

Treasury Single Account (TSA) as a Strategy for Blocking Revenue Leakages: *Lessons from Kaduna, Kano & Niger States*





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Country Director: Gabriel Okeowo

Research and Policy Advisory Team: Iniobong Usen
Vahyala Kwaga, Oluwatosin Iseniyi, and Damilola Onemano

Concept & Design: Maxwell Adetoye

Contact:

info@yourbudgit.com +234-803-727-6668, +234-908-333-1633
Address: 55, Moleye Street, Sabo, Yaba, Lagos, Nigeria

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Executive Summary



Exective Summary

Providing a public policy context for the growing problems of infrastructure deficit and poor socioeconomic indicators in Nigeria, the Research and Policy Advisory team at BudgIT Foundation, via this brief, highlights the essential requirements of improved fiscal management practices. It outlines the emergence of fiscal reform and hones in on the TSA as a form of that practice at the national level. It then drills down to TSA reception by states (Kano, Kaduna and Niger), addresses the political economy issues of TSA uptake and comments on whether its full or partial use contributes to blocking revenue leakages and improved fiscal transparency.

Introduction

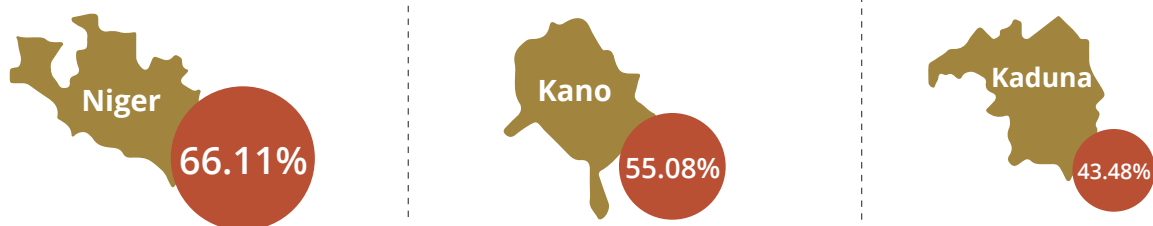


Introduction

The adoption of the Treasury Single Account (TSA) by the national and some subnational governments in Nigeria, as part of public financial management (PFM) reform, can assist in improving savings¹ and budgeting, reduce potential for misallocation or theft of resources via unclear cash management practices² and promote transparency and accountability.³ The need to grow Internally Generated Revenue (IGR), improve public savings, which can be directed to building infrastructure, is nontrivial, as every naira is crucial. About 85 million Nigerians do not have access to electricity.⁴ In addition, it has been revealed that 69.2% of the nation's road network is untarred.⁵ The federal government recently stated that the country's infrastructure gap would require \$2.3 trillion dollars to close.⁶

The need for infrastructure is compelling, as there is a relationship between access to infrastructure and economic growth.⁷ Looking at the economic indicators of the states under review, the National Bureau of Statistics (NBS) identifies Niger as having a poverty rate of 66.11%, Kano with a rate of 55.08% and Kaduna a rate of 43.48% (National average is 42.46%).⁸ The urgency to plug revenue leakages creates a demand for efficient public cash management and comprehensive implementation of TSA practices. Several definitions of a TSA exist, but the central thread is that a single account, protocol or location for collection of government receipts, serves for better monitoring and management of funds.⁹ Optimal PFM practices generally have the potential to not only plug leakages¹⁰ but improve fiscal space for all levels of government.¹¹

