

ACCOUNTABILITY, TRANSPARENCY AND PROBITY: INSTRUMENTS FOR SUSTAINABLE DEVELOPMENT IN NIGERIA

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Abstract

The management of the Nigerian economy since independence in 1960, has continued to move from a “revolution of rising expectations” to a “revolution of rising frustrations”. For example, per capita income of over US \$ 3,000 in 1970s today has fallen to less than US \$ 300. Hard working and honest Nigerians continue to be in pools of poverty and misery to the extent that some economists have properly considered, the 1980s and 1990s as lost decades of the Nigerian economy. From the relevant literature and experience, it is clear that lack of accountability, transparency and probity breeds inefficiency, diminishes productivity, discourages investments, fuels inflation, capital flight, institutes a regime of poverty. They also breed unemployment, the unrealistic and inconsistency in decision-making as well as frequent political change in Nigeria, which have been frustrating sustainable development effort. It is against this background, that this paper with empirical examples examines the problems of accountability, transparency, and probity vis-a-vis their effects on sustainable development in Nigeria and suggests the way out. The paper concludes that unless there is positive change in areas of accountability, transparency, and probity, sustainable development in Nigeria would continue to be a mirage.

Introduction

Sustainable development entails balancing of economic, social and environmental objectives of the society — the three pillars of sustainable development —integrating them wherever, form through mutually supportive policies and practices and making trade-offs where it is not possible. This includes, in particular, taking into account the impact of present decision on the options of future generations (IMF; UNDP and World Bank, 2002).

Sustainable development is a term for the multidimensional and multifaceted imperative - economic, social, political, cultural, moral, religious and environmental upliftment of the people in the society.

Since independence, in order to achieve sustainable development in Nigeria successive governments have established or promoted strategies. Some of these strategies include:

- 1963 Constitution of the Federal Republic of Nigeria.
- Second National Development Plan (1970-1974).
- The small-scale industries credit guarantee scheme, which was established in 1971 as matching grant arrangement between the federal and state governments.
- Nigerian Enterprises Promotion Decrees (now Acts) 1972 and 1977, Promulgated to reduce ownership and management functions of the expatriates in enterprises operating in Nigeria.
- The Third National Development Plan (1975-1980).
- 1979 Constitution of the Federal Republic of Nigeria.
- The establishment of Development Banks to grant long-term loans to Nigerian enterprises.
- The Fourth National Development Plan (1981-1983).
- The Economic Stabilization Act, 1982
- Structural Adjustment Programme 1986, established to restructure the economy;
- Liberalization of the banking sectors in 1986/87 for short and medium term loan.
- Mass Mobilization for Economic Recovery, Self-Reliance and Social Justice (MAMSER) Directorate of Social Mobilization (1987)

The strategies also include:

- * Directorate of Food, Roads and Rural Infrastructure (DFRRI) 1987.
- * Better Life Programme For Rural Women (BLFW) 1897.
- Establishment of Export Development Fund to encourage export activities
- The establishment of the National Economic Reconstruction Fund (NEFUND) in 1990 for short and medium term loans.
- The World Bank Small and Medium Enterprises 11 (SME 11) loans scheme of 1990.
- The direct credit programme of Central Bank of Nigeria (CBN) under the erstwhile credit guidelines system .
- The second-tier window on the floor of the Nigerian Stock Exchange, designed to accommodate small enterprises that cannot satisfy the stringent requirements of the main window.
- Liberalization of access to foreign exchange via Inter-bank Foreign Exchange Market (IFEM).
- Establishment of Research centres to increase the frontier for local source of raw materials and technology.
- * Federal Environmental Protection Agency (FEPA) 1988 as Amended in 1991
- * 1999 Constitution of the Federal Republic of Nigeria.
- * The Centre for Management Development (CMD), National Directorate of Employment (NDE) and Industrial Development Centres, which were established to assist in job creation, promote the spirit of entrepreneurship, train and assist entrepreneurs in areas of technical and management problems.
- * Privatization and commercialization of state owned parastatals.
- * National Poverty Eradication Programme (NAPEP) 1999
- * Corrupt Practices and Other Related Offences Act, 2002
- * Niger-Delta Development Commission (Establishment, etc) Act, 2000
- * Establishment of Small And Medium Industries Equity Scheme (SMIEIS), 2001.
- * Other numerous fiscal incentives in form of tax relief, pioneer status and periodic down word adjustment of tariffs specially targeted at SMEs to reduce production cost (see Obasanjo; 2001, Unubunnu 1990; National Development Plans (1962; 1975; 1970 and 1981); Federal Government (various issues).

