Report of the Vision 2020

National Technical Working Group

On

Corporate Governance & Corporate Social Responsibility

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FOREWORD

The significant contribution of companies to national growth and development in recent times has made the issue of Corporate Governance inevitable. The company has virtually dominated every sphere of human activities. The food we eat, the cloth we wear, the water we drink, construction material for our homes and offices and the vehicles we drive are produced by companies.

Several companies have succeeded in exploring the natural resources of many communities in Nigeria, thereby creating national wealth, values for the owners and providing sources of livelihood to the managers and other employees. However, the operations of these companies have also, in some cases impacted negatively on the environment and has been a source of conflict with host communities. While the object of corporate law is to maximize the gains of the shareholders, corporate governance seeks to extend corporate gains to other stakeholders. The above therefore provides the basic nexus between corporate governance and corporate social responsibility.

The Corporate Governance and Corporate Social Responsibility Thematic Group reviewed the practice of corporate governance in Nigeria using international benchmarks as standards. The group made efforts to see how international best practices have transformed the economies of developed and emerging countries. The lessons for Nigeria which is aspiring to be one of the twenty top economies in the world by the year 2020 is to accord high priority to corporate governance and corporate social responsibility. In doing this, the group adopted a multi-dimensional approach to the assignment.

The first part examines the scope, target and the process involved in developing a corporate governance and social responsibility plan for Nigeria. The second part considered global trend and x-rayed the corporate governance and corporate social responsibility of some advanced countries as well as the international best practices using OECD initiatives as a benchmark. It juxtaposed the international best practices with the local trend focusing on the review of the 2003 Codes of Corporate Governance, the issues, the challenges, opportunities and the key success factors. In the third part, the Vision, Objectives and the Goals of corporate governance and corporate social responsibility were discussed using the SMART analysis. This led to a detailed enumeration and consideration of the strategies and initiatives to help drive the goals.

The final part deals with the implementation plan bringing out an exhaustive work plan and the implementation monitoring framework and tools.

The deliberations of the thematic group were anchored on two key issues-

That the spirit of NIGERIA FIRST be inculcated as a matter of urgency on every Nigerian in all sphere of national life.

That CORRUPTION is the greatest threat to economic development and therefore the fight against corrupt practices in all ramifications is the strategic imperative for achieving Vision 20: 2020.

ACKNOWLEDGEMENTS

The Corporate Governance and Corporate Social Responsibility thematic group wishes to use this opportunity to acknowledge the support and cooperation received from various organizations and individuals in the course of this assignment. These interactions in large measure not only enhanced our understanding of the subject but also provided penetrative insight into the challenges facing the sector. They also provided a useful platform for the future prospects for our vision proposals. In particular, we wish to express our gratitude to Senator Udoma Udo Udoma, Chairman Securities and Exchange Commission; Mr. Ahmed Al-Mustapha, Registrar Corporate Affairs Commission; and Alhaji Umaru Mutalab, Chairman Business Support Group Vision 2020, for their contributions during the interactive sessions. We also thank Mallam Aliyu Dikko - Managing Director and the management of Premium Pensions Ltd, Federal Mortgage Bank; Mallam Aminu Mukhtar, CEO/Partner- Crimson Consultants; Mr. Makinde Williams – Executive Director and the management of African Independent Television (AIT); and Mallam Maccido Bello – Managing Director and the management of Legacy Pension Limited for the logistical support provided in hosting the various meetings. We also benefited from documentation and reading materials provided by members including Dr. Joash Amupitan. While we remain indebted to all of these persons and institutions for their input, any errors, lapses and opinions expressed in the report remain attributable to the group.

The Coordinator wishes to express his deep appreciation and gratitude to all members of the group for their cooperation and contributions individually and collectively as members of the subgroups and the Editorial Team. In particular, we are indebted to the Chairman - Chief Olushola Dada, MFR, for his able leadership in steering the discussions and the debates. We are also grateful to the staff of the National Planning Commission and Accensure Consultants for their secretariat support including young and versatile .. who provided timely computer assistance.

1.0 INTRODUCTION

1.1 Overview of Corporate Governance and Corporate Social Responsibility

Corporate governance deals with the manner a company is run efficiently and effectively for the benefit of the shareholders, directors, employee, creditors, the community and other stakeholders. Once a company is incorporated the structures are automatically put in place and the company assumes a legal personality different and distinct from its shareholders and directors. These include a general meeting, the shareholders, a board of directors, and the managing director, the chairman of the board and other officers of the company. The functions of the various agencies within the company are clearly defined. This implies that only companies that are incorporated can be subject to corporate governance.

In modern times, corporate governance has been linked with the several corporate scandals witnessed across the globe in the 1990s of which Nigeria was no exception. The scandal precipitated concerted efforts at evolving codes of best practices for companies.

The law that governs the incorporation of a company and prescribes the structures to be put in place is corporate law. There are several rules, models and theories of corporate governance that are useful in the management of a corporation. In the context of Nigeria the law is Companies and Allied Matters Act, 1990. Where the company is a public company, apart from complying with the rules of corporate law, it must in addition comply with the provisions of the rules of the Stock Exchange and Securities and Exchange Commission Act. Therefore the rules of corporate law and securities law form the basis of any good corporate governance.

With the growth of the pension scheme and the increasing collective bargaining, industrial law became an important component of corporate governance in the area of institutional investors and corporate social responsibility. The latter is treated under section 1.1.2. The extension of the role of the company to the environment within which it operates also brought environmental issues within the purview of corporate governance.

1.1.1 Corporate Governance

Some of the highlights of the OECD Principles for Corporate Governance which have formed the basis of international best practices include:

i. Ensuring the basis for an effective corporate governance framework

ii. **Rights of shareholders** – The corporate governance framework should protect and facilitate the exercise of shareholders' rights.

iii. **The Equitable Treatment of shareholders** - The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.

iv. **Interests of other stakeholders** – The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises.

v. **Disclosure and Transparency** – The corporate governance framework should ensure that timely and accurate disclosure is made in all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the company.

vi. **The responsibilities of the Board** – The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the boards accountability to the company and the shareholders.

vii. **Integrity and Ethical Behaviour** – Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making. In addition, many corporations also establish Compliance and Ethics programs to minimize the risk that the firms steps outside of ethical and legal boundaries.

The Benefits of Good Corporate Governance

The group is convinced that the pursuit of good corporate governance is beneficial to Nigeria in it's strive to achieve the Vision 20-20 20 goal, for the following,[1] among others.

- It enables management to discharge its functions with full accountability.

[1] Fabian, Ajogwu. Corporate Governance in Nigeria: Law and Practice. 2007.

- It contributes to the creation of a transparent policy and business transaction environment, which engenders confidence amongst domestic and international investors.
- It allows the demonstration of participatory policy formulation and execution, as well as open flow of information to all stakeholders.
- It contributes to macroeconomic stability and enhances government's ability to implement development and poverty reduction policies with scarce resources.
- It is a barometer of government's commitment to enforcement of adherence to standards of institutional functioning, free of corruption or other such rent-seeking behaviour.
- It fosters competitiveness that attracts private domestic and foreign direct investments.
- It broadens and deepens local capital markets; and
- It leads to the strengthening of absorptive capacity to attract and mobilize development assistance flows.

1.1.2 Corporate Social Responsibility (CSR)

With regard to CSR, the UN Global Compact[2] has ten principles in the areas of human rights, labour, the environment and anti-corruption that enjoy universal consensus and are derived from:

a) The Universal Declaration of Human Rights.

b) The International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at work.

c) The Rio Declaration on Environment and Development; and

d) The United Nations Convention against Corruption.

The Global Compact requires companies to embrace, support and enact within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Human Rights

[2] www.unglobalcompact.org

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
- Principle 2: Ensure that companies are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour;
- Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

In addition, there are some major Cross-cutting Issues and Principles within the framework of the Millennium Development Goals (MDGs) articulated by the UN and to which countries globally including Nigeria are committed. These include:

- Promotion of Gender Equality and Empower Women (Goal No. 3).
    - Such gender mainstreaming measures in corporate governance should be with regards to board composition and management appointments;
    - Social responsibility (Goals Nos. 2, 4, 5).that would focus on development of the vulnerable group: girls, women, children etc.
- Strengthening responses in combating HIV/AIDS, Malaria and Other Communicable Diseases (Goal No. 6) among men and women in workplaces and the general population, especially those at high risks within the community.

1.2 Scope of Corporate Governance and Social Responsibility

The scope of Corporate Governance and Corporate Social Responsibility is wide with many perspectives. However, the key aspects are:

- Accountability and fiduciary duties;
- Economic efficiency; and
- Stakeholders interests

1.3 Overall Targets of Corporate Governance and Social Responsibility

According to the Organization for Economic Co-operation and Development (OECD) principles of Corporate Governance (2004), a good corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law, and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.

An effective Corporate Governance Framework accomplishes the following objectives:

a. Provides an enabling environment and effective regulatory framework for economic activities.

b. Ensures that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability.

c. Promotes the adoption of codes of business ethics in achieving the objectives of the organization.

d. Ensures that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner.

e. Provides for accountability and transparency of corporations and directors, and enforce director compliance.

f. Enhances level of implementation, enforcement and compliance with the corporate governance codes.

1.4 Process Involved in Developing the Plan

The Corporate Governance and Corporate Social Responsibility thematic group undertook the assignment by adopting a four prong approach for the information gathering and analysis of the issues to develop the plan. They include the following:

- Review of the existing literature and strategic initiatives and studies including Vision 2010, NEEDS ! & 2, OECG Principles and the African Peer Review country report on Nigeria;
- Debates and discussions by members of the group at the syndicate sub-groups and the plenary sessions;
- Interactive meetings with selected personalities, and practitioners and management of relevant regulatory authorities; and
- Held inter-linkage meetings with other thematic groups to ensure common understanding and avoid overlap especially with the following: Small and Medium Enterprises group (SME), Business Environment and Competiveness group, Judiciary and Rule of Law group, Employment group and Governance group.

