

A THE NIGERIAN Accountant

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA



NIGERIA: Imperatives for Inclusive Development



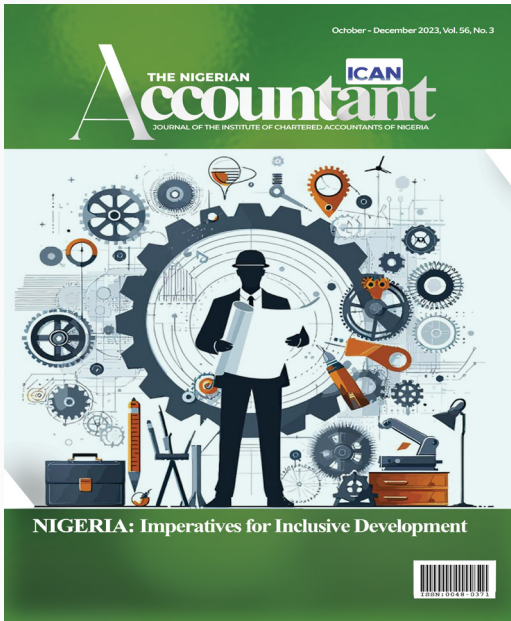
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FROM THE REGISTRAR



Mr. Mukaila Lawal, FCA.

In retrospect, the year 2023 has been a challenging one marked by significant events and transformations across various spheres, from politics to the tech world, to global conflicts, and economic uncertainties, among others. It was an election year for Nigerians who went to the polls to choose new leaders with high expectations that the new government would stifle the rhetoric of hardship stemming from the effects of high inflation, high unemployment and underemployment rate, food insecurity, and so on. The year has indeed been momentous and challenging, especially on the socioeconomic landscape.

It is indeed inspiring to witness the resilience and determination exhibited by our dear members in the face of numerous socio-economic challenges. Despite that the global and national landscape has been marked by unprecedented uncertainties and economic fluctuations, our members have continued to hold the fort and excel in their professional pursuits. We are grateful to every one of our members who remained committed to performing their financial obligations to the Institute amid this challenging operational landscape.

As an Institute, we were relentless in our resolve to place a premium on the enhancement of professional development opportunities for our members. The various professional development programmes held by the Institute were instrumental in providing our members with valuable resources to stay abreast of emerging trends and technologies in the dynamic field of accountancy. We also defended the interest of our members and the public by reacting and making significant contributions to different policies of the government.

The 53rd Annual Accountants Conference was held in this last quarter of the year. The Conference themed Nigeria: Imperatives for Inclusive Development had a total of 8,074 delegates. The conference proved to be a transformative experience for all attendees, providing a platform for in-depth discussions on the exigency of adopting an inclusive ap-

proach to Nigeria's development. We were also privileged to have some eminent personalities honour the Institute at the Conference. The Communique and highlights of the Conference are part of the exciting contents of this special edition of the Nigerian Accountant.

Also in this last quarter, we lent our voices to different government policies and issues of national interest which include Foreign Direct Investment (FDI), etc. On the 10th of November, we joined our professional colleagues globally to celebrate International Accounting Day which was commemorated by a walk that took off at the Head office of the Institute.

In the Q3 edition of this journal, we wrote about the passing of Mr Akintola Williams and his immeasurable contributions to the accounting profession. In this quarter, the Doyen of Accounting, Mr Akintola Williams, was laid to rest amidst pomp and pageantry. A special Council Session was held in his honour to reminisce about the eventful life he lived, and to pay our special tribute to the man who charted the path for our professional journeys as Chartered Accountants. His final journey was indeed marked by a grandeur that reflected the profound impact he had on thousands of lives.

Dear esteemed Community, in the words of Stephen Hawking "Nothing is better than reading and gaining more knowledge" I want to assure you that this final publication for the year 2023 has been carefully curated to meet and satisfy your intellectual curiosity, our ardent readers. Ranging from health to politics, to finances, and navigating the complexities of the present business landscape, this journal is worth the time and attention you would devote to it.

Dear Professional Colleagues, as we eagerly transition into the year 2024, I want to remind you to "Set your goals high, and don't stop till you get there." — Bo Jackson.

Please have a prosperous and fulfilling year!!!!!!

Mr. Mukaila Lawal, FCA.
Ag. Registrar/Chief Executive,

You are welcome to the last quarter edition of your favourite journal – The Nigerian Accountant.

The Institute held its 53rd Annual Accountant Conference from October 9 – 13, 2023, in Abuja. The theme of the conference was “Nigeria: Imperatives for Inclusive Development”.

Various seasoned speakers and paper presenters were assembled to give the Conference its deserved honour and promotion of professionalism. Papers were presented, discussed after which recommendations and suggestions were made to government on how to move the country forward and rescue it from the present economic squalor it finds itself.

In his lead paper, entitled “Accountability, Transparency and Trust in Governance”, the Anambra State Governor, Professor Chukwuma Soludo disclosed that accountability, transparency, and trust are critical for effective functioning of modern economy and for fostering social well-being. He added that in democracy, powers are delegated to public authorities but transparency guards against possible misuse of such powers and ensures that information is available to evaluate the authorities’ performance.

The year 2023 International Accounting Day was celebrated all over the world on Friday, November 10, 2023 and the Institute was not left behind in the celebration as some programmes were organized to mark the celebration. There was health walk, medical checkup and Press conference where the Institute’s President described Accountants as maintaining the “upward trajectory”. The detailed report is also published in this edition.

Other articles published in this edition include: *The Role of Ethical Leadership in Accountability; Public Financial Management: Aligning Nigeria’s Economic Reforms With Its Journey to a Sustainable Economy; Refocusing Workforce, ESG and Supply; Foreign Exchange*



Rates on the Performance of Agricultural Export in Nigeria; determinants of corporate social responsibility disclosure in Nigeria and much more.

It is an established fact that exercise is beneficial for all age groups. However, based on the current average age of our members, we published under our health column the benefits of exercise for people 40 years old and over. People will agree that maintaining a decent level of fitness is an essential and integral part to achieving a healthy body and mind. But due to family and work commitments, the older generation finds it difficult to stay healthy and fit.

You will also read our other regular columns like news and events. Your comments on the news items and articles published in this edition are welcome.

Please, write to: editor@ican.org.ng or dmuyiwa@ican.org.ng.

We wish you all a merry Christmas and happy new year in advance.

THE NIGERIAN
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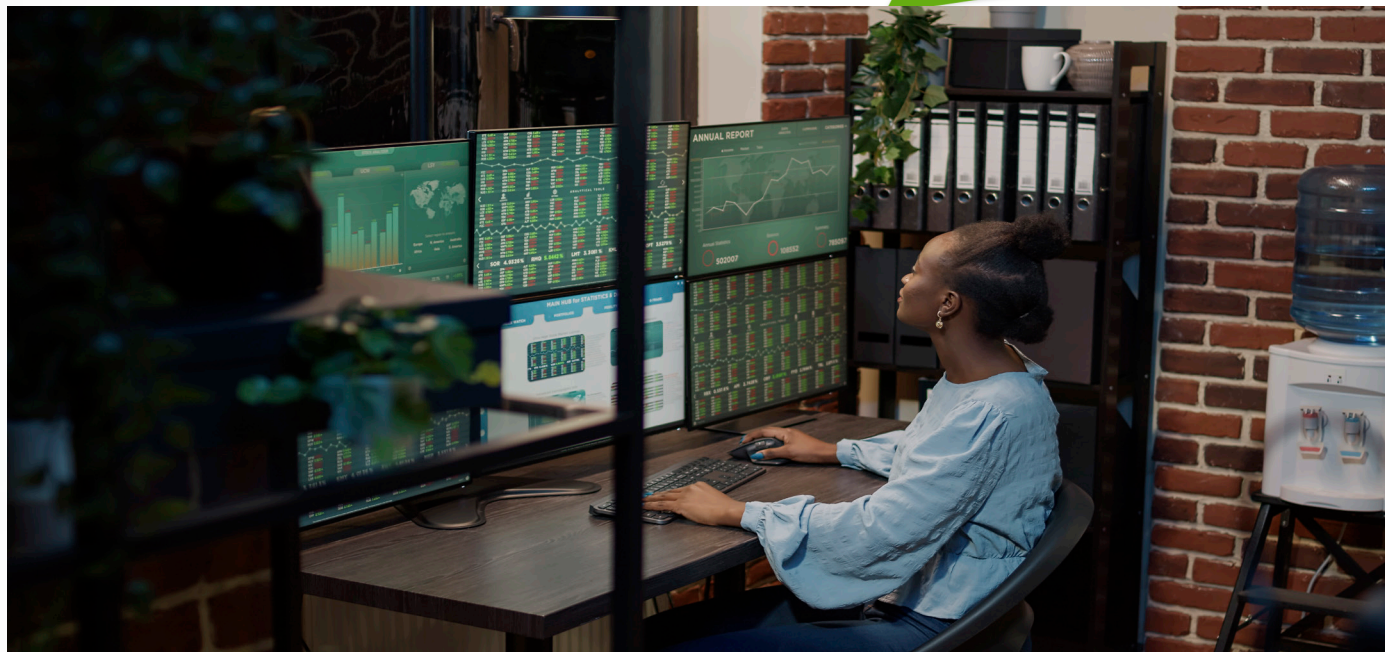
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FOREIGN EXCHANGE RATES ON THE PERFORMANCE OF AGRICULTURAL EXPORT IN NIGERIA

By Udo Francis Sylvanus, Inim Victor and Ityar Doofan Lynda



Abstract.

For the past thirty years, the function of exchange rates as an essential aspect of agricultural economics was not paid much attention. The decline on agricultural export was caused by the overvalued dollar because of its relative expense in other economies. This led to despondency prices and fewer farm profits, causing an undervaluation of farm resources and oversupply of output. With this, the study examines the effect of foreign exchange rates on the performance of agricultural export in Nigeria. Despite the emphasis placed on foreign exchange for agricultural promotion in Nigeria, the agricultural export in Nigeria is still not performing well. The time frame was from 1986 to 2021 and the adopted research design was ex post facto, in which the tool of analysis employed was the ARDL, ECM method, co-integration and unit root test as finding revealed that foreign exchange rates on the performance of agricultural volume and value added had negative and insignificant effect in Nigeria. While foreign exchange rates on the performance of agricultural capacity utilization had a positive and significant effect. Giving this finding, the study

Nigerian government should moderate and regulate the rate of exchange activities to make certain that it brings about better performance in the agricultural sector. Also, she should strongly attempt to make better the stand of the economy internationally with other nations of the world to expand the market for Nigerian agricultural exports. Finally, the government should change the focus of its policy in direction to the external agricultural sector and making sure that it adds in the most favourably way to output performance. As an intentional policy, the government should give support to rural area agriculture by which investors in distinct communities and commodities should be encouraged to set up agricultural industries, which will be solely on local raw materials comprising equipment and machines. Hence, this will increase and advance the market capacity utilization and value added locally.

1. Introduction

The rapidly increasing global economy in today's world with a constantly changing technology and the laws of trade internationally, has affected the way exchange rate plays its role in valuing farm equipment and production.

For many years, the role of exchange rates as an integral part of agricultural economics was overlooked (Kristinek & Anderson, 2002). It was Schuh (1974) in his work titled the role of exchange rates in agricultural trade that brought this topic to bare. His evidence in support of the idea is that the drop in agricultural exports due to their relative expense in other nations was caused by the overvalued dollar. His view was that while many variables affect agriculture, the exchange rate plays a role in all aspects of agriculture (Kristinek & Anderson, 2002).

Nigeria got her independence in 1960 and during this period, agriculture played a dominant role in her economy, but it was soon taken for granted because the government gave it a very little support. This little support provided by government for agricultural development was concentrated on export crops like cocoa, groundnut, palm produce, rubber and cotton as self-sufficiency in food production seemed not to pose any problem worthy of public attention (FMOAWARD, 2018).

The agriculture in Nigeria started witnessing some problems and these issues were clear from rising food

prices, increasing food supply short-fall and declining foreign exchange earnings from agricultural exports. However, not much rational concern was shown because the problems were thought to be the temporary effects of a series of crises which eventually culminated in the civil war (1967 – 70) (FMOAWARD, 2018).

After 1960, from 1970 to 1979, the agricultural situation worsened in Nigeria because of rising food import bills, widening food supply-demand gaps and sharp decrease in government revenue from agriculture, in foreign exchange earnings from agricultural exports. The situation was further compounded by the residual effects of the civil war, severe droughts in some parts of the country, government fiscal and monetary policies and above all, an “oil boom” which created serious distortions in the economy and accelerated the rate of migration of labour from agriculture (FMOAWARD, 2018).

As stated by Abolagba et al., (2010) between 1970 and 1974, agricultural exports as a percentage of total exports fell from about 43 percent to slightly over 7 percent. Export of agricultural produce in the mid-1970s to the mid-1980s in Nigeria witnessed a sharp decrease by 17 percent. Abolagba et al., (2010) emphasized the fact that Nigeria has lost its role as one of the world’s leading exporters of agricultural commodities.

According to FAOSTAT (2017), in 1961, Nigeria exported 197,000 tonnes of cocoa beans. In 1970, it went up to 304,000 tonnes and gradually went down to 153,000 tonnes in 1980. However, this number rose to a staggering 485,000 tonnes in 2006, and unfortunately decreased to 248,000 tonnes in 2014. Natural rubber was exported to the tune of 58,000 tonnes in 1961 and subsequently increased to 147,000 tons in 1990 and in 2014 151,000 tonnes FAOSTAT (2017).

One of the important factors of world trade is exchange rate, which has received much notice in the circumstances of world imbalances. The subject of exchange rate fluctuation came to be a topical issue in Nigeria because it is the goal of every economy to have a stable rate of exchange with its trading partners (Slowe, 2013)

In Nigeria, this aim was not achieved minding the way the government went on underestimating the naira and okayed the Structural Adjustment Programme (SAP) in 1986. Not achieving this success, placed the Nigerian agricultural export under participating in a constant exchange rate fluctuation. The foreign exchange reforms that facilitated a cumulative depreciation of the effective exchange rate were expected to increase the domestic prices of agricultural exports and hence boost domestic production (Slowe, 2013). A serious impediment on economy development is fluctuation, which makes investment riskier and more problematic. Potential investors will invest in a foreign location only if the expected returns are high enough to cover for the currency risk (Gerado, 2002).

For the agricultural sector, a fall in the real exchange rate indicates a reduction in the relative prices of traditional agricultural exports and import competing products of agriculture. Thus, as the value of the Naira rises, the Naira price of any given Nigerian agricultural export becomes more expensive to foreign buyers, thereby increasing export volume (output) and adding value to the Nigerian goods. In addition, the introduction of export volume (output), capacity utilisation and value added will help cushion the dependency on oil export of the country and add to the economy’s GDP.

On this note, if foreign exchange is properly curtailed or kept low to agriculture, it will help agriculture export in Nigeria perform better and contribute to her GDP. Despite the improvement of agricultural products in Nigeria, the performance of agricultural export is below expectation because of high exchange rate. The major problem, however, is that the floating exchange rate from its inception, frequency and instability of the exchange rate movements has raised concerns over the effect of such movements on the performance of trade flows of agricultural export. It is on this basis that the work examines foreign exchange fluctuation on the performance of agricultural export in Nigeria.

