

COMMUNIQUE ISSUED AT THE END OF A TWO-DAY FISCAL TRANSPARENCY AND ACCOUNTABILITY SENSITIZATION WORKSHOP ORGANIZED BY THE FISCAL RESPONSIBILITY COMMISSION, FRC, HELD AT DE REMBRANDT HOTEL, IKEJA, LAGOS NOVEMBER 1 – 2. 2021.

The workshop was organized by the Fiscal Responsibility Commission as part of its on-going strategic plans to sensitize critical stakeholders in different parts of the country to buy into the fiscal responsibility initiative particularly by the Sub-National Governments.

The workshop with the theme, "Fiscal Responsibility, Transparency and Sustainable Development at the Sub-Nationals" was facilitated by **OrderPaper Nigeria** and held in Ikeja, Lagos from 1 to 2 November, 2021. It was the second in the series of zonal sensitization workshops planned for the six geo-political zones of the federation. The first was held in Kano from 25 to 26 October, 2021.

The programme is aimed at expanding the frontiers of fiscal responsibility, transparency and accountability to the sub-national levels of government in Nigeria.

Participants were drawn from both State and Non-State actors such as Legislators, Commissioners of Finance from the South-West geo-political zone, Commissioners of Budget and Planning, Commissioners of Local Government Affairs, Accountants General and Auditors General of States (in the zone), , relevant Permanent Secretaries in the South West, representatives from the Office of the Accountant General of the Federation, Auditor General of the Federation, Budget Office of the Federation as well as Anti-Corruption Agencies like the Economic and Financial Crimes Commission (EFCC), and the Independent Corrupt Practices and Other Related Offences Commission ICPC).

Three presentations were made at the workshop by erudite professionals. The topics were:

- (a) Strengthening Fiscal Transparency and Accountability through the FRA, 2007;
- (b) Sub-Nationals and the Fiscal Responsibility Act: Mainstreaming for Sustainable National Development; and
- (c) The imperative of Fiscal Transparency and Accountability in sustainable Development of Nigeria's 36 States.

In his welcome address, the Chairman of the Fiscal Responsibility Commission, Chief Victor Muruako, Esq said the aim of the programme was to expand and deepen the frontiers of fiscal responsibility, transparency and accountability to sub-national levels of government in Nigeria. He added that it is a fact that the macro-economic sustainability of our dear nation will improve as governments and citizens at all levels, down to the grassroots, imbibe a culture of Fiscal Responsibility. He said the current situation of

the Nigerian economy requires fiscal responsibility from all tiers and levels of government.

There were goodwill messages from Hon. Sunday Olajide, Chairman Ondo State House of Assembly Committee on Finance and Appropriation, Mr. Alfred Oguntoye, Chairman, Ekiti State Fiscal Responsibility Commission, Mr. Toyin Raheem representing the Civil Society Organizations, Mr. Emeka Okonjo, Deputy Zonal Commander, Lagos Zone representing the Executive Chairman of EFCC and Mrs. Adebimpe Ogunlumade, Permanent Secretary, Ministry of Finance, Osun State.

Summary of presentations:

The first presentation dealt with "***Strengthening Transparency and Accountability through the Fiscal Responsibility Act, 2007***" and was presented by Mr. Charles Chukwuemeka Abana, Head, Directorate of Legal, Investigation and Enforcement of the Fiscal Responsibility Commission. The paper was an overview of the Fiscal Responsibility Act with emphasis on the sections that highlighted transparency and accountability by public institutions as encapsulated in the Act. The presenter posited that *"The values of enhanced transparency and accountability; budget based disbursement and utilization of public funds; prudence, due process procurement and value for money in terms of expenditure; fiscal discipline, a saving culture and control of debts & deficits which are among the hallmarks of rule-based fiscal responsibility are indispensable to the progress of any economy."* He further posited that *"in order to achieve and ensure efficiency in the conduct of fiscal and financial affairs through Transparency & Accountability there must be an unambiguous statutory obligation with clear consequences for any breaches or violations."*

The second presentation was by Mr. Eze Onyekpere, a Lawyer with specialization in development law including fiscal governance, human rights and constitutional reforms. His presentation dealt on "***Sub-national and the Fiscal Responsibility Act: Mainstreaming for Sustainable National Development***". Exploring the topic, the presenter said that Fiscal Responsibility (FR) and Sustainable Development (SD) meets at the intersection of the policy, plan and budget continuum and reflects in sound and effective public finance management systems. This is the case both at the federal and subnational levels.

The imperative of FR at the subnational level is that although we may have 36 States and the FCT, there is only one Nigerian economy.

Eze Onyekpere concluded that it is in the overall interest of States to manage their finances and resources sustainably and with discipline. The benefits are legion and include averting a fiscal crisis, ability to meet obligations as at when due, realization of government policies and improved service delivery, greater accountability and

transparency, citizenship confidence in government and an environment for the deepening of democracy and consolidation of developmental gains.

The third and final paper was presented by Dr. Adetunji Ogunyemi, a Senior Lecturer at Obafemi Awolowo University, Ile-Ife, Osun State and it was on "***The Imperative of Fiscal Transparency and Accountability in sustainable Development of Nigeria's 36 States***"

In his explosive presentation he opined that the ultimate purpose of transparency and accountability is to abolish corrupt acts and abuse of office and to make procedural regularity the basis of public conduct.