2.0 CURRENT ASSESSMENT OF CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY IN NIGERIA

1.2 Global Trends on Corporate Governance

While concerted efforts were going on at national level, especially in Britain, the Organization for Economic Co-operation and Development (OECD) in 1999 embarked on developing common corporate governance rules, which will be models for members and non-member countries to adopt in order to ensure an acceptable international minimum standard for corporations. However, they are not intended to substitute for private sector initiatives to develop more detailed "best practice" in governance. The essence of this model is to emphasize that corporate governance is not only aimed at benefiting the shareholders and directors of the company but also the employees, the customers, the suppliers, the government, the communities, environments and the general public as a whole.

There are therefore two major initiatives to the development of Corporate Governance:

a. The international initiative spearheaded by OECD. Other International Institutions that have compiled rules such as the International Corporate Governance Network (ICGN) Statement on Global Corporate Governance Principles, July 1999, the European Association of Securities Dealers (EASD) Corporate Governance Principles and Recommendations, May, 2000.

b. National initiatives by several countries include those spearheaded by United Kingdom and US-the Sarbanes- Oxley Act. The UK adopted the voluntary approach, while that of the US is a legislative approach. The other countries that have formulated their own code of corporate governance include in Belgium (Corporate Governance for Belgian Listed Companies, 1998); Denmark (Nor by Commission for Good Corporate Governance in Denmark, 2001); France (Vienot and Button Codes); Germany (The Cromme Code, 2002); Italy (The Preda code, 1999); and Netherlands (The Corporate Governance Code).

1.2.1 Comparative Benchmarking Analysis

Various international organizations that have done extensive work on corporate governance such as: the New Partnership for Africa's Development (NEPAD); the Commonwealth

Association for Corporate Governance (CACG); Organization for Economic Co-operation and Development (OECD) believe that international benchmarking is imperative for a country to get a world class corporate governance practice that will engender growth and development. The King Report authored in South Africa is believed in the view of many as a global benchmark. A one time President of the World Bank emphasized the developmental role of corporate governance among nations and its significance in international financial architecture thus: “The proper governance of companies will become as crucial as to the world economy as the proper governance of countries”.

Different jurisdictions could be benchmarked against the pillars of corporate governance which include:

- Accountability;
- Fairness;
- Responsibility; and
- Transparency.

Some benchmarks and standards that have been recommended include:

- Agreement of a national framework for corporate governance suited to national conditions that emphasize conformance and performance but not just regulation;
- Effective monitoring and reporting system led by government and legislators;
- Establishment of a local framework drawing on international best practice; and
- Emphasizing not only on legal and regulatory framework but operational modalities.

With the recent spate of corporate scandals and the subsequent interest in corporate governance, a plethora of corporate governance norms and standards have sprouted around the globe. One of the key standards is the Sarbanes-Oxley legislation in the USA. The OECD principles of corporate governance are perhaps the best known among these. However, while the best practices were considered in developing countries such as South Africa, Indonesia, Malaysia, the approach was to examine a developed economy and an emerging market namely the U.K and India

United Kingdom

The UK model of corporate governance has its origins in a series of corporate scandals in the late 80's and early 90's which led to a clear need to improve the robustness of its corporate governance. This resulted in 1992 in the Cadbury Report that addressed a number of issues that were not dealt with in the existing corporate law and defined best practices for these areas including:

- Relationship between the chairman and chief executive;
- The role of non-executive directors; and
- Reporting of internal controls.

The key policy innovation following this report was to introduce a requirement that companies should report whether they had followed Cadbury's recommendations or explain why they had not done so (i.e. the "comply or explain" principle).

The recommendations in the Cadbury Report have been reviewed and refined at regular intervals since 1992:

- In 1995, the Greenbury Report set out recommendations on the remunerations of directors;
- In 1998, the Cadbury and Greenbury reports were brought together and updated in the form of the Combined Code;
- In 1999, the Turnbull guidance document was issued to provide directors with guidance on how to develop an effective system of internal control; and
- In 2003, the Combined Code was updated to incorporate recommendations from reports on the roles of non-executive directors and of the audit committees respectively.

The United Kingdom's approach to best practices in corporate governance reflects the belief that governance should promote both accountability to shareholders and the boards' ability to manage the company effectively and efficiently. The key features of UK best practice – as envisaged by the Combined Code, Company Law and the Listing Rules – may be summarised as outlined below.

- A unitary board with members collectively responsible for leading the company.

- Division of powers at the apex of the company hierarchy, emphasizing the distinction between running the board by the Chairman and running the company by the CEO, as they entail two distinct roles.
- A balance of executive and independent non-executive directors. For larger companies, at least 50% of the board members should be independent non-executive directors. Smaller companies (e.g. outside the FTSE 350) should have at least two independent directors.
- Formal and transparent procedures for appointing directors, with all appointments ratified by shareholders.
- Regular evaluation of the effectiveness of the board and its committees.
- Formal and transparent procedures for setting executive remuneration, including a remuneration committee made up of independent directors and an advisory vote for shareholders.
- A significant proportion of executive remuneration linked to performance.
- Board responsibility for disclosing a balanced assessment of the company's position (including through the financial status), and maintaining a sound system of internal control. Formal and transparent procedures for carrying out these responsibilities, including an audit committee made up of independent directors with the necessary financial experience.
- A close relationship between the board and shareholders, so that the two parties understand each order's opinions and concerns.
- Separate resolutions on all substantial issues at general meetings, to allow shareholders to express their opinions on individual items.

A key aspect of the UK approach is that many of these principles of best practice are not defined by the Company Law, but arise from the Combined Code. This reflects the view that not all aspects of corporate governance behaviour should (or can) be defined by the inflexible requirements of formal legislation. Hence, the UK emphasis on a voluntary corporate governance code is nonetheless underpinned by a certain amount of carefully-targeted law and regulation. This polices the extreme borders of corporate governance behaviour, and provides an incentive for boards and shareholders to engage with one another in a constructive dialogue on non-statutory aspects of corporate governance[3].

India

Concerns about corporate governance in India were largely triggered by a spate of crises in the early '90's – the Harshad Mehta stock market scam of 1992 followed by incidents of companies allotting preferential shares to their promoters at deeply discounted prices, as well as those of companies simply disappearing with investor's money. These concerns about corporate scandals coupled with forces of competition and globalisation gave rise to several investigations into the ways to fix the corporate governance situation in India[4].

In 1991, the Indian government took the initiative to commence a reform process in order to respond suitably to the developments taking place globally. The Confederation of Indian Industries, Associated Chambers of Commerce and the Securities and Exchange Board of India (SEBI) constituted committees to recommend initiatives on corporate governance.

The following objectives underlay the recommendations of these autonomous bodies:

a. Ensure that there is a properly structured board of directors capable of taking independent and objective decisions;

b. Ensure that there is a balanced board of directors as regards the representation of adequate number of non-executive and independent directors to take care of the interests of all the stakeholders;

c. Ensure that the board of directors adopts a transparent procedure and practice and its decision making is solely on the basis of adequate information; and

d. Ensure that the board of directors keeps the shareholders informed of relevant developments impacting the company.

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[3] Institute of Directors, August 2008

[4] Corporate Governance in India: Evolution and Challenges, 2003.

[5]Since this initial evolution, corporate governance in India has made a steady progress.

i. In 1996, Confederation of Indian Industry (CII) took a special initiative on Corporate Governance. This initiative flowed from public concerns regarding the protection of investor interest, especially the small investor, the promotion of transparency within business and industry. The objective was to develop and promote a code for corporate governance to be adopted and followed by Indian companies – Private Sector, Public Sector, Banks or Financial Institutions – all of which are corporate entities

ii. In 1997, a national task force presented the draft guidelines and the code of corporate governance (Desirable Corporate Governance Code)

iii. In 2003, SEBI announced an amended Clause 49 of the Listing Agreement which every public company listed on an Indian Stock Exchange is required to sign. The amended clauses come into immediate effect for companies seeking a new listing.

As Indian companies compete globally for access to capital markets, many are finding that the ability to benchmark against world-class organizations is essential. For a long time, India was a managed, protected economy with the corporate sector operating in an insular fashion. But as restrictions have eased, Indian corporations are emerging on the world stage and discovering that the old ways of doing business are no longer sufficient in such a fast-paced global environment.

1.2.2 Key Learning Points

- Corporations are engines of growth and development to nations; good corporate governance is the lever that propels the engine.
- Corporate governance impacts directly or indirectly on many sectors of an economy and thus requires the participation of: public and private sectors; large and small organizations; for profit and not-for – profit organizations; regulators and the regulated for its effectiveness and thus benefit to the society
- It is imperative to meet international best practices but being mindful of the local challenges and peculiarities.

[5] Growth and dynamics of corporate governance in India, Dr Iti Bose.

- Stakeholders' participation and engagements is key for its success.

1.3 Local Context

The development of the corporate governance in Nigeria is a recent phenomenon compared to the developed countries. Indeed, the evolution of corporate governance issues started to receive greater attention worldwide as a result of: the recognition that a firm's corporate governance affects its economic performance: the lessons of the global financial crises ranging from East Asia in the late nineties; and the American corporate crisis with the collapse and scandals of big corporations like Enron, World.com and Andersen in 2001-2002. In Nigeria, the collapse of some banks in the early nineties triggered the active development of corporate governance.

The collapse of these financial institutions was largely attributed to poor corporate governance practices such as:

a. Insider-related credit abuses;

b. Poor risk management;

c. Weak internal control systems and

d. Inadequate disclosures.

All these combined to result in loss of employment, personal savings and erosion of public confidence in the financial system.