Despite all these afore-mentioned and other strategies designed to promote sustainable development in Nigeria coupled with available human and natural resources the Nigerian economy is still described as growth without development (Yusufu, 1996). However, the causes of the growth without development have been traced to lack of accountability, transparency and probity.

The main purpose of this paper is to discuss with some examples how the aforementioned factors have worked against the attainment of sustainable development in Nigeria and suggests ways out in order to meet sustainable development challenges.

In particular, this paper will discuss the principles and policies of sustainable development, the factors constraining sustainable development in Nigeria and the way forward.

This paper is divided into five sections, section one is this introductory section; section two highlights the principles and policies of sustainable development; section three looks at accountability, transparency, and probity and sustainable development in Nigeria; section four suggests way to reduce the problems of accountability, transparency, and probity in order to meet the sustainable challenges; and section five concludes the paper.

Principles and Policies of Sustainable Development

Sustainable development is meant to uplift the economic, social, political, cultural, moral, religion and environmental life of the entire people in the society today and across generations. Sustainable development cannot occur in a vacuum but requires principles and policies. Some of the principle and policies are summarized as follows:

Investment. Investment involves the use of money for the purpose of making more money, to enhance economic activities and increase national income. Prior expectations, higher national income and its proportionate devoted to investment affects the income per head, poverty, raw material situations, balance of payment, interest rate, rate of saving, rate of investment, capital utilization wages and salaries, unemployment rates and other economic indicators positively. Sustainable

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development requires investment in renewable projects, and attentions are given to internal and external rate of returns, profitability index and cost-benefit analysis.

Social and Cultural Environments of the People. These environments include attitude of the people, custom and religious beliefs, education, societal values, tastes and fashion, time consciousness, management styles, natural resources, security etc. Sustaining development effort requires social order built on freedom, equity and justice, and educational objectives based on equal and adequate educational opportunities at all levels. Thus constant reviews of National Policy on Education to ensure its adequacy and continued relevance to national needs and objectives are imperative.

Political and Legal Environments. Political and legal environments include government setting, system of government, rule of laws, political parties, judiciary system etc. Good political and legal environments must de-emphasize militarization but have respect for the constitution; provide security for lives and property, good governance through periodic, peaceful, free and fair elections enhances political culture and socialization as well as accountability, transparency and probity.

Complementary Roles for Private and Public Sectors. No doubt, private ownership and control of factors of production promotes efficiency and of course increases the growth of the economy. Thus the private sector should concentrate on creativity and provision of goods and services for consumption and export. The public sector should provide the enabling environment for the private sector to operate and investing in areas like health, education, infrastructure, security etc that are essential but not attractive to the private sector.

Environment Health includes good water, adequate sanitation, land improvement and absence of agro-industrial chemicals and waste. Sustaining development requires pollution, land, water resources, quality of life and poverty management.

Globalization. Globalization of the international economy is desirable for sustainable development. The process has dismantled national boundaries and barriers to free trade but increased specialization, higher levels of production; more trade and more competition. With globalization, a nation can have international connection to obtain the goods and services, which it cannot produce on its own, access to foreign loans, aid and ideas that can be used to enhance the nation's wealth.

Sustainable Development and the Nigerian Experience

As stated earlier, Nigerians have attempted to secure sustainable development. However, a brief review of the state of the Nigerian economy this section will highlight the effort.