Previous studies such as Adekunle et.al., (2019) who investigated from 1981 to 2016 how the dynamics of real exchange rate affect performance of agriculture in Nigeria using the

Nonlinear Autoregressive Distributed Lag (NARDL) method found a negative relationship between both variables. Also, Akinbode et.al., (2018) who determined the effect of exchange rate volatility on Nigeria’s agricultural export performance using annual data from 1980-2015, employed Generalized Autoregressive Conditional Heteroscedasticity (GARCH-1,1) model which was used to generate the exchange rate volatility series and subsequently incorporated into the Autoregressive Distributed Lag (ARDL) Model for determining factors affecting agricultural exports (cocoa and rubber), found an insignificant effect between both variables. However, none of these studies used output, capacity utilisation and value added to measure agricultural export. Also, the study window is from 1986 to 2021. Based on these identifications, the study fills a research gap.

2. Literature Review and Hypothesis Development

2.1 Conceptual Issues Concept of Foreign Exchange

When the currency of a country is giving out for the currency of another country at any rate is known as exchange rate. The external value of each currency is reflected in the country’s economic conditions in general and the purchasing power of the currency relative to that of other currencies (Ani, Ugwunta & Okanya, 2013). In other words, for international traders with a given price, the major source of uncertainty is the exchange rate at which they can translate their sales revenue in foreign currency into local currency (Adubi & Okunmadewa, 2009).

Concept of Agricultural Export

Export of agricultural products are better motivation made available by various governments on products intended for other country’s market to support increase in global or other economy trading. Accordingly, export agriculture refers to money granted by the state which are subject to chance on export performance. They may take the form of, for example, cash payments, disposal of government stocks at below-market prices, subsidies financed by producers or processors because of government actions such as assessments,



marketing subsidies, transportation and freight subsidies, and subsidies for commodities contingent on their incorporation in exported products (FTIS, 2019).

Concept of Performance

Taticchi et al., (2008) stated that firm performance is the value, which is produced as a result of a certain activity. Each firm is established to fulfil specific purposes. When all performance factors are effectively utilised, turn out worth gets larger or astronomical than the expected worth, thus making the firms to survive or live longer. Competitive markets and the dynamics very likely become better of their performance to grow their profits and market value of the firm. The production process since the mid-1980s have been controlled by the firm. In this aspect, firms became aware that keeping up with continuously changing conditions is possible only by understanding firm performance, and they aimed for healthy growth (Taticchi et al., 2008).

The main purpose of this work was to examine the effect of foreign exchange rate on the performance of agricultural export in Nigeria. Other related purposes are: to evaluate the effect of foreign exchange rate on the performance of agricultural export volume; agricultural export capacity utilization and agricultural export value added in Nigeria.

The hypotheses of the study are stated in null forms and tested from the purposes of the work:

Ho1: Foreign Exchange Rate has no significant effect on the Performance of agricultural Nigeria

Ho1: Foreign Exchange Rate has no significant effect on the Performance of agricultural Utilization in Nigeria

Ho1: Foreign Exchange Rate has no significant effect on the Performance of agricultural Added in Nigeria

2.2 Empirical Review

Aliyu, Mohammed and Behiye (2021) examines the nexus between Competitively Valued Exchange Rates, Price level, and Growth Performance in the Turkish Economy. An existing understanding from the GARCH using annual data was carried out from 1980 to 2020 within the structure of the Autoregressive distributive lag test. Also employed, was the Error Correction Mechanism and the Bayer and Hanck Co-integration (BHC) test. It was shown that the way the two variables used induced economic performance and external trade competitiveness both in the short and long run.

Adekunle, Tihamiyu, Odugbemi and Ndukwe (2019) investigates the possible asymmetric effect of real exchange rate dynamics on agricultural performance in Nigeria over the period of 1981 to 2016, due to limited data constraints.

The Nonlinear Autoregressive Distributed Lag (NARDL) method was adopted. A combination of nonstationary and stationary variables was used and was

established through the ARDL unit root test. Based on the bounds test for co-integration, long-run relationship does not exist amongst the variable, having controlled for some other variables. Findings showed that the significant fundamentals were that the study was both positive and negative between both variables.

Akinbode and Ojo (2018) determines the effect of exchange rate volatility on Nigeria's agricultural export performance using annual data from 1980-2015. The Generalized Autoregressive Conditional Heteroscedasticity (GARCH-1,1) model was used to generate the exchange rate volatility series which was subsequently incorporated into the Autoregressive Distributed Lag (ARDL) Model for determining factors affecting agricultural exports (cocoa and rubber). Among the variables was revealed a long-run relationship giving the Bounds test. With that, the result signifies that in the long and short-run volatility of exchange rate has no positive effect on export.

Vellianitis-Fidas (1976) examines effect of exchange rate changes and demand for U.S. agricultural exports. Two steps were taken to test this hypothesis: first, a cross-sectional study using stepwise ordinary least squares (OLS) of demand for U.S. agricultural exports (namely, wheat, corn, and soybeans) by major U.S. trading partners in 1971-1973 and second, past exchange rate changes in other countries were examined to determine if changes in these rates explained variations in imports over time,

both from the U.S. and the world in the period 1954-1969. Both steps supported the hypothesis that special characteristics of the agricultural sector negate the effect of exchange rate changes in the demand for U.S. agricultural exports. For the OLS step, exchange rate changes, per capita income growth, population growth, CPI, foreign supplies, expected export quantities for the U.S. and the rest of world (ROW), and the actual export quantities of both the U.S. and the ROW. In this step, exchange rate was not significant in the wheat equation and not important in the corn and soybean equations. Almost none of the variation in changes in quantities exported for 1971 to 1972 and 1972 to 1973 is explained by the variation in the exchange rates.

2.3 Theoretical Framework Clarks’ Neoclassical Theory

The theoretical framework that best suits this study is the Clarks (1973) model, which evaluates the relationship between the exchange rate volatility and trade flows. It assumes a competitive firm with no market power producing only one commodity which is sold entirely to one foreign market and does not import any intermediate inputs. The firm is paid in foreign currency and converts the proceeds of its exports at

the current exchange rate, which varies in an unpredictable fashion, as there are assumed to be no hedging possibilities, such as through forward sales of the foreign currency export sales. Moreover, because of costs in adjusting the scale of production, the firm makes its production decision in advance of the realization of the exchange rate and therefore cannot alter its output in response to favourable or unfavourable shifts in the profitability of its exports arising from movements in the exchange rate. In this situation, the variability in the firm’s profits arises solely from the exchange rate, and where the managers of the firm are adversely affected by risk. Greater volatility in the exchange rate with no change in its average level leads to a reduction in output, and hence in exports, to reduce the exposure to risk. Similarly, Koren and Szeidl (2003) suggest that exchange rate volatility should affect trade volumes through the covariance of the exchange rate with other macroeconomic variables.

3./ Methodology

Ex-post facto was the adopted research design because the events the researcher is studying had already taken place. This design can also be applicable for studies geared toward ascertaining the cause-effect association

between the independent and dependent variables (Onwumere, Onodugo, & Ibe, 2013). Evaluating the cause – effect relationships is the significant point of this study; hence, the data are time series, gotten from CBN statistical bulletins and NBS, where inflation and interest rate are introduced as control variables covering the period 1986 - 2021. The annualised secondary data was analysed with the aid of Autoregressive Distributed lag (ARDL) and Error Correction Mechanism (ECM), as well as employing the co- integration method to test for the long-run effect among the series. In other words, the underlining postulation was that the two variables are blended in order 1 or I (1).

Model Specification

Giving the theoretical review, the econometric model employed in this study to examine the effect of foreign exchange rates on the performance of agricultural export in Nigeria will be formulated following the study of Umaru et al. (2013) and Karimi (2014) with modification by including real exchange rate, agricultural export volume, agricultural export capacity utilisation and agricultural value added to the contribution to GDP. Thus, the model for this study was specified as:

$$AVC = f(RFE, INF, INT) \quad (1)$$

$$AGCU = f(RFE, INF, INT) \quad (2)$$

$$AGVA = f(RFE, INF, INT) \quad (3)$$

Where: AVC = Agricultural Volume (Output); AGCU = Agricultural Capacity Utilisation; AGVA = Agricultural Value Added; RFE = Real Foreign Exchange; INF = Inflation Rate (control variable); INT = Interest Rate (control variable)

Incorporating our effect of foreign exchange rates on agricultural export performance association into the unrestrained ARDL mechanism structure to get the qualified (closed off) auto-regressive distributive lag steady-state template (by exerting OLS mechanism to gauge the general ARDL model), in the form:

$$\Delta AVC_t = \alpha_0 + \sum_{i=1}^m \alpha_1^i \Delta AVC_{t-i} + \sum_{j=0}^n \alpha_2^j \Delta RFE_{t-j} + \sum_{k=0}^o \alpha_3^k \Delta INF_{t-k} + \sum_{m=0}^p \alpha_4^m \Delta INT_{t-k} + \lambda_1 AVC_{t-1} + \lambda_2 RFE_{t-1} + \lambda_3 INF_{t-1} + \lambda_4 INT_{t-1} + \varepsilon_t \tag{4}$$

$$\Delta AGCU_t = \alpha_0 + \sum_{i=1}^m \alpha_1^i \Delta AGCU_{t-i} + \sum_{j=0}^n \alpha_2^j \Delta RFE_{t-j} + \sum_{k=0}^o \alpha_3^k \Delta INF_{t-k} + \sum_{m=0}^p \alpha_4^m \Delta INT_{t-k} + \lambda_1 AGCU_{t-1} + \lambda_2 RFE_{t-1} + \lambda_3 INF_{t-1} + \lambda_4 INT_{t-1} + \varepsilon_t \tag{5}$$

$$\Delta AGVA_t = \alpha_0 + \sum_{i=1}^m \alpha_1^i \Delta AGVA_{t-i} + \sum_{j=0}^n \alpha_2^j \Delta RFE_{t-j} + \sum_{k=0}^o \alpha_3^k \Delta INF_{t-k} + \sum_{m=0}^p \alpha_4^m \Delta INT_{t-k} + \lambda_1 AGVA_{t-1} + \lambda_2 RFE_{t-1} + \lambda_3 INF_{t-1} + \lambda_4 INT_{t-1} + \varepsilon_t \tag{6}$$

$\lambda_1 - \lambda_4$ = Long run multipliers

k = Belonging to identified best lags orders of the variables entering ARDL-ECM

$\alpha_1 - \alpha_4$ = coefficients of short run dynamics

t = time

Δ = First difference operator

α_0 = Intercept or drift operator

ε_t = Error term

Following position of Menike (2016), the relationship between foreign exchange rates and agricultural exports is specified as:

$$\Delta AVC_t = \alpha_0 + \sum_{i=1}^m \alpha_1^i \Delta AVC_{t-i} + \sum_{j=0}^n \alpha_2^j \Delta RFE_{t-j} + \sum_{k=0}^o \alpha_3^k \Delta INF_{t-k} + \sum_{m=0}^p \alpha_4^m \Delta INT_{t-k} + \delta ect_{t-1} + \varepsilon_t \tag{7}$$

$$\Delta AGCU_t = \alpha_0 + \sum_{i=1}^m \alpha_1^i \Delta AGCU_{t-i} + \sum_{j=0}^n \alpha_2^j \Delta RFE_{t-j} + \sum_{k=0}^o \alpha_3^k \Delta INF_{t-k} + \sum_{m=0}^p \alpha_4^m \Delta INT_{t-k} + \delta ect_{t-1} + \varepsilon_t \tag{8}$$

$$\Delta AGVA_t = \alpha_0 + \sum_{i=1}^m \alpha_1^i \Delta AGVA_{t-i} + \sum_{j=0}^n \alpha_2^j \Delta RFE_{t-j} + \sum_{k=0}^o \alpha_3^k \Delta INF_{t-k} + \sum_{m=0}^p \alpha_4^m \Delta INT_{t-k} + \delta ect_{t-1} + \varepsilon_t \tag{9}$$

Data Analysis and Results
Testing for Unit Root

Data from time series are generally described by a stochastic pattern that can be eliminated by differentiation. Therefore, the unit root is a test of the non-stationary or stationary existence of the data employed in this description. This is to find out whether there is a spurious or nonsensical relationship between foreign exchange rates and performance of agricultural export in Nigeria. Thus, as shown in table 1.1, the study employed Augmented Dickey-Fuller (ADF) techniques to test and verify the series unit root property and model stability.

Table 1.1: Result of the Unit Root Test

Variable	ADF Test Statistics		
	ADF	Critical Value	Order of Integration
AVC	-6.978246	-4.309824*	I(1)
AGCU	-3.508251	-3.207094***	I(1)
AGVA	-5.840353	-4.252879*	I(1)
INT	-4.204566	-3.580623**	I(1)
INF	-3.707572	-3.562882**	I(0)
RFE	-3.477945	-3.204699***	I(0)

Source: Authors Computation, 2022 (Eviews-12)

From Table 1.1, it could be observed that the results from ADF showed that four of the variables (which are AVC, AGCU, AGVA and INT) are integrated at order one; while two of the variables (which are INF and RFE) are integrated at order zero.

The variables which were found to be stationary at first difference, have their ADF test statistics as: -6.978246, -3.508251, -5.840353, -4.204566; and they were found to be greater than the critical values of: -4.309824 (at 1%); -3.207094 (at 10%); -4.252879 (at 1%); -3.580623 (at 5%) respectively.

Co-integration Test (Bound Test Approach) Results

If there is equilibrium relationship or a long term in the variables, it means that they are co-integrated. To avoid false or fake regression situations there must be a pre-test. Table 1.2 presents the summary results of ARDL bounds test

for Co-integration for the three models (agricultural volume model, agricultural capacity utilization model; and for agricultural value-added model) using AIC recommended lags

Table 1.2: Bound Test-Co-integration Results

Model	F-statistic	3.642942**			Decision
	AVC-Model	Significance	5%	I(0)	2.39
			I(1)	3.38	
AGCU-Model	F-statistic	3.793283**			Co-integrated
	Significance	10%	I(0)	2.39	
			I(1)	3.38	
AGVA-Model	F-statistic	15.31406**			Co-integrated
	Significance	5%	I(0)	2.39	
			I(1)	3.38	

Note: ** significant at 5%

Source: Authors Computation, 2022 (Eviews-12)

The co-integration test result from Table 1.2 showed that there is a long-run or equilibrium relationship on foreign exchange rates and AVC. This was captured by the F-statistic value of 3.642942, seen to be greater than the lower (I(0)) and upper bound (I(1)) critical values of 2.39 and 3.38 respectively at the 5% significance level.

Co-integrating relationship was also found to exist between foreign exchange rates and AGCU, as captured by the F-statistic value of 3.793283, found to be greater than the lower (I(0)) and upper bound (I(1)) critical values of 2.39 and 3.38 respectively; and also at the 5% significance level.

Lastly, there is an evidence of co-integrating relationship between foreign exchange rates and AGVA, as the F-statistic value of 15.31406 is greater than the lower (I(0)) and upper bound (I(1)) critical values of 2.39 and 3.38 respectively at the 5% significance level. The study thus, concludes that long-run or equilibrium relationship exists between

the independent and dependent variables in Nigeria within the period under review; and as such the study proceeds to conduct error correction models.