Best Practice Recommendations on corporate governance and corporate social responsibilities[6]

Corporate Governance

Best Practice Principles	Current Situation
Lay solid foundations for management oversight.	○ Management powers under the Companies and Allied Matters Act

[6] Principles of Good Corporate Governance and Best Practices, ASX Corporate Governance Council, March 2003

<table>
<tr><th>Best Practice Principles</th><th>Current Situation</th></tr>
<tr><td>The company's framework should be designed to:
Enable the board to provide strategic guidance for the company and effective oversight of management
Clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability to both the Company and its shareholders
Ensure a balance of authority so that no single individual has unfettered powers.</td><td>(hereinafter referred to as CAMA) is delegated to management by the board to allow for proper board oversight. The Nigerian Codes of Best Practices also provide for effective oversight of management through effective board structures (executive and non-executive directors) frequent board meetings and various committees put in place to review management performance.
There is a clear delineation of authority between management and the board in order to ensure greater cohesiveness and facilitate more efficient operation of the company. This is provided for under the Nigerian Codes of Corporate Governance and most public companies are complying.
There is a clear separation of the position of the Chairman and CEO. It is clearly stated under the Nigerian Code that a fusion of such powers would concentrate undue power in one individual and potentially lead to corporate abuses and conflict of interest. All quoted companies have complied but no available data on the level of compliance by unquoted companies.</td></tr>
</table>

Best Practice Principles	Current Situation
Structure the board to add value. An effective board is one that facilitates the efficient discharge of the duties imposed by law on the directors and adds value in the context of the particular company's circumstances. This requires that the board be structured in such a way that it: o Has a proper understanding of, and competence to deal with, the current and emerging issues of the business o Can effectively review and challenge the performance of management and exercise independent judgement. Ultimately the directors are elected by the shareholders. However the board and its delegates play an important role in the selection of candidates for shareholder vote.	The board is required in Nigeria to discharge its duties with due care and skill. Additionally directors are exposed to relevant training to acquire the needed expertise to be able to add value to the company's business. A lot of these issues are addressed at nomination stage. The Nomination and Remuneration Committee screens the credentials of the directors and necessary information are supplied to the shareholders before directors are elected. The increasing use of Independent and non-executive directors allows the board to review the performance of management and exercise independent judgment. Directors are elected at AGM but the board through the Nomination Committee select the candidates for shareholders vote.
Promote ethical and responsible decision making. The company should: o Clarify the standards of ethical behaviour required of company directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourage the observance of those standards	In order to commit the companies to the highest standard of professional behaviour and business conduct, most Public Companies in Nigeria now have their Codes of Ethics and statement of business practices as required by the Nigerian Code.

Best Practice Principles	Current Situation
o Publish its position concerning the issue of board and employee trading in company securities and in associated products which operate to limit the economic risk of those securities.	
Safeguard the integrity in financial reporting This requires the company to put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the company's financial position. The structure would include, for example: o Review and consideration of the accounts by the audit committee o A process to ensure the independence and competence of the company's external auditors. Such a structure does not diminish the ultimate responsibility of the board to ensure the integrity of the company's financial reporting.	CAMA empowers the AGM to appoint auditors to audit the financial accounts of the company and submit audited accounts annually. The same law also established Audit Committees for public companies to review the report of both the internal and external auditors, ensure auditors independence and verify financial statements to the shareholders. This position is further strengthened by the Codes with the establishment of internal control system, whistle blowing system and mechanism for companies and rotation of both audit firms and audit partners at least every three years.
Make timely and balanced disclosure This means that the company must put in place mechanisms designed to ensure compliance with stated rule requirements such that: o All investors have equal and timely access to material information	This is one of the roles performed by the Audit Committee. There is equal treatment of shareholders under the Nigerian Code. Notices of meetings must be given to shareholders and all required information supplied 21 days before every meeting. AGMs are conducted in such a way to allow free

Best Practice Principles	Current Situation
concerning the company – including its financial situation, performance, ownership and governance ○ Company announcements are factual and presented in a clear and balanced way. "Balance" requires disclosure of both positive and negative information.	flowing discussions. The various Committees put in place ensure that correct information are disclosed to the shareholders. Moreover, under the Codes, the board should adopt and implement a communication policy that enables management to communicate, interact with and disseminate information regarding the direction and operation of the company to shareholders.
Respect the rights of shareholders This means that a company should empower its shareholders by: ○ Communicating effectively with them ○ Giving them ready access to balanced and understandable information about the company and corporate proposals ○ Making it easy for them to participate in general meetings.	In Nigeria, shareholders rights are guaranteed under CAMA and the Codes. Shareholders have right to attend AGM and vote at such meetings on any resolution. Enough time are given to shareholders to speak and contribute at AGM. The venue of AGM must be clearly chosen in such a way as to make it possible and affordable (in terms of distance and cost) for majority of shareholders to attend.
Recognise and manage risk This system should be designed to: ○ Identify, assess, monitor and manage risk ○ Inform investors of material changes to the company's risk profile. This structure can enhance the environment for identifying and capitalising on opportunities	Though this is not covered by CAMA, the Codes provide for the establishment of Risk Management Committee to assist the board in the oversight of the risk profile, risk management framework and risk-reviewed strategy as determined by the board. A lot of companies have already set up Risk management departments.

Best Practice Principles	Current Situation
to create value.	
Encourage enhanced performance This means that directors and key executives should be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed.	It is mandatory under the Nigeria Code for all directors to participate in periodic, relevant professional continuing education programmes in order to update their knowledge and skill and keep them informed of new development in company's business and operating environment. However, many companies are not complying with the requirement for annual performance appraisal of the board
Remunerate Fairly and Responsibly This means that companies need to adopt remuneration policies that attract and maintain talented and motivated directors and employees so as to encourage enhanced performance of the company. It is important that there be a clear relationship between performance and remuneration, and that the policy underlying executive remuneration be understood by investors.	Under the Nigerian Codes, the remuneration policy of companies should motivate directors and management to pursue long term growth and success of the company. Such a policy should establish a clear distinction between performance and remuneration. This is being implemented by companies.
Recognise the legitimate interests of the stakeholders Companies have a number of legal and other obligations to non-shareholder stakeholders such as employees, clients/customers and the community as a whole. There is growing acceptance of the view that organisations can create value by better managing natural,	This is not captured under CAMA. The Codes emphasised that every company should report at least annually on the extent and nature of its social, ethical, safety, health and environmental management policy. However, the issue of CSR is not fully captured. Additionally, while most companies in Nigeria engage in CSR, it is done on voluntary basis

Best Practice Principles	Current Situation
human, social and other forms of capital. Increasingly, the performance of companies is being scrutinised from a perspective that recognises these other forms of capital. That being the case, it is important for companies to demonstrate their commitment to appropriate corporate practices	and not fully monitored.
Encourage the Growth of Institutional Investors The role of Institutional investors in addressing the problem of shareholders passivism is accepted as part of the international best practices. Leveraging on the resources and expertise of institutional investors, they have been able to impact corporate governance positively in several countries.	This aspect is new in Nigeria. However, in the review of 2003 Code by SEC, the growth of Institutional investors and shareholders association has been acknowledged.
Enforcement mechanisms The global best practice is that corporate governance should be left at the level of persuasion. In UK, for instance, companies are enjoined to comply or explain while the US enacted legislations to enforce the rules of corporate governance.	There are currently no enforcement mechanisms for ensuring compliance with the provisions of the codes. However, in specific cases of the banks, compliance with the CBN Code is mandatory and other regulatory authorities are moving in the same direction.
Small and Medium Enterprises The codes of corporate governance apply only to public quoted companies in most countries with limited coverage of private companies and SMEs.	In Nigeria, SMEs play a dominant role both in terms of number and employment generation. However, the growth has been constrained largely by limited access to capital, weak institutional capacity and compliance with

Best Practice Principles	Current Situation
	financial and financial standards. In line with international best practices, they are not bound to comply with the codes of best practices. In view of their significant role in the Nigerian economy and the need to ensure steady growth, it is recommended that serious efforts be made to support the SMEs and bring them into meeting the standard of corporate governance.

Corporate Social Responsibilities

International Corporate Social Responsibility	Current Situation
Pyramids of CSR CSR rests on four main pyramids viz economic, legal, ethical and philanthropic.	In Nigeria CSR is based more or less on philanthropic and legal pyramid. However, some companies are now been influenced, especially multinational companies, by ethical and economic responsibilities.
CSR and International Human Right A major aspect of CSR is respect for and protection of human right. Companies are expected to adhere to internationally proclaimed human rights initiatives. This is anchored on the UN Declaration of Human Right	Companies in Nigeria have not been responsive to the need for the protection of human right of stakeholders. This is due to weak legal means for redressing corporate wrongs and crimes.
CSR AND Labour Issue The rights of workers and the need to eliminate all forms of discrimination against	Although Nigeria is a signatory to most international treaties regarding the right of workers, those treaties have been observed more in breaches than in

International Corporate Social Responsibility	Current Situation
workers is another major aspect of international CSR. Issues relating to commensurate remuneration for workers respect for and adherence to collective bargaining is a front burner.	observance. The Nigeria worker is exposed to permanent disabilities without due compensation, inappropriate termination of appointment, work hour ethics and restriction on trade unionism. However, the Pension Funds Act has provided some form of protection for Nigerian workers through an enhanced retirement benefits.
CSR and Environmental Protection International CSR emphasises the need to protect the environment and that companies should adopt precautionary approach to environmental issues. Companies are also to employ friendly technologies in their operations.	The approach of companies to environmental issues in Nigeria is more or less hypocritical. Most companies engage in high profile advertising campaigns on environmental aspect of their operations to distract people from ethical questions posed by their core operations and their inability to advance the interest of the society as a whole. The issue of hypocrisy and insincerity generally suggest that better governmental regulation, enforcement, environmental impact analysis rather than voluntary measures are necessary to ensure that companies behave in a socially responsible manner.
CSR And Consumer Protection International CSR protects customers from the poor quality, customer's complaints, misleading adverts and environmental impacts on services.	In Nigeria commitment to clients, information to client and general client services is very poor. Poor quality product and fake product still pervades in Nigeria resulting into loss of lives in several cases and companies are hardly made to be legally responsible. However, there is the product quality control ISO 2000 and NAFDAC that have been trying to mitigate the negative impact.

International Corporate Social Responsibility	Current Situation
CSR and Enforcement Mechanisms In most countries, CSR is at the discretion of the companies. There is no legal obligation on the part of companies to be socially responsible. However, there are areas where companies can be made liable criminally and civilly if neglect in being socially responsible occasions injury to the public.	In Nigeria there is also no legal obligation on the part of the companies to be socially responsible. However, there is a pending Bill before the Nigerian National assembly known as the Corporate Social Responsibility Commission (Establishment) Bill 2007 which seeks to establish Corporate Social Responsibility Commission with the task of creating standards. The bill seeks 3.5% of annual profit to be devoted to Corporate Social Responsibility Commission.