Poverty rate according to the National Bureau of Statistics



*National Average 42.46%

1. See Ezekiel, O., and Olanike, O. (2021). Effects of Treasury Single Account (TSA) Policy on Corruption In Nigeria at p. 164. EPRA International Journal of Research and Development (IJRD) Volume: 6; Issue: 3; March 2021. Available at: https://eprajournals.com/jpanel/upload/903pm_33.EPRA%20JOURNALS-6409.pdf. Date accessed-13/08/2021.
2. See Ezekiel, O., and Olanike, O. Effects of Treasury Single Account (TSA) Policy on Corruption In Nigeria, op. cit.
3. See Lawson, A. (2015). Public Financial Management. GSDRC Professional Development Reading Pack No. 6. Birmingham, UK: GSDRC, University of Birmingham. Available at: http://gsdrc.org/docs/open/reading-packs/pfm_rp.pdf. Date accessed-13/08/2021.
4. The World Bank claims that: "The lack of reliable power is a significant constraint for citizens and businesses, resulting in annual economic losses estimated at \$26.2 billion (10.1 trillion) which is equivalent to about 2 percent of GDP". See the World Bank. "Who We Are/News" (Webpage), (2021). Press Release February 5, 2021. Nigeria to Improve Electricity Access and Services to Citizens. Available at: <https://www.worldbank.org/en/news/press-release/2021/02/05/nigeria-to-improve-electricity-access-and-services-to-citizens>. Date accessed-29/08/2021.
5. See "135,000km road network in Nigeria un-tarred- ICRC", by the News Agency of Nigeria, on September 7, 2017. Available at: <https://www.icrc.gov/ng/135000km-road-network-nigeria-un-tarred-icrc/>. Date accessed-29/08/2021.
6. This amount seems to be disputed, as the global ratings agency, Moody's puts the figure at \$3 trillion dollars. Be that as it may, the Federal Ministry of Finance, Budget and Planning, states that this \$2.3 trillion dollars is required over a period of 23 years and would involve input from the federal government and the state governments. See Moody's Investors Service (Webpage). "Research Announcement: Moody's - Significant financing from private sector and multilaterals needed to address Nigeria's infrastructure deficit". 18 November, 2020. Available at: <https://www.moody's.com/research/Moodys-Significant-financing-from-private-sector-and-multilaterals-needed-to-PBC-1253651>. Date accessed-29/08/2021. See also, the Federal Government of Nigeria. The Federal Ministry of Finance, Budget and National Planning. (2020, October). The Revised National Integrated Infrastructure Master Plan (2020-2043), at p. 15. Available at: <https://ngfrepository.org.ng/8443/bitstream/123456789/2776/1/final%20EDITED%20VERSION%20OF%20NIIIMP%20-%2012th%20Jan.%202021.pdf>. Date accessed-29/08/2021.
7. See generally, Calderon, C., and Severin, L. (2004). The Effects of Infrastructure Development on Growth and Income Distribution. Policy Research Working Paper No. 3400. World Bank, Washington, D.C. Available at: <https://openknowledge.worldbank.org/handle/10986/14136>. Date accessed-13/08/2021.
8. See the Federal Government of Nigeria. National Bureau of Statistics. (2019). Poverty and Inequality in Nigeria 2019: Executive Summary. Available at: <https://nigerianstat.gov.ng/download/1092>. Date accessed-13/08/2021.
9. See Ezekiel, O., and Olanike, O. Effects of Treasury Single Account (TSA) Policy on Corruption In Nigeria, op. cit.
10. See Adetula, D., Adegbenjo, S., Owolabi, F., Achugamonu, U., and Ojeka, S. (2017). Treasury Single Account Policy and Government Revenue in Nigeria, at p. 6. Special Issue: Mobile Banking: A Service Provider Perspective, edited by Mihail N. Dudin. Journal of Internet Banking and Commerce, June 2017, Vol. 22, No. 58. Available at: <http://eprints.covenantuniversity.edu.ng/9018/1/treasury-single-account.pdf>. Date accessed-25/08/2021.
11. However, these claims have yet to be fully empirically tested. See the International Bank for Reconstruction and Development/The World Bank. Introduction: What is PFM and Why is it Important? at p. 5. In PEFA, Public Financial Management, and Good Governance. (2019), edited by Jens Kromann Kristensen, Martin Bowen, Cathal Long, Shakira Mustapha, and Urška Zrinski. International Bank for Reconstruction and Development/The World Bank. 1818 H Street NW, Washington, DC 20433. Available at: <https://www.pefa.org/sites/pefa/files/resources/downloads/9781464814662.pdf>. Date accessed-14/08/2021.

Purpose of Fiscal Reforms and TSA in Nigeria



Recently, the nation's House of Representative, claimed the federal government may have lost as much as

\$30 billion

in annual federation tax revenue between 2015 and 2019.

The modern roles of government are to ensure the security of lives and property and the optimal distribution of resources; essentially to correct inefficiencies and inequities of the market where it is unregulated (yet, the reverse can be the case: [Wagner, 2004]¹²). With the normalisation of developed countries' PFM/Public Expenditure and Financial Accountability (PEFA) practices in developing countries, the latter began considering efficiency principles. However, for Nigeria, corruption and inefficiency have plagued public financial management for decades.¹³

Recently, the nation's House of Representatives,¹⁴ claimed the federal government may have lost as much as \$30 billion dollars in annual federation tax revenue between 2015 and 2019. A year earlier, the Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC) disclosed that over N1.3 trillion naira was being lost annually to a lack of effective monitoring of the solid minerals sector.¹⁵

The above losses could have been identified (an inter-agency and extra-agency audit would have exposed losses within a reasonable time of their occurrence though the auditors would have no power to stop them¹⁶), via calculated cash management practices. The importance of cash management (a practice flowing from the use of the TSA) in terms of broader savings and blocking of leakages are well documented.¹⁷ The latter highlights the management function having the potential to unlock benefits of using a TSA. This also underscores the importance of leadership (or 'Political Will' in Nigerian discourse¹⁸); a key node within the management function.¹⁹ This is because TSA protocols are only as effective as their enforcement: where a daily cash call or remittance is unenforced, heads of revenue generating agencies have an incentive to underreport or simply not comply.²⁰ However, the reasons for underreporting or non-compliance in turn depend on the institutional environment²¹ and actor incentives.

12. See generally, Wagner, R. Redistribution, Poor Relief, and the Welfare State. In the Handbook of Public Finance, (2004), edited by Jürgen Backhaus and Richard Wagner. By Kluwer Academic Publishers, Boston, USA.