The State of the Nigerian Economy

In the 1960s after independence, agriculture contributed 70%, manufacturing 6% and oil 3% of Nigerian GDP. With oil boom in the 1970s and early 1980s oil contributed 65%, agriculture contribution to Nigerian GDP declined to 23.4% and manufacturing declined to 5% (Development Plan, 1962; 1975; 1970 and 1981). In order to reverse this decline trend successive governments had implemented: The First National Development Plan (1962-68), The Second National Development Plan (1970-74), The Third National Development Plan (1975-80), and The Fourth National Development Plan (1981-85) that emphasized on industrialization and import-substitution manufacturing industry in Nigeria (see Development Plan, 1962; 1975; 1970 and 1981). Import-substitution is a strategy to set up manufacturing firms to produce or assemble those certain goods, which were being previously imported (Aderinto, Akande, Anyanawuocha and Sani, 1996). This strategy was to boost manufacturing industry in Nigeria, conserve foreign exchange, reduce employment and improve balance of payments.

The import-substitution strategy virtually came to a halt during the Second Republic in the late 1970s and early 1980s when goods ban by the previous regimes to promote import-substitution strategy, had their ban lifted to the detriment of the home made goods. This led to relative decline in manufacturing production (see macro economic indicators and performance on Table 2.1). Against

this trend, Structural Adjustment Programme (SAP) was introduced in 1986, as an export promotion strategy and to revitalize the manufacturing sector with emphasis on the production of export goods and maximum use of local input. Government encouraged this strategy by granting tax concessions to export based industries, liberalizing the export licensing procedure and allowing exporters to retain their proceeds from exports in foreign currency. On one hand SAP brought some gains in area of GDP, manufacturing and employment but

the period witnessed decline in capacity utilization and higher inflation rate. ->

In 1994 SAP was abandoned, currently a combination of administrative fiat and price mechanism are used to manage the economy with unsatisfactory results (see Table 1).

Tab e2.1: Nigeria: Selected Macro Economic Indicators, 1994-2001

	Indicators	1994	1995	1996	1997	1998	1999	2000	2001
1	Real GDP Growth Rate	1.4	2.2	3.3	3.2	2.4	2.8	3.8	3.9
	Real GDP Growth Rate		4.2	5.0	5.5	4.0	3.0	3.0	5.0
2	Inflation Rate % (Actual)	57.0	77.8	79.3	8.5	10.0	6.6	6.9	18.9
	Inflation Rate % (Target)							9.0	7.0
3	Exchange Rate Naira/	22.0	82.3	81.2	82.0	84.2	92.7	110.0	113.5
4	Credit to Private Sector	31.7	48.0	23.9	23.9	27.4	29.2	30.9	43.5
	Credit to Private Sector	32.0	21.7	29.5	45.4		19.9	21.9	22.8
5	Capital Utilization%	30.4	29.3	36.8	34.0	34.9	36.0	36.1	39.6
6	Agriculture Growth Rate %	-0.8	3.4	3.7	4.1	3.5	3.3	3.1	3.7
7	Balance of Payment as %	-4.7	-9.9	-1.9	0.0	-7.8	-7.9	6.3	.50
8	External Debt Outstanding (U S Dollar Million)	29,428.86	32,584.80	28,050.00	27,087.80	28,773.54	28,046.00	28,273.7	28,347.0

(1) Central Bank of Nigeria (CBN)(1999) *Statistical Bulletin*, Abuja: CBN, Vol. 10(2) December.

(2) Central Bank of Nigeria (CBN) (2001,) *Annual Report and Statement of Accounts*, Abuja: CBN,

December.

(3) Federal Office of Statistics (FOS) (1999) *National Accounts of Nigeria*, Abuja: FOS, November.

(4) Author's Calculation

From Table 2 I, the overall assessment of Nigerian economy indicates that the economy has not met expectations and that much remains to be done in order to meet sustainable development.

The Factors Constraining Sustainable Development in Nigeria

Thus far and from available related literature, experience and observations sustainable development is far from being achieved in Nigeria despite all the strategies designed to meet the challenges because Nigerians lack accountability, transparency and probity. For the avoidance of doubt these terms need brief elaborations and with some examples to substantiate the discussion as related to Nigeria.

Accountability: Provides assurance to the organization that expenditures and receipts conform to statutory authorizations (budgetary appropriations) and financial regulations (Blondal, 1988). It enables an organization to answer the basic questions such as, what you have? How you got it? and how you use it?