1.3.1 Local Trends and Recent Developments

Ownership Structure

The ownership structure of companies in Nigeria which is skewed in favour of a few investors has had major effects on the practice of corporate governance and created lapses in oversight functions in recent times. The pattern of ownership structure of companies whereby the majority of shareholders control a relatively small part of the issued share capital is at variance with the mandatory 25% public ownership requirement. Indeed, on the average, about 90% of the shareholders control only about 15% of the shares of companies leaving about 85% of the shares in the hands of few investors. This lopsidedness has resulted in cases where minority shareholders have been practically sidelined and disenfranchised in the governance affairs of the companies. It has also been a factor in cases where financial scandals, unmanaged risk, blue collar crimes, asset stripping, insider-related abuses and unethical business practices were perpetuated with the active connivance of members of the board of directors.

1.3.2 Current Plans and Programs on Corporate Governance in Nigeria

Code of Corporate Government in Public Companies

In 2000, as part of the Federal Government efforts to improve corporate governance in Nigeria, the government set up a seventeen member committee headed by Mr. Atedo Peterside, OON

('Peterside Committee'), under the aegis of the Security and Exchange Commission (SEC) and the corporate Affairs Commission (CAC). The Peterside Committee was mandated to review and identify weaknesses in the current corporate governance practices in Nigeria and make recommendations for improvement. The members of the Committee were selected to cut across relevant sectors of the economy including members of professional organizations, the private sector and regulatory agencies.

The Peterside Committee submitted a draft Code, which was widely publicized country wide and extensively reviewed in major financial centres of Lagos, Abuja and Port Harcourt to elicit stakeholders' input prior to finalization. The final report was approved in 2003 by the Boards of the SEC and the CAC.

The release of the 2003 Code marked a watershed in the development of good corporate governance practices in Nigeria. Some of the issues addressed in the 2003 code are:

a) Separation of the roles of Chief of Executive Officer and Chairman of the board;

b) Determination of Executive Directors' compensation by non-executive director; schedule of matters reserved for the board;

c) The exclusion of non-executive directors in share option schemes and pension arrangements with the company;

d) The establishment of a formal selection process for the appointment of non-executive directors as a matter for the entire board;

e) Disclosure in annual reports including Directors' Reports on the effectiveness of the company's system of internal control and the going concern status of the business;

f) Right of shareholders; and

g) Audit and other committees.

Against the backdrop of the release of the 2003 Code, the Banker's Committee established a sub-committee on corporate governance comprising representatives of some banks, CBN, Nigeria Deposit Insurance Corporation, Financial Institute Training Centre (FITC) and the

Money Market Association of Nigeria. The sub-committee was mandated to focus on additional issues and recommendations relating to corporate governance practices to be adopted by financial institutions in Nigeria.

The sub-committee's report- the Code of Corporate Governance for Banks and Other Financial Institutions in Nigeria *inter alia* highlighted the following recommendations:

a) Non-executive directors should comprise a majority of the members of the board;

b) Appointment of at least (2) independent directors and disclosing the names of such directors in the annual report;

c) The names of the directors submitted for election or re-election should be accompanied by sufficient biographical details to enable shareholders to take an informed decision on their election;

d) The board should have a formal schedule of matters specifically referred to it for decision; and

e) There should be a formal assessment of the effectiveness of the board as a whole and the contribution by each individual director (including the Chairman) to the effectiveness of the board.

The ensuring Code of Corporate Governance for banks and Other Financial Institutions was voluntary, and banks and other financial institutions were encouraged to adopt it by aligning their internal corporate governance practices with the provisions of the Code.

Corporate governance practices in Nigeria have evolved against the background of dynamic national and international developments. In this connection, the review of the 2003 Code was undertaken to determine the extent to which its provisions remain adequate for the challenges, oversight affairs of companies, sustainable corporate growth and creation of shareholder value that are comparable to best practices in the world including the latest OECD Corporate Governance Principles.

The Central Bank of Nigeria (CBN) Code

In April 2006, the CBN in an effort to address corporate governance challenges arising from the consolidation of banks and to strengthen the board and management of the resulting bigger banks in the post-consolidation era, issued the CBN Code which reviewed and updated the Code for the Nigerian banks issued by the Bankers' Committee in 2003. The CBN Code which highlighted the weakness in corporate governance practices and the challenges facing the banks during the post-consolidation era was made mandatory.

Some of the provisions of the CBN Code include:

a) Limitation of direct and indirect equity holding in any bank by Federal or state Government to 10% by the end of 2007;

b) Appointment of at least (2) independent directors;

c) Tenure of non-executive directors limited to maximum of three (3) terms of four (4) years each;

d) Restriction of non-executive directors' remuneration to sitting allowances, directors' fees and reimbursable travel and hotel expenses;

e) Recommendation of a minimum number of board committees - Risk management Committee, Audit Committee, and the Credit Committee;

f) Chairman of the board should not be a member of any of the board committees;

g) Conduct of board performance appraisal by independent consultants with a copy of the report represented at the annual General meeting (AGM) and sent to the CBN; and

h) Disclosure to the CBN of the interest of board of directors and companies/entities/persons related to them, engaged as service providers or suppliers to the bank.

The major innovations in the CBN Code over the 2003 Code are its mandatory nature, compliance mechanism, the requirement for independent consultant annual review of banks' governance processes and the presentation of such report to the CBN and at the banks' AGM. In 2007, the CBN issued guidelines for the appointment of independent directors and for managing individual risk elements in the financial industry as well as the concomitant role of the board in the risk management process.

In 2007, the Securities and Exchange Commission set up a Technical committee to review the 2003 code of Corporate Governance for public Companies in Nigeria. The 16 member Review Committee was headed by Mr. A.B. Mahmoud, a Senior Advocate of Nigeria (SAN). The Committee submitted its report to SEC in April 2009 for consideration. The report is still under review and possible adoption by SEC

1.4 Issues and Challenges

The Nigerian capital market has witnessed several cases of falsification of financial reports, non-disclosure of material information in the annual reports and the publication of misleading information by some public companies. The consequences of these unethical practices include distress or occasionally, the closure of companies, loss of investments, erosion of shareholder value, and loss of public confidence in the capital markets.

Corporate Social Responsibility.

In some countries, corporate social responsibility is regulated by law whereby companies contribute a percentage of their income to corporate social responsibility and also make provision for community-based supports to their operations.

The three (3) main pillars that can create a sustainable CSR are: power, legitimacy and urgency. The power to drive CSR is derived from legitimacy; it is in view of legitimacy that there is a pending bill before the Nigerian National Assembly known as the Corporate Social Responsibility Commission Bill 2007 which seeks to establish Corporate Social Responsibility Commission (CSRC) with the task of setting standards and enforcing them. The bill seeks 3.5% of annual profits of companies to be allocated to CSRC. However, the group does not support the advance earmarking of resources for any commission.

The CSR Act outlines the standards of CSR, functions and powers of the commission, and the various guidelines of integration of CSR functions into Nigeria's trade policies. The bill also seeks to highlight the compliance of companies' obligations to the employees. The culture of Nigerians FIRST is however not included in the pending bill.

1.4.1 Issues and Challenges to Good Corporate Governance in Nigeria

The corporate governance practices in many public companies in Nigeria have made significant progress in recent years. However, a number of factors continue to hinder the maximization of shareholder value and constitute a barrier to good corporate governance practices. These include:

a) *Concentrated ownership of companies:*

Ownership and control of most public companies are highly concentrated in a few individuals and families. This practice has engendered the appointment of sometimes unqualified family members into managerial positions, concentration of controlling power in a few investors without adequate safeguards for the minority interests and outright self-dealing transactions. The problem has been compounded by the low level of large institutional investors' representation on the boards of public companies in Nigeria.

b) *Dominant Chairman or MD/CEO:*

Many boards are plagued by the domineering influence of the Chairman or CEO in the affairs of the company especially in cases where with the majority shareholder act as the CEO or chairman or where both positions are combined by the same person. The practice not only weakens the oversight ability but may also impair the independence judgment of the board on company strategies and decisions.

c) *Conflict of interest:*

It is a common practice among company directors in Nigeria to engage in business transactions with the companies on whose boards they sit. These business relationships may not be at arm's length and may be contracted without disclosure to the full board or the shareholders in the annual reports. Such conflict of interest and related party transactions may compromise the objectivity of the affected director. The provision of the CAMA requiring that such conflict of interest to be disclosed to fellow directors is inadequate and need to be reinforced.

d) *Lack of Accountability and Ineffective evaluation system of the board and management:*

The CBN Code requirement of annual performance appraisal for the board of directors of banks is yet to be fully complied with by many banks. Similarly, with respect to other public companies, the evaluation of the entire board, the Chairman, the board committees, the CEO and non-executive directors is not a common practice. Consequently, the company directors are not held accountable for their activities as board members, and directors' performance is not a prerequisite for re-election to board membership.

e) Weak internal control framework and lack of effective internal audit function:

Risk management processes and practices are at a nascent stage in most public companies in the country. Internal audit is not risk-based; neither is the function empowered, equipped nor highly positioned in most companies. Currently, the practice in some companies is to staff internal audit with ill-qualified workers and send erring officers to the effectiveness of internal control frameworks within the company, resulting in unfocused management of those risks that may hinder the achievement of business objective.

f) Inadequate disclosures:

Section 277 and Schedules 2 – 6 of CAMA specify the formats of financial statements in the annual reporting, the miscellaneous matters including, disclosures relating to directors interest in contracts, loans or other transactions favouring directors and other officers, as well as disclosures to be made in the directors' report and matters to be expressly disclosed in the auditor's report. In practice, corporate disclosures in Nigeria tend be minimal. Specifically, corporate governance disclosures indicating composition of the board appointment process, compliance and code of conduct are absent in most annual reports.

g) Weak enforcement and disclosures mechanism:

There is currently no enforcement mechanism for ensuring compliance with the 2003 Code. Although public companies are encouraged to comply with 2003 Code, actual corporate governance practices are not in many cases in alignment with the provisions of the Code.