The study has established positive co-integrating connection between foreign exchange rates and performance of agricultural export in Nigeria; as such, the study moves to calculate the long-run models and error correction. The ARDL-ECM result examines in what

manner the ARDL model changes to the long-run equilibrium. The study utilised a general-to-specific modelling approach to derive a satisfactory reduced short-run dynamic policy captured in Table 1.3, 1.4, and 1.5

Model Estimation and Results Evaluation

Hypothesis one

Foreign Exchange Rates and Performance of agricultural export Volume in Nigeria

Table 1.3: ARDL Regression Result

Dependent Variable: D(AVC)

ARDL Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(AVC(-1))	-0.7055	0.184346	-3.82706	0.0123
D(RFE)	9.164678	1.482621	6.181402	0.0016
D(RFE(-1))	-0.98868	1.094113	-0.90363	0.4076
D(RFE(-2))	4.472565	1.236556	3.616953	0.0153
D(INF)	9.212627	2.723365	3.38281	0.0196
D(INF(-1))	-11.9096	2.45619	-4.8488	0.0047
D(INF(-2))	7.366478	2.241361	3.28661	0.0218
D(INT)	-14.3228	3.202153	-4.47287	0.0066
D(INT(-1))	21.32017	3.551261	6.003549	0.0018
D(INT(-2))	21.43774	3.505539	6.115392	0.0017
CointEq(-1)*	-0.560133	0.087799	-6.379758	0.0014
R-squared	0.841708	Mean dependent var	0.85	
Adjusted R-squared	0.611466	S.D. dependent var	2.836829	
F-Statistics (and P-value)	9.768266 (0.00002)	Akaike info criterion	4.257852	
Durbin-Watson stat	2.007263	Schwarz criterion	5.066691	

Source: Authors Computation, 2022 (Eviews-12)

The ect(-1) depicts adjustment of the speed to bring back the long run in the activity model coming after an interruption. The coefficient of the estimated ect(-1) equals -0.5601 puts forward a prompt speed of adjustment back to the long-run equilibrium. The coefficient is appropriately signed and to a greater degree significant at the 1 percent significance level. This hugely significant effect emphasised the fact that the existence of a stable long-term relationship.

The coefficient of determination (R-square) indicates that the model was reasonably fit in prediction. It showed that 84.17% changes in AVC were unanimously owed to RFE, INF and INT, while 15.83% not included variations was represented as the error term.

The value of the F-statistic captures it at 9.76 and its associated value of 0.000002 at 5% level was found to be significant.

It is further proof in the result that among the variables, there is absence of auto-correlation as proven by Durbin Watson (DW) statistic of 2.00. It showed that the data can be depended upon and are impartial.

Hypothesis Two

Foreign Exchange Rates and Performance of agricultural export Capacity Utilization in Nigeria

Table 1.4: ARDL Regression Result

Dependent Variable: D(AGCU)

ARDL Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(AGCU(-1))	-0.45659	0.094461	-4.83358	0.0013
D(RFE)	-6.02E-05	0.000361	-0.16661	0.8718
D(RFE(-1))	0.002052	0.000488	4.204631	0.003
D(RFE(-2))	-0.00069	0.000517	-1.33548	0.2185
D(RFE(-3))	0.001405	0.000497	2.827868	0.0222
D(INF)	-0.0029	0.000633	-4.5786	0.0018
D(INF(-1))	0.00344	0.000834	4.12341	0.0033
D(INF(-2))	0.003392	0.000708	4.793683	0.0014
D(INF(-3))	0.003382	0.000742	4.556027	0.0019
D(INT)	85.12271	17.93108	4.747215	0.0015
D(INT(-1))	45.25082	10.14136	4.462009	0.0021
D(INT(-2))	37.72435	12.42301	3.03665	0.0161
D(INT(-3))	30.40713	10.16939	2.990065	0.0173
CointEq(-1)*	-0.38839	0.056976	-6.81672	0.0001
R-squared	0.930433	Mean dependent var		-0.03316
Adjusted R-squared	0.845958	S.D. dependent var		4.213092

F-Statistics (and P-value)	8.2556 (0.000)	Akaike info criterion	4.142062
Durbin-Watson stat	2.22199	Schwarz criterion	4.966539

Source: Authors Computation, 2022 (Eviews-12)

The Error Correction Model (ECM) parameter is negative, less than unity and significant at 5% level as expected. The ECM is an error correction term in the model to restore back equilibrium and validates that there exists a long run equilibrium relationship among the variables. The value of the ECM is 38.83%, meaning that the system corrects (or adjusts to) equilibrium in the following year at speed of 38.83% which is good.

To show the elucidatory capacity of the model and the reliability of the estimates, the coefficient of determination (R-square) was deployed. It indicates how the model was in a sensible way fit in forecasting. It emphasized that 93.04 percent alterations to AGCU were collectively due to RFE, INF and INT, at the same time 6.96% represents the white noise.

To determine the whole importance of the regression model in the same extent, the F-statistic was used to evaluate it and was revealed that the results are significant. 8.25 captures the worth of the F-statistic and its affiliated p-value of 0.000 having been discovered to be significant at 5% level.

The Durbin Watson (DW) statistic of 2.22 in the model emphasized that there is absence of autocorrelation between the independent and dependent variables (as it fell within the acceptable range of 1.5 and 2.4). This proves estimates can be depended on to make decision on policy.

Statistical Test of Hypotheses

H₀₁: Foreign Exchange Rates has no significant effect on the Performance of agricultural export Volume in Nigeria

Table 1.6: Wald Test results on Foreign Exchange Rates and Performance of agricultural export Volume in Nigeria

Test Statistic	Value	df	Probability
F-statistic	1.280560	(9, 5)	0.4122
Chi-square	11.52504	9	0.2414

Source: Authors Computation, 2022 (Eviews-12)

The Wald-test in Table 1.6 indicated that the calculated F-value for the relationship between Foreign Exchange Rates and the Performance of agricultural export Volume in Nigeria is 1.280560, and its probability value is 0.4122. Because the probability value is greater than 0.05 at 5% level of significance, it means it falls in the region of acceptance and as a consequence, hypothesis one in a null form (**H₀₁**) was accepted. The result

emphasizes that Foreign Exchange Rates has an insignificant effect on the performance of agricultural export Volume in Nigeria

H₀₂: Foreign Exchange Rates has no significant effect on the Performance of agricultural export Capacity Utilization in Nigeria

Table 1.7: Wald Test results on Foreign Exchange Rates and Performance of agricultural export Capacity Utilization in Nigeria

Test Statistic	Value	df	Probability
F-statistic	12.25883	(7, 5)	0.00255
Chi-square	14.25369	5	0.00293

Source: Authors Computation, 2022 (Eviews-12)

The Wald-test in Table 1.7 indicated that the calculated F-statistic value for the relationship between Foreign Exchange Rates and the Performance of agricultural export Capacity Utilization in Nigeria was found to be 12.25883 and its probability value was 0.0025. Because the probability value is less than 0.05 or 5% level of significance (and fell in the rejection region), hypothesis 2 in the null (**H₀₂**) was rejected. The study concludes, Foreign Exchange Rates has a positive and significant effect on the Performance of agricultural export Capacity Utilization in Nigeria

H₀₃: Foreign Exchange Rates has no significant effect on the Performance of agricultural export Value Added in Nigeria

Table 1.8: Wald Test results on Foreign Exchange Rates and the Performance of agricultural export Value Added in Nigeria.

Test Statistic	Value	df	Probability
F-statistic	7.160760	(8, 5)	0.0657
Chi-square	85.92912	5	0.0000

Source: Authors Computation, 2022 (Eviews-12)

Above all, the Wald-test in Table 1.8, showed that the F-value for effect of Foreign Exchange Rates on the Performance of agricultural export Value Added in Nigeria was found to be 7.160760; with a connected p-value of 0.0657. Because the p-value is greater than 0.05% level of significance, the third hypothesis which was stated in null form (**H₀₃**) was accepted. With this, conclusion is that Foreign Exchange Rates has no significant effect on the Performance of agricultural export Value Added in Nigeria.

4. Discussion of Findings

That Foreign Exchange Rates was seen to have insignificant effect on the performance of agricultural export Volume in Nigeria. This agrees with the results of Akinbode and Ojo (2018) whose findings revealed that the volatility of exchange rate does not affect export significantly in the long and short run. This may be to a limited extent ascribed to the inelastic qualities of agricultural commodities' supply most importantly in the short run. It was also exposed that there exists insignificant relationship among agricultural export and GDP, world prices, exchange rate and inflation. The findings further agreed with Omojimite (2012) whose study showed that foreign exchange fluctuations through spread of interest rate was found to have no positive and significant effect on agricultural output in Nigeria.

Furthermore, discovery from the analysis shows that foreign Exchange Rates has a significant effect on the Performance of agricultural export Capacity Utilization in Nigeria. It showed that the significant fundamentals were real exchange rate, real appreciation and depreciation (after some lags), has significant effect on agricultural export capacity utilization in Nigeria (after some lags) in the short run. This aligned with the findings of Aliyu, Mohammed and Behiye (2021) whose study showed that there is a relationship among between the variables.

Foreign Exchange Rates has no positive effect on the Performance of agricultural export Value Added in Nigeria. The implication of this findings is that unstable exchange rates impacted ineffectively on Performance of agricultural export Value Added in Nigeria. This agrees with Brownson et al (2012) whose study showed that in both long run and short run, real exports, real external reserves, inflation, and external debt have insignificant negative effects on agricultural productivity, whereas industrial capacity utilization and nominal exchange rate promote agricultural productivity in Nigeria. The study is in line with the Clarks Neoclassical model (1973) theory, which views exchange rate and trade flows as a perfect way for firms to earn foreign currency.

5. Conclusion and Recommendation

Empirical result disclosed no effect between foreign exchange rates and agricultural volume, which is the output sector in Nigeria in the long run. The study also concluded that foreign exchange rates does not cause agricultural volume to increase or perform well, which would have led to corresponding increase in agricultural output at 5% level of significance. Also, the second null hypotheses revealed that foreign exchange rates have no negative and insignificant effect on the performance of agricultural capacity utilization in Nigeria.


Based on the findings it is established that foreign exchange rates impact on agricultural capacity utilization as its optimum capacity utilization causes foreign exchange to increase in Nigeria within the period of reviewed. Finally, the study concludes that foreign exchange rates does not affect value added in Nigeria. With this, the study concludes that foreign exchange rates do not cause agricultural value added to contribute to the GDP of the economy and that foreign exchange does not influence agricultural sector value added to grow and conclude that their relationship is insignificant and negatively related. Based on these conclusions, the study recommends that Nigerian government should moderate and regulate the rate of exchange activities to make certain that it brings about better performance in the agricultural sector. Also, she should strongly attempt to make better the stand of the economy internationally with other nations of the world to expand the market for Nigerian agricultural exports. Finally, the government should change the focus of its policy in direction to the external agricultural sector and making sure that it adds in the most favourably way to output performance. As an intentional policy, the government should give support to rural area agriculture by which investors in distinct communities and commodities should be encouraged to set up agricultural industries, which will be solely on local raw materials comprising equipment and machines. Hence, this will increase and advanced the market capacity utilization and value added locally.



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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA COMMUNIQUE ISSUED AT THE END OF THE 53RD ANNUAL ACCOUNTANTS' CONFERENCE

1. Introduction

The 53rd Annual Accountants' Conference of The Institute of Chartered Accountants of Nigeria (ICAN) held from October 9 to 13 2023, at Abuja, Nigeria. The theme of the Conference was: "Nigeria: Imperatives for Inclusive Development".

The Conference was declared open on Tuesday, October 10, 2023, by the Special Guest of Honour, His Excellency, Bola Ahmed Tinubu, GCFR, President, Commander in Chief of the Armed Forces, Federal Republic of Nigeria, ably represented by Mr Adebayo Adedun, FCA, Honorable Minister of Power.

The total number of Delegates at the Conference was 8,074 with Delegates from within and outside Nigeria.

The Conference had Six plenaries and the Young Accountants' Forum, during which eminent scholars, professionals, and technocrats drawn from within and outside Nigeria made presentations.

2 Observations and Recommendations

At the end of deliberations, delegates made the following observations and recommendations:

2.1. General

a) **The Need to Address Multidimensional Poverty and Socio-economic Challenges:** The conference highlighted the stark reality that around 133 million Nigerians are grappling with multidimensional poverty. This dire situation is the result of several interconnected issues, including insecurity, food scarcity, low revenue, high public debt, reduced investments, limited forex inflow, and a decline in domestic capital formation. These challenges have triggered a continuous wave of emigration, causing a brain drain and corporate divestments. Therefore, there is an urgent and compelling need for all hands to immediately get on deck to arrest this situation;

b) **Eliminate Obstacles to Inclusive Development:** Eminent discussant were of the view, that are deeply ingrained issues such as ethnic and religious intolerance, impunity, disrespect for the rule of law, and a deficiency in integrity. It is therefore in the collective interest of all to eschew the above and embraces our diversity;

c) **Embracing Meritocracy and Diversity:** Participants at the conference recognized the need to foster a culture of meritocracy and gender-based diversity, ensuring that opportunities are granted to the most qualified individuals. They urged Nigerians to embrace the country's rich diversity and advocate for inclusion in all aspects of life while celebrating those who demonstrate unwavering integrity against all odds;

d) **Citizen Engagement within the Social Contract:** The conference noted a crucial gap in the exercise of citizens' rights within the social contract. To address this, a call for more active citizen engagement was made, underscoring the importance of a participatory and informed citizenry; and

e) **Embrace Transparency, Accountability, and Human Capital Development:** Transparency and accountability were identified as mutually reinforcing elements critical for effective governance. The conference emphasized that public trust is more readily earned when there is transparency and accountability. Additionally, it stressed the importance of integrity in advancing the country's development. Furthermore, the conference recognized the paramount role of human capital development in driving increased productivity, economic growth, and social cohesion. It underscored that recognizing and appreciating talent is essential to retaining and rewarding it.

2.2 Accountancy Profession

a) **Promote Good Governance:** Professional accountants are called upon to be champions of accountability, transparency, and trust in their respective

domains. They are encouraged to actively engage in promoting good governance, recognizing that their skills and expertise are invaluable in shaping the nation's progress;

b) **Advocate for Budgetary Reform:** In the interest of the public, it is suggested that the Institute of Chartered Accountants of Nigeria (ICAN) should take the initiative to sponsor a bill aimed at reforming Nigeria's budgetary system. Such reforms are essential to enhance transparency and efficiency in budget management;

c) **Foster Global Collaboration and Knowledge Sharing:** To ensure Nigerian accountants remain at the forefront of global best practices, ICAN is advised to foster increased collaboration with international accountancy organizations. This collaboration can facilitate the exchange of knowledge, techniques, and insights, thereby keeping Nigerian accountants well-informed;

d) **Acquire Digital Competence:** As the future is digital, it is recommended that ICAN consistently reviews the competency framework for accountants. This is essential to prepare professionals for the digital age, enabling them to support business growth while effectively managing risks; and

e) **Accountants as Agents of Positive Change:** Professional accountants are acknowledged as vital catalysts for sustainable growth and inclusive development. Their potential to steer businesses and governments toward positive outcomes obvious, reinforcing their importance in shaping a better future for both organizations and society is paramount.

