Conrad Clark Nigeria Limited

Improving Risk Management in the Nigerian Public Sector to Boost Governance Outcomes

Newsletter, December 2021

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Joachim A Adenusi, MSc CFIRM (UK)
Founding Partner,
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Introduction

One of the biggest wild card events of 2021 has been the COVID-19 pandemic. The virus continues to impose heavy burdens on the health systems and economies of many countries around the world, with the spread of new variants. As the pandemic heads towards its third year, emerging scientific knowledge now shows COVID-19 may remain with us for a long time. With the help of vaccines and mitigation measures, the world will simply be able to live with COVID.

We are indeed living in a VUCA (volatile uncertain, complex and ambiguous) world. Governments and businesses are grappling with various challenges. Apart from the fiscal and economic ones induced by COVID-19, there is climate change, political conflicts and rising economic inequality, among many others

As an organisation, Conrad Clark Nigeria Limited (CCN) has continued to help our clients to achieve their set goals and objectives by minimising threats, maximising opportunities and optimising performance. Since 2004, we have been demonstrating the core values of creativity, openness, responsiveness and entrepreneurship.

On November 30, 2021, we held our first-ever Public Sector Risk and Governance Summit (PSRGS) at the National Universities Commission (NUC) in Abuja. The summit was successful. It was designed to broaden the understanding of stakeholders on the imperative of effective public sector risk governance in reducing vulnerabilities and achieving economic prosperity and social progress in Nigeria.

Let me use this opportunity to, once again, thank Vice President, Prof. Yemi Osinbajo, SAN, for chairing the summit. I would like to also thank all our speakers, and other participants who attended the summit in-person and virtually. We are grateful to our partners – the Infrastructure Concession Regulatory Commission (ICRC), the Integrity Organisation, CLEEN Foundation, and NUC – as well as our sponsors – Blue Camel Energy and Noor Takaful Insurance Ltd.

“Conrad Clark Nigeria Limited (CCN) has continued to help our clients to achieve their set goals and objectives by minimising threats, maximising opportunities and optimising performance.”

We look forward to continuing to engage stakeholders in dialogues on managing political leadership risks to deliver good governance and efficient public services. Part of this ongoing effort will see us launch a simple guide to managing risk in the public sector in the second quarter of 2022. Look out for this upcoming publication.

This edition of our newsletter provides our summit reporting, which highlights the key points made by our august speakers. I hope you enjoy the newsletter and find it useful.

We wish you happy holidays and a prosperous New Year in advance.

Public Sector Risk and Governance Summit Report

Senior Special Assistant on Policy Research, Office of the Vice President, Chris Ngwodo (fifth from left), and some speakers at the Public Sector Risk and Governance Summit in Abuja on November 30.

Risk management experts and policymakers in Nigeria and other countries, including the United States, United Kingdom and South Sudan, met on November 30 to analyse a range of critical topics and proffer policy recommendations for the Nigerian government to consider in order to improve risk governance and boost development outcomes in the country.

The event that brought these government and thought leaders together was the inaugural Public Sector Risk and Governance Summit (PSRGS) organised by Conrad Clark Nigeria Limited (CCN) – a leading strategic risk and performance management consulting firm – and its partners.

> "The PSRGS 2021 was an effort to galvanise stakeholders into embracing new approaches for delivering services, optimising public performance, and improving transparency and accountability."

Government institutions are continually dealing with risks. According to the emergent definition of risk that has gained broad acceptability among experts, risk "is the effect of uncertainty on objectives." The effect can either be positive or negative. Hence, one of the key points made at the summit was that effective government organisations are those that are aware of risks that might impede their objectives, and are adequately prepared to respond and manage the challenges and pursue opportunities.

In his welcome address, Summit Host and Managing Director/CEO of Conrad Clark Nigeria, Joachim A. Adenusi, said the summit was the company's modest effort in supporting, strengthening and positioning the Nigerian public sector as one of the best and most effective in a post-Covid world facing various disruptions. He said risk governance is important in handling the effect of unplanned changes to or deviations from set goals, which could diminish performance outcomes. According to Adenusi, there is a need for strategic planning to "identify, assess, prioritize and urgently deal with the complexity, challenges and opportunities facing political leaders and public sector professionals."

