:

- ✓ Key industrial projects started during the 4th NDP (1981-1985)
- ✓ Kudos to the 4th NDP for:
 - Increase in educational enrolment at all levels
 - Improvement in healthcare delivery
 - Construction of thousands of kilometers of federal highways
- ✓ The construction of the Third Mainland Bridge in Lagos
- ✓ In the era of National Planning Commission, some achievements were made between 1992 and 2020 including the development of the FCT, Abuja
- ✓ Creation of the Nigerian Sovereign Wealth Fund with a value of \$1 billion USD
- ✓ Infrastructure development, construction and rehabilitation of roads, bridges, and airports under the Presidential Infrastructure Development Fund

- ✓ The economic sustainability plan and the N500billion COVID-19 crisis intervention fund
- ✓ The National Social Investment Programmes (NSIP) has impacted the lives of 1million beneficiaries
- ✓ The Anchor-Borrowers Programme has improved the lives of some rural farmers in some states
- ✓ The passage of Petroleum Industry Act (PIA) and the incorporation of NNPC limited under CAMA, amongst others
- ✓ Innoson Vehicle Manufacturing company (IVM), Nnewi-Nigeria deserves commendation and should be highly encouraged
- ✓ Dangote Refinery in Lagos-Nigeria is a welcome development in the country, and it is a symbol of hope
- ✓ Nigeria earned more than US\$80 million in revenue from electricity exports in 2020 (Statista, 2020)
- ✓ Over a thousand Chinese have built factories with billions of dollars across Nigeria
- ✓ Chinese investors are building a plant for mining Lithium in Kaduna
- ✓ An Indian investor has built the biggest cassava processing plant in Nigeria
- ✓ Elon Musk's Starlinks has launched one of its first continental projects in Nigeria
- ✓ German's Siemens is trying to revamp Nigeria's electricity sector
- ✓ Spanish companies signed agreements to develop the gas sector
- ✓ South Koreans have grown their business with Nigeria to over a billion dollars
- ✓ Microsoft, Facebook and Google launched mega projects in Nigeria
- ✓ A Gambian investor has built the biggest estate in Port Harcourt
- ✓ Pockets of peripheral industrial areas in Lagos, Ogun, and Kano states

SOME SUCCESSFUL TRANSPARENCY INITIATIVES IN NIGERIA

1. Open Treasury Portal

The Nigerian government launched the Open Treasury Portal, a web-based platform that provides real-time public access to information on federal government revenues, expenditures, and budget releases. The portal allows citizens to track government spending and financial transactions, contributing to increased transparency and accountability.

2. Integrated Payroll and Personnel Information System (IPPIS)

The Integrated Payroll and Personnel Information System is a centralized platform used by the Nigerian government to manage the payroll and personnel records of federal civil servants. IPPIS has helped to eliminate

ghost workers, reduce payroll fraud, and improve the efficiency of the public sector payroll system.

3. Nigeria Extractive Industries Transparency Initiative (NEITI)

NEITI is a multi-stakeholder initiative that promotes transparency and accountability in Nigeria's extractive industries, such as the oil, gas, and mining sectors. NEITI publishes comprehensive reports on revenue flows, production, and the overall management of the extractive industries, enabling public scrutiny and oversight.

4. Open Contracting Data Standard (Lagos State Government)

The Lagos State Government has adopted the Open Contracting Data Standard (OCDS) to improve transparency and accountability in public procurement processes. By publishing detailed information on government contracts, the OCDS initiative enables citizens and civil society organizations to monitor and engage with the procurement system.

5. Fiscal Responsibility Act (Federal Government of Nigeria):

The Fiscal Responsibility Act of 2007 mandates the publication of budget information, financial reports, and other fiscal data by the Nigerian government. This legislation has contributed to increased transparency in the management of public finances at the federal level.

6. State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program (Federal Government of Nigeria):

The SFTAS program, supported by the World Bank, provides incentives and technical assistance to Nigerian states to improve fiscal transparency, accountability, and sustainability. The program has encouraged states to publish budget documents, disclose financial information, and implement reforms to enhance public financial management. Almost all the States in the Federation keyed into the program especially that grants were part of the award. Now that the program is over, we just hope that the States will sustain such as the name implies- SUSTAINABILITY

7. Whistle-Blowing Policy (Federal Government of Nigeria):

The Nigerian government introduced a whistle-blowing policy that encourages citizens to report cases of corruption, mismanagement, and financial irregularities in the public sector. The policy provides legal protection and financial incentives for whistle-blowers, contributing to the detection and prevention of corrupt practices.

