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**Intergovernmental Working Group of Experts on International  
Standards of Accounting and Reporting  
(ISAR)**

**41<sup>st</sup> SESSION  
6 – 8 November 2024**

Friday, 8 November 2024

**Agenda item 5 (b). Insights from recent implementation of  
the Accounting Development Tool (ADT)**

Presented by

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# **ACCOUNTING DEVELOPMENT TOOL PROJECT IN NIGERIA**

**Presentation of Achievements, Challenges, and Future Plans**

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**(Executive Secretary/CEO, FRC Nigeria)**

**PRESENTED AT THE 41<sup>ST</sup> SESSION OF ISAR IN GENEVA,  
SWITZERLAND**

# BRIEF OVERVIEW OF THE ADT PROJECT IN NIGERIA

- In Nigeria, the ADT project is implemented by the **Financial Reporting Council of Nigeria (FRC)** in collaboration with **UNCTAD-ISAR**
- The project aims to strengthen the country's financial reporting framework, improve corporate governance, and enhance the capacity of financial and other related professionals.
- By aligning with global standards, Nigeria seeks to boost investor confidence, attract foreign investment, and facilitate cross-border trade, ultimately contributing to economic growth and development.

# **NIGERIA ADT PROJECT TEAM**

- **Dr. Rabiul Olowo ( Executive Secretary/ CEO, FRC Nigeria)**
- **Dr Iheanyi Anyahara (Co-ordinating Director Accounting Standards and Sustainability Reporting , FRC Nigeria)**
- **Ms.Elena Botvina (Representative of UNCTAD-ISAR)**
- **Mr. Oladele Oladejo (Head, Strategic Project Review, FRC Nigeria) & Nigeria UNCTAD-ISAR ADT Project Manager**

# THE PROJECT OBJECTIVES

The ADT project in Nigeria aims to achieve the following among others:

- Strengthen accounting frameworks in Nigeria
- Encourage adherence to international financial reporting standards and other Financial Reporting Standards
- Facilitate knowledge exchange and capacity building among Nigerian institutions
- Enhance Transparency and Accountability in Financial Reporting
- Support Sustainable Economic Growth
- Improve Ethical Standards and Professionalism in Accounting
- Increase Stakeholder Awareness and Engagement
- Strengthen Regulatory Frameworks for SME Formalization
- Enhance SME Compliance with Accounting Standards
- Promote Sustainable Business Practices among SMEs

# THE STAKEHOLDERS ENVIROMENT

SME regulator  
and / or  
associations

Government  
authorities responsible  
for accounting and  
audit regulations

Standard setters in  
various areas of  
enterprise reporting,  
including ESG and  
sustainability  
information

Accounting  
Firms

Public Sector  
accounting  
authorities

Banking Sector

Academia

Security Exchange  
(Stock  
Exchange/Security  
Commissions)

Professional  
Accounting  
Organisations  
(PAO)

Insurance  
sector

Experts in the  
Corporate Social  
Responsibility (CSR)  
/ Civil Society

Audit Firms

# OUR STAKE HOLDERS


- **FINANCIAL REPORTING COUNCIL OF NIGERIA**
- **STANBIC ASSET MANAGEMENT LTD**
- **BABCOCK UNIVERSITY**
- **INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS**
- **UNIVERSITY OF LAGOS**
- **LAPO MICROFINANCE BANK**
- **NATIONAL INSURANCE COMMISSION**
- **ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA**
- **CORPORATE AFFAIRS COMMISSION**
- **SECURITY AND EXCHANGE COMMISSION**
- **NATIONAL COUNCIL ON CLIMATE CHANGE**
- **CENTRAL BANK OF NIGERIA**
- **DEVELOPMENT BANK OF NIGERIA**
- **ERNST&YOUNG NIGERIA**
- **OFFICE OF THE AUDITOR GENERAL FOR THE FEDERATION**
- **YABA COLLEGE OF TECHNOLOGY**
- **FEDERAL INLAND REVENUE SERVICE**
- **BANK OF INDUSTRY**
- **KPMG NIGERIA**
- **PWC NIGERIA**
- **NIGERIA ELECTRICITY REGULATORY COMMISSION**
- **CHARTERED INSTITUTE OF DIRECTORS OF NIGERIA**
- **INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA**
- **NIGERIA COMMUNICATIONS COMMISSION**
- **SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA**
- **OFFICE OF THE ACCOUNTANT GENERAL OF THE FEDERATION**
- **NIGERIAN EXCHANGE LIMITED**
- **FMDQ LIMITED**
- **NATIONAL ASSOCIATION OF SMALL AND MEDIUM ENTERPRISES**

# PHASE 1 OF THE PROJECT : KICK OFF MEETING

- Inauguration meeting held in Lagos on August 22, 2023.
- 27 participants from various sectors of the Nigerian economy
- The diverse representation ensured a comprehensive discussion on the project's objectives and collaborative efforts moving forward.
- ADT Project was first introduced to Nigerian participants
- Evaluation of Current Accounting and Financial Reporting Practices in Nigeria was discussed.
- Key Challenges and Opportunities were identified
- ADT questionnaires distributed and the Modalities for responding to it were duly explained