3. The Organized Private Sector

a) **Invest in Employee Growth and Wellbeing:** At the corporate level, institutions should invest in employees' education and development, create a culture of continuous learning, promote an environment where employees are

adequately compensated, create a learning management system, promote Corporate Social Responsibility (CSR) projects that focuses on education, healthcare, technology, leadership, social skills, and a psychologically safe environment for employees to thrive;

b) Prioritise Mental Health in the Workplace: The conference brought to light the pressing concern that not enough attention is given to mental health issues in the workplace. We strongly urge the implementation of measures to comprehensively address these issues. By doing so, we can foster a healthier, more supportive work environment and prevent serious conditions such as depression, suicidal thoughts, and other mental health challenges; and

c) Boost Confidence in Agricultural Loans: The conference encouraged financial institutions to have confidence in lending to farmers. This is crucial for agricultural development and food security. The following strategies can be applied to achieve this: risk assessment and management, collateral alternatives, agricultural training and education, flexible loan products, interest rate subsidies from government, monitoring, and evaluation, among other strategies.

4. Government

a) Drive Revenue Digitization and Tax Reform: The conference recognized the Federal Inland Revenue Service's (FIRS) efforts to digitize revenue collection and automate tax payments through the TaxPro Max platform. Participants also praised the establishment of the Presidential Fiscal Policy & Tax Reforms Committee to address taxation issues comprehensively, including the need to harmonize taxes and levies among government tiers;

b) Enhance Taxpayer Inclusion: There was commendation for the collaborative efforts of FIRS, the National Identity Management Commission (NIMC), and the Nigerian Financial Intelligence Unit (NFIU) in linking taxpayer data with the Bank Verification Number (BVN) system, thus expanding the tax base;

c) Increase Human Capital Investment and Budget Review: The conference advocated for initiatives promoting entrepreneurship, skills development,

education, health, and nutrition, recognizing that the future of human capital will be influenced by technology, globalization, and demographics. Moreover, the participants suggested more frequent budget reviews, possibly quarterly, to enhance budget monitoring and implementation;

d) Improve Agricultural Production and Security: Security challenges affecting the agricultural sector were covered, with a call for government action to ensure farmers can return to their farms, thereby boosting agricultural production and food security; and

f) Prioritise Education, Skills Development, and Diaspora Remittances: Recommendations were made for targeted investments in quality education, curriculum overhaul, and skills development. The conference also advocated for utilizing diaspora remittances to improve the Nigerian economy and called for government consultation, enabling environments for talent growth and retention, focusing on education and brain capital development. Lastly, the urgent need to address infrastructure deficits to promote Business Process Outsourcing and reduce brain drain was highlighted

5. The Youths

a) Inculcate Emerging Skills for Future Ready Accountants: The conference recognized that the next generation of professional accountants will need to embrace a diverse set of skills and opportunities to be future-ready. These include fostering innovation, achieving technological proficiency, cultivating strategic thinking, promoting cross-functional collaboration, honing communication skills, fostering interdisciplinary knowledge, mastering data analytics, gaining business insight, building strong networks, and improving negotiation abilities. Additionally, professional accountants are strongly encouraged to acquire new competencies in areas such as data analytics, digital transformation, cybersecurity, sustainability, ESG reporting, and strategic consulting;

b) Address Youth Opportunities and Frustration: Participants at the conference acknowledged that a lack of opportunities for young people, often due to government limitations, can lead to frustration; and

c) Advice for Young Accountants:

To guide young accountants on their professional journey, the conference offered valuable advice. They emphasized the importance of continuous learning throughout one's career and the need to evaluate mentorship relationships for compatibility with personal values. Young accountants were advised to introspect and set milestones for their lives, looking within for direction. They were also encouraged to develop the skill of filtering out distractions and focusing on building skills relevant to their field, all while leveraging the experiences and insights of others in the profession.

3. Conclusion

Nigerians must embrace the country's diversity, ensure inclusiveness in every aspect of their endeavours, and celebrate those that have exemplified integrity against all odds. Governments must be held accountable. Professionals must also play their part to add value and engender diversity, equity, and inclusiveness.

Dr. Innocent Iweka Okwuosa, FCA
ICAN's 59th President and Chairman
of the Governing Council



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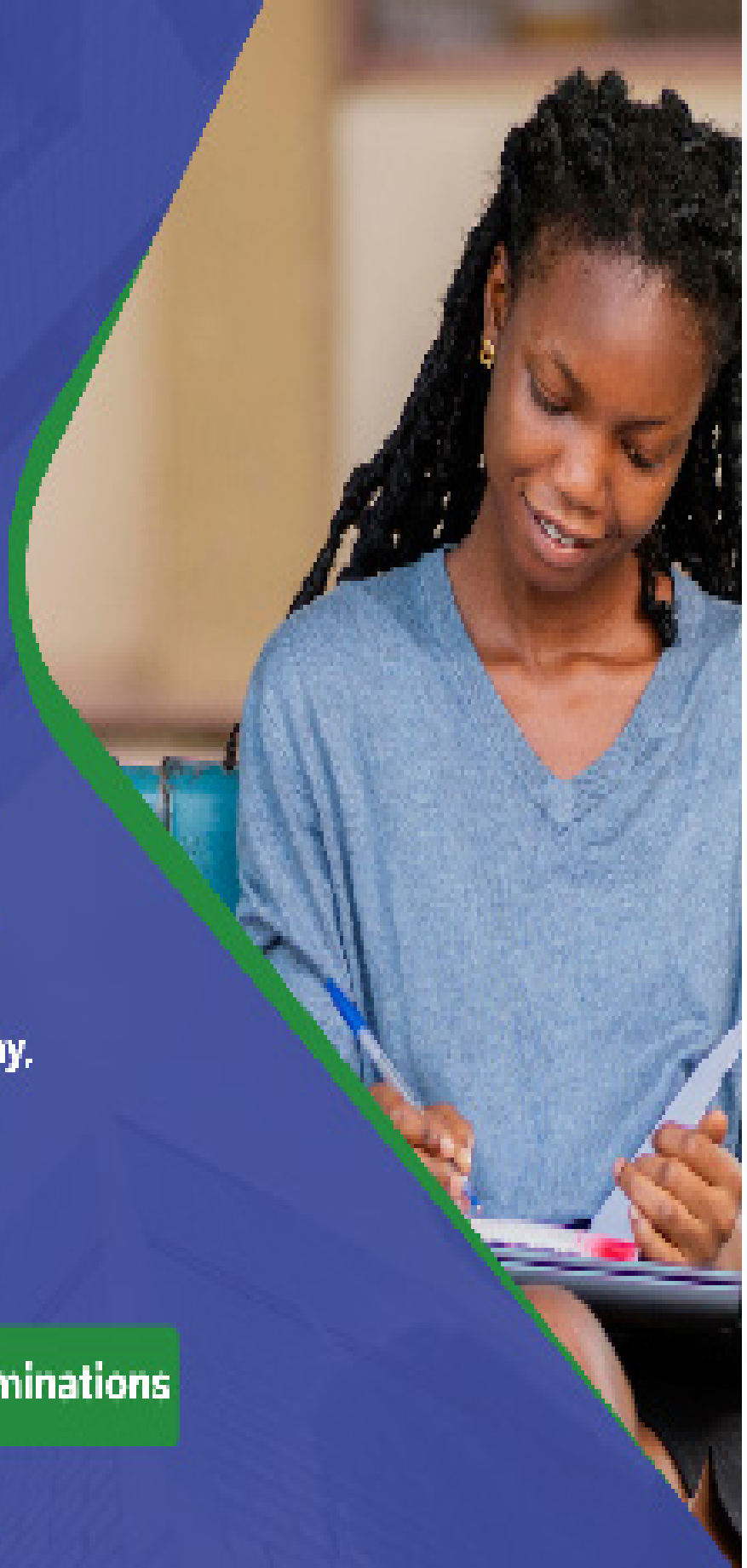


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REFOCUSING WORKFORCE, ESG AND SUPPLY

By KPMG



Leaning in to ESG

The pandemic has created what will be a career-defining economic challenge for most CEOs. Given the scale of that challenge, many were worried that chief executives would be forced to relegate the importance of environment, social and governance (ESG) themes.

However, our research shows that CEOs are still very much engaged with this issue, and in particular the 'S' of ESG. Close to two-thirds (63 percent) said that their response to the pandemic has caused their focus to shift to the social component of their ESG program.

That is not to say that CEOs are being deflected from the 'E' of ESG. Chief executives are more than aware that climate change also offers a significant economic and humanitarian threat over the coming decades and that there is a need to rebuild organizations in a way that supports a new and sustainable economy.

The seriousness with which they take the issue of climate change is reflected in the fact that many believe that managing climate-related risks is key to their own job security and long-term legacy. When we asked CEOs whether it was likely that managing climate-related risks will be a key factor in them keeping their job over the next 5 years, close to two-thirds (65 percent) felt it was indeed

two-thirds (65 percent) felt it was indeed likely.

To move forward, CEOs are looking to double-down on the structural shifts that have emerged during the crisis – 71 percent say they want to lock-in climate change gains that have been realized during the pandemic.

Measuring and communicating the impact of environmental improvements, as well as social and governance performance, will be critical. Earlier this year at the World Economic Forum (WEF) in Davos, the WEF's International Business Council published a paper with a proposed set of ESG metrics and reporting disclosures.¹ Led by the WEF and developed by a task force composed of subject matter experts from Bank of America, KPMG and the other Big4 accounting organizations, the paper identifies a set of ESG metrics. Adoption of these metrics can bring consistency, comparability, and transparency to reporting of non-financial information and ESG aspects of business performance, critical to demonstrating long-term value creation.

Future of work

COVID-19 has effectively forced many organizations to experiment radically with how work is done. For many organizations, virtual working kicked in literally

overnight. With the pandemic transforming the world of work, 77 percent of CEOs say they will continue to build on their current use of digital collaboration and communication tools, and 73 percent believe that remote working has widened their available talent pool.

However, with advances in analytics, artificial intelligence, process automation, and the Internet of Things accelerating, the organization of the future will look very different: flatter, digitized and with a very different talent profile, potentially made up of fewer people with distinct new skills. CEOs will need to make some difficult people decisions and prioritize investment; focusing on bold and ambitious digital transformation moves. Two-thirds (67 percent) say they are likely to put their capital investment into technology versus developing their workforce's skills and capabilities (33 percent). Interestingly, this balance hasn't changed at all since the initial survey at the beginning of this year.

Customer-centric supply chain

In terms of the future operating model, supply chains have also been hard hit: 67 percent say they have had to rethink their global supply chain. However, CEOs are using this opportunity to ask how their supply chain can become a

competitive advantage in the new reality that emerges. When we asked CEOs to say what was driving this supply chain re-evaluation, the top-ranked reason was to 'become more agile in response to changing customer needs' and 'pressure from governments to bring production closer to home' was second from bottom.

Many companies, particularly those with complex supply chains, were likely focused on continuity issues and managing ongoing uncertainty and disruptions. However, as they look to the future, a number of areas are expected to become critical: stripping complexity and cost out of supply chains, building end-to-end visibility, investing in automation and other advanced technologies, and building agility into the network of suppliers and partners.

Reflections for the new reality

Leaders need to ensure that we do not slip back from climate gains made as a result of the pandemic and instead build the foundations of a sustainable, green economy into the future. Companies can learn from how resilient (or not) their operating models proved to be during the crisis, to understand what areas would need strengthening to withstand environmental

or climate challenges. With consumers increasingly focused on purpose-driven brands and sustainable products and services, companies are adapting their product and service portfolios in an effort to exceed those needs.

At the same time, investors are increasingly focused on organizations' ESG performance, with a particular emphasis

on the 'E' of climate risk. The pandemic has been a major crisis with huge humanitarian implications, but it has also been a time where sustainable and socially responsible companies have come into their own. Organizations that are building robust ESG reporting programs – along with resilient and flexible supply chains and a talent strategy that focuses on the people and skills needed for a more agile and virtual future – will be well positioned.





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PUBLIC FINANCIAL MANAGEMENT: ALIGNING NIGERIA'S ECONOMIC REFORMS WITH ITS JOURNEY TO A SUSTAINABLE ECONOMY

BY Gbenga Adeputu and Abdullahi Salma



Introduction

The year 2023 marks a significant turning point for Nigeria. Following a keenly contested election in February, President Bola Ahmed Tinubu's administration was inaugurated in late May. As expected, the new administration came with an immediate raft of reforms and policy pronouncements with far-reaching implications for the economy and the citizens. These policy decisions hold immense potential to reshape the nation's economic trajectory and set it on a path towards sustainable growth and development. Crucial to the success of these endeavours is effective Public Financial Management (PFM). PFM refers to the processes and methods with which the government organises, allocates, and oversees public resources. In the context of Nigeria's economic transformation, sound financial management practices are vital to the realisation of the new administration's policies. This article explains how sound public financial management can transform Nigeria's economy.

A Rundown of the Major Economic Reforms of the Current Administration

The new administration in Nigeria has set the stage for significant measures aimed at solving the country's economic

Two of these measures stand out, drawing considerable attention and shaping the administration's economic approach. The first is the abolition of petrol fuel subsidy, a move aimed at reducing government expenditure and promoting a more efficient and market-driven fuel pricing system. This decision marked a departure from the traditional subsidy model, which strained public finances and created opportunities for corruption and inefficiencies. The second noteworthy decision is the unification of the foreign exchange rate. This move represents a shift towards a market-oriented foreign exchange system, allowing market forces to determine the value of the national currency. By relinquishing control over the foreign exchange rate, the administration aims to enhance competitiveness, attract foreign investment, and foster a more efficient allocation of resources in the economy. President Tinubu has made his market-oriented economic stance clear: pulling back government intervention in certain economic spaces and allowing market forces to determine the price of commodities. Many experts have commended these economic decisions.

How will these policies affect the economy?

From a business perspective, these

policies will encourage investments and help pick up the pieces of Nigeria's economy. On June 14, 2023, the CBN collapsed all segments of foreign exchange markets into the Investors and Exporters (I&E) forex window. Few days after the FX liberalisation, the stock market soared by 5.5 percent. The single floating value of the naira will eliminate any market distortion and arbitrage opportunity, decrease uncertainty, and increase overall investor confidence in Nigerian markets.

The removal of the fuel subsidy also has many projected economic benefits. A report from the Nigeria Extractive Industries Transparency Initiative (NEITI), reveals that #13.7 trillion was allocated to subsidies during the period spanning from 2005 to 2021. Remarkably, #8 trillion was spent within the period commencing from 2022 to the first half of 2023. This pronounced escalation in subsidy disbursements highlights the imperative for a thorough evaluation of subsidy-related policies and their fiscal ramifications within the context of the Nigerian economy. Trillions of naira that would have been spent annually on the subsidy scheme can now be used for improving infrastructure, education, healthcare, and other areas that will help alleviate poverty and stimulate growth.

The announced policy changes reflect a commitment to reform and reshape Nigeria's economic landscape.