13. Peters argues that the behaviour of political bureaucracy is directly related to the broader political culture of any clime and makes the point that: "[T]he general orientation of the society toward management and impersonal authority in formal organisations will also affect the behaviour of public officials. Public bureaucracies are sometimes portrayed as running roughshod over their societies, but they are bound by many thin but strong bonds to their societies, and the values of those societies". See Peters, G. (2001). The Politics of Bureaucracy, at p. 36. Published by Routledge, a Taylor and Francis Imprint. 11 New Fetter Lane, London EC4P 4EE.

14. See 'Nigeria losing \$30bn annually from revenue leakages — Reps', by Levinus Nwabughogu, on June 29, 2021, in the Vanguard (Online) Newspaper. Available at: <https://www.vanguardngr.com/2021/06/nigeria-losing-30bn-annually-from-revenue-leakages-reps/>. Date accessed-14/08/2021.

15. See 'Mineral Resources: FG Moves To Block N1.3trn Yearly Revenue Leakages', by Kehinde Akintola, on November 20, 2020, in the Nigerian Tribune (Online) Newspaper. Available at: <https://tribuneonline.ng/mineral-resources-fg-moves-to-block-n1-3trn-yearly-revenue-leakages/>. Date accessed-25/08/2021.

16. See Bourn, J. (2007). Public Sector Auditing: Is it Value for Money?, at p. 4, John Wiley & Sons Ltd., The Atrium, Southern Gate, Chichester, West Sussex PO19 8SQ, England.

17. It comes from the understanding that: "Government agencies often ... do not recognize that cash holdings and idle bank account balances earning no interest are an opportunity cost to the government ... it is vital to minimise undeposited funds, funds held in noninterest-bearing accounts, processing of checks through the clearing system, and physical cash holdings. Money cannot be invested effectively if its existence is unknown or if a reserve or float is maintained to cover unanticipated payments ...". See Asian Development Bank. (2003). The Governance Brief: Government Cash and Treasury Management Reform, at pages 2-3. Governance and Regional Cooperation Division, Regional and Sustainable Development Department. Issue 7-2003. Available at: <https://www.adb.org/sites/default/files/publication/28642/governancebrief07.pdf>. Date accessed-25/08/2021.

18. See. Ugoani, J. (2016). Political Will and Anti Corruption Crusade Management in Nigeria. Independent Journal of Management and Production (IJM&P) V. 7, n. 1, January - March 2016. Available at: <https://dialnet.unirioja.es/descarga/articulo/5680380.pdf>. Date accessed-25/08/2021.

19. But see Azad, Anderson, Jr., et al, who claim that the concepts 'leadership' and 'management' are transposable in high-performing organisations. See Azad, N, Anderson, H, et al. (2017). Leadership and Management Are One and the Same, at p. 5. American Journal of Pharmaceutical Education 2017; 81 (6) Article 102. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5607712/pdf/ajpe816102.pdf>. Date accessed-26/08/2021.

20. See Corduneanu-Huci, C., Hamilton, A., and Ferrer, I. (2013). Understanding Policy Change: How to Apply Political Economy Concepts in Practice, at pages 186-187. International Bank for Reconstruction and Development/The World Bank, 1818 H Street NW, Washington DC 20433.

21. See generally, Grief, A. and Kingston, C. Institutions: Rules or Equilibria? In Political Economy of Institutions, Democracy and Voting (2011), edited by Norman Schofield and Gonzalo Caballero. Springer-Verlag Berlin Heidelberg.

In the recent past, international donor organisations became aware that public financial sector efficiency and effectiveness was lacking in developing countries and pushed for mainstreaming of PFM practices.²² These "effective practices" straddle financial, monetary and fiscal policy, debt management and cash management. Hence, leading to the introduction of the TSA, among other things, as a management

practice²³ to reduce the incidence of leakage and leave more revenue available for the government. At the federal level in Nigeria, the legal requirement of a single account across MDAs was not "new" as the federal government, as early as 1999 did have a single account into which all monies it earned were meant to be paid.²⁴ However, it would be years before the full adoption of this provision was implemented.²⁵



22. See the International Bank for Reconstruction and Development/The World Bank, Introduction: What is PFM and Why is it

23. Ajala, Adesanya and Oyewale, capture this function in specific Cash Management terms, to be: "[T]he monitoring of cash inflows and outflows, access to cash, development of cash flow forecasting, and entry into the financial market. Government cash management is also related to the coordination between treasuries and central banks in terms of analyses and the management of financial risk". See Ajala, O., Adesanya, T., and Oyewale, T. (2017). Treasury Single Account and Nigeria Public Financial Management, at p. 197. Journal of Association of Professional Bankers in Education (JAPBE) Nigeria Vol. 1, No. 1, November 2017. Available at: <http://apbe-cbn.org.ng>. Date accessed-24/08/2021.

24. See s. 80 and s. 162 of the Constitution of the Federal Republic of Nigeria, 2011 (as amended).

25. The federal government mandated the TSA, for federal application via a circular, titled: "Re: Introduction of Treasury Single Account (TSA) (E-Collection of Government Receipts)" by the then Head of the Civil Service of the Federation, Danladi I. Kifasi. See Okerekeoti, C., and Okoye, E. (2017). Treasury Single Account (TSA) in Nigeria: A Theoretical Perspective, at p. 568. Being a paper presented at the 2017 International Conference on African Entrepreneurship and Innovation for Sustainable Development (AEISD). Available at: https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3039329_code1617957.pdf?abstractid=3039329&mind=1. Date accessed-24/08/2021.