The Summit Chair, Vice President, Prof. Yemi Osinbajo, SAN – who was represented by Senior Special Assistant on Policy Research, Office of the Vice President, Chris Ngwodo – spoke about three basic principles of risk governance in the public sector, namely – early warning, preparedness and resilience. According to the VP, the government has built – and is still improving – institutional capacities in all three areas.

For instance, Ngwodo – while delivering the VP's Opening Address – said some of the tools the government is using for early warning detections is the National Crisis Management Doctrine – a set of protocols aimed at bringing together agencies under the federal, state and local governments to respond to threats as they emerge. He also said a National Risk Register is under development by the Office of National Security Adviser (NSA) to enhance government's computation of risk and effective mobilisation of national resources to address threats.

The VP, nevertheless, said a great deal of work needs to be done in mainstreaming public sector risk governance. For example, he said there is a need to replicate the national security strategy of fostering institutional preparedness across strategic institutions at the federal level across states and local communities. The VP noted that "The fundamental business of government

From left: Ruth Olofin, Acting Executive Director of CLEEN Foundation; Damilola Sonayon James, Youth Advocate and Social Policy Practitioner; and Teniola Tayo, Consultant at Institute for Security Studies (ISS)

is the management of risks, or put another way, it is the minimisation of threats and maximisation of opportunities."

The summit, which took place at the Idris Abdulkadir Auditorium of the National Universities Commission (NUC) in Abuja, had additional virtual speakers and attendees. Speaking virtually from Minnesota, USA, Prof. Peter C. Young, 3M Chair in International Business at the Opus College of Business, University of St. Thomas, USA, said "Government itself is risk management." A leading thinker in public sector risk management, Professor Young said governments exist "to manage social, economic and political risks," as he made his presentation in which he provided different contexts to show a clear distinction between private sector risk management and public sector risk management.

Prof. Young mentioned three ways in which governments practice risk management. First, they manage risks institutionally by mitigating uncertainties and vulnerabilities or taking steps to pursue opportunities. Second, governments manage risks through regulation. According to Prof. Young, regulation is a risk management practice that governments alone undertake. Third, the speaker mentioned stewardship as a risk management function of government. According to him, the responsibility of government in making societies and nations safe, more successful and sustainably resilient is a central risk management function.

The American professor was the lead speaker for the session on "Managing Risks in Public Sector: Advancing the practice of risk management to improve outcomes." During his presentation, he also mentioned that "collaboration is the central ethos of public sector risk management." He said the risks that governments face don't stop at their political boundaries, hence the importance of collaboration among local, state and national governments.

Mrs. Sylvia Oyinlola, Head of Administration, Western Africa Hub at International Institute of Tropical Agriculture (IITA), was in agreement with Prof. Young's point that government institutions should be structured in a way that everyone is a risk manager by integrating risk thinking in the functions of all government officials. Speaking on the same panel, Oyinlola said it is important for everyone to be "prepared for the eventuality of a risk event happening."

Another panel member, Dr. Karen Hardy, CEO of US-based Strategic Leadership Advisors LLC, made the point about the need to establish enterprise risk management (ERM) practices across the civil service, from strategy, operation to programme management, as a way of building a sustainably resilient system that previous speakers had mentioned. She said this is currently the best practice in the US government, where she was part of the team that established the Association for Federal Enterprise Risk Management (AFREM), a body dedicated to the advancement of public sector risk management. According to her, career civil servants are those that should drive policies that require accountability of leaders.

Making his contribution on the tools and strategies for effectively managing and mitigating risks, Peter Stanley, a Strategic Risk Adviser at Hertfordshire County Council in United Kingdom, mentioned six principles that Nigerian government officials need to apply. Clear leadership, which embeds a risk culture from the top, will demonstrate the value of taking measured and managed approaches in decision-making, according to Stanley. Risk appetite, per Stanley, is another key principle in taking measured risks to achieve better results and optimising opportunities. The Briton said the principle of proportionality is also important in understanding the goals that need to be achieved in the short, medium and long-term given the limited resources that are available.

Stanley said prevention is key. But he noted that while few risks can be avoided, most can be mitigated and managed with the right resources and the right skills in place. Other instruments government officials need in their toolkits are information and data to help effective decision-making, as well as fairness and transparency. "Decisions should be as transparent as possible," said Stanely, adding that, "the principles of fairness and equity, if applied consistently, will also help to gain commitment and solidarity from all parts of an organisation in trying to control the threats jointly faced."