These foundational policy adjustments, crucial as they may be, do not come without significant costs. The financial burdens resulting from these stringent policies are ultimately borne by the Nigerian public. Since the sudden removal of fuel subsidies, the price of petrol has surged by over threefold, soaring from #195 per litre to #617 per litre in some parts of the country. Consequently, production costs for businesses across all sectors have escalated, leading to inflated prices of goods and services throughout the nation. The inflation rate surged from 22.79% in June to 24.08% in July 2023. In August 2023, it further increased to 25.80%.

Allowing the foreign exchange rate to float resulted in up to 37% appreciation of the American dollar against the naira, causing the naira to plummet to its lowest recorded value. As a result, imports have become significantly more expensive. These high prices have substantially eroded the purchasing power of a vast portion of the population, especially those millions of Nigerians living below the poverty line. The current policies and their forecasted effects bode well for the Nigerian economy in the long run, but

but the heightened inflation indicates that, in the meantime, they come at a huge expense to the masses.

A robust public financial management is Nigeria's way forward

Historically, many promises have gone unfulfilled, and policies meant to benefit the common man are rendered obsolete. Sometimes, project plans are not followed through, or allocated funds slip through the cracks of vague planning and corruption. To instil trust and confidence in the new administration, the government must maintain an elaborate system of public financial management to show Nigerians that the sacrifices of the present will not be in vain and their endurance of economic adversity will yield future economic prosperity.

As the government prepares for the upcoming year, the budget and financial goals are shaped around policies in the economic context that exists. The annual budget accounts for total forecasted revenue from all sources and estimated expenditure by all Ministries, departments, and agencies (MDAs). However, to be enacted into law, the budget must undergo a rigorous review and obtain approval from the National Assembly. The significance of this process cannot be overstated.

It serves as a blueprint that guides the government's financial decisions and actions throughout the year. It outlines the allocation of funds to different sectors, such as education, healthcare, defence, infrastructure, and social welfare, which reflect the government's priorities and commitments. The budget formulation ensures a disciplined approach to financial management and promotes fiscal responsibility.

After the budget has been passed and signed into law, the next responsibility is managing public resources to ensure that necessary funds are made available to the entities that will achieve the budget objectives. This includes the costs of civil servant remuneration, procurement costs, funding of development projects, and acquiring capital.

There are numerous sectors, offices, and other constituents to which monetary resources are allocated in Nigeria. Having fixed internal controls and audits is a necessary means to ensure that all members comply with the predetermined rules and regulations for resource management. Accounting procedures are a very important part of budget execution. Cash flow in and out of every government-associated account should be recorded. Financial statements and reports should accurately display



revenue and expenditure and be made available to the public on a timely basis.

In the final stage of the cycle, the budget is evaluated and audited by an independent external auditor to assess government compliance with regulations and the initial budget. It should corroborate the internal audit and provide areas for reform or correction for the next year.

In the face of challenging economic circumstances, the country is entering a period that demands careful consideration and proactive measures. The government is tasked with the critical responsibility of optimising costs and exercising fiscal prudence as the economy seeks to rebound. Cost optimisation assumes a pivotal role in this pursuit, with the primary goal of maximising the efficiency and effectiveness of public resource utilisation while minimising overall expenditure. This multifaceted approach encompasses evidence-based decision making, and the streamlining of expenditures, while enhancing the quality of public services provided to its citizens. An independent third party should be appointed by the administration to ensure compliance and affirm credibility to instill trust and confidence in the society.

The state has a duty to serve the people. According to The International Federation of Accountants (IFAC), the central objective of PFM is to improve citizens' lives through better management of public money. This will promote openness, establish a means of accountability, and contribute to overall system stability.

However, this goal cannot be attained with the existing obscurity surrounding the use of public resources. Conscientious governance and irrefutable accountability are indispensable in functional public financial management. Internal and external audit functions are prerequisites for achieving structural accountability. It is imperative that the existing rules and regulations are evaluated to verify their adequacy and whether the MDAs are compliant. Any instances of aberration from the regulations should be publicised and the responsible parties penalised.

Public entities are expected to publish detailed and accurate financial reports in a timely fashion using widely accepted international standards such as those outlined in the International Public Sector Accounting Standards (IPSAS) to guide the ways in which management of public assets and liabilities is presented.

This will promote openness, establish a means of accountability, and contribute to overall system stability. Furthermore, using the right channels and frameworks to publish implementation strategies, progress, and outcomes of public resource use will go a long way in convincing stakeholders that the administration is moving in the right direction. Collaborating with independent experts in this regard can provide greater assurance of success. This, coupled with a commitment to transparency, will ensure that all cash flows within the system are aligned

with the initial policies.

This will promote openness, establish a means of accountability, and contribute to overall system stability.

Accountability is the Bedrock of Progress

Effective financial planning is the backbone of every successful economic outcome. The achievement of sustainable economic growth and development hinges on the proper allocation of public resources. Consulting credible third-party firms for expertise will enhance financial management and produce economic outcomes and optimal returns on investments in every venture. If this administration wishes to demonstrate to the Nigerian public that the interests of the people are indeed a priority, then they must take the necessary measures and reforms to strengthen the current Public Financial Management system. By handling public finances with due diligence and transparency, the new administration can hold itself accountable before the populace, garner public support, and ensure the sustainability of economic policies, ultimately driving the nation towards a prosperous and inclusive future.

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THE ROLE OF ETHICAL LEADERSHIP IN ACCOUNTABILITY

ABDULRASHEED BALOGUN, PhD, FCA

Introduction

In today's rapidly changing business environment, leaders must make ethical decisions on a regular basis and function as ethical leaders to promote, sustain, and maintain ethical behavior in followers. Continual scandals in business and public sectors over the last decades have increased interest in ethical leadership.

This paper seeks to x-ray the role of ethical leadership in accountability as the society demands a great role to be played by leaders. This is to ensure that ethical culture and practices are upheld and sustain among citizens.

We shall therefore look at the concept of ethics and its theoretical framework vis-à-vis the impact on accountability and sustainable transparent society.

Concept of ethics

Ethics or moral philosophy is the branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong conduct. The term ethics derives from the Ancient Greek word *ethikos*, which is derived from the word *ethos* (habit, "custom" or "character"). The branch of philosophy axiology comprises the sub-branches of ethics and aesthetics, each concerned with values (Newton, 2000).

Definition

Ethics is the discipline dealing with what is good and bad and with moral duty and obligation, principles of conduct governing an individual or a group (Jackling, Cooper and Dellaportas, 2007)

Ethics is the conduct, action or practice that is acceptable to an individual, an organisation or a society (Magaji in Dandago, 2009)

Morality focuses on the "right" and "wrong" of human behaviour. Thus, ethics deals with questions about how people act toward one another

Two basic theories or principles

i) Consequentialism

This theory holds that the consequences of a particular action form the basis for any valid moral judgment about that action. Thus, from a consequentialist standpoint, a morally right action is one that produces a good outcome, or consequence. This view is often expressed as the aphorism "The ends justify the means" (Anscombe 1958).

ii) Deontology

Deontological ethics or deontology (from Greek *deon*, "obligation, duty"; and *logia*) is an approach to ethics that determines goodness or rightness from examining acts, or the rules and duties that the person doing the act strove to fulfill. This is in contrast to consequentialism, in which rightness is based on the consequences of an act, and not the act by itself (Kant 1780, 1785).

"A leader with strong ethics inspires others to follow their own moral compass and do what is right, even in challenging circumstances."

– Nelson Mandela

Ethical leadership

Ethical leadership means that individuals behave according to a set of principles and values that are recognized by the majority as a sound basis for the common good. These include integrity, respect, trust, fairness, transparency, and honesty. Ethical leadership inspires ethical conduct

in its true sense by practicing and managing ethics, and holding every one of subordinates accountable for their own behavior. Self-accountability has also a positive influence on sustainability.

Ethical leadership must be a conscious decision. As Fred Kofman writes in his book *Conscious Business*, "To be conscious means to be awake, mindful. To live consciously means to be open to perceiving the world around and within us, to understand our circumstances, and to decide how to respond to them in ways that honor our needs, values, and goals."

He continues, "To be unconscious is to be asleep, mindless... Consciousness enables us to face our circumstances and pursue our goals in alignment with our values. When we lose consciousness, we are swept away by instincts and habits that may not serve us. We pursue goals that are not conducive to our health and happiness, we act in ways that we later regret, and we produce results that hurt us and those we care about."

Why is it essential to be an ethical leader?

There are many good reasons to be an ethical leader. From a collective perspective, leaders can inspire those around them to behave ethically. By setting an example and giving the direction for ethical behavior, others will observe and act similarly. In this way, ethical leaders can positively influence many others, presenting them with a set of actions that they can adopt for the greater good.

On a personal level, being an ethical leader is essential for credibility and reputation. If one aims to be a leader, it is a long game. Behaving unethically can automatically take a leader out of the A-league and may heavily damage their personal or entity's brand. Moreover, unethical behaviors often deteriorate one's self-esteem, leading to a suboptimal outcome and a missed opportunity to express one's full potential.

6 elements that define ethical leadership

Ethical leadership encompasses many things but will be restricted these six main elements.

i) **Honesty.** Honesty makes ethical leaders worthy of the trust others place in them. It means leaders commit to presenting facts as they are, playing fair with stakeholders, and communicating honestly with others.

ii) **Justice.** To be fair means to treat everyone equally, offer opportunities with no favoritism, and condemn improper behaviors and manipulations, as well as any other actions that could harm someone.

iii) **Respect.** Ethical leaders respect others around them, regardless of their position or identifying characteristics. This means they listen to each stakeholder, foster inclusion, and value diversity.

iv) **Integrity.** Integrity is shown when values, words, and actions are aligned and consistent. It is not enough to talk the talk, one has to walk the walk to demonstrate integrity.

v) **Responsibility.** Responsibility means accepting to be in charge, embracing the power and duties that come with it, and always responding and being present in challenging situations.

vi) **Transparency.** Transparency concerns mainly the communication with all stakeholders. It means keeping an open dialogue, accepting feedback, and disclosing the information others need to deliver their work

Traits of an ethical leader

“The best way to do is to be.” – Lao Tzu
Leaders play a crucial role in society, as they have been chosen to guide others. What do great ethical leaders do, and what ethical traits do they have in common?

They know their internal compass and values. Knowing oneself is the first trait an ethical leader has to possess. By knowing their own values and principles, they can make them visible to others,

They have consistent ethical behavior. Reputation is built on repetition, and ethical leaders know that. Leaders are vulnerable, as the trust that people place in them can quickly fade if they misbehave—no matter how well they have behaved in the past. Leaders have to send continuous signals to show that people can continue trusting them.

They do not tolerate deviations from the ethical code. If someone acts against the Code of Conduct and the leader does not take action, this may signal that the Code of Conduct is not important. Ethical leaders do not make exceptions in this area, and they immediately signal which behaviors are not tolerated. In doing so, they build consistency and credibility, and avoid confusion and doubts about

accepted behaviors

They raise their concerns, even if unpopular. Ethical leaders know that overlooking important details may cause significant damages. They carefully observe situations to identify potential issues. When facing a doubt or a dilemma, ethical leaders raise their concerns—even if this means slowing things down or generating more work.

They admit mistakes and share a recovery plan if needed. If things go wrong, ethical leaders do not hide or minimize what happened. Instead, they own their mistake, apologize, find ways to solve the issue, and share all possible recovery plans with stakeholders. This shows they care, and they are doing what is in their power to improve an unfortunate situation



They are willing to assume full responsibility. As Napoleon Hill states, “The successful leader must be willing to assume responsibility for the mistakes and the shortcomings of his followers.

If he tries to shift this responsibility, he will not remain the leader. If one of his followers makes a mistake and shows himself incompetent, the leader must consider that it is he who failed.

“Lack of responsibility in organizations

leads to ineffectiveness, confusion, inaction, and a waste of time and resources. Ethical leaders hold themselves accountable, take charge, and shape the present and future through their words and deeds.

They always show up and speak for their teams. Ethical leaders are present in good and bad times, develop their teams, and defend others when needed. They are at the front when the storm hits, giving direction and helping get their

teams through their challenges. They know they are there to serve the interests of their teams and organizations above their own interests.

They act with fairness. Leaders have to face many decisions and negotiations. Their behavior clearly favors long-term wins over short-term gains. It also supports meritocracy and fair treatment of every individual, regardless of status, ethnicity, age, or any other potential factor of discrimination.

They walk the talk. Last but not least, ethical leaders act with integrity. They practice what they preach, and their values, words, and deeds are aligned and visible to everyone. If they would not hold themselves to the same standards they present to others, their credibility and reputation would suffer. Leading by example is a choice of consciousness and requires daily focus, but pays off like nothing else.

“An ethical leader leads by example, demonstrating honesty, fairness, and compassion in all interactions.” – Martin Luther King Jr.

Accountability

Accountability is willingly accepting responsibility for your actions. Accountable people own their work and do not try to make excuses for themselves. If something goes wrong, they communicate honestly with their team about what happened rather than hiding the truth. Responsibility refers to the obligation to perform the task or comply with the rule; accountability implies answerability for the outcome of the task or process. Responsibility is imposed whereas accountability is accepted.

A simple definition of accountability is taking, or being assigned, responsibility for something that you have done, or something you are supposed to do. From an ethics perspective, accountability is answerability, blameworthiness, liability, and the expectation of account-giving for one's actions.

Accountability is an acceptance of

responsibility for honest and ethical conduct towards others. In the corporate world, a company's accountability extends to its shareholders, employees, and the wider community in which it operates. In a wider sense, accountability implies a willingness to be judged on performance.

Components of Accountability

Accountability comprises four core components: participation, evaluation, transparency, and feedback mechanisms. This means accountability is achieved when goals exist, ownership is delegated, transparent evaluation occurs, complete transparency ensues, and regular feedback exists.

However, the internal structure of the concept of accountability in terms of its subtypes (such as political, bureaucratic, legal, professional, financial, and societal accountability) requires a typological theory where differences have important methodological implications.

What drives accountability?

When a leader sees what their scores are, how they're trending, where they're moving, what their own personal management results are (and knowing that the data is public to the executive team) – whether they like it or not that access to feedback builds accountability

Your leadership ethics and values should be visible because you live them in your actions every single day. A lack of trust is a problem in many workplaces. If leaders never identified their values in these workplaces, the mistrust is understandable. People don't know what they can expect

Example of accountability

A great example of accountability is when you are focused on achieving your goals and tasks. If you're able to limit distractions and pressures, you're successful in achieving your goals efficiently. Moreover, when your team sees this, you're setting a good example for them. You build a strong work ethic for your team.

Flowcharts of accountability

- Delegation,
- Finance,
- Performance,
- Information, and
- Enforceability

The Impact of Accountability

One mechanism for enhancing ethical leadership behavior is accountability. Accountability involves assessing individual's beliefs and feelings, and observing and evaluating the performance and behavior of self and others. Accountability is an important construct for supporting ethical leadership behavior in today's global economy, and is one of the central constructs to promote business ethics. Accountability requires leaders to develop ethical perspectives compatible with the social order

One of the important roles that ethical leaders have in an organization is to promote, support, and maintain ethical behavior. An ethical leader, in this study, is a leader who effectively promotes ethical behaviors such as ethical guidance, fairness, integrity, people orientation, power sharing, role clarification, and concern for sustainability through ethical climate. The intra-organizational scope of accountability involves accountability of a leader by self and others

Accountability eliminates the time and effort you spend on distracting activities and other unproductive behavior. When you make people accountable for their actions, you're effectively teaching them to value their work. When done right, accountability can increase your team members' skills and confidence.