PFM Paradigms at the State Level

Though Nigeria operates a federal system, there is much to be desired regarding the 'fiscal' arrangement, as state governments often manage their economies with heavy dependence on revenue from the federation account.²⁶ Eventually, the World Bank funded a \$1.5 billion dollar State Fiscal Transparency, Accountability and Sustainability (SFTAS) program-for-Results²⁷; a renewed effort by the Federal Government to incentivise and nudge States to adopt a common set of fiscal behaviour aimed at attaining fiscal sustainability. The programme combines selected actions from the Fiscal Sustainability Plan (FSP)²⁸ and the Open Government Partnership (OGP) agenda to form incentivised PFM reform actions (called Disbursement Linked Results). One of the key reforms under the program required States to institute a functional TSA, covering a minimum of 80% of

State government finances by 2021 and the account should be premised on a formally approved cash management strategy. It should be noted that, the adoption of TSA at the federal level (via a pilot program in 2012) led to the saving of about N500 million naira²⁹ which was what influenced its gradual implementation (it was only mandated as federal policy in 2015). In fact, between 2016 and 2018, as a result of adoption of the TSA by MDAs and the introduction of the 'Cashless policy' (with its underlying framework), States and the F.C.T saw their IGR improve from N820.74 billion naira to N1.1 trillion naira.³⁰ Normatively, with its numerous advantages, TSA uptake ought to be straightforward³¹ but this is often not the case in the real-world. Yet the importance of effectively managing state finances cannot be more vital than now and with unemployment and underemployment being precariously high, the manner in which states handle their fiscal practices is being called into question. The chart below³² shows where the states under review stood in 2020, compared to national averages.

26. See Taiwo, K. (2020). Intergovernmental Transfers and Own Revenues of Subnational Governments in Nigeria, at p. 1. Review of Public Economics. Manuscript, 2121. Available at: <https://hpe-rpe.org/ief/109/forthcoming-articles/4667/intergovernmental-transfers-and-own-revenues-of-subnational-governments-in-nigeria.pdf>. Date accessed: 28/08/2021.

27. See generally, the World Bank. What We Do/Projects and Operations. States Fiscal Transparency, Accountability, and Sustainability-Program-for-Results (PforR) Project, Nigeria (Summary). Available at: <https://projects.worldbank.org/en/projects-operations/project-detail/P162009>. Date accessed: 14/08/2021. Manuscript, 2121. Available at: <https://hpe-rpe.org/ief/109/forthcoming-articles/4667/intergovernmental-transfers-and-own-revenues-of-subnational-governments-in-nigeria.pdf>. Date accessed: 28/08/2021.

28. Those actions revolve around: Improving Accountability and Transparency; Increasing Public Revenue; Rationalisation of Public Expenditure; Improvement of Public Financial Management and Sustainable Debt Management (emphasis mine). See SFTAS: About SFTAS. Available at: <https://www.sftas.org.ng/about/>. Date accessed: 27/08/2021.