2.3.2 Challenges for Corporate Social Responsibility

The major challenges in the pursuit of CSR's policies and practices that improve the social values in the quest for the goal of vision 20-2020 include the following:

- Strengthening institutional capacity and improving monitoring of industry's remuneration;
- Strong response to control of HIV/AIDS, Malaria and Tuberculosis, multi-sectoral challenges, as they affect the stakeholders in the communities especially the vulnerable

groups: in-school and out-of-school youths, girls, women, widows, orphans and vulnerable children (OVCs) and the poor;

- Catalyse actions on health and multi-sectoral issues particularly HIV/AIDs, Malaria and Tuberculosis which are affecting the workforce;
- Have mechanisms to enforce and implement international agreements and laws as it relates to CSR;
- Access to redress and speedy dispensation of justice as it relates to CSR;
- Reduction in the discrimination against women in terms of representation and remuneration at the workplace;
- Need for frequent consultation with the civil society; and
- Continuous Citizen Education and leadership training to inculcate the principles of Nigeria First into the curriculum and training at all levels; and

Against this background, the Federal Government of Nigeria should create the enabling environment for corporate governance and Corporate Social Responsibility to thrive and flourish.

1.5 Strategic Imperatives

The biggest threat to good corporate governance in Nigeria is the level of corruption in both the private and public sectors. Transparency International has reported regularly on Nigeria's level of corruption level. In 2004, the Federal Government decided to address the issue of corruption by enacting the EFCC Act as well as the ICPC Act and established these anti-graft agencies.

All efforts must be made to governance combat corruption which is the biggest threat to good corporate in our quest for economic development in Nigeria. Consequently this thematic group has formulated strategies and initiatives with the aim of tackling the problem head-on. There would be the need to address the following issues-

- Inculcating strong patriotic spirit of Nigeria First
- Strong commitment by the political leadership;
- Reform of Economic and fiscal institutions;
- Creation of credible anti-corruption bodies and enforcement agencies;
- Public enlightenments campaign against corruption including stigmatizing corruption and ostracizing corruption culprits;
- Reducing opportunities for corruption – through transparent rules, good corporate governance practices, budgeting and procurement system;

- Strengthening the legislative arm of government for effective oversight responsibilities; and
- Active participation of the civil society, including the private sector, media, as well as academic and community based groups

1.6 Opportunities for Nigeria

A number of opportunities exist in Nigeria for enhancing the best practices in corporate governance and corporate social responsibility. These include:

i. The existence of collaborative institutions such as the EFCC and ICPC to check corruption

ii. Globalization which provides easy access to global best practices in corporate governance.

iii. Attraction of foreign direct investment

iv. Private sector development and encouragement of growth of companies with attendant increase in employment and poverty reduction.

v. Growth of shareholders associations creates awareness of shareholders rights and promotes good corporate governance

vi. Privatization and government economic reforms have led to growth of listed companies on the stock exchange. So has the growth of Management Buy Out (MBOs).

vii. The deepening of the democratic governance as reflected in a robust parliamentary system, an impartial judiciary and a government committed to the rule of law.

1.7 Key Success Factors

The key success factors for the attainment of good corporate governance and effective CSR in Nigeria include**-**

a. Harmonization and implementation of Codes of Best Practices.

b. Effective judicial and non-judicial mechanisms for enforcement of corporate law and the rules of corporate governance.

c. Robust capital market.

d. Effective supervision of companies by regulatory agencies such as SEC, CAC, CBN etc.

e. Development of basic infrastructure such as energy, ICT and roads.

f. The creation of a body to monitor the growth of corporate governance and CSR and to also review the rules of corporate governance periodically and bring them in conformity with international best practices.

g. Strengthen existing anti-corruption agencies and create private and community based anti-corruption initiatives to tackle the issue of corruption and to also investigate and prosecute offenders involved in impropriety.

h. Clearly defined incentives and recognition for companies engaged in good corporate governance and corporate social responsibility practices..

3.0 Vision Objectives Goals and Strategies

3.1. Vision, Objectives and Goals of CG & CSR

Vision: To ensure that all corporate entities operating in Nigeria adhere to the highest standard of corporate governance and corporate social responsibility and to have the most conducive environment for business and socio-economic prosperity by the year 2020.

Objectives:

- To develop the codes of corporate standard and corporate social responsibility to which every company subscribes in order to make maximum impact on the society for sustainable development and poverty alleviation.
- To build, develop and reinforce the institutional capacity for corporate governance and social responsibility compliance institutions required for setting up the highest standards and ensuring enforcement.
- To provide and enshrine a system of accountability and transparency that promotes the adoption of good business ethics and corporate culture in achieving the objectives of the corporation.
- To enhance economic prosperity through annual evaluation the contribution of companies to national growth and development.
- To ensure that corporations act as good corporate citizens with regards to human rights, corporate social responsibility, environmental sustainability and that all stakeholders are treated fairly and equitably.

Goals:

- That Nigeria becomes an attractive investment environment for local and foreign investors with a view to be one of the leading 20 investment destinations in the world by 2015.
- To build the institutional capacity for corporate governance by strengthening the existing regulatory and enforcement institutions such as EFCC, ICPC, Police, CBN, SEC, NDIC and other related agencies

- To create a Nigeria that is ranked amongst the least corrupt countries in the world by 2020.

- To promote good corporate citizenship through efficient tax administration and encouraging companies to meet all tax obligations thereby increasing government revenue by at least 25%annually.

- To promote continuous harmonious relations between the companies and their host communities thereby reducing conflict to the barest minimum.

- To enhance harmonious relationship between corporations and the host communities thereby reducing friction to the barest minimum by 2015.

3.2. Initiatives and Programmes

OBJECTIVE 1: To develop the **codes** of corporate standard and corporate social responsibility to which every company subscribes in order to make maximum impact on the society for sustainable development and poverty alleviation.		
GOALS/TARGETS	**STRATEGIES**	**INITIATIVES**
1. That Nigeria becomes a conducive investment environment for local and foreign investors with a view to be one of the leading 20 investment destinations in the world by 2015.	1. Harmonize existing codes into a National Corporate Governance and Corporate Social Responsibility Code based on international best practices with benchmarks and measurable targets by the end of 2010.	a. Promote the emergence of a National entity (Nigerian Corporate Governance & Corporate Social Responsibility Agency-NCG/CSRA) that will have responsibility for the harmonization of existing codes and setting the benchmarks based on international best practices by 2010.(FGN/Organized Private Sector-OPS)
		b. Expose the draft National Code to stakeholders by first quarter of 2011 (NCG/CSRA).
		c. Adopt the final National Code by the end of 2011 (FGN/OPS).
		d. The NCG/CSRA should ensure regular ranking and classification of corporate organizations to determine the nature and extent of compliance with corporate governance and corporate social responsibility standards and Code.
		e. Public liability companies and all other companies whose activities impact on multiple stakeholders as well as privatized state owned enterprises should be subjected to the corporate governance codes and principles.
Objective 2: To build, develop and reinforce the institutional capacity for corporate governance and social responsibility compliance		

institutions required for setting up the highest standards and ensuring enforcement.		
GOALS/TARGETS	**STRATEGIES**	**INITIATIVES**
1. To build the institutional capacity for corporate governance by strengthening the existing regulatory and enforcement institutions such as EFCC, ICPC, Police, CBN, SEC, NDIC and other related agencies	Establish Corporate Governance & Corporate Social Responsibility Agency (CG/CSRA) by third quarter of 2010 (FGN/OPS)	a. Government should encourage corporate bodies to increase commitment for corporate governance and corporate social responsibility activities and report in their Annual reports and Accounts. Offer incentives to compliant companies and when necessary sanction defaulters.
		b. CG&CSRA should conduct regular research on corporate governance issues and on the needs of host communities of corporate entities in Nigeria.
		c. Institute corporate governance and corporate social responsibility, national best compliance awards/recognition for enterprises by the year 2012(NCG/CSRA).
		d. NCG/CSRA should ensure regular ranking and classification of corporate organizations to determine the nature and the extent of corporate governance and corporate social responsibilities they are expected to perform
		e. NCG/CSRA should initiate periodic publication of activities of corporate entities and ensure proper documentation.
		f. NCG/CSRA should publish annual reports on the performance corporate entities and the impact of their activities on the host communities.

<table>
<tr><td></td><td></td><td>g. NCG/CSRA should sensitize the populace on the statutes, codes and their right under the law</td></tr>
<tr><td colspan="3">Objective 3: To provide and enshrine a system of accountability and transparency that promotes the adoption of good business ethics and corporate culture in achieving the objectives of the corporation.</td></tr>
<tr><td>GOALS/TARGETS</td><td>STRATEGIES</td><td>INITIATIVES</td></tr>
<tr><td rowspan="5">To create a Nigeria that is ranked amongst the least corrupt countries in the world by 2020.</td><td rowspan="4">Government must streamline regulatory and supervisory bodies so as to reduce overlap functions through the establishment of one National Financial Services Regulatory Authority (NFSRA).</td><td>Ensure statutory coordination among the regulatory agencies. It is essential that more coordination and inter-agency cooperation be effective.</td></tr>
<tr><td>a. NFSRA must improve implementation modalities including sanctions to improve the deterrent capacity of statutes and codes.</td></tr>
<tr><td>b. NFSRA must review, update and rationalize business laws so as to provide better legal framework for business development, the protection of property rights and the enforcement of contracts</td></tr>
<tr><td>c. The provisions relating to accounting and auditing in the Nigerian Code of corporate governance must be made mandatory</td></tr>
<tr><td>Expand the establishment of Commercial Courts and Alternative dispute resolution</td><td>a. Empower and enhance the capacity of the commercial courts and alternative dispute resolution centres to settle cases before them speedily.</td></tr>
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	centers for commercial disputes by the fourth quarter of 2010 (FGN/State Governments)	b. Sensitize and educate stakeholders and corporate entities to pursue the settlements of their disputes through commercial courts and alternative dispute resolution centres.
		c. Improve the mechanism for asserting worker's rights through court system as well as alternative dispute resolution
	All companies must imbibe the highest standards of corporate culture and ethics	a. The management of companies must be focused on the vision and objectives of their organizations.
		b. There must be transparency and accountability at all levels in the organizations
		c. There must be clearly defined roles for the Board and management and between the Chairman and the Managing Director
		d. To avoid over concentration of power, there must be separation of functions of the Chairman and the Chief Executive Officer of the company.
		e. Corporate organizations should encourage Directors to undertake structured training in a systematic manner during their tenure
		f. To ensure a level playing field, avoid conflict of interest and insider related transactions, a Director must declare his/her interest in any transaction. In addition, such cases should be examined by an ad-hoc committee of the board prior to approval and subjected to open competitive bidding.