From left: Prof. Mohammed L. Ahmadu, Special Assistant to the President on Research and Special Duties; Joachim A. Adenusi, Founding Partner of Conrad Clark Nigeria Ltd; Lawrence Wilbert, President General, Unity Schools Old Schools Association (USOSA)

The keynote presentation on "Public Transparency and Accountability Risks: The imperatives of good governance and economic opportunities" was delivered by Dr. Tayo Aduloju, Senior Fellow, Economic Policy, Strategy and Competitiveness, Nigerian Economic Summit Group (NESG). Presenting virtually via Zoom, Dr. Aduloju said public transparency and accountability across governance value chains are core elements of building a modern and democratically governed economic system. However, failures in these elements ensure that good governance and economic success become impossible.

Senior Special Assistant on Policy Research, Office of the Vice President, Chris Ngwodo

Dr. Aduloju noted that risk-based governance systems for auditing and investigation would prevent Nigeria's "decades-long political, policy, legislative and regulatory binding constraints." Per the NESG Senior Fellow, such governance systems would eliminate endemic corruption in the country and create an "enabling investment climate and business environment, underpinned by a motivated, capacitated, well-resourced, world-class civil service that drives open, transparent, high-performance governance at all levels."

> "Government institutions should be structured in a way that everyone is a risk manager by integrating risk thinking in the functions of all government officials."

According to him, the "imperative of transparency is that by design, it reduces risks," including corruption. Hence, public transparency and accountability are the most cost-effective options for achieving good governance."

Speaking on the same panel with the NESG Senior Fellow, Damilola Sonayon James – a youth advocate and social policy practitioner – concurred with Dr. Aduloju's point that community ownership of public programmes is a way of enhancing transparency and accountability. Ms. James said solutions designed by elected officials to solve the problems of the people they represent must be done transparently and collaboratively.

Providing the civil society's perspective on the subject of transparency and accountability, Ms. Ruth Olofin, Acting Executive Director of CLEEN Foundation, mentioned the importance of scenario planning, which helps in factoring risks in decision-making and execution to ensure public officials are accountable to the people "by virtue of the social contract between citizens and the state."

Aliyu Abdullahi, Senior Special Assistant on Media and Publicity to the President of Nigeria, spoke on the challenges regarding transparent communication between elected officials and the electorate. He said whilst the Nigerian government has an obligation to communicate effectively and transparently to its people, the citizens should show consideration by engaging with the government in an honest manner and desist from spreading fake news. On his part, Dr. Chukwuma Katchy, Managing Partner of KPT Associates, said public-private partnerships (PPPs) are critical to scaling up public service delivery, boosting public trust and maximising development outcomes.

Prof. Mohammed L. Ahmadu, Special Assistant to the President on Research and Special Duties made a presentation on "Measuring Performance Outcomes in the Public Sector: The key to improving leadership and institutional performances." The law professor said an effective public sector is key to shaping a nation's progress and development. He said indicators for public sector performance measurement include input (work hours), output (performance), efficiency (time and the cost it takes to achieve results), quality (desirability of the results), and outcome (achievement of set objectives).

He also highlighted the International Civil Service Effectiveness (InCiSE) Index, a global framework that provides indicators for assessing civil service effectiveness around the world, proposing that policies must be coherent, comprehensive, actionable, transparent, feasible and replicable. Prof. Ahmadu also discussed the four elements for performance improvement and effective delivery of quality public service in Nigeria. According to him, they are continuous and targeted capacity building, improvement in the reward system to incentivise performance, transparent and fair performance evaluation processes, and improved deployment of electronic records and management systems.

Mrs. Habiba Balogun, Principal Consultant at Habiba Balogun Consulting, said the directive by the government for public servants to work from home during the pandemic showed the need to focus more on performance rather than evaluating workers based on attendance. She also mentioned the importance of providing adequate tools for workers and improving their skills to enhance efficiency. Ms. Adeoti Dipeolu, a researcher at African Leadership Centre, London, discussed the importance of harnessing the capacity of the Nigerian diaspora, which she described as "a huge untapped resource for development." She said this can be done by improving transparency in public expenditure to encourage investment from the diaspora community, many of whom want to invest back home.