Ethical leadership and Accountability

Making sure you lead responsibly, ethically, and effectively all comes down to accountability. Accountability means that individuals have to account for their actions and accept responsibility for them, no matter the results, as well as correct those actions when necessary

Ethics help officials make better decisions in the public interest and help people evaluate the decisions taken on their behalf by public officials. Public accountability ensures that officials are openly answerable for the decisions they are taking on behalf of the public

Ethical leaders make ethics a clear and consistent part of their leadership agendas, set standards, model appropriate behavior, and hold everyone accountable. They're honest, especially when the truth is difficult to share. Make ethical culture a part of every personnel-related function in your organization. Ethical leadership can prevent scandals, ethical dilemmas, and ethical issues.

As much as researchers try to isolate the factors of success in controlling corruption, whether it be at a national scale or that of a particular organization, there is always a residual unexplained element. It may be attributed to culture, systems, or other factors, but one catalytic ingredient is almost always leadership

Successful leaders are not only responsible for achieving business objectives and delivering results, but they are also accountable to their people. Being accountable means taking ownership of the impact of their decisions and actions on their team members, stakeholders, and the wider community

Ethical leadership enhances organizational performance by integrating moral values into organizations' practices

It means that you have the resolve to own up to commitments and promises that you have made. It means being answerable to the actions and decisions made by you and by those you lead. It means having both the vision of a leader, and the resourcefulness to execute on it. Being an accountable leader is no easy task.

Leaders with accountability provide attention to the development of ethical perspectives within organizational components. Leaders need to make ethically accountable decisions in rapidly changing business environments and within these spheres, they face decisions and implement actions to create an ethical environment and promote a community's interests. Accountability has the potential to sustain ethical and personal development.

When individuals were notified that they would be held accountable for their decisions regarding stereotype change and generalizations, both information processing and judgment vigilance increased.

Accountability helps organizations to implement ethical behavior in order to cope with the increasing demand for transparency and ethical performance measurement

"Effective ethical leaders hold themselves accountable for their mistakes and work towards rectifying them." – Angela Merkel

Combating unethical practices

i) Identify allies: Even in the most corrupt organizations, institutions, and governments, there are principled people working for society's good. Partnering with these leaders and equipping them with tools, mentors, and support can help them become agents of change.

ii) Be opportunistic: Changes in leadership, laws, and circumstances often present opportunities to change cultures and establish new norms. Seizing windows of opportunity requires nimble reflexes and flexible strategies.

iii) Tear down silos: Every organization can use their soft power to elevate the issue of anticorruption and facilitate and incentivize a culture of integrity. Anticorruption efforts do not need to start with anticorruption agencies.

iv) Amplify and support civil society voices: Partners and funders can protect and promote a vibrant civic space as part of building cultures of integrity, and they can build room for elevating civil society voices in their scope of work. The active participation of individuals and groups outside the public sector is critical in preventing unethical behaviour, corruption and exposing it when it does occur.

v) Institutionalize transparency and accountability: Codes of conduct for public officials, an independent judiciary, frameworks to prevent bribery, whistleblower laws, and conflict of interest and asset disclosure systems can help cultivate a culture of integrity.

Even more importantly, government must be ready to implement these policies and ensure that those mandated to execute upon these policies are properly resourced, trained, and equipped.

Conclusion

When an individual becomes aware of the accountability condition, the specific coping strategy relevant to the condition is embraced. An individual who is held accountable is likely to be aware of the accountability requirements in order to be compatible with the expectations of the accountable.

Thus, the individuals are likely to behave in an acceptable manner. Lerner and Tetlock also added that self-criticism and effortful thinking (i.e., self-accountability) will be selected most often when individuals are aware of the accountability conditions. The individuals are likely to engage in a wide assessment of their behaviors and judgments

Accountability holds organizational leaders directly responsible to their public in order to enable those leaders to be in line with the social and organizational requirements, accountability for professionals goes beyond fear of external control and material incentives; it refers to the sense of self-accountability, and concern for the public interest and ethical behavior.

Therefore, accountability encourages ethical leadership behavior within organizations where the leaders need to be fair and principled decision-makers and also behave ethically in their personal and professional lives

Government should build capable, efficient, open, inclusive, and accountable institutions and improve public sector performance and institutional reform, increase application of digital and technology solutions in the public sector, and enhance transparency and accountability.

Leadership is more than a "get tough" approach that punishes individual offenders—it is also publicly proclaiming and establishing accountable, transparent, and just societies, leading by example and inspiring others to adopt a more

ethical stance

But because leaders are not immortal, the global community should look for opportunities to institutionalize

transparency and accountability in governance, management, and personnel practices to build cultures of integrity across governments, civil society, and

and the private sector.



BENEFITS OF EXERCISE FOR THE 40+

BY Titi Windapo



It is an established fact that exercise is beneficial for all age groups. However, based on the current average age of members, I am going to focus on the benefits of exercise for people 40 years old and over.

Most people will agree maintaining a decent level of fitness is an essential and integral part to achieving a healthy body and mind. However, due to family and work commitments, the older we get the more challenging it could become to stay healthy and fit. After a certain age, our bodies store fat more easily; we lose muscle; and our bone density decreases. Regular exercise is the way to combat these signs of natural wear and tear that comes simply with growing older. Research highlights other benefits of exercise including:

- lowers the risk of chronic diseases;
- helps with weight loss or weight management;
- strengthens physical strength;
- increases energy levels;
- improves mental health;
- improves memory retention; and

- boost quality of sleep and the wider community

HOW TO USE 'GROW' TO DEVELOP A HEALTHY LIFESTYLE

To maintain a healthy lifestyle, you have to be intentional and set health goals that 'GROW'. The word 'GROW' is an acronym used in 'Grow with Goals' by Doyin Olorunfemi⁵ for setting and achieving goals in general. 'GROW' stands for: Goals, Resources, Organise; and Work. Let us examine how the combination of these four factors can be used to achieve our health goals:

G IS FOR GOAL

According to the dictionary a goal is 'the object of a person's ambition or effort; an aim or desired result.' To start off, it is important to set out a clearly defined objective – is it to lose weight, to exercise more, to eat healthily or to drink more water?

Before you set your goal, you may need to first identify 'why' you need to set a health goal. You also need to make sure your goal is 'SMART'. Our health goals should be:

- Specific - clearly defined and unambiguous.

- Measurable – have a set out criteria to monitor progress.

- Achievable –attainable and possible to accomplish even if it would take you out of your comfort zone.

- Realistic –something you can commit to given the right resources.

- Timebound – have a set timeframe which includes both the start date and end date for the goal to be accomplished

R is for RESOURCES

After you have established your goal, the next step is to evaluate what resources you have available to develop a strategy to accomplish your health goals.

Resources are 'stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organisation in order to function effectively.' Do you have exercise equipment gathering dust which you can include in your exercise regime? Do you have suitable sport wear or trainers? Do you need to get a drinking bottle to measure your daily water intake?

You can evaluate your current resources and establish what resources you need

- Measurable – have a set out criteria to monitor progress.
- Achievable –attainable and possible to accomplish even if it would take you out of your comfort zone.
- Realistic –something you can commit to given the right resources.
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You can evaluate your current resources and establish what resources you need to accomplish your goal by asking yourself the following three questions using the acronym ‘GAP’.

1. G – What do I need to GAIN by achieving my health goal? – This could include increased well-being; weight loss looking and feeling good about yourself.
2. A – What do I need to AVOID – These include eliminating junk foods, reducing the number of times you visit certain restaurants, avoiding artificial sugar and salt and so on.

3. P – Who do I need to PARTNER with? This involves finding the right community to engage with; a friend or people who are like-minded and who will serve as a support network to enable you to accomplish your health goals.

O is for ORGANISE

The next phrase is to be organised and design a simple workable plan that you can adhere to consistently.

- Decide–this is the beginning of your journey. Make a decision now to be proactive and live a healthy lifestyle.
- Declutter–check out what is in your food stores and eliminate unhealthy and junk food.
- Debug – assess how you spend your time, for example in a typical week and plan time to exercise, meal preparation.
- Delegate – identify what you can do and what you need to delegate to others. For example, you may need to engage a coach or use relevant apps to ensure you monitor your progress.
- Design – create a simple, workable system that will support you and enable you to accomplish your goals. A good SYSTEM will, Save You Some Time, Energy & Money

W is for WORK

This is where the tyre hits the road and you start to take the appropriate actions to accomplish your goals. As the saying goes, “Rome was not built in one day” Therefore, acknowledge it is consistent effort that produces results.

Have an introspective moment and answer the following questions using the acronym ‘QUIZ’.

Q – Question your current processes. What do you do now that needs to be changed or improved?

U – Understand your uniqueness. Everyone is different so find try a variety of exercises and participate in the ones you like not simply copy what someone else is doing even though you do not enjoy it

I – Imitate a successful person – Find someone you can use as a role model because they have overcome a similar challenge you are currently facing.

Z – Zero in on what has worked previously. Simply repeat what has worked in the past or what is working now.

CONCLUSION.

The benefits of exercising, particularly as we grow older, cannot be over-emphasised. It contributes to both our physical and mental well-being and increases the overall quality of our lives. Regular exercise can help reduce the risk of illnesses and some of the effects of getting older such as gaining weight, losing muscle mass, feeling lethargic as the demand of both work and family life takes its toll. Set your intentions by defining your health goal clearly; ensure you have the right resources and tools to accomplish your goals; organise yourself and your resources to support your goal and finally, takesmalland consistent actions that will enable you to accomplish your goals.

Mrs Titi Windapo, FCCA, FCA is a member of the ICAN UK & District Society.of both work and family life takes its toll.



Accountants Charged to Uphold Tenets of Integrity, Accuracy

Accountants have been called upon to uphold the tenets of the accounting profession which include accuracy and integrity, to attract the needed development in the country.

The Chairman of Gwagwalada and District Society of ICAN, Mr Musa Dala gave the charged at the 2023 Annual Dinner and Award ceremony of the District held at Federal Capital Territory, Abuja.

He said there's need for ICAN members to deploy concerted efforts towards result oriented research that will aid in addressing critical issues in the economic development of Nigeria.

According to him, ICAN has been working assiduously in ensuring that corruption is curtailed in the public sector.

"We want to ensure that accuracy and Integrity is promoted amongst our members which in turn will influence the economy of the country," he stated.

He stressed that the Dinner was an opportunity to celebrate ICAN successes and to thinker way forward for the future of the accounting profession.

"Certainly there are things we need to look at. Where have we done well, where do we need to questions to ask such as what is happening with the cash crunch in Nigeria. Why is there no cash in circulation in the economy? Have we done our research to tell the government the reasons for this challenge? We have to improve and be more visible to the economy, what is happening to the insurance sector, can we have a take and come out with a strategy to help the sector," he said.

According to him, if there was no enough money in circulation the economy would not grow, hence the government should ensure adequate flow of money into the economy.

Speaking at the event, the 2nd Deputy Vice President of the Institute, Mrs. Queensley Seghosime who was represented by Mrs Joy Esu a member of ICAN governing Council, said if things are done according to compliance to rules and laws, the level of corruption will be greatly minimised and chartered accountants have been championing that.

Ibadan District Society, Crest FM Collaborate on Advocacy for Economic Development

The Ibadan District Society of the Institute has assured a radio station, Crest 91.1 FM Ibadan of continued collaboration and advocacy for economic development.

The 23rd Chairman of the District Society, Dr Temitope Babajide gave this assurance when she led a team from the members on a courtesy visit to Crest FM Ibadan.

Dr Babajide who said advocacy is one of her five cardinal points upon assuming the position of leading the professional body, assured of her team's commitment to sensitizing the public and making recommendations to the government when necessary.

In her words: "We also have our advocacy programmes and that's the cardinal point 3, letting people know what ICAN stands for and letting them see how we can collaborate with different organisations and institutions, and analyse what's going on and try and proffer recommendations."

While receiving the team, the Head of the Station, Mr. Pius Nsabe, charged ICAN to deploy its resources and expertise to hold government accountable on its policies.

According to him, "We won't have a body like ICAN, and then we will continue to have issues like this. That's why we want to charge you. We know you have been doing quite great in terms of grooming young people to step into your shoes, and of course take care of what the finances in the country should be; in terms of holding government to account, in terms of putting government on their toes, in terms of letting the people in power know that their actions are being watched"

ICAN Commissions Maiduguri Regional Office



Borno state Deputy Governor, Mallam Umar Usman cutting the tape of the building

The 59th President of the Institute, Dr. Innocent Okwuosa has commissioned the ICAN Regional Office in Maiduguri. Commissioning the building on Saturday, December 10, 2023, the President stated that the building would make history as the first functional Regional office in the entire Institute, adding that citing the Regional Office in Maiduguri is passing a message that it is for the North as it is for the South.

He thanked the current Vice President who was a former Governor of Borno State, Alh Kashim Shettima for allocating a land near state Secretariat, a prime location for the Regional Office.

Dr Okwuosa called upon the state government and the North-East Development Commission (NEDC) to grant scholarships to students from the region to enable them to write the ICAN-ATSWA and professional exams to produce indigenous chartered accountants.

In his address, the Borno state Governor, Alhaji Babagana Zulum who was represented by his deputy, Mallam Umar Usman Kadafur, expressed appreciation to ICAN for its partnership with the state and urged civil servants to uphold the Institute's principles. He pledged that the state government will assist in the furnishing of the building and security support.

How Technology Can Boost Accounting Operations



Mrs Toyin Olufunmi, Chief Executive Officer of The Techy Accountant,

Inductees at the 59th induction ceremony of the Association of Accounting Technicians in West Africa (AATWA), have been tasked to be abreast with professional trends.

Speaking to Accounting Technician inductees, the Chief Executive Officer of The Techy Accountant, Mrs Toyin Olufunmi, said technology could improve the management of financial data and operations with the utilisation of accounting softwares, adding that it would also help business owners, companies and consumers manage their financial operations, processes and their lives. She said that financial technology would enhance data analytics and visualisation.

“Financial technology in accounting will help capture, analyse and covert financial data to meaningful information when churned out,” she noted.

In his own address the 59th President of the Institute, Dr. Innocent Okwuosa, said accounting profession has continued to evolve. He urged inductees to be up-to-date with the trends in the profession.

He said that the institute provides a standardised and recognised professional qualification for accounting technicians in West Africa and beyond.

“The accounting profession is a dynamic and rapidly changing one. I encourage you to embrace continuous learning.”

The Ag. Registrar of the Institute, Mr. Mulaika Lawal urged inductees to observe the ethics of the profession to the letter and act in accordance to public interest. He warned that impropriety will not be condoned.

“You have an obligation to comply with relevant laws as an accounting professional. Contrary response to this will be addressed by a disciplinary committee,” he added.

Speaking at the occasion, a Past President of the Institute, Mr. Adedoyin Owoyemi implored inductees to embrace honesty and to imbibe the culture of listening.