EVIDENCES OF A BADLY-GOVERNED NIGERIA

- The overall objectives of most government policies & plans were not met
- Political instability; the 1966 coup and the civil war that ensued aborted the 1st NDP (1962-1968)
- The 1st NDP favoured large enterprises against micro and small enterprises
- Almost all development plans were defective in the area of mass participation in planning and implementation
- The Iron and Steel Industrial Project contained in the 1st plan was not implemented
- Economic sector has performed below expectation in almost all indices
- Unemployment, poverty, falling purchasing power of the naira, declining productivity, and rising imports
- Implementation failure was seen in uncompleted and abandoned projects in all major plans in Nigeria
- Collapse of National Carrier (the Nigeria Airways) and the inability to either restore it or develop a new one
- Collapse of the productive sector; the textile industry and other local industries across the country
- The relocation of certain multinational companies such as Dunlop and Michelin from Nigeria to other African countries particularly Ghana is most regrettable
- Inability to refine petroleum domestically and huge import bills on refined petroleum products with grave consequences on exchange rate
- Huge food import bills with tremendous negative impact on Nigeria's balance of payment position
- Waste of billions of dollars on certain strategic and critical infrastructure projects such as Ajaokuta Steel Complex and Refineries at Warri, PortHarcourt and Kaduna
- Poor road networks across the country despite huge investment
- Inefficient railway system in spite of the humongous investment on the sub-sector
- Inability to curtail horrific corruption in the public sector
- Rising insecurity resulting in loss of lives and property has hindered progress across the country
- Rising poverty, increasing hunger, rising inflation, escalating unemployment, depreciating exchange rate, worsening cost of living, and hardship have characterised the economy

CURRENT MACROECONOMIC INDICATORS/STATISTICS AS EVIDENCES OF WEAKNESS IN NIGERIA'S GOVERNANCE ECOSYSTEM

- Nigeria's GDP declined from \$477 billion in 2022, to \$375 billion in 2023, it is estimated to drop to \$253 billion by the end of 2024 (IMF, 2024)

- Nigeria was the largest economy in Africa in 2022
- But devaluation of the Naira has caused Nigeria to drop to third place in 2023, behind Egypt with a GDP of \$394 billion and South Africa with a GDP of \$378 billion
- It implies that Nigeria will become 4th largest economy in Africa by the end of 2024
- With GDP per capita of USD2400, Nigeria ranked 22nd (in GDP per capita) among African countries in 2023
- GDP growth rate: 2.74% in 2023 (Statista, 2023)
- Industrial sector made up 30.78% of GDP in 2023 (largely food & beverages)
- The services sector contributed 57.29% of GDP in 2023 (NBS, 2024a)
- Unfortunately, Nigeria is not among the top 10 banks in Africa
- The top 10 banks in Africa are from South Africa & two North African countries (Egypt and Morocco)
- Escalating poverty rate: 42.6% (over 95 million people) are living in abject poverty in Nigeria (World Bank, 2023)
- 133 million Nigerians are multi-dimensionally poor (NBS, 2022)
- High and rising inflation rate: 31.7% as at February 2024 (NBS, 2024b)
- Rising unemployment rate: 41% (KPMG, 2023)
- Over 21 million Nigerians are unemployed – the population of Burkina Faso and no social safety net (Proshare, 2021)
- Mounting and suffocating Debt Burden - about ₦121 trillion naira (DMO, 2024)
- 96.3% of Nigeria's revenue was used to service debt in 2022 and 2023 (World Bank, 2023b)
- The negative macroeconomic indices are a pointer to a poorly managed economy
- The characteristics of an industrial economy are basically absent in Nigeria
- Nigeria must re-invent itself to keep pace

INFRASTRUCTURE GAP IN NIGERIA AS FURTHER EVIDENCE

- ❑ Nigeria needs US\$1.5 trillion investment to bridge infrastructure gap in 10 years (Buhari, 2021)
- ❑ It implies that about US\$150 billion is required to be invested in Infrastructure annually and consistently for not less than 10 consecutive years
- ❑ Critical sectors requiring this investment: Power, Transportation, Education, Healthcare, and Agriculture
- ❑ More investments in electricity production and green energy are needed to bridge the existing power demand-supply gap in the country
- ❑ This will enable the emergence of Nigeria as an industrial nation state
- ❑ But where do we mobilise these monies?

These are evidences of persistent governance deficit in Nigeria. Having examined these evidences, what role could be played by the national accountants to restore public trust and entrench good governance in Nigeria?

ROLE OF NATIONAL ACCOUNTANTS IN BUILDING TRUST IN PUBLIC INSTITUTIONS

- The role of Accountants in ensuring the success of government and promoting national development cannot be underestimated.
 - Their role in servicing the tax and financial needs (revenue and expenditure) of the government is, from a policy point of view, crucial for national development.
 - It implies that accountants can make or mar the implementation of government policies and programmes.
 - As accountants, we are expected to help government reach its financial targets and goals so as to accelerate the rate of growth and development in the country.
 - Let me pose here and ask these questions:
 - Do we really know why we are gathered here today?
 - Do we value our role as trusted tax agents and custodians of government finances?
 - Are we ready to be corrupt-free national accountants?
 - How prepared are we (as accountants) to support the fight against corruption in our dear country?
 - Are we ready to create a healthy and secure financial future for Nigeria?
 - What do we realistically expect for our children in the coming years?
 - If we do not have answers to these questions then what we are doing here is just a mere social or political gathering.
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- ❖ I make attempt to briefly x-ray why we are gathered here today.
 - ❖ To charge our accountants stem the tide of corruption in the country.
 - ❖ Corruption hardly takes place especially in the public sector without conniving with accountants.
 - ❖ As custodians of government finances, I urge you to restore that trust and confidence the public repose in you; that you may be honest, transparent and accountable at all times.
 - ❖ I expect you to walk with integrity for that is the substance of humanity.
 - ❖ If accountants unanimously and resolutely resolve that they would not be corrupt I bet with you that politicians would have no option than to refrain from corruption.
 - ❖ Without corruption, the nation would experience drastic reduction in poverty levels with concomitant rapid growth and development.
 - ❖ It implies that the challenge before us is to be the true professionals that Nigeria desire especially in this trying times.
 - ❖ By this, good governance will happen, and we shall bequeath a country that our children will be proud of, we shall bequeath a future full of hope for generations yet unborn.