# PHASE 2 OF THE ADT PROJECT : PROGRESS ASSESSMENT MEETING

- The Progress Assessment Meeting was held on May 21, 2024 in Abuja, Nigeria.
  - This meeting aimed to evaluate the progress made in implementing the ADT project.
  - By this time, the ADT questionnaire had been successfully administered to stakeholder organizations, and responses had been collected, although they were yet to be consolidated and analyzed.
  - The meeting was highly interactive, with stakeholders actively participating and sharing valuable insights on enhancing the project's effectiveness and impact.
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# VISUAL FOR THE PROGRESS ASSESSMENT MEETING AT ABUJA CONTINENTAL HOTEL 21<sup>ST</sup> MAY,2024






## **PHASE 3: ADT NATIONAL WORKSHOP HELD AT LAGOS CONTINENTAL HOTEL ON THE 24<sup>th</sup> of JULY,2024**

- ❑ The ADT National Workshop, held on July 24, 2024 in Lagos Continental Hotel, marked a major milestone in the project.
  - ❑ Built on the success of the Progress Assessment Meeting in May, this workshop provided an engaging platform for stakeholders to review the ADT assessment results. The presentation of findings sparked insightful discussions, with stakeholders offering constructive feedback and thoughtful critiques.
  - ❑ This interactive exchange was invaluable, enabling the project team to refine and elevate the draft report, ultimately enhancing its quality and relevance to the ADT's objectives.
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# VISUAL FOR THE ADT NTIONAL WORKSHOP HELD AT LAGOS CONTINENTAL HOTEL ON THE 24<sup>th</sup> JULY,2024




# OUR CURRENT POSITION

- Team Nigeria have successfully completed all three key phases of the ADT Project process.
  - We have effectively analyzed and consolidated the questionnaire responses, resulting in the preparation of a draft ADT report for the Federal Republic of Nigeria.
  - Currently collaborating with UNCTAD-ISAR to ensure that this draft report is finalized and approved as an official document.
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# SUMMARY OF GAPS IDENTIFIED DURING THE ADT ASSESSMENTS

1. Financial reporting regulators and preparers and reviewers lack training on IFRS 9 and IFRS 17.
  2. No standard framework exists for collecting key ESG metrics, affecting consistency in tracking and reporting.
  3. Professional Skills training for accountants and auditors is inadequate.
  4. SMEs do not participate in ESG reporting.
  5. There is no institutional framework for compiling ESG data.
  6. Auditor education lacks components on ESG reporting and Accounting for Microenterprises.
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# RECOMMENDATIONS

- **Goal 1: Enhance Regulatory Expertise in IFRS Standards**
- **Target 1.1:** Develop and deliver specialized IFRS 9 and IFRS 17 training programs for at least 100 regulatory professionals by 2025
- **Target 1.2:** Ensure that 80% of trained regulators achieve certification in IFRS 9 and IFRS 17 application and interpretation within six months of program completion.
- **Goal 2: Build Corporate Capacity for ESG Metrics and Reporting**
- **Target 2.1:** Conduct at least 10 training sessions and workshops on ESG metrics collection and reporting by Second Quarter 2025, with 500 corporate participants attending.
- **Target 2.2:** Distribute ESG resources and standardized frameworks to 1,000 companies, achieving a 50% adoption rate in ESG tracking and reporting by Second Quarter 2025
- **Goal 3: Strengthen ESG Reporting Capabilities for Regulators, Companies, and Auditors**
- **Target 3.1:** Organize quarterly workshops for regulators, companies, and auditors on ESG reporting standards, aiming for at least 300 participants per session.
- **Target 3.2:** Establish an ESG reporting task force to ensure alignment in standards interpretation, aiming for active collaboration with at least five regulatory bodies and industry groups. By Second Quarter 2025
- **Goal 4: Increase Corporate Executives' and Auditors' Competence in ESG Reporting**
- **Target 4.1:** Develop a curriculum for capacity-building programs tailored to corporate executives and auditors, and train 500 professionals by Third Quarter 2025
- **Target 4.2:** Evaluate the effectiveness of training programs through pre- and post-assessments, aiming for a 70% improvement in participants' understanding of ESG reporting practices.
- **Goal 5: Support the Nigerian Actuarial Development Program (NADP)**
- **Target 5.1:** Provide funding and resources to the NADP to support at least 50 actuarial students annually.
- **Target 5.2:** Establish partnerships with educational institutions and actuarial bodies to provide mentorship and internship opportunities, with a goal of placing 80% of program participants in relevant roles within one year of completion.

# OTHER FINANCIAL REPORTING ISSUE NOT ADDRESSED BY THE ADT QUESTIONNAIRE

1. The projects noticeably excluded actuaries, Valuers and the internal auditors; groups critical to ensuring accuracy and reliability in financial reporting. Actuaries play a vital role in financial reporting, particularly in implementing IFRS 17, valuing retirement benefits under IAS19, and ECL computations under IFRS 9 while valuers play a key role under IAS 17 when the revaluation model is preferred by the preparers of financial statements.
2. Nigeria faces a critical shortage of actuaries, with fewer than 20 professionals currently practicing in the country (South Africa has 1,987).
3. To qualify as an actuary in Nigeria, individuals must achieve Fellowship status with recognized international actuarial bodies. However, the high cost of these exams poses a significant barrier for many aspiring actuaries.
4. To address the actuarial shortage, the FRC, in collaboration with key stakeholders in Nigeria's insurance sector, launched the Nigerian Actuarial Development Program in early 2024. This initiative aims to provide funding for tuition and exam fees for aspiring actuaries. However, resources remain limited, and additional support is crucial to ensure the program's success and strengthen Nigeria's financial reporting framework amid increasing regulatory demands.



Thank  
you