Other presentations were delivered by Dr. Majak D'Agoot, Visiting Senior Research Fellow at King's College London; and Osita Chidoka, Founder of Unlock Naija. Both individuals spoke on "Risk of Unfulfilled Political Promises: Improving public service delivery and trust in government." Dr. D'Agoot, a former South Sudanese Defence Minister, said when political systems – which are complex and unpredictable – fail, they leave a lot of complex issues in the wake of their failure. Hence, governments need to build their capacities to manage huge crises and uncertainties.

Former Corps Marshal and Chief Executive of Federal Road Safety Corps (FRSC), Mr. Chidoka, said

Osita Chidoka, Founder, Unlock Naija

goals are vital for reforms but they need continuity. He said this while emphasising the corporate transformation he spearheaded at FRSC, and at the Federal Ministry of Aviation. He called on public officials to embrace creativity, underpinned by innovation, while also imbibing a culture of measuring, monitoring and evaluating their promises to improve public trust.

Davida Ademuyiwa, Councillor for Basildon Council in Essex, United Kingdom, made the point that "high expectation is the currency of politics." While, there is a need for politicians to make impressive policy pronouncements on the campaign trail, being in government can throw up different challenges.

Nevertheless, she said being able to manage the process well and communicating well to the people can foster trust. Another panel member, a US-based risk management expert, Joseph W. Mayo, who is President of J.W. Mayo Consulting, LLC, said if leaders can demonstrate accountability, and drive the culture of accountability from the top, they can deliver changes in the behaviour and culture of public sector organisations.

Ambassador Hassan Jika Ardo, a former High Commissioner of the Federal Republic of Nigeria to Trinidad and Tobago, also spoke at the PSRGS. He intoned on the collective responsibility of all public servants in managing risks. According to the former politician and diplomat, unfulfilled promises by politicians can lead to anarchy in a country. Senator Abiodun Olujimi, Chairman of Senate Committee on Diaspora and Non-Governmental Organisations, who joined the summit virtually, said the summit gave her a better appreciation of risk management and the urgent need to embed the practice in all aspects of decision-making in the public sector. She also said politicians must realise that goals need to be realistic and measurable.

> "Mr. Chidoka called on public officials to embrace creativity, underpinned by innovation, while also monitoring and evaluating their promises to improve public trust."

The Senator's comment echoed one of Prof. Young's points, specifically where he said there is need for a shift in how public servants think about risk. He said public officials need to think about crises before they occur, rather than after they occur. The professor proposed the idea that risk management courses should be taught in public administration programmes and universities, colleges and technical schools.

The highly anticipated summit themed, "Unlocking the Heart of Nigeria – A Risk-Based Approach," was moderated by Dr. Emmanuel Onwodi, Director of Transport Infrastructure at Infrastructure Concession Regulatory Commission (ICRC); Teniola Tayo, Consultant at Institute for Security Studies (ISS); Adesegun O. Awosanya, President and Founder of Social Intervention Advocacy Foundation (SIAF); Adedoyin Omolara Adeeso, Programme Development Officer at AISH Initiative; and Anna White-Agbo, Communications and Media Officer at CLEEN Foundation, who also compered the summit.

The Top Risks for 2022

Two recent reports have shown what the top risks are for businesses and other organisations in 2022. The annual RiskMap, featuring the Top Risks for Business in 2022, was launched in November by the London-based specialist risk consultancy – Control Risks. According to the firm, the top risks for 2022 range from political and security risks, to terrorism, cyber, operational and reputational risks.

The report says geopolitics – or what it calls "the grand geopolitical repositioning" – will shape the year's risks and opportunities on all fronts. This means in 2022, businesses will need to monitor and manage the geopolitical alliances and alignments that will be in play to mitigate threats and optimise potential opportunities.

Political and institutional fragility are creating security risk, leading to the rise of dysfunctional, vulnerable and fragile states, according to Control Risks. The COVID-19 pandemic and the takeover of Taliban in Afghanistan now pose significant terrorist threats. The concern is that Afghanistan will become a safe haven for international terrorist groups.

Furthermore, escalating cyberattacks globally will become existential threats for organisations. Climate variability and extreme weather events caused by climate change will be the main operational risk facing organisations in 2022.