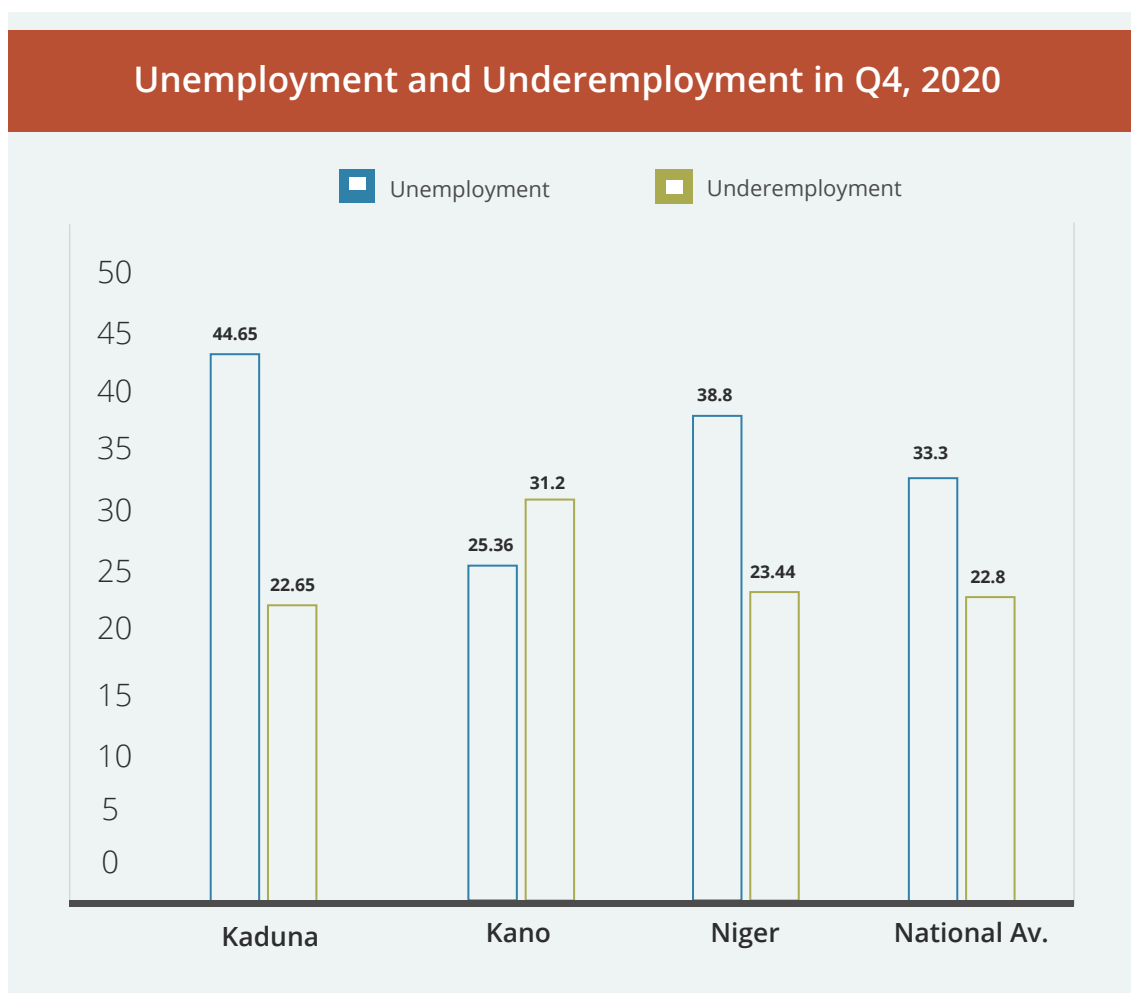
29. Though the potential savings may have been far more than that, as Adetula, Adegbenjo, et al, noted that the Accountant General of the Federation held that: "About N2.4 trillion naira of public funds are kept in the commercial banks before the implementation of the Treasury Single Account Policy". See Adetula, D., et al., op. cit., at p. 3.

30. From the Author's telephone interviews with 2 Senior SFTAS Officers; Messers Olanrewaju Ajogbasile (Senior Programme Manager at Nigeria Governors' Forum Secretariat) and Dr. Uzochukwu Amakom (Senior Public Financial Management Expert (SPFME), The World Bank State Fiscal Transparency, Accountability and Sustainability (SFTAS) Programme, Nigeria Governors' Forum Secretariat). The interviews were conducted on the 20th and 25th of August, 2021.

31. The benefits are as follows: Aggregate control over government cash balances; Allows complete and timely information on government cash resources; Improves appropriation control; Improves operational control during budget execution; Reduces bank fees and transaction costs; and Facilitates efficient payment mechanisms. See Ajala, O., et al., Treasury Single Account and Nigeria Public Financial Management, op. cit., at pages 201-202.

32. See generally, the National Bureau of Statistics. (2021). Labour Force Statistics: Unemployment and Underemployment Report (Q4, 2020). Available at: <https://nigerianstat.gov.ng/download/1238>. Date accessed: 17/06/2021.

Fig. 1 Unemployment and Underemployment figures for the states



SOURCE: NATIONAL BUREAU OF STATISTICS

At the level of state implementation of the TSA, the author has gathered that states generally tend to see the TSA as a mere monitoring tool, as opposed to a set of accounting, managerial and financial protocols.³³ However, states under review all have a Fiscal Responsibility Law (similar to the national Fiscal Responsibility Act), though the laws exist in varying degrees of comprehensiveness.³⁴ At least 80% of all states do not run a full TSA³⁴ (i.e., the full set of SFTAS practices and requirements) and in 2018 only 4 states met the SFTAS scoring criteria.³⁵ However, despite the fact that most states (and their MDAs) operate several bank accounts, this ipso facto, does not run counter to the essence of the TSA,³⁶ as accounts can be supervised by a single protocol (or be domiciled in a 'main IGR' account). In fact, the general practice is for treasury authorities to effect a "sweep" (an electronic pull of all monies owed the state

the state government) of the accounts of revenue bearing agencies, periodically³⁷ to the main 'IGR account' and it is the latter that receives all VAT, IGR and FAAC. However, this is not airtight as it has been observed that for many states, the bulk of revenues (i.e., from the MDAs) do not go to a TSA.³⁸

From the states under review, only Kaduna (the sole state in the federation) has met SFTAS requirements for 2 years in a row.³⁹ In fact, not only does Kaduna have an operational TSA (the latter, a build up from years of tax reform within the state)¹ it has a functional computer dashboard,⁴⁰ called the 'Kaduna State Government Trackpay', that shows the state's fiscal balances in real time. For Kano, no Cash Management Strategy has been published and it has no computer dashboard but it does have a relatively functional TSA with First City Monument Bank.⁴¹



However, states under review all have a Fiscal Responsibility Law (similar to the national Fiscal Responsibility Act), though the laws exist in varying degrees of comprehensiveness. At least 80% of all states do not run a full TSA³⁴ (i.e., the full set of SFTAS practices and requirements) and in 2018 only 4 states met the SFTAS scoring criteria.