He said, “To be a successful accountant, you must be thorough and be a good listener. Garner professional competence and cultivate professional behaviour.”

He advised guardians to guide their wards to embrace modesty in words and actions as it tallies with the culture of the profession.



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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

HOW TO ATTRACT INVESTMENTS INTO NIGERIA, BY ICAN



The President of the Institute Dr Innocent Okwuosa, has advised the Federal Government to embrace the right socio-economic and political environment for attracting Foreign Direct investments (FDIs) into the country. He also advocated more roles for professional accountants in government to promote accountability and transparency in management of public finances for the overall good of the citizens.

During a chat with journalists in Lagos, Okwuosa emphasised that it was when the right socio-political and economic environment is in place that FDIs could flow into the country. He argued that in an environment where capital investment is not safe with huge infrastructure decay, it might be difficult for investors to commit funds.

The ICAN boss observed that there was a need to include more professional accountants in government, warning: “If you neglect accountants in governance, democracy suffers.” On the 2024 budget proposed by government, Okwuosa expressed optimism that the appropriation is realisable if avenues to increase revenue are diligently followed.

“There are avenues to increase revenue through fiscal policy reforms targeting a tax to Gross Domestic Product (GDP) ratio of 18 per cent. There are other avenues to increase revenue, which are also realisable, all things being equal like the solid minerals sector, privatisation of government enterprise and borrowing.

Okwuosa called for coordination of fiscal and monetary policies, as well as synergy between federal and sub-national governments through the National Economic Council, Joint Tax Board and others. For him, the government must ensure that there is accountability and transparency in managing funds, adding that it is through these pillars that the people can see accountability and transparency in action.

He added: “The states have not done very well in terms of accountability and transparency. In the ICAN accountability index only Kaduna, Jigawa and Edo have exhibited transparency and accountability in the management of public funds. The performances of the states have not been vindicated with regards to the index. Budget should promote inclusive development and fulfill the Sustainable Development Goals (SDGs) that address issues of poverty eradication, security, good health and others.”

ICAN Promises Support for Minister of Finance and Coordinating Minister of the Economy



Mr Olawale Edun, Minister of Finance and Coordinating Minister of the Economy

The 59th President of ICAN, Dr. Innocent Okwuosa has promised the Institute's support to the Minister of Finance and Coordinating Minister of the Economy, Mr Olawale Edun as he embarks on various reforms aimed at strengthening the economy and ensuring effective fiscal management.

Okwuosa made the promise in Abuja during a courtesy visit to the Minister, noting that the Institute and over 60,000 members received the news of the appointment of Mr. Edun as the Minister of Finance and Coordinating Minister of Finance with joy given that he is an accomplished economist, investment banker, and politician who has excelled in both his private and public service to the nation.

He described his appointment as that of a round peg in a round

him the wisdom and knowledge to successfully pilot the affairs of the ministry and economy at large.

Dr. Okwuosa explained how ICAN has been at the forefront of advocacy for entrenching prudence, professionalism, accountability, and transparency in public finance management through the ICAN Accountability Index (ICAN-AI) and described it as a veritable tool for the sub-nationals to key into federal government agenda of better public finance management.

He also assured the Minister that the Institute is in support of the bold economic reforms embarked (SFTAS) Frameworks due to its scope captured in its 5 pillars, 25 indicators and

the bold economic reforms embarked upon by the present administration such as the removal of fuel subsidies, unification of exchange rate, and just energy transition through gas, and reiterated the Institute's expectation that these should lead to inclusive economic development for all.

In response, the Minister acknowledged the passing of the Founding Father of the Institute of Chartered Accountants, the Doyen of the Accounting Profession Mr Akintola Williams, whom he described as an epitome of integrity and forthrightness. He noted that Mr. Akintola Williams was a bridge builder and his mentor.

Our Members Are Competent – ICAN



The Institute of Chartered Accountants of Nigeria has said that its members across Nigeria and beyond would never be caught in any act of financial indiscipline, or any form of malfeasance in every sphere of their operations. The 59th President of ICAN, Dr Innocent Okwuosa, made this assertion during the annual dinner and awards ceremony organised by the Ikorodu chapter of ICAN Ikorodu.

Okwuosa, who was represented at the event by the Coordinator of Ikorodu District, Mrs Mbang Esu, affirmed that its members have been kept on watch, and the governing Council of the Institute would not hesitate to raise the harmer on any member found wanting in the discharge of professional responsibilities and obligations.

He charged the Institute's members to uphold the tenets of accountability and responsibilities and avoid unethical behaviours and financial rascality.

“Have you heard that any ICAN member was found in any unwholesome act, especially in the public sector? We abide by the principles and values of professionalism, and our motto is Accuracy and Integrity, so we are all aware, that we dare not be mentioned in any act of financial irresponsibility, indiscipline, imprudence, or rascality” he stated. Speaking on the awards, the ICAN Treasurer, Oluwatobi Abiola, said the awards were given to distinguish persons to inspire them to make more impacts on the economy.

“If it is not ICAN, it can never be ICAN. I urge the government across levels to engage Chartered accountants in appointments of sensitive financial portfolios to avoid stories that touch the heart. We are rare breeds,” he said.

LCCI Appoints Gabriel Idahosa as President



Mr. Gabriel Idahosa, President and Chairman of the Council of the Lagos Chamber of Commerce and Industry (LCCI).

A member of the Institute, Mr. Gabriel Idahosa has been appointed as the President and Chairman of the Council of the Lagos Chamber of Commerce and Industry (LCCI).

The announcement was made by Dr Chinyere Almona, Director General of LCCI, during the Chamber's 135th Annual General Meeting (AGM) held in Lagos, following the expiration of the tenure of Dr. Michael Olawale-Cole, who served in the role since 2021.

Dr Almona stated that the newly elected LCCI president is a distinguished individual with an impressive track record of leadership, dedication, and commitment to the growth and development of various organizations, particularly in professional services, trade promotion, and industry.

"We are confident that his presidency will enhance the Chamber's role as a leading advocate of best business policy and practice to promote and protect the interest of its members and the business community at large."

the business community at large."

Gabriel Idahosa holds a BSc in Economics with Second Class Upper Honours from the University of Ife (now Obafemi Awolowo University) in June 1975.

Following his academic achievements, he pursued and completed the professional accountancy examination of the Association of Chartered Certified Accountants (ACCA), London, in December 1976.

In recognition of his expertise, he was admitted as an Associate (ACA) of the Institute of Chartered Accountants of Nigeria in 1978.

During the 1975/76 period, Mr. Idahosa dedicated himself to national service with Panell Kerr Forster and Co. Chartered Accountants.

Subsequently, from 1976 to 1980, he served as a valued member of the professional staff at Peat Marwick Casselton Elliot and Co., now KPMG.

In 1980, he established the professional accounting and consulting group that is now recognized as Uhy Maaji & Co. With a wealth of experience spanning over 30 years in accounting and consulting, Idahosa has played a pivotal role in shaping Uhy Maaji & Co. into a prominent entity in the industry.

His leadership has been instrumental in establishing the firm's presence as a Nigerian member of Uhy, an esteemed association comprising over 100 independent accounting and consulting firms.



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ICAN President Charges Agbani District Chair to be Forthright in Discharging Duties.



ICAN Agbani District Pioneer Chairman, Prof Uche Lucy Onyekwelu (Middle) with the 59th ICAN President, Dr Innocent Okwuosa (3rd left) and other members of the ICAN Team

The 59th ICAN President, Dr. Innocent Okwuosa, has charged the pioneer Exco of Agbani and District Society of the Institute, led by Professor Uche Onyekwelu to be forthright in the discharge of their duties. Okwuosa gave the charge during the investiture of the Chairman and her interim Executive Committee performed at Prof. Julius Onah Auditorium in the Enugu State University of Science and Technology, ESUT. He urged them to be diligent and show teamwork even as she aspires to consolidate on the need to continue the expansion of ICAN in the Southeast zone in particular.

The President lauded the Council of the Institute for approving the creation of the new District Society which has added to ICAN's remarkable growth. He expressed confidence in Prof. Uche Onyekwelu's leadership, adding that working with her Executive Team would lay a robust foundation for the District. He emphasized the pivotal role the Agbani & District Society would play in enhancing professionalism, accountability, and transparency in Agbani and its environs.

In her acceptance speech, Prof. Onyekwelu thanked the Institute for believing in her and pledged her utmost dedication with a promise not to disappoint the Institute.

"The Agbani and District Society, born today aligns with the principles laid out in the Act No 5 of 1965 that established ICAN. I wish to state that my chairmanship year will pursue distinct programmes to further engrave the name of Agbani and District in the sands of time," she stated.

Agbani and District Society is the second District Society to be carved out from ICAN Enugu and District Society. The first being ICAN Nsukka District and Society.

ICAN Lauds Rabiú Olowo's Appointment as Executive Secretary of FRC



ICAN 59th President, Dr Innocent Okwuosa with Dr Rabiú Olowo

The 59th ICAN President, Dr. Innocent Okwuosa lauded the federal government for appointing Dr. Rabiú Olowo as the Executive Secretary of the Financial Reporting Council (FRC) of Nigeria.

Dr. Okwuosa expressed this during his courtesy visit to Dr. Olowo in his office. The ICAN President congratulated Dr Rabiú Olowo whom he acknowledged as a worthy ambassador of the Institute on his appointment as the new Executive Secretary of FRC.

He re-echoed the mutual understanding and collaboration between the Institute and the FRC, highlighting that the recent appointment of Dr. Olowo as ES/CEO will position this relationship in a new upward trajectory.

The President observed that the FRC which is in charge of corporate governance has operated without a Board for some time and urged President Bola Ahmed Tinubu to constitute and inaugurate its board so it can lead by example.

The President praised FRC for many of its leading initiatives in the areas of

sustainability reporting and assurance, audit delegation, corporate governance, and building investors' confidence in the capital market.

According to him, confidence in the market will be enhanced if FRC ensures enforcement of adherence to standards by market participants, drawing attention to ICAN's robust disciplinary process.

He urged FRC to revisit its registration rules that require both individual chartered accountants and their firms to register with it, especially when chartered accountants own the firms being required to register to avoid what looks like multiple registration. He canvassed for FRC support in the amendment of ICAN bill.

In response, the Executive Secretary/CEO of the FRC assured that discipline among market operators would be a priority and pledged continuous collaboration with the Institute. He promised to look into the issues of its Board and firm registration.

He reiterated FRC commitment to leading Africa in sustainability and hinted he will rally stakeholders including ICAN and others to achieve this.

He advised ICAN to incorporate sustainability in its Professional Examinations Syllabus and harped on the huge opportunities that exist in sustainability space.

Goodwill Remarks by IFAC President, Asmaa Resmouki



Asmaa Resmouki, IFAC President

It is an honor and a privilege to be here today as part of this exceptional program on a timely topic. I want to thank President OKWUOSA and the entire ICAN leadership team for inviting me to speak.

I will start with a small disclosure.

As some of you know, I am almost finishing my 1st year of Presidency and I have 1 more year to go. And It has been a very busy year visiting several countries.

But every time I stand up in front of a big audience in a different country, like today in Nigeria, I feel so blessed, humbled and touched by the warm welcome I get from a country like yours and the high sense of service/hospitality that characterizes your culture.

For me, this shows 1 thing, how important IFAC is to all of you(s) and the admiration & respect that you show IFAC. And I want to appreciate and thank you so much for honoring IFAC through honoring me with your warm gestures.

IFAC needs you all, as without you there would be no IFAC!

Indeed, ladies and gentlemen, the relationship between IFAC and ICAN has always been strong.

ICAN became a founding member of IFAC in 1977, and you have served

Nigeria for even longer, back to 1965, to advance the accountancy profession in the public interest.

ICAN members have always been outstanding contributors to IFAC as individuals. Currently, we are fortunate to have four ICAN volunteers at IFAC:

- (Mr.) Ismaila Zakari, IFAC Board
- (Mr.) Razak Jaiyeola, PAODAG
- (Mrs.) Comfort Eytayo, SMPAG
- (Dr.) Innocent Okwuosa, IPAE

And I thank the many other past volunteers among your members who have generously given us their time and talent.

In the spirit of the Congress, let us now turn to the very big topic of inclusive development.

This theme recognizes an important facet of the overall agenda for sustainability: that larger transformations are not possible without the diverse contributions and experiences of all individuals and communities within society. Many specific goals fit under this umbrella, such as shared prosperity from economic growth, an end to gender inequality, and universal access to a good education. But the concept is more dynamic than any single goal — and more ambitious.

I want to approach the theme of inclusive development through the lens of

sustainability. This is a topic IFAC has been advocating around for years, and on which I can contribute to the conversation from a global perspective.

Let me first acknowledge that the word sustainability itself means different things to different people. You might be personally interested in living a greener lifestyle, taking action to mitigate climate change, better managing funds, or improving governance. The most important thing is that everyone needs high-quality ESG information to make well-informed decisions. That goes for several stakeholders, including consumers, capital markets, governments, non-profits, and businesses — both large and small. And ESG needs to incorporate each of the three factors: environmental, social, and governance.

This is where we come in. As Professional accountants, we are the enablers of sustainability. We are at the center of information flows and decision-making. We can integrate financial and non-financial information. Wherever we are in the value-chain — as preparers, senior management, board and audit committee members, or in firms — we have the skills to transform high quality standards into high quality information.

We can all agree that enhancing corporate reporting with high-quality sustainability disclosures is the future of

of corporate reporting.

The question is: How are we going to get where we want to go next?

I would like to propose that — as a profession — from IFAC's perspective, we face four key challenges to enabling sustainability, each requiring certain evolutions/changes.....

1. The first is to embrace the philosophy that sustainability starts inside of companies.

Everything a company does, how it thinks, must fully incorporate ESG risks and opportunities. To get this right, companies need to break down silos within their structures between the collection, assessment, and reporting of financial and sustainability information.

We call this adopting an integrated mindset. It is the best way to support decision making by senior management, oversight by boards, external reporting that meets the needs of all stakeholders, and, ultimately, assurance.

To achieve an integrated mindset, companies need professional accountants in our various roles, including those of us working inside of companies. We have the critical skills for delivering the investor-grade sustainability information that is necessary for well-informed decisions that further inclusive development.

2. The second challenge is the adoption of ISSB standards as a global baseline.

Investors and global capital markets need consistent and comparable information — and they are demanding it.

A rational system for reporting on ESG includes two perspectives on sustainability information. IFAC, the ISSB, and IOSCO refer to this as a “Building Blocks Approach.”

One perspective looks at how sustainability issues like climate change can impact the performance and value of a company. This is the primary focus of the ISSB and is what investors are after.

The other perspective looks at reporting requirements related to public policy goals that address societal needs such as the impacts a company is having on people and planet.

These perspectives are complementary, they are not competing. If the ISSB provides a global baseline of investor-focused disclosures, then local authorities can determine what else they may require companies to report locally.

We believe it is crucial for PAOs, professional accountancy organizations, to engage now with local policy makers on what mechanisms can be used to transition the global ISSB standards into local standards. And we continue encouraging ICAN to take the necessary initiatives in this regard.

You can find a helpful document on our website, ifac.org, called “How Global Standards Become Local.”