Accountability is a condition for sustainable development. In Nigeria, accountability is taken for granted, people in power or authority believe that "the sun rises and sets on their heads". They lack political will and commitment to set objectives either in constitution or in any programme. Nigerian leaders never live by example; they are extrovert in nature, boastful, talkative, above all wasteful because the rules of accountability and responsibility are not enforced. For example, between 1979 and 1983 there were allegations of misappropriations and misapplications of public funds against the Alhaji Shehu Shagari administration by the military. The military under the leadership of Buhari/ Idiagbon, overthrew the Alhaji Shehu Shagari administration because the administration lacked accountability, on 31 December 1983 and attempted to uphold public accountability. Political leadership under Alhaji Shehu Shagari's administration were detained and tried; some monies (Naira, Pounds, Dollars) were recovered from most of them. In absence of accountability, the military spent the recoveries from the civilian leaders the way they wanted. On August 27th 1985, Ibrahim Babangida and his men deposed Buhari/Idiagbon regime for lack of

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accountability. Under the present 4th republic, efforts to restore accountability have not yielded any satisfactory result. Every body is not equal before the Anti-corruption Act of 2000 and other ill- gotten wealth programmes, corruption in the high places. However, President Obasanjo recognized these and him self noted in his 2001 budget to the National Assembly that his administration lacks accountability. He said, “for this government and most Nigerians, our hard-won democracy is yet to translate into significant improvement in our lives”. Thus we have failed to live up to our promise of national greatness (Odozi, 2002).

Transparency: Provides assurance to the organization that systematic information are provided in an orderly manner and according to clearly laid down rules, principles and procedures. Transparency enables an organization to answer the basic questions such as, of whom is information being demanded? What specific information? and for what purpose? (Florini, 1999).

Transparency offers a framework aimed at informing stakeholders of the monitoring and implementation of budgetary appropriations and sub- allocations to agencies and cost centres. It provides basis for management decisions and audit activities. Unfortunately, Nigerians’ lack transparency, for example, in Nigeria, more especially in the public sector that controls the bulk of the nation’s resources information relating to full- cost accounting from any government agency necessary to make smart decisions today and as the underlying economic change in the future is usually inadequate and poor. As Yusufu, (2000) noted Federal Office of Statistics (F.O.S) has been involved in the collection of data relating to all sectors of the economy. However, decline in government funding, particularly, from the inception of the Structural Adjustment Programme (SAP) in 1986, also had significant deleterious effect on its scope of operations. In some private organizations more especially merchant and commercial banks Annual Report and Statement of Accounts are not prepared and made known to shareholders and the public as required by the Companies and Allied Matters Decree, (now Act) 1990 (CAMAD) but they prefer to pay penalty to Central Bank of Nigeria.

The huge sum of money spent on government projects is never clearly ascertained. There are always cases of poor records on loans obtained and disbursed by both private and public sectors and, poor records on daily crude oil extracted and sold.

State Governors always disclose changes in their wage bills to justify their non-payment of salaries but their monthly revenues are never disclosed. In recent times, the report of the Auditor General for the Federation on the financial statements of Nigeria made known to the public is generating heat, as to why was the report made known to the public.

Probity: Provides the assurance that the organization is honest, has the ability to apply a set of moral or ethically validated rules and uphold truth (Iyayi, 2002). Probity enables an organization to answer the basic questions such as, are the right books of accounts properly and honestly prepared?, Are the books relevant? And are the mistakes and fraud detected and eliminated? .

Honest spending and proper book keeping are pillars for sustainable development. Nigeria is known for fraudulent and reckless spending, successive governments acknowledge these and condone them either for weakness or convenience. For example, according to Alhaji Shehu Shagari (1983) “the mounting rubbish of corruption has to be cleaned and our society sanitized and made more human. ...Under the new dispensation, emphasis will be placed on higher standard of discipline, probity, efficiency in the conduct of public affairs”(Otoghagua, 1999). Despite this observation no specific person was accused of corruption until the administration was overthrown. Another example, Dr. Pius Okigbo Panel accused Ibrahim Babangida regime of misappropriation and misapplication of 12.8 billion dollars oil windfall from Gulf War of 1990 but no one could bring him to book. Instead of the Ibrahim Babangida to resign as the “president” for his fraudulent and reckless spending he merely, called himself “Evil Genius”, his defence of his misdeed he said, “ Never be afraid of making a decision. History will forgive you for taking wrong decisions but will certainly not forgive you for not taking decision at all.” In the present administration fraudulent and reckless spending of public funds are in high places. Government has sunk several billions of Naira on several organizations, such as National Power Authority (NEPA), Nigerian Telecommunication Ltd (NITEL) and Ministry of Works; still they are inept and epileptic to rise to the challenges of their existence due to bad and ill intentions of the players (Ogbuju, 2003).