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34. From the Author's interviews, op. cit., Kaduna has a Law and it conforms to best practices; Kano has a law but it does not conform to best practices; and Niger has a law and it conforms to best practices.

35. Ibid. The states that do have a functional TSA are: Sokoto, Jigawa, Kaduna, Gombe, Kogi, Benue and Osun.

36. Ibid. The Cash Management criteria are as follows: A Forecast of Cash commitments and availability of funds; Cash Planning framework; Revenue Profiling; Expenditure profiling; Annual Cash Plan; One-year Performance Review; Cash Disbursement; Revenue Management; and Commitment Controls. It should be noted that the requirements for states to achieve a SFTAS requirement (or DLI-Disbursement Linked Indicator) regarding TSA, the state must not only have a CM Strategy, it must also publish it on its official website. This is clearly one node that transparency and accountability can be enhanced. In addition, the CM plan must indicate what 'sweep' policy the state operates (i.e., how often it occurs). For example, Gombe state carries out a sweep every 48 hours.

37. Ibid. States with MDAs that have weak enforcement of TSA protocols, have those MDAs not remitting their full revenue and this can be for a variety of reasons (emergency, weather cycle, contingency, etc.) which devolve to the prioritisation of how money is spent in a state and the process through which MDAs are provided operational funding.

38. Ibid. States generally carry out 'Sweeps' daily, every 48 hours, weekly, monthly or even quarterly and the State Cash Management Strategy must stipulate this as state policy.

39. Ibid.

40. Ibid. Kaduna performed at 105% percent but this was because it collected revenues on behalf of the Local Governments.

41. Ibid. Other states have dashboards of similar sophistication, such as: Gombe, Benue, Jigawa and Kogi.

Niger state has no comprehensive Cash Management Strategy and its TSA covers only 9% of total government finances.⁴² The Niger state government operates multiple accounts but has an account into which only IGR is remitted (their dashboard only monitors IGR).⁴³ The state also has a 'Statutory account' with Zenith Bank, into which FAAC and VAT are pooled.⁴⁴ From the above data, the state with the best performance is Kaduna. However, the more interesting question is why this

state of affairs exists (and persists) among the states.⁴⁵ Could this be tied to leadership or are there more factors at play? In the main, though there are obvious benefits of using TSA protocols, state executives must be careful not to create new problems out of old ones. This can, for example, play out where agencies transparently remit monies but are ignored when making requests for regular (or even emergency) funding, burying them under mountains of bureaucracy.⁴⁶



42. Ibid.

43. Ibid.

44. Ibid.

45. Ibid.

46. See Corduneanu-Huci, C., et al. *Understanding Policy Change: How to Apply Political Economy Concepts in Practice*, op. cit., at p. 187.

Conclusion and Challenges



Conclusion and Challenges

Will TSA provide as much savings for states as it did for the federal government? It will be difficult to quantify the precise amount but there is no doubt it will be considerable. As at 2016, it was speculated that up to N2.4 trillion naira of public funds was domiciled within commercial banks.⁴⁷ If one were to control for inflation, the savings would likely be significant.⁴⁸ Yet, there are always political considerations lurking beneath the surface when analysing public sector reform. What are the incentives and disincentives to enforce TSA practices⁴⁹ and how can they be reconfigured to allow for a more comprehensive implementation of TSA? Why is Kaduna state currently the best performer among states in the federation and what is it, about the institutional environment⁵⁰ that predisposes it to being that way? Generally, the incentives, government relationships (inter-government and government relationships with the private sector) and environment determine whether these rules will be adopted or enforced in any form.

A fully functional TSA (as envisioned by SFTAS) exposes the amount of revenue a state has, meaning state governors will be under more pressure from citizens and civil society, to carry out citizen-focused governance as the 'true' revenue position of government would be known. In addition, lifting this veil means state executives may have less discretion in sourcing for revenue and short term finance,⁵¹ hitherto bordering on government and commercial bank relationships that may be mutually beneficial but detrimental to government transparency and accountability.⁵² In general, the following (which apply to Nigerian states) are held to be the most critical obstacles to the implementation of functional TSA practices in developing countries: Institutional rigidities;⁵³ Lack of willingness for reform; State of Technology;⁵⁴ and the range of Banking Facilities and Services.⁵⁵



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47. See Eme, O., Chukwurah, D., and Iheanacho, E. (2015). An Analysis of Pros and Cons of Treasury Single Account Policy In Nigeria, at p. 32. Arabian Journal of Business and Management Review (OMAN Chapter) Vol. 5, No. 4; November, 2015. Available at: https://www.arabianjbmrv.com/pdfs/OM_VOL_5_4/2.pdf. Date accessed-13/08/2021.

48. See Adetula, D., et al. Treasury Single Account Policy and Government Revenue in Nigeria, op. cit., at p. 3.

49. See generally, Bashir, Y. (2016). Effects of Treasury Single Account on Public Finance Management in Nigeria. In Journal of Finance and Accounting, Vol.7, No.6, 2016, ISSN 2222-2847 (Online). Available at: <https://core.ac.uk/download/pdf/234631322.pdf>. Date accessed-14/08/2021.