The reputational risk for 2022, according to the report, will arise mainly as a result of the growing importance for companies to invest in Environment, Social and Governance (ESG) standards. As ESG becomes an important corporate performance indicator, companies that don't score well face reputational risk.

Another report, released in December 2021, reveals the increasing impacts of ESG-related risks. The 10th annual Executive Perspectives on Top Risks – released by global consulting firm, Protiviti, and North Carolina State University's Enterprise Risk Management (ERM) Initiative – shows the risks of ESG, climate change, COVID-19, human capital and others in 2022 and over the next decade, for businesses. Although business leaders who were asked to rank ESG risk as well as the effects of climate change and related regulations on their strategies and business models placed ESG risk lower (29th) in terms of risk priorities for 2022 but higher (19th) for 2031.

The Executive Perspectives on Top Risks report, which surveyed more than 1,450 directors and executives worldwide on their risk outlook, says the top seven risks organisations will face in 2022 are (1) pandemic-related government policies and regulation impacting business performance; (2) succession challenges and the ability to attract and retain top talent; (3) pandemic-related market conditions reducing customer demand; (4) adoption of digital technologies requiring new skills or significant efforts to upskill/reskill existing employees; (5) economic conditions, including inflationary pressures, constraining growth opportunities; (6) increasing labour costs impacting profitability targets; and (7) resistance to change operations and the business model.

This means COVID-related risks and market conditions caused by the rapid spread of new strains of the virus remain top concerns for executives in 2022. Other top risks for 2022 – and over the next decade – include the effects of disruptive innovations as well as challenges of retaining and attracting top talent.

"Looking to 2022, opportunity for growth can be found in abundance but, at the global level, red and amber lights continue to flash on the risk register dashboard," said Nick Allan, CEO of Control Risks.

For Nigerian businesses, apart from the country's susceptibility to external shocks, organisations are exposed to an array of internal challenges, ranging from security, terrorism, cyber-attacks as well as weak economic and market conditions.

To address these risks in 2022, organisations need the right tools to monitor and manage threats, while

"Nigerian organisations are exposed to an array of internal challenges,ranging from security, terrorism, cyber-attacks as well as weak economic and market conditions.

pursuing opportunities, meeting their corporate objectives and mitigating the impact of regulatory compliance. Conrad Clark Nigeria is committed to supporting organisations in navigating the rapidly evolving threat landscapes and staying ahead of the curve. Our suites of consulting, assurance and enterprise risk management (ERM) solutions include Risk Maturity Audit aimed at thoroughly assessing the prevailing risk governance approach of organisations and developing road maps to improve their ERM practices. Whether organisations are dealing with political and security risks; or terrorism, cyber, operational and reputational risks in 2022, our solutions and services will bulwark them against these risks, while helping them achieve their goals and objectives.

With our ERM implementation solution, organisations can respond effectively to uncertain, volatile, complex and ambiguous circumstances. Our approach gives boards, management teams and all staff the ability to take on opportunities and inspire creativity for the achievement of organisational objectives, while providing reasonable assurance to shareholders and investors. ConradRP (our risk software) helps organisations manage risk from strategy-setting, communication of risk policies and procedures, to execution, monitoring and reporting. With Moremi Risk Edutainment – our innovative and interactive solution that employs classical African folklore (performed by professional actors and actresses) – organisations get to learn the core principles of strategic management, governance, risk, leadership and culture, thereby helping to embed good risk planning and other management practices into the culture of any organisation.

Organisations in the public and private sectors can benefit from our over 40 solutions spanning consulting and assurance, risk management software, thought leadership summits and webinars, online learning tools, among many others. Other solutions are the IFRS 17 Implementation Support software, Project Management and Delivery Support, Business Coaching and Mentoring, HSE Strategy and Implementation, Regulatory and Compliance Solution; Stress Testing and Scenario Planning; and Actuarial Services and Management.

Conrad Clark has over 20 summits, webinars and workshops to help build your organisation's risk capability on an ongoing process. These include our biennial globally recognised and highly sought-after Nigerian Risk Awards (NRA), which recognises and rewards organisations and individuals who have achieved measurable results through the effective implementation of good governance, internal controls and risk management systems. Others are Clinical Risk and Governance Summit, Insurance Risk and Governance Summit, Energy Risk and Governance Summit, Education Risk and Governance Summit, Risk Ambassadors Leadership Webinars, IRM-Fundamentals of Risk Management Certification, Cyber and Data Security Risk Management Workshop, Risk Management in Public Sector Workshop and Human Capital Risk Management Workshop.