He concluded that the requirements of transparency and accountability are not optional instruments in citizen-government dialogue in nation building. They are the necessary pillars for the creation of an egalitarian society that is committed to the virtues of honesty, freedom, and integrity in public service

Transparency and accountability therefore, are key indicators for the measurement of progress, development, equity and the due process in modern democratic societies;

It behooves every patriot to insist on these imperatives in order to build social equity, excellent welfare and a responsible social order.

OBSERVATIONS

1. The present Fiscal Responsibility Act provides for some offences but does not stipulate the appropriate sanctions/punishments. This has made it very difficult to compel compliance with its provisions and end the current impunity with which these provisions are flouted particularly in the area of Transparency & Accountability.
2. Although, the publication of daily payment report by the OAGF has recorded significant compliance since inception, it appears that most MDAs have not been forthcoming with up-to-date information of their daily financial transactions on the Open Treasury Portal as required and in a format that would enable ordinary citizens clearly understand what is being displayed.
3. It has been observed that there is no information on quarterly financial statements by MDAs, and quarterly consolidated financial statement by the federal government. This negates the provision of the transparency policy which states that the unaudited financial statements should be made public "*within a month of the end of the quarter*".

4. Time limits which are imposed for the performance of obligations under the Act especially for the disclosure of financial records or publication of audited financial statements are routinely ignored or flouted and this partly explains the inability of the (Federal) Government to take necessary and timely fiscal decisions and effectively communicate same to the citizenry.
5. According to the (Federal) Government's Financial Transparency Policy Guidelines, all MDAs are to publish monthly budget performance reports within seven days of the end of each month from January 2018. The publication which is a responsibility of both the OAGF and MDAs should detail performance of the budget by various dimensions including MDA's functions and economic activities performed by all federal government agencies. This is largely being disobeyed.
6. The lack of holistic adoption of the F.R.A, 2007 by States & LGAs which gulp more than 48% of our national resources is a major drawback to the quest for Transparency & Accountability bearing in mind that Nigeria operates one economy. Less than 24 States are known to have passed their Fiscal Responsibility Laws (F.R.L.s) with varying degrees of implementation.
7. That there are several conflicting sections of the Constitution, pertaining to Transparency and Accountability that should be addressed by the National Assembly.
8. That political considerations in the appointment of members of the Fiscal Responsibility Commission in the States have not helped proper implementation.

RECOMMENDATIONS/RESOLUTIONS:

1. Efforts should be geared towards getting the National Assembly to expeditiously conclude the process of amending the F.R.A, 2007 to include provisions providing for clear offences & penalties as well as prescribing appropriate sanctions for violations of the Act.
2. A comparative analysis of nations' economies in their pre and post fiscal responsibility laws application shows a leap in growth post adoption of FR laws. Based on this, stakeholders strongly agree that States within the region that are yet to domesticate the Fiscal Responsibility Law should domesticate the laws, establish the Commissions and make them functional.
3. That FRC should ensure wider sensitization to ensure that States follow up with inclusion of punitive measures in their respective laws and should also guide appointment of members of the States' Commissions against being solely on political sentiment.

4. States within the South-West region that have domesticated the Fiscal Responsibility Law and established the implementing commissions should make them functional and effective.

5. For the relevant fiscal responsibility agencies and commissions to be effective, the stakeholders agreed that their independence must be guaranteed in the enabling laws in order to shield them from political interference.

6. That the FRC should intensify efforts at encouraging States to fully adopt the fiscal responsibility law

7. States and Local Governments within the South-West region can also look towards Bio-Economy & Digital Economy to boost their revenue profiles. It was however agreed that such investments must be safeguarded with robust fiscal transparency and accountability laws.

8. In the meantime, the FRC can leverage on Institutional, Statutory & Operational collaboration through robust MOUs with sister Agencies like the EFCC, ICPC, CCB etc. in bringing certain violators to book using the extant Laws/facilities of such agencies.

9. There is need for the overall limit of the consolidated debt of the Federal, State & LG to be set by the President as provided for under Sec.42(1) so as to enable the FRC implement the responsibility imposed on it under S.42(3)-(5).

10. The FRC's funding must be increased significantly if it is to be able to effectively deal with violations to the F.R.A, 2007 including those relating to failure to comply with Transparency & Accountability provisions and to undertake the prosecution of offenders as proposed in the amendment.

11. Citizen Groups, NGOs, CSOs and other individuals should be sensitized to activate the civil enforcement mechanism set out in S.51 of the Act and seek prerogative orders of the Federal High Court in order to "*compel*" responsible public officers to comply with Transparency & Accountability obligations of the Act.

13. In addition, "*naming and shaming*" of violators, not just in the media, but by reporting them to the National Assembly will hopefully curb/reduce the seeming impunity.

14. Fiscal Responsibility is vitally central to sustainable and efficient economic growth, improved standard of living, good governance, increased transparency, accountability and popular participation in the management of the income and expenditure of

government, including promoting fiscal discipline & wise borrowing. It therefore ought to be entrenched in the Constitution for maximum benefit just as Singapore has its Fiscal Rules embedded in its Constitution.

15. The enforcement of the F.R.A, 2007 must conform to the international best practice of imposing appropriate sanctions against violators of its provisions as obtainable in other countries, where apart from refund of funds imprudently spent, violators may be banned from holding public office for a number of years in addition to serving prison terms for failing to be transparent & accountable in the management of public resources

16. That Nigerians should be an answer-demanding citizenry and support the FRC's mandate by seeking greater accountability and transparency (from public office holders).

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