	The private sector must be more proactive in creating jobs, enhancing productivity and increasing the quality of life.	Government must improve significantly basic infrastructure including power, water, transport, security etc
	Promote diversified ownership and democratization of corporate entities to ensure sustainability and the adoption of corporate governance principles.	
Objective 4: To enhance **economic prosperity** through annual evaluation the contribution of companies to national growth and development		
GOALS/TARGETS	**STRATEGIES**	**INITIATIVES**

To promote good corporate citizenship through efficient tax administration and encouraging companies to meet all tax obligations thereby increasing government revenue by at least 25%annually.		
Objective 5: To ensure that corporations act as good corporate citizens with regards to human rights, corporate social responsibility, environmental sustainability and that all stakeholders are **treated fairly and equitably**		
GOALS/TARGETS	**STRATEGIES**	**INITIATIVES**
1. To promote continuous harmonious relations between the companies and their host communities thereby reducing conflict to the barest minimum.		

2. To enhance harmonious relationship between corporations and the host communities thereby reducing friction to the barest minimum by 2015.		

3.3. Summary of Actions

The deliberations of the thematic group were anchored on two key issues-

- That the spirit of NIGERIA FIRST be inculcated as a matter of urgency on every Nigerian in all sphere of national life.
- That CORRUPTION is the greatest threat to economic development and therefore the fight against corrupt practices in all ramifications is the strategic imperative for achieving Vision 20: 2020.
- That only publicly quoted companies are while SMEs are not subjected to Codes of Corporate Governance.
- There is the lack of the institutional capacity to help promote and facilitate compliance to the Codes of Corporate Governance.
- There is an overlap in the functions of some regulatory agencies especially in the finance sector.
- That the normal court system is a too protracted and unsatisfactory in resolving commercial dispute.
- That there is limited cordial relationship between most companies operating in Nigeria and their host communities.
- The following recommendations were there fore suggested-
- Harmonization of the two Codes of Corporate Governance into one and the Code should address the necessary aspect of corporate social responsibility. The Code can be titled Codes of Corporate Governance and Corporate Social Responsibility.
- Establishment of Nigerian Corporate Governance and Corporate Social Responsibility Agency to oversee the steady growth of corporate governance and CSR in Nigeria.
- That the culture on CSR be allowed to evolve through deliberate government incentives/recognition to complying companies as against taxing the companies profit by the CSRC.

- That the rules of corporate governance and CSR should not only be applied to all public companies but should be of general application to all business entities in Nigeria including private companies, partnerships and SMEs.
- That several of the regulatory agencies with overlapping responsibilities be streamlined especially on the financial sector and a single body known as Nigerian Financial services Regulatory Agencies be established.
- A review of all necessary laws including the Companies and Allied Matters Act to bring them in conformity with international best practices so as to facilitate easy flow of capital into Nigeria by investors including institutional investors.
- That private and community based anti corruption initiatives be allowed to develop and be able to fight corruption.

4.0 Implementation Roadmap

Strategy	Initiative	Timeline					
		Short Term	Medium Term	Long Term	Implementing Agencies	Collaborating Agencies	Funding Sources
1. NIGERIA FIRST	1a. Inculcate and demonstrate the spirit of Nigeria First in all spheres of our National life especially in corporate governance and corporate social responsibilities.		2010		FGN/State government / Professional bodies	Ministry of Information & Communication/Private Sector/Civil Society/Media, NAFDAC, NOTAP	
2. Harmonize existing codes into a National Corporate Governance and Corporate Social Responsibility Code based on international best practices with benchmarks and measurable targets by the end of 2010.	2a. Promote the emergence of a National entity (Nigerian Corporate Governance & Corporate Social Responsibility Agency-NCG/CSRA) that will have responsibility for the harmonization of existing codes and setting the benchmarks based on international best practices by 2010.(FGN/Organized Private Sector-OPS)	2010			Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC)	Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), Institute of Directors (IoD), Manufacturers Association of Nigeria (MAN), Nigerian Association of Chambers of Commerce, Industry, Mining and Agriculture (NACCIMA)	Implementing and Collaborating Agencies and Development Partners
	2b. Expose the draft National Code to stakeholders by first quarter of 2011 (NCG/CSRA).		2011		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS)	NCG/CSRA
	2c. Adopt the final National Code by the end of 2011 (NCG/CSRA).		2011		Assembly of Stakeholders	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS)	NCG/CSRA
	2d The NCG/CCSRA should ensure regular ranking and		2011	2020	NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other	NCG/CSRA

Strategy	Initiative	Timeline					
		Short Term	Medium Term	Long Term	Implementing Agencies	Collaborating Agencies	Funding Sources
	classification of corporate organizations to determine the nature and extent of compliance with corporate governance and corporate social responsibility standards and Code.					organized private sectors (OPS)	
	2e. Public liability companies and all other companies whose activities impact on multiple stakeholders as well as privatized state owned enterprises should be subjected to the corporate governance codes and principles		2011	2020	NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS)	NCG/CSRA, Collaborating Agencies and Development Partners.
3.Establish Corporate Governance & Corporate Social Responsibility Agency (CG/CSRA) by third quarter of 2010 (FGN/OPS)	3a. NCG/CSRA should encourage corporate bodies to increase commitment for corporate governance and corporate social responsibility activities and report in their Annual reports and Accounts. Offer incentives to compliant companies and when necessary sanction defaulters.		2011		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS)	NCG/CSRA, Collaborating Agencies and Development Partners.
	3b. NCG&CSRA should conduct regular research on corporate governance		2012		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private	NCG/CSRA, Collaborating Agencies

Strategy	Initiative	Timeline			Implementing Agencies	Collaborating Agencies	Funding Sources
		Short Term	Medium Term	Long Term			
	issues and on the needs of host communities of corporate entities in Nigeria.					sectors (OPS); CSOs	and Development Partners.
	3c. Institute corporate governance and corporate social responsibility national best compliance awards/recognition for companies by the year 2012(NCG/CSRA).		2012		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS); CSOs	NCG/CSRA, Collaborating Agencies and Development Partners.
	3d. NCG/CSRA should initiate periodic publication of activities of corporate entities and ensure proper documentation.		2012		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS); CSOs	NCG/CSRA, Collaborating Agencies and Development Partners.
	3e. NCG/CSRA should publish annual reports on the performance of corporate entities and the impact of their activities on the host communities.		2012		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS); CSOs	NCG/CSRA, Collaborating Agencies and Development Partners.
	3f.NCG/CSRA should sensitize the populace on the statutes, codes and their rights under the law.		2011		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS); CSOs, Ministry of Information and Communication, Ministry of Justice, Media, Nigerian	NCG/CSRA, Collaborating Agencies and Development Partners.

Strategy	Initiative	Timeline					
		Short Term	Medium Term	Long Term	Implementing Agencies	Collaborating Agencies	Funding Sources
						Institute of Public Relations (NIPR)	
4.Government must streamline regulatory and supervisory bodies so as to reduce overlap functions through the establishment of one National Financial Services Regulatory Authority (NFSRA).	4a. Ensure statutory coordination among the regulatory agencies. It is essential that more coordination and inter-agency cooperation be effective.		2012		Federal Ministry of Finance	NPC, CBN, NAICOM, SEC, NSE, NDIC, CAC, PENCOM	Federal Ministry of Finance and Collaborating Agencies
	4b.NFSRA must improve implementation modalities including sanctions to improve the deterrent capacity of statutes and codes.		2013		NFSRA	NPC, CBN, NAICOM, SEC, NSE, NDIC, CAC, PENCOM	Federal Ministry of Finance and Collaborating Agencies
	4c. NFSRA must review, update and rationalize business laws so as to provide better legal framework for business development, the protection of property rights and the enforcement of contracts		2013		NFSRA	Federal Ministry of Justice, NPC, CBN, NAICOM, SEC, NSE, NDIC, CAC, PENCOM	Federal Ministry of Finance, Collaborating Agencies and Development Partners.
	4d.The provisions relating to accounting and auditing in the Nigerian Code of corporate governance must be made mandatory		2011		NCG/CSRA	CAC, SEC, Nigerian Accounting Standard Board (NASB), ICAN, ANAN, CITN	Implementing Agencies, Collaborating Agencies and Development Partners

Strategy	Initiative	Timeline			Implementing Agencies	Collaborating Agencies	Funding Sources
		Short Term	Medium Term	Long Term			
5. All companies must imbibe the highest standards of corporate culture and ethics	5a.The management of companies must be focused on the vision and objectives of their organizations.	2010			Board of Directors	NCG/CSRA*, CAC, CBN, SEC, NFSRA*	The corporate bodies
	5b.There must be transparency and accountability at all levels in the organizations.	2010			Board of Directors	NCG/CSRA*, CAC, CBN, SEC, NFSRA	The corporate bodies
	5c.There must be clearly defined roles for the Board and management and between the Chairman and the Managing Director.	2010			Shareholders at AGM	NCG/CSRA*, CAC, CBN, SEC, NFSRA	Not Applicable
	5d.To avoid over concentration of power, there must be separation of functions of the Chairman and the Chief Executive Officer of the company.	2010			Board of Directors	Shareholders Associations, NCG/CSRA*, CAC, SEC, NSE, NFSRA*	The corporate bodies
	5e. To ensure a level playing field, avoid conflict of interest and insider related transactions, a Director must declare his/her interest in any transaction. In addition, such cases should be examined by an ad-hoc committee of the board prior to approval and subjected to open competitive bidding.	2010			Board of Directors	Shareholders Associations, NCG/CSRA*, CAC, SEC, NSE, NFSRA*	The corporate bodies
	5f. Corporate organizations should encourage Directors	2010			Management	IoD, FITC, etc.	The corporate

Strategy	Initiative	Timeline			Implementing Agencies	Collaborating Agencies	Funding Sources
		Short Term	Medium Term	Long Term			
	to undertake structured training in a systematic manner during their tenure.						bodies
6.Expand the establishment of Commercial Courts and Alternative dispute resolution centers for commercial disputes in all the states and FCT by 2011 (FGN/State Governments).	6a. Empower and enhance the capacity of the commercial courts and alternative dispute resolution centres to settle cases before them speedily.		2011		Federal and State Ministries of Justice	SEC, CAC, ICArb, NSE	Federal, States and Collaborating Agencies.
	6b.Sensitize and educate stakeholders and corporate entities to pursue the settlements of their disputes through commercial courts and alternative dispute resolution centres.		2011		NCG/CSRA	SEC, CAC, CBN, NDIC, IoD and other organized private sectors (OPS); CSOs, Ministry of Information and Communication, Ministry of Justice, Media, Nigerian Institute of Public Relations (NIPR)	Federal, States and Collaborating Agencies
	6c. Improve the mechanism for asserting worker's rights through court system as well as alternative dispute resolution.		2011		NCG/CSRA	Ministry of Labour and Productivity, NLC, TUC, NECA, CSOs, CBOs, etc.	Federal, States and Collaborating Agencies.
7. The private sector must be more proactive in creating jobs, enhancing productivity and increasing the	7a.Government must improve significantly basic infrastructure including power, water, transport, security etc		2011		FGN/State & Local Govts.	Private Sector, Development Partners.	Federal, States and Collaborating Agencies.