3. The third challenge is Capacity Building

There is a real need at the company level for the development of skills and competencies related to the reporting and assurance of sustainability information. Keep in mind that sustainability starts inside of companies.

Education and up-skilling are key, with professional accountancy organizations in the lead as the actors with the best knowledge of the specific needs of their members. For our part, IFAC is working to assist professional accountancy organizations in their efforts. For example, we are working with the ISSB to develop an online curriculum that will help companies prepare to use the ISSB's first two standards — free of cost to the user.

4. The fourth and final challenge with sustainability disclosure is getting ready for high-quality assurance

It is clear that we need mandatory assurance; otherwise, ESG information will never be on par with financial information.

As we aim for mandatory assurance, we must guard against standard fragmentation, which creates unnecessary cost,

complexity, and confusion and will not serve the public interest. We should push for adoption of ISSA 5000 as the global baseline for broad scope sustainability assurance engagements.

We also need a level playing field that supports consistent application of the Code of Ethics.

Ladies and gentlemen, to conclude, I will emphasize that accountants are the enablers of sustainability in every organization.

No organization or individual can do all of this alone. Fortunately, we are a profession that is global like no other. We can achieve great things by sharing knowledge and working together. The strong relationship between IFAC and ICAN is a perfect example.

On behalf of IFAC, I congratulate the ICAN leadership team for their impressive work in assembling this Congress. It is a tremendous contribution to our common goal of driving inclusive development.

Ladies and Gentlemen, it has been an honor and a pleasure to join you. I wish you an enjoyable and rich conference!

International Accounting Day: ICAN President Eulogies Members, Tasks Them On Professionalism



The 59th President of the Institute, Dr Innocent Okwuosa, has eulogised members of the Institute on their contributions to the economic development of the nation. Okwuosa stated this during a Health Walk organised on Friday, November 10, 2023 to mark the 2023 International Accounting Day all over the world.

The ICAN President noted the worthy contributions of ICAN members in different organisations. According to him, there are no establishments and organisations that do not require the service of accountants. "Our 60,000 plus ICAN members are not merely integral stakeholders, they have proven their unwavering dedication to the economic ascent of Nigeria. They stand out as professionals committed to serving the public interest with distinction," Okwuosa said.

He encouraged members to continue to contribute to the economic growth of the nation and to always remember the motto of the institute — accuracy and integrity.

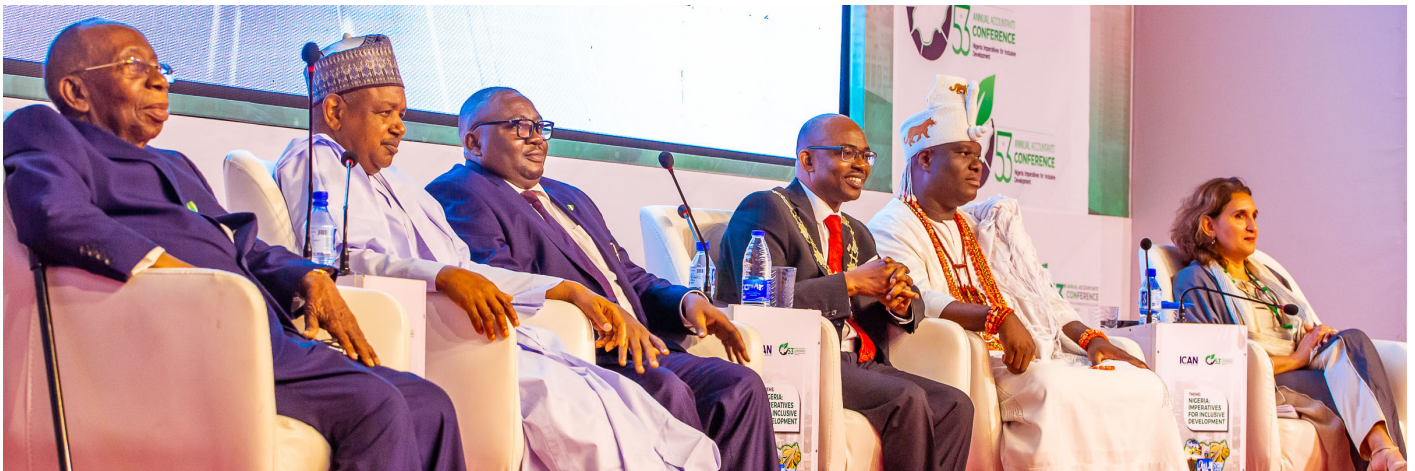
"Our profession has demonstrated remarkable resilience, moving from conventional approaches to embracing cutting-edge technologies like blockchain and Artificial Intelligence (AI), meeting the demands of an interconnected economy.

"ICAN's focus on lifelong learning and adherence to global benchmarks, as recommended by IFAC, ensures that Nigerian accountants are globally acknowledged for their competence and professionalism," he stated

53RD ANNUAL ACCOUNTANTS' CONFERENCE 2023 IN PICTURES









ICAN POSITION PAPER: ATTRACTING FOREIGN DIRECT INVESTMENT

Dr. Innocent Okwuosa



Introduction

The Nigerian government has launched several initiatives aimed at enhancing ease of doing business which in turn will boost Foreign Direct Investment (FDI), notably The Presidential Enabling Business Environment Council (PEBEC) launched in 2016, under the leadership of the then Vice President Prof. Yemi Osinbajo. The then President Muhammed Buhari also embarked on many foreign trips to woo investors. The question is what the outcome of these initiatives were on FDI inflow into Nigeria. Data from Nigerian Bureau of Statistics (NBS) show that on a year-on-year comparison, there was a substantial 69% decrease, as FDI fell from \$155 million in Q1 2022 to a paltry \$48 million in Q1 2023.

In Q3, 2023, it was US\$654.65 million, compared to US\$1,159.67 million recorded in Q3, 2022, indicating a decline of about 44%. In August 2023, the withdrawal of GSK from the country reported in many Daily Newspapers brought greater attention to the recent outward migration of blue-chip firms from Nigeria. According to Independent Newspaper of 19th August, 2023, "United Airlines discontinued its daily trip from Lagos to Houston-Texas four years ago, while Iberia suspended its flights to Nigeria from Madrid at the same time due to foreign exchange policy and difficulties in repatriating profits. Since then, Truworths,

Etisalat, ExxonMobil, Tiger Brands, HSBC, Woolworths, Shoprite, InterContinental Hotel Group, and many more companies have sold their holdings and departed Nigeria". These may be an indication that the initiatives in PEBEC may not have created the ease of doing business that can attract and retain FDI, after all.

President Bola Tinubu and other senior government officials, along with some organised private sector leaders have been promoting the attraction of FDI in Nigeria through various foreign trips that have seen visits to India, the United States, Saudi Arabia, Abu Dhabi COP 28 and Germany in the recent months. The downward trend in FDI inflows highlighted above reflects the reality of the challenges that businesses face, which we suggest should be addressed by the present government if it will attract FDIs. To this end we are of the view that these foreign trips will yield fruit if these challenges which are discussed below are first addressed.

Challenges of the Nigerian business environment

The challenges of the Nigeria's business environment are multifaceted. Key among these are security concerns, infrastructural decay, regulatory and policy inconsistency, which create a high-

risk environment for sustainable business operations. A notable gap in infrastructure, particularly in critical areas such as power, transportation, human capital including technical human resources, and technology amplify operational challenges for businesses. There had been notable effort at addressing power without noticeable result so far. The World Bank approved \$500 million to support the federal government improve electricity distribution sector. The project is expected to help boost electricity access by improving the performance of the Electricity Distribution Companies (DISCOs) in a large-scale metering program. In addition, financial support would be provided to private distribution companies only on achievement of results in terms of access connections, improved financial management and network expansion. Yet, according to World Bank, 85 million Nigerians don't have access to grid electricity representing 43% percent of the country's population, making Nigeria the country with the largest energy access deficit in the world. The lack of reliable power is a significant constraint for citizens and businesses, resulting on annual economic losses estimated at \$26.2 billion (₦10.1 trillion). According to the 2020 World Bank Doing Business report, Nigeria ranks 171 out of 190 countries in getting electricity and electricity access is seen as one of the major constraints for the private sector, it is doubtful that

FDI will be attractive under this situation. This is despite the introduction of PEBEC in 2016. Additionally, the specter of corruption and transparency issues looms large, potentially eroding investor confidence, for example if a foreign investor will have to pay his way through in order to be granted access to do business in the country. Foreign exchange volatility, marked by fluctuations in the value of the naira, introduces financial uncertainty, while limited access to finance, especially for Small and Medium Enterprises, restricts economic growth.

Policy Recommendations

In order for government to successfully woo the foreign investors, the Institute makes the following recommendations:

- a. **Security:** Government should be more proactive in addressing the security challenges facing the country working to optimize the synergy in intelligence coordination between the various security arms of government. Individuals and institutions involved in and
- b. **Infrastructural Development:** Government should create an enabling environment that can attract private sector investment in infrastructural development. The Infrastructure Concession Regulatory Commission (ICRC), Nigeria's main Public Private Partnership (PPP) unit with a key objective of fostering investment in the country's national infrastructure through private sector funding should be made more active. While we welcome the Road Infrastructure Tax Credit Scheme, which is a form of PPP, we call for better accountability and transparency in project execution. There are many uncompleted projects littered across the country. This is where the skills of chartered accountants are required. Other states should emulate Lagos in making city rail transport functional.
- c. **Forex Market Transparency:** a. The Central Bank should ensure that forex market rules are clear and transparent as well as promote a level playing field for market participants. Infractions should be promptly identified, and appropriate sanctions applied in order to sustain investors' confidence. Volatility in exchange rate and availability of foreign currency and ability of investors to repatriate their earnings should be guaranteed. A situation where there is scarcity of foreign currency and inability to repatriate earned income are not good for foreign investors.
- d. **Bribery and corruption:** There should be zero tolerance for bribery and corruption. Bribery and corruption has a way of putting off genuine foreign investors and attracting the wrong ones making it difficult for the benefits of FDI to flow to the economy and citizens. Appropriate sanctions should be stipulated and meted out to government officials and others implicated in this act. To this end we recommend the establishment



of anti-corruption courts in all states of the federation to expeditiously try cases of bribery and corruption. We are constrained to recommend for the re-organization of the major anticorruption institutions with prevention mandates such as the Independent Corrupt Practices and Other Related Offences Commission (ICPC), The Economic and Financial Crimes Commission-(EFCC), the Code of Conduct Bureau (CCB), the Bureau of Public Procurement (BPP) to make them more relevant in modern Nigerian business environment.

e. Legal and Regulatory Reforms: Government should strengthen business regulatory environment. It should create a transparent system for property registration, reform the court system and improve judicial efficiency for contract dispute resolution, simplify business licensing and permits, and enhance bankruptcy laws for predictability in financial distress situations. Strengthening investor rights and anti-corruption laws is also key to ensuring a transparent, corruption-free business environment.

f. Tax Reforms: Taxes should be harmonized for ease of compliance by businesses. Tax credit schemes and holidays should be transparently applied to ensure that only genuine and committed investors benefit from them. Furthermore, government should enhance the use of data and technology in tax administration to reduce both the burden of payment by investors, and cost of collection by the tax authorities.

Port reforms: Bad policies and the government's failure to implement some policies that will boost the efficiency of the ports in the country have made neighboring ports more attractive to importers who prefer to route their goods through these neighboring ports. Port infrastructure is important to foreign investors.

h. Innovation and Technology: a. The government can boost economic growth with an innovation and technology strategy. This includes establishing Research and Development centres and collaborative clusters, simplifying the licensing and commercialization of innovations, implementing open data initiatives for public data access, and creating spaces for startups, established firms, investors, and researchers to collaborate and exchange ideas.

i. Sustainability: The Federal Environmental Protection Agency (FEPA) should adopt sustainable practice and policies that will promote renewable energy sources and strict adherence to international environment standard.

j. Business Regulatory Support: Government should provide budgetary allocations for regulatory agencies like Financial Reporting Council (FRC) of Nigeria, National Council on Climate Change (NCCC) to avoid them relying on regulatory fines to sustain and achieve the objectives of setting them up.

Accountability and Transparency: Better accountability and transparency should be enthroned in all facets of government businesses and regulatory agencies. Accountability and transparency are at the root of trust and confidence building by citizens and businesses alike.

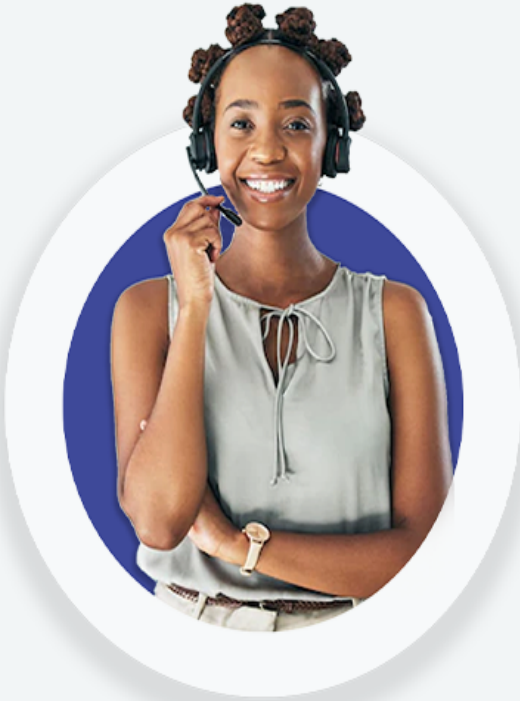
CONCLUSION:

An investment-friendly environment leads to increased FDI, bringing capital, technology, and expertise that spur economic development. It fosters job creation by expanding businesses and reducing unemployment. Competitive advantages are gained, enhancing efficiency and innovation. Investments boost government revenue, allowing for more public infrastructure, and social investments. Also, it improves access to capital, attracting diverse investors for business growth.

Hence, creating and maintaining an investment-friendly environment involves a combination of transparent and stable policies, effective governance, and a commitment to fostering economic development as well as concerted efforts by the Ministries, Departments and Agencies of government in achieving this objective. The Institute of Chartered Accountants of Nigeria offers its support to the government in its effort to attract and retain Foreign Direct Investment inflows and move our country forward.



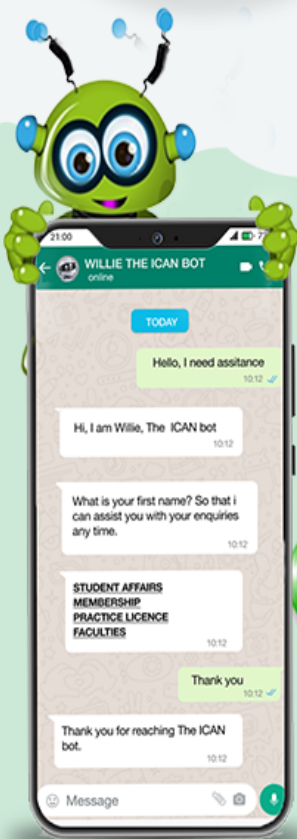
To enhance our service delivery to our stakeholders, we introduced new helplines to assist with your inquiries



Our Help Centre

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017100311, 015200430
WhatsApp: **07037646360**

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