PHOTO REPORT

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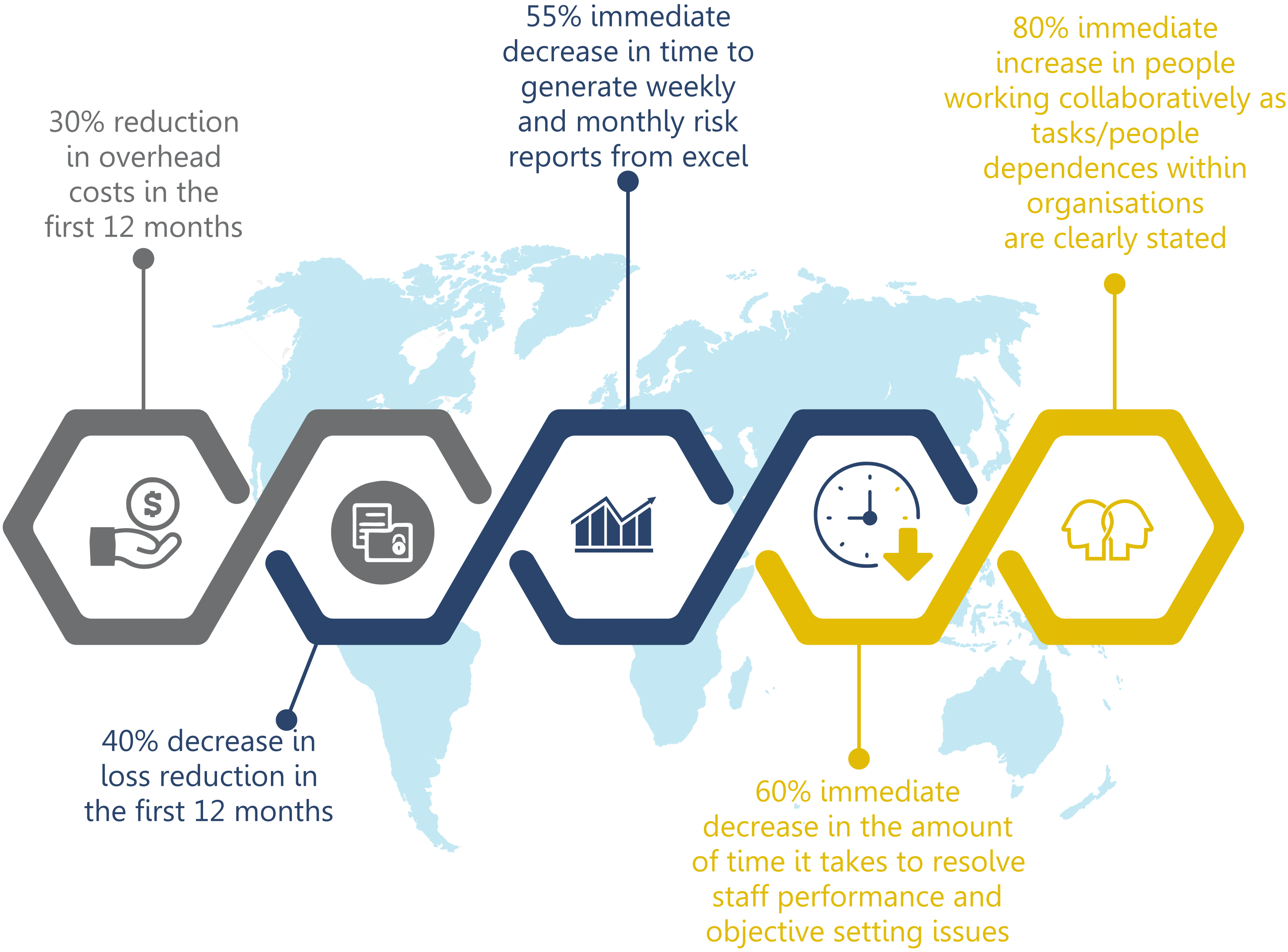

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Key Dates

Entry Opens	Entry Closes	Announcement of Finalists	Awards & Summit
1st December 2021	**31st March, 2022**	**25th May, 2022**	**30th June, 2022**

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