Critical Summary of the Nigeria Public Sector Governance Code

Key Strengths, Weakness and Areas of improvement

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1.0 Introduction

The **Nigeria Public Sector Governance Code**, developed by the Financial Reporting Council of Nigeria, serves as a framework for improving governance within Public Sector Entities (PSEs). It outlines principles, structures, and practices intended to enhance accountability, efficiency, and ethical governance.

Governance Code

- Accountability
- Efficiency
- Ethical Governance
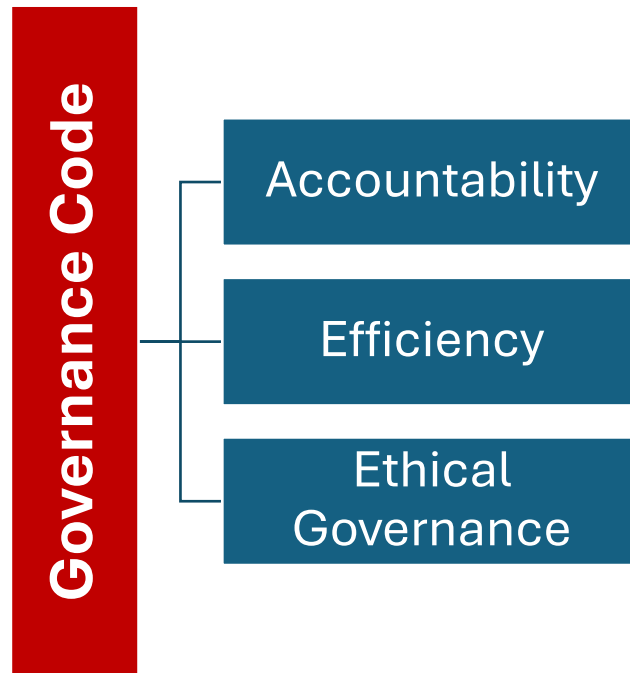
2.0 Key Strengths

2.1 Comprehensive Governance Framework

The Code establishes clear roles, responsibilities, and expectations for governing bodies in ministries, agencies, and parastatals, ensuring structured leadership and oversight. It outlines the mandate of the governing body (Section D, 1.1-1.4), appointment and removal processes (Section D, 3.1-3.4), and governance framework, ensuring that PSEs operate effectively within their defined mandates.

2.2 Accountability & Transparency

The Code mandates ethical leadership, financial reporting (Section G, 4.1-4.8), independent audits (Section G, 4.1-4.8), transparency (Section I, 3.4), and whistleblower mechanisms to reduce corruption and ensure responsible management of public funds

2.3 Stakeholder Inclusivity

By advocating for engagement with citizens, investors, and other stakeholders, the Code enhances public trust and participation in governance (Section B, 2.1-2.3), and (Section B, 2.1-2.3).

2.4 Performance Evaluation

Regular assessment of governing bodies and officials ensures continuous improvement, aligning public sector performance with national development goals (Section E, 1.1-3.10).

2.5 Risk Management & Sustainability

The Code incorporates risk assessment mechanisms (Section G, 10.1-10.7), and sustainability considerations (Section J, 12.1-12.9) to ensure long-term viability of public institutions.

3.0   Key Weaknesses & Areas for Improvement

3.1 Enforcement & Compliance Mechanism

The Code follows an ***"Apply and Explain"*** approach, but lacks stringent enforcement measures, which may lead to non-compliance by public institutions.

3.2 Political Interference in Appointments

While the Code seeks to ensure merit-based appointments, political influence in public office remains a challenge. A more independent nomination process is needed.

3.3 Financial Accountability Gaps

Although financial reporting is emphasized, loopholes in budget execution, procurement practices, and external audit independence could undermine fiscal discipline.

3.4 Implementation Challenges

Many public institutions in Nigeria lack the capacity and institutional culture to fully adopt the governance standards outlined.

3.5 Gender & Diversity Representation

The Code encourages 30% gender diversity in governing bodies (Section D, 5.14) but lacks enforcement mechanisms. There are no penalties for non-compliance, and the "Apply and Explain" approach allows institutions to justify inaction (Section A, 5.5-5.8). The absence of mandatory reporting and monitoring* weakens accountability (Section H). Cultural and institutional biases further limit women's representation in leadership. Stronger legal quotas, gender audits, and leadership programs** are needed to drive real change.

4.0   Key Highlights for Future Research & Improvement

4.1 Impact Assessment of the Code

Conduct studies on the actual implementation of the Code across various public institutions to measure its effectiveness and identify gaps.

4.2 Strengthening Compliance Mechanisms

Effective enforcement of governance codes requires robust compliance mechanisms beyond voluntary adherence (Section A, 5.5-5.8). Researching legal reforms, regulatory frameworks, and independent oversight bodies can help ensure stricter accountability. Implementing penalties for non-compliance and regular performance audits will enhance adherence

4.3 Reducing Political Interference

The Code emphasizes merit-based appointments but lacks strong safeguards against political interference in leadership selection (Section D, 3.1-3.4). Establishing *independent public sector commissions to* oversee appointments can help ensure transparency and competence in leadership roles. Additionally, implementing *strict qualification criteria* and independent review panels can reduce favoritism. Strengthening *oversight mechanisms* and *depoliticizing recruitment* will enhance public sector efficiency and governance integrity.

4.4 Financial Transparency & Digital Reporting

Digital financial reporting tools like *blockchain and AI-driven audits* can enhance accountability, transparency, and efficiency in public sector financial management (Section G, 4.1-4.8). Blockchain ensures tamper-proof records, reducing fraud, while AI-

driven audits detect anomalies and improve compliance (Association of Certified Fraud Examiners, 2024; Ihejieto et al., 2025). Researching their implementation can help strengthen financial oversight, minimize corruption, and improve public trust in governance (Chris, 2023). This has been applied by countries like Estonia, the UAE, Georgia, Singapore, Sweden and Australia, it helped these countries reduce cost savings, and improved efficiency in government transactions (Brothwell, 2023).

4.5 Sustainability & Governance

Assess how governance practices align with Nigeria's sustainability and development goals, particularly in climate policy and social equity.

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