SOME POLICY OPTIONS FOR GOOD GOVERNANCE

- 1) Policy to promote unity and resolve the lingering insecurity has become urgent
- 2) Policy to develop the private sector and MSMEs sub-sector is critical
- 3) Government commitment to make moribund refineries functional to stop importation of refined oil or privatise these assets.
- 4) Policy on housing and home ownership for Nigerians is important
- 5) Policy on the provision of employment opportunities for the youth is necessary
- 6) Policy to focus on Agriculture as the focal point of diversification is the basic direction
- 7) Improving fiscal and monetary policies will lead to economic stability and prosperity
- 8) Policy to solve the problem of power generation and distribution in Nigeria is obligatory
- 9) Government should increase tax on imported luxury items that could be or are being produced domestically
- 10) Policies to patronize made in Nigeria goods has become urgent
- 11) Government should halt the purchase of fixed assets for MDAs including cars, furniture at this trying moment
- 12) Government should cut down the size of the Presidential Air Fleet, and suspend the establishment of new agencies except those that will add to the revenue net
- 13) Introducing protectionary tariffs is important in protecting local industries
- 14) Promoting tax incentives and risk guarantees can stimulate investment
- 15) Creating a business-friendly environment to encourage the inflow of FDI (*a good ease of doing business is pivotal*)
- 16) Identifying and communicating a consistent set of national priorities
- 17) Enhancing macroeconomic management to boost investor confidence
- 18) Effecting macroeconomic reforms
- 19) Policy to Safeguard and mobilise revenues
- 20) Policy to reprioritize public spending
- 21) Policy to protect poor and vulnerable communities
- 22) Policy to Introduce Anti-Corruption content into the education curriculum at Primary, Secondary and Tertiary levels in Nigeria
- 23) Enactment of the National Assembly to spell out capital punishment for corruption at all levels of governance has become inevitable – given that corruption has remained a cankerworm in the wheel of Nigeria's progress

CONCLUSION

- A lack of financial transparency incentivizes corruption and enthrones bad governance.
- Nigeria is failing amidst plenty
- The recommendations given hereunder and the fusing of the foregoing suggestions and policy options would present a prospect for better management of the Nigerian economy
- These critical recommendations cannot be achieved without:
 - i. A Peoples' Constitution

- ii. Peace and Security
- iii. Corruption-free Governance
- iv. Effective Leadership and Sustainable National Vision
- v. Patriotism and Love of Country

RECOMMENDATIONS

- (i) All Nigerian Accountants are hereby charged and advised neither to give and collect bribe nor engage in fraud. This will conserve resources for the growth and development of the country. Accountants have the capacity to make politicians do the right things but only if Nigerian Accountants must collectively resolve to work with utmost integrity. The future of this country lies with accountants - the custodians of the nation's financial resources. In spite of UN threshold, and in view of Nigeria's unending appetite for corruption and corrupt practices, capital punishment is hereby strongly advocated. The National Assembly to come up with these stringent laws in order to save the country from further deterioration.
- (ii) Government should be selfless and articulate their actions, enforce rules, and address violations transparently to foster greater accountability in the country. The rule of law, transparency and accountability are interconnected, and these variables legitimise the emergence of strong institutions in a country
- (iii) Nigeria should emulate the Japanese leadership style in government institutions and organisations that makes Japan a great country. For example, when a Japanese company finds itself in a very bad situation, the first person to take a salary cut is the company's president. If the situation becomes even more serious, it's the President who steps down first. In Japan, they don't begin by laying off the ordinary workers. The Japanese hold the view that there are not bad soldiers, only bad generals. The fish rots from the head, so that is precisely where the cleaning needs to start in Nigeria. This approach fosters a strong sense of responsibility and integrity among leaders. It also promotes loyalty, morale and patriotism among the citizens in general, knowing their leaders prioritise their well-being.

Ladies and Gentlemen, may I cease this opportunity to remind you that the best legacy that you can leave for Nigeria is integrity. There is nothing better than being accountable. So, I call on all Nigerian Accountants to be in the fore-front of the fight against corruption and exhibit the character of accountability, probity, honesty and transparency in the discharge of their duty.

Long Live ANAN! Long Live Federal Republic of Nigeria!!

Thank you all very much for listening.

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