Strategy	Initiative	Timeline					
		Short Term	Medium Term	Long Term	Implementing Agencies	Collaborating Agencies	Funding Sources
quality of life.							
8. Promote diversified ownership and democratization of corporate entities to ensure sustainability and the adoption of corporate governance principles.	8a. Companies should diversify their ownership within a specified period failing which they may be sanctioned, lose registration and operating authorization as well as government patronage and support.		2015		Companies	NCG/CSRA, CAC, SEC and NSE	Companies
	8b. Companies should be encouraged to be quoted on the Stock Exchange.		2011		NCG/CSRA	CAC, SEC and NSE	NCG/CSRA, CAC, SEC, NSE and Development partners
	8c. Compliant companies will be rated and recognized by NCG/CSRA.		2012		NCG/CSRA	CAC, SEC and NSE	NCG/CSRA, CAC, SEC, NSE and Development partners
9. All efforts must be made to governance combat corruption which is the biggest threat to good corporate in our quest for economic development in Nigeria.	9a. Inculcate and demonstrate the will and commitment to fight all forms of corrupt practices in a comprehensive manner.		2011		Government, Local Community, Professional Bodies, CBOs.	EFCC, ICPC, and other Anti-graft Agencies, Civil Societies, Traditional and Religious Leaders, Educational Institutions.	Not Applicable
	9b. Restoration of moral and ethical value systems from the family through the community to the larger		2011		Families, Religious organizations, Local	Government, Civil Society, Educational Institutions.	Not Applicable

Strategy	Initiative	Timeline					
		Short Term	Medium Term	Long Term	Implementing Agencies	Collaborating Agencies	Funding Sources
	society.				communities,		
	9c. Create the enabling environment to ensure effective service delivery, appropriate remuneration and poverty reduction.		2015		Government and Private Sector.	Development partners and CBOs.	Implementing and collaborating Agencies.
	9d. Strengthen the existing anti-corruption agencies by ensuring their autonomy and operational independence.	2010			Executive and National Assembly.	Judiciary, Antigraft Agencies.	Implementing and collaborating Agencies.
	9e. Create anti- corruption agencies at state and local levels to deepen and compliment the fight against corruption		2012		Executive and Various State House of Assemblies.	LGCs, Judiciary and Civil Society	Implementing and collaborating Agencies.
	9f. Create community based and private anti-corruption initiatives to compliment the fight against corruption.		2012		Local Government & CBOs	LGCs, Judiciary,EFCC, and ICPC	Local government & CBOs
	9g. Ensure the application of commensurate penalties including the forfeiture of the proceeds of corruption by culprits to serve as a deterrent for corrupt practices.		2010		The Judiciary	Ministry of Justice, EFCC, ICPC, CBOs and other Anti-graft agencies.	Implementing and collaborating agencies and Development Partners.

Strategy	Initiative	Timeline					
		Short Term	**Medium Term**	**Long Term**	**Implementing Agencies**	**Collaborating Agencies**	**Funding Sources**
	9h. Reduce over centralization of economic and corporate management.		2012		National Assembly, FGN, State Govts. and Private sector	Government at all levels, Private Sector,	Implementing & collaborating agencies
	9i Encourage and institutionalise whistle blowing		2011		NCG/CSRA.	SEC, CSOs, CAC, Media, Private Organisations	Implementing & collaborating agencies
	9j. Set up special courts to try corruption cases to ensure speedy dispensation of justice.		2012		Ministry of Justice,	National Assembly, The Judiciary.	Implementing Agency and Development partners.

4.1 Implementation Monitoring Framework and Tools

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
1a Inculcate and demonstrate the spirit of Nigeria First in all spheres of our National life especially in corporate governance and corporate social responsibilities.	Ministry of Information and Communications.	Annually	Reduction in anti-Nigerian behaviour, Increased display of patriotism and Reduction of collaborating Anti-Nigerian elements	75%	Resistance from vested interests	Apathy Scepticism	Reorientation, Sensitization and Education
2a.Promote the emergence of a National entity (Nigerian Corporate Governance & Corporate Social Responsibility Agency-NCG/CSRA) that will have responsibility for the harmonization of existing codes and setting the benchmarks based on international best practices by 2010.(FGN/Organized Private Sector-OPS)	National Planning Commission (NPC)	Quarterly	1. Stage of Development of Policy and Operational Guideline 2. Level of Fund Mobilization (Budget) 3. Level of involvement of Stakeholders	100 Percent Completion by end of 2010.	1. Mobilization of Stakeholders. 2. Cooperation among Collaborating Agencies	Mistrust among stakeholders. Lack of funding. Apathy and Lack of Commitment	Transparency Accountability Stakeholder sensitization, participation and ownership
2b.Expose the draft National Code to stakeholders by first quarter of 2011 (NCG/CSRA).	SEC/CAC, NCG/CSRA	Monthly	Level of Coverage of exposure Level of Response from Stakeholders	Not Applicable	Mode of exposure	Lack of understanding	Simplicity of the code Publicity and Sensitization.

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
						Adequacy of funds	Aggressive fund mobilization drive.
2c.Adopt the final National Code by the end of 2011 (NCG/CSRA).	SEC/CAC, NCG/CSRA	One-off	Adoption	Not Applicable	Acceptability	Delay in adoption.	Stakeholders commitment
2d The NCG/CCSRA should ensure regular ranking and classification of corporate organizations to determine the nature and extent of compliance with corporate governance and corporate social responsibility standards and Code.	SEC & NPC	Annually	Timely publication of report. Coverage of reporting organizations	100 %	Availability of data Integrity of report	Inability to meet deadlines	Sensitization
2e. Public liability companies and all other companies whose activities impact on multiple stakeholders as well as privatized state owned enterprises should be subjected to the corporate governance codes and principles	SEC & NPC	Annually	Timely publication of report. Coverage of reporting organizations	100 %	Availability of data Integrity of report	Inability to meet deadlines	Sensitization
3a. NCG/CSRA should encourage corporate	NCG/CSRA	Annually	Increase number of compliant	Not applicable	The benefits/costs	Over reliance on sanctions	Flexibility in the

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
bodies to increase commitment for corporate governance and corporate social responsibility activities and report in their Annual reports and Accounts. Offer incentives to compliant companies and when necessary sanction defaulters.			companies		of compliance	rather than incentives	application of sanctions and incentives.
3b. NCG/CSRA should conduct regular research on corporate governance and social corporate responsibility issues on the needs of host communities.	NCG/CSRA; CSOs	Annually	Number of research reports published.	Not Applicable	Non availability of relevant data.	Unrealistic expectations of the host communities	Sensitization and capacity building for self reliance
3c. Institute corporate governance and corporate social responsibility, national best compliance awards/recognition for companies by the year 2012(NCG/CSRA).	NCG/CSRA; CSOs	Annually	Number of awards/recognition made	Not Applicable	Credibility of awards/recognition	Abuse of award system	Transparency
3d. NCG/CSRA should initiate periodic publication of activities	NCG/CSRA; CSOs	Half-yearly	Regularity of publications	Not Applicable	Collation of data	Availability of data	Monitoring compliance

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
of corporate entities and ensure proper documentation.							
3e. NCG/CSRA should publish annual reports on the performance corporate entities and the impact of their activities on the host communities.	NCG/CSRA; CSOs	Annually	Timely publication of report	Not Applicable	Availability of data	Integrity of data	Transparency
3f.NCG/CSRA should sensitize the populace on the statutes, codes and their rights under the law.	NCG/CSRA; CSOs	Half-yearly	Level of coverage and timeliness.	50% coverage	Dissemination of information	Funding	Commitment and Fund mobilization
4a.Ensure statutory coordination among the regulatory agencies. It is essential that more coordination and inter-agency cooperation be effective	Federal Ministry of Finance	Annually	Reduction in the number of overlapping agencies and responsibilities	50 %	Timely review of relevant statutory provisions	Bureaucracy	Government commitment
4b. NFSRA must improve implementation modalities including sanctions to enhance the deterrent effect of statutes and codes	Federal Ministry of Finance	Annually	Reduction in the number of defaulting companies	25%	Policy implementation	Bureaucracy	Government commitment
4c. NFSRA must review update and rationalize business laws so as to	Federal Ministry of Finance	Half-yearly	Increase in local investments and inflow of FDI	50 %	Inter-agency cooperation	Bureaucracy	Government commitment

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
provide better legal framework for business development, the protection of property rights and the enforcement of contracts							
4d.The provisions relating to accounting and auditing in the Nigerian Code of corporate governance must be made mandatory	NCG/CSRA, NASB	Annually	High level of compliance	100%	Willingness to comply	Reluctance to comply	Sanctions for non-compliance
5a.The management of companies must be focused on the vision and objectives of their organizations.	NCG/CSRA*, CAC, SEC, NFSRA*	Annually	Growth and Profitability	100%	Capacity and commitment of the board and management	Intra board and/or board-management conflict	Adherence to the policies and rules of the company
5b.There must be transparency and accountability at all levels in the organizations.	NCG/CSRA*, CAC, SEC, NFSRA*	Annually	Full disclosure and adherence to company policies	100%	Capacity and commitment of the board and management	Conflict of interest	Avoidance of unethical practices
5c.There must be clearly defined roles for the Board and management and between the Chairman and the Managing Director.	Shareholders Associations, NCG/CSRA*, CAC, SEC, NSE, NFSRA*	Annually	Harmonious relationship at all levels	100%	Team harmony	Personality clash	Adherence to the policies and rules of the company
5d.To avoid over concentration of power, there must be	Shareholders at AGM	Annually	Existence of a separate Chairman and a CEO with	100%	Team harmony	Personality clash	Adherence to the policies and rules of