50. The disincentives can be drawn out from the TSA will eliminate (as the status quo bias will certainly be strong). Eme, et al, claim the adoption of a TSA: '[W]ill remove that organisational/WIDA secrecy around the management of public finances. The discretionary aspect of accounting officers and politicians collaborating to do all manner of business with government finances before executing projects thereby causing delays or negotiating interest rates with banks for private gains will be over'. See Eme, et al., An Analysis of Pros and Cons of Treasury Single Account Policy In Nigeria, op. cit., at p. 32.

51. By 'institutions', we mean: '[I]nstitutions as norms [which] rests on the internal sense of proper and improper behaviour that constrains the actions of the actors ... [this] refers to the obligations and duties of the participants defined in a particular cultural context and reinforced through symbols, rituals, ceremonies, and the like'. See Corduneanu-Huci, et al. Understanding Policy Change: How to Apply Political Economy Concepts in Practice, op. cit., at p. 116.

52. From the Author's Interviews, op. cit., many state governors have informal relationships with commercial Bank Executives, where the latter provide the former with short term finance that is 'off the books', i.e., the loans are not illegal but were not obtained according to requisite administrative and financial procedures.

53. The relationship the government has with the private sector must, at all times, be transparent and open. This is because the less transparent (despite the gains of 'efficiency') the more the likelihood for corruption and graft as monitoring will be extremely minimal.

54. Not all public institutions at the first and second tiers of government are willing to adopt the linking of their accounting protocols with the protocols of federal and state governments, as Universities tend to view themselves as 'peculiar' administrative entities and hence not fit to be included. They have created their own protocol, which they believe is a better capture of their unique administrative and managerial structure. From the Author's Interviews, op. cit. There is also the issue of administrative capacity to implement efficient and effective systems, as these protocols have to be managed by bureaucrats with certain levels of skill and commitment.

55. This technology means the following, among other things: '[A] Government Integrated Financial Management Information System (GIFMIS); Automated Accounting Transaction Recording and Reporting System (ATRRS); Integrated Payroll and Personnel Information System (IPPIS); International Public Sector Accounting Standard (IPSAS) ... IFMIS is an information system that is used in the public sector to computerise and automate key aspects of financial management, such as budgeting, treasury functions, accounting, and debt management ... IFMIS promotes a single registry of revenues and expenditures from a significant number of units in the public sector in a more integrated and efficient way in relation to PFM processes (emphasis mine)'. See Ajala, et al., op. cit., at p. 199.

For change to occur, what is needed is a deeper and more comprehensive understanding of the institutions in operation within these 3 states and states of the federation, in general. Doing so will provide a diagnostic of what obtains and point to realistic and politically feasible entry points for policy change. This is because whatever change is being proposed must take into consideration rigid institutions and

the resistance to status quo change.⁵⁶ Reformers must accept that institutions tend to change slowly but be optimistic, as incremental and gradual mainstreaming of PFM/PEFA norms via sustained CSO (and the latter's knack for advocacy, capacity building and awareness creation) and international donor pressure (such as the SFTAS Program) can serve as a 'solvent' of sorts, to ease up the stickiness.



56. See Asian Development Bank, *The Governance Brief: Government Cash and Treasury Management Reform*, op. cit., at p. 4.

Recommendations



Recommendations

ENFORCEMENT OF CASH MANAGEMENT FRAMEWORKS

1

State Governors must prioritise the implementation and enforcement of Cash Management Frameworks, in the format suggested by the SFTAS Program, for all the MDAs within the state. This can be enhanced by “formalising service performance standards through a service-level agreement with the banks, and setting up an institutional mechanism to monitor and enforce these standards (for instance using Automatic Exchange of Information, [AEOI] frameworks)⁵⁷

FULL IMPLEMENTATION OF TSA ACROSS ALL MDAs

2

State Governors should insist on the full implementation of TSA as a management and administrative practice, across all MDAs, as this has the potential to free up idle funds that can be used by the state. This can be done by “operationalizing the direct deposit functionality of GIFMIS for remitting the MDAs’ internally generated revenues from collecting banks into the TSA⁵⁸

COLLABORATE WITH MDAs AND STATE EXECUTIVES TO CREATE TSA AWARENESS

3

Program Implementation bodies (in particular SFTAS or the Nigerian Governors Forum and CSOs in the transparency space) should collaborate with compliant state revenue generating MDAs and State executives, to create more TSA awareness⁵⁹ and develop protocols that allow for freer and more timely outflow of monies to the MDAs. It is possible that where MDAs are guaranteed that they will be able to secure monies for their regular operations, they will be more likely to remit monies to a TSA.

STATE HOUSE OF ASSEMBLIES SHOULD GET MORE INVOLVED

4

The various State Houses of Assembly should not be left out of the discussion, as they have the mandate to legislate for the state. Where they can be engaged on the benefits of a TSA (and the broader aim of passing public finance legislation, such as a Fiscal Responsibility Law or amending the laws where they already exist), the uptake of the latter will stand a much better chance of being mainstreamed.