Sustainable Development in Nigeria: The Way Forward

From the major economic indicators (see Table 1), it is clear that the current trend of Nigerian economy's performance cannot guarantee sustainable development. However, hope is not lost provided the following are vigorously pursued:

- 1 **The identified factors:** accountability, transparency and probity must not be compromised. The following element of good accountability, transparency and probity must be adhered to:
 - Openness, justice, equity and fair play as guiding principles in the society;
 - * Avoidance and combating of corruption;
 - Correct procedures in the conduct of business;
 - Correct information must be made available to the public on time;
 - * Periodic evaluation of sustainable development programmes, which, must take into account whether there is reduction in poverty, unemployment and inequality.

- 2 **Environmental health is indispensable.** The following must be considered:
 - Protection of environment from natural disaster and waste, effective management of industrial and domestic waste.
 - Setting environmental standard and management for air, land, water pollution.
 - Pollution tax should be enforced and the revenue judiciously managed.
 - Adequate diseases control (such as developing vaccine for Advanced Immune Deficiency Syndrome (AIDS) and the recent Severe Acute Respiratory Syndrome (SARS)).
 - Manufacturing and services must meet standards, therefore, National Agency for Food Drug Administration and Control (NAFDAC), Standards Organization of Nigeria (SON), National Drug Law Enforcement Agency (NDLEA), Federal Environmental Protection Agency (FEPA) 1988 as amended in 1991 and Niger Delta Development Commission (establishment, etc) Act 2000 (NDDC) as well as various environmental edicts should be strengthened to meet expectation.

Nigeria needs its industrial revolution. The current computers, electronics, airplanes, **motor** vehicles, telephone and other conveniences of life are all products of Britain, France, Germany, America, Japan, India, and other industrial nations' industrial revolution. Nigerian sustainable development can be achieved if we pass through a gradual process of our industrial revolution (Aigbokhaevbolo, 1999). Our current frog jump, trial and error, foreign transfer of technology, environmental and economic goods from abroad will never lead to sustainable development.

Democracy and Good Governance. These are indispensable for sustainable development. In the 19th century Britain and America pioneered political and economic liberty for economic growth and development (Aigbokhaevbolo, 1999) and recently as Johnson (1996) noted Singapore's legal system, based in British common law, provided rule of law, an efficient legal system and a way for investors to achieve protection of their investment and contract made investments pour in Singapore. Upholding the pillars of democracy in Nigeria - fundamental human rights (as provided in section 30-42 of the 1999 Constitution) and periodic free and fair elections will enable the country to combat the problems of political instability and economic slow growth.

Macroeconomic and Sectoral Policies, and Management are required through:

- monetary and fiscal policies that will stimulate savings and investment;
- rural and urban development programmes, within which transportation, telecommunication, potable and irrigation water, electrification, security for lives and property, health care and other infrastructure are imperative;
- Proper funding of education with emphasis on science and technology;
- complementary roles for the public and private sectors. The private sector should establish industries to enhance employment and supply goods and services for consumption and export. The government should provide enabling environment to encourage local and foreign investments as well as to promote globalization.

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Conclusion

This paper attempted to reemphasize that lack of accountability, transparency and probity are the major obstacles of sustainable development in Nigeria. This paper defined sustainable development, discussed the principles and policies of sustainable development and also discussed the obstacle as well as the way forward.

The paper is strongly of the opinion that if Nigerians do not change their attitudes in the areas of accountability, transparency and probity, sustainable development would continue to be a mirage.

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