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
separation of functions of the Chairman and the Chief Executive Officer of the company.			clearly defined powers				the company
5e.To ensure a level playing field, avoid conflict of interest and insider related transactions, a Director must declare his/her interest in any transaction. In addition, such cases should be examined by an ad-hoc committee of the board prior to approval and subjected to open competitive bidding.	Ad-hoc committee of the board including independent Directors	Half-yearly	Reduction in insider related transactions and other unethical practices	100%	Implementation of the Board Code of Conduct	Insider collusion and interlocking directorate	Adherence to the policies and rules of the company
5f. Corporate organizations should encourage Directors to undertake structured training in a systematic manner during their tenure	Board of Directors	Half-yearly	Number of courses and number of participants. Enhanced productivity	100%	Training budget and quality of training.	Apathy to training	Evaluation of the performance of directors
6a. Empower and enhance the capacity of the commercial courts and alternative dispute resolution centres to settle cases before them speedily.	NCG/CSRA	Half-yearly	Number of cases reported and resolved timely	25%	Implementation of decisions. Lack of awareness	Bureaucracy. Manpower constraints and capacity.	Government commitment Sensitization Capacity building

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
6b.Sensitize and educate stakeholders and corporate entities to pursue the settlements of their disputes through commercial courts and alternative dispute resolution centres.	NCG/CSRA	Half-yearly	Increase in the number of cases reported	50%	Cultural disposition towards arbitration and mediation.	Inadequate funding.	Stakeholder's ' commitment.
6c. Improve the mechanism for asserting workers' rights through court system as well as alternative dispute resolution.	NCG/CSRA	Half-yearly	Reduction in Labour disputes and Workers' Strike.	50%	Credibility of the Mechanisms. Politicisation of disputes.	Reluctance to use the mechanisms	Sensitization and education.
7a.Government must improve significantly basic infrastructure including power, water, transport, security etc	Federal, State and Local Governments, CSOs.	Annually	Significant Improvement in infrastructure and security. Increased access of the populace to the facilities.	25%	Government Commitments and political will.	Corruption Availability of resources.	Good governance and ethical practices.
8a.Companies should diversify their ownership within a specified period failing which they may be sanctioned, lose registration and operating authorization as well as government patronage and support.	NCG/CSRA, CAC, SEC, NSE and CSOs	Annually	Number of Compliant Companies	75%	Identification of companies expected to comply.	Legal issues	Clear rules and regulations

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
8b. Companies should be encouraged to be quoted on the Stock Exchange.	NCG/CSRA, CAC, SEC, NSE and CSOs	Annually	Number of responding companies	50%	Cost of listing Liquidity in the system Absence of OTC Trading	Under subscription. Reluctance to be listed Inadequate ICT Support	Proper package issues Review listing requirements, Over the Counter (OTC) Trade to be encouraged
8c. Compliant companies will be rated and recognized by NCG/CSRA.	NCG/CSRA,	Annually	Number of Companies rated and recognized	50%	Credibility of the rating/ recognition	Non compliance of companies. Abuse of ratings/ recognition system	Transparency , Sensitization.
9a. Inculcate and demonstrate the will and commitment to fight all forms of corrupt practices in a comprehensive manner.	All Stakeholders.	Continuous	Reduction in Corrupt practices.	Zero Tolerance	Moral Hazards. Gestation period.	Sustainability	Sensitization and Education
9b. Restoration of moral and ethical value systems from the family through the community to the	All Stakeholders.	Continuous	Reduction in delinquent behaviours.	Zero Tolerance	Weak moral foundation. Peer pressure.	Generational Gap. Effect of Globalization.	Communication and reorientation Domesticatio

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
larger society.					Poverty.	Skewed Income Distribution Rural-Urban Migration	n of globalization Good Governance Improved infrastructure and job opportunity in the rural areas .
9c. Create the enabling environment to ensure effective service delivery, appropriate remuneration and poverty reduction.	Government, Private Sector, CBOs.	Annually	Growth in the GDP. Decrease in unemployment rate. Improvement in infrastructure.	50%	Funding, Political will to undertake social economic reform.	Economic uncertainty Apathy.	Good planning and implementation
9d. Strengthen the existing anti-corruption agencies by ensuring their autonomy and operational independence	Federal Ministry of Justice	Annually	Absence of interference. Equal treatment of culprits. Increase in the number of cases detected, prosecuted and convicted.	100 %	Resistance from entrenched vested interest	Bureaucratic processes	Commitment and political will

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
9e. Create anti- corruption agencies at state and local levels to deepen and compliment the fight against corruption	State Ministry of Justice, CBOs and Professional organizations	Annually	Number of Institutions Created and Operational.	100 %	Overlapping Responsibility. Funding.	Bureaucracy. Political manipulation	Commitment and compliance. Clear definition of roles and responsibilities.
9f. Create community based and private anti- corruption institutions to compliment the fight against corruption	Local Government, CBOs and Professional bodies	Annually	Number of community based institutions created.	100%	Funding Organization of the CBOs	Possibility of abuse. Potential conflict with other anti-graft agencies.	Establishment of checks and balances. Clear definition of roles and responsibilities
9g. Ensure the application of commensurate penalties including the forfeiture of the proceeds of corruption by culprits to serve as a deterrent for corrupt practices.	Judiciary	Annually	Number of cases dispensed with commensurate penalties. Number of public complaints on judgements. Justice system enhanced with commensurate penalties.	75%	Resistance and possible collusion from affected parties.	Corruptive Influences.	Strong will and commitment
9h. Reduce over	FGN, State	Annually	Extent of	75%	Funding	Resistance to	Reorientation

Initiative	Monitoring Agency	Monitoring Frequency	KPIs	% Completion	Issues	Risks	Mitigation
centralization of economic and corporate management.	Governments,, OPS and CSOs		Decentralization. Reduction in bottlenecks.			change	. Sensitization and Education.
9i Encourage and institutionalise whistle blowing	Media, CSOs, Professional Bodies,	Annually	Number of reported cases	75%	Fear of victimization	Reluctance to volunteer and complacency	Sensitization and Education
9j. Set up special courts to try corruption cases to ensure speedy dispensation of justice.	Judiciary	Annually	Number of courts established	75%	Funding. Availability of Personnel	Lack of funding and Logistics	Commitment and Political will.

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ABBREVIATIONS

AGM	Annual General Meeting
AIT	African Independent Television
APRM	African Peer Review Mechanism
CAC	Corporate Affairs Commission
CACG	Commonwealth Association for Corporate Governance
CAMA	Companies and Allied Matters Act
CBN	Central bank of Nigeria
CEO	Chief Executive Officer
CII	Confederation of Indian Industry
CG	Corporate Governance
CSR	Corporate Social Responsibility
CSRC	Corporate Social Responsibility Commission
EFCC	Economic and Financial Crime Commission
EASD	European Association of Securities Dealers
FITC	Financial Institutions Training Centre
GDP	Gross Domestic Product
HIV/AIDS	Human Immunity Virus
ICGN	International Corporate Governance Network
ICPC	Internal Corrupt Practices Commission
ILO	International Labour Organization
IOD	Institute of Directors
MAN	Manufacturers Association of Nigeria
MBO	Management By Objective

MDGs	Millennium Development Goals
NACCIMA	Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture
NASSI	Nigerian Association of Small Scale Industrilists
NCG/CCSRA	Nigerian Corporate Governance & Corporate Social Responsibility Agency
NDIC	National Deposit Insurance Corporation
NECA	Nigerian Employers' Consultative Association
NEPAD	New Partnership for African Development
NIPR	Nigerian Institute of Public Relations
NSE	Nigeria stock Exchange
OECD	Organization of Economic Cooperation and Development
OPS	Organised Private Sector
SEC	Securities and Exchange Commission
SMEs	Small and Medium-Scale Enterprises
UK	United Kingdom
UN	United Nations

Table: Nigeria's Ranking on Corruption

Countries	GDP/Capita	Life Expectancy	Adult Literacy	Corruption Perception Index
Luxembourg	78,559	79.03	99	8.3
Norway	58,141	79.78	99	7.9
United States	46,716	78.06	99	7.3
Ireland	44,195	77.9	99	7.7
Switzerland	40,900	80.62	99	9
Netherlands	40,850	79.11	99	8.9
Austria	38,153	79.21	99	8.1
Sweden	37,383	80.63	99	9.3
Iceland	36,770	80.43	99	8.9
Canada	36,444	80.34	99	8.7
Denmark	36,404	70.23	99	9.3
Australia	35,777	80.62	99	8.7
Germany	35,613	78.95	99	7.9
United Kingdom	35,445	78.7	99	7.7
Finland	35,426	78.66	99	9
Belgium	34,493	78.92	99	7.3
Japan	34,099	82.07	99	7.3
France	34,045	80.87	99	6.9
Spain	31,955	79.78	99	6.5
Italy	30,756	79.94	99	4.8
Greece	29,361	79.38	96	4.7
Korea	27,939	79.1	99	5.6
New Zealand	27,027	78.96	99	9.3
Czech Republic	24,712	76.42	99	5.2
Portugal	23,073	77.87	93.8	6.1
Slovak Republic	22,081	74.95	99	5
Hungary	19,329	72.92	99.4	5.1
Poland	17,625	77.19	99.8	4.6
Mexico	14,495	75.84	91.6	3.6
Turkey	13,920	72.88	87.4	4.6
Iran	11,666	70.56	82.4	2.3
Egypt	5,416	71.57	71.4	2.8
Indonesia	3,975	70.16	90.4	2.6
Philippines	3,510	70.51	92.6	2.3
India	2,972	68.59	61	3.4
Vietnam	2,781	71.07	90.3	2.7
Pakistan	2,644	63.75	49.9	2.5
Nigeria	2,082	47.44	69.1	2.7