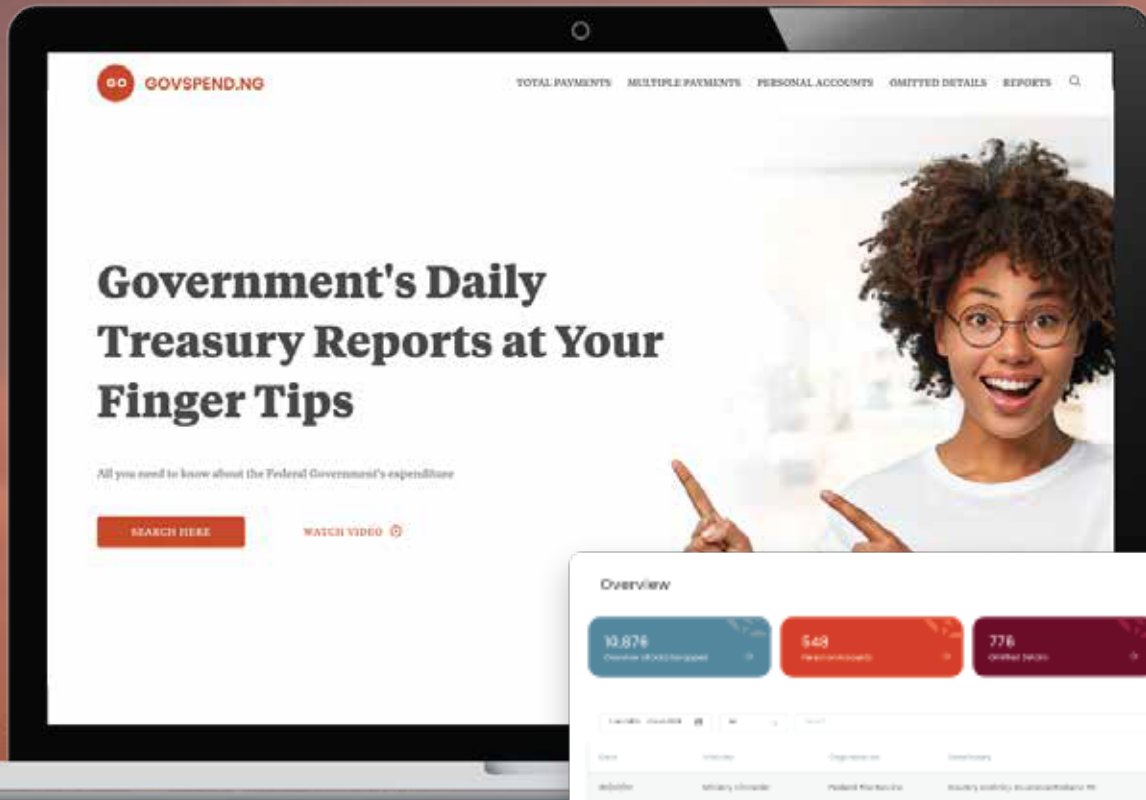
57. See “The Proof of the Pudding: Strengthening Cash Management in Nigeria” posted by Salawu Zubairu, Sailendra Pattanayak and Yasemin Hurcan, on October 28, 2014, in the International Monetary Fund (IMF) Public Financial Management Blog: Making Public Money Count. Available at: <https://blog.pfm.imf.org/pfmblog/2014/10/the-proof-of-the-pudding-strengthening-cash-management-in-nigeria.html>. Date accessed: 13/08/2021.

58. See “The Proof of the Pudding: Strengthening Cash Management in Nigeria” posted by Salawu Zubairu, et al., op. cit.

59. See generally, Solanke, A. (2018). Opinion and Perception of Treasury Single Account Implementation: Implications for Revenue Generation and Utilisation in Nigeria. In European Scientific Journal, January 2018 edition, Vol.14, No.1 ISSN: 1857 – 7881 (Print) e - ISSN 1857-7431. Available at: <https://www.researchgate.net/derref/http%3A%2F%2Fdx.doi.org%2F10.19044%2Fesj.2018.v14n1p164>. Date accessed: 13/08/2021

See “Kaduna Internal Revenue Service and the benefits of reforms”, by Emmanuel Addo, in the Cable (Online) Newsblog, on January 2 2020. Available at: <https://www.thecable.ng/kaduna-internal-revenue-service-and-the-benefits-of-reforms>. Date accessed: 04/08/2021.

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Overview

13,876	\$48	776
Overview of KASID Disbursements	Disbursements	Overview of KASID

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Date	Ministry	Department	Description	Amount (KAS)	Status
2023-01-01	Ministry of Education	Ministry of Education	Ministry of Education	10,000,000	Active
2023-01-01	Ministry of Education	Ministry of Education	Ministry of Education	10,000,000	Active
2023-01-01	Ministry of Education	Ministry of Education	Ministry of Education	10,000,000	Active
2023-01-01	Ministry of Education	Ministry of Education	Ministry of Education	10,000,000	Active
2023-01-01	Ministry of Education	Ministry of Education	Ministry of Education	10,000,000	Active

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