



SUSTAINABILITY AND THE FUTURE OF GREEN ECONOMY: A GOVERNANCE PERSPECTIVE

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INTRODUCTION



The President and Members in Council, distinguished Panelists, my dear Professional Colleagues and our invited guests. It's my pleasure to be part of this year's forum.

ICSAN has over the past few years joined the advocacy on a sustainable green economy. I recall that the theme for the 2020 Annual Conference was **“Entrenching the right governance framework for economic development and sustainability”**. It's gratifying to note that the Institute is not slowing down on the subject of discussion.

The drive from organisations like ICSAN and the reality on climate change must have necessitated the current push by the Federal Government on Climate Change. The Minister of State for the Environment, Mrs. Sharon Ikeazor at a Press Conference on January 31, 2022 in Abuja drew public attention on the need to urgently address the issue of climate change which she said constitutes a “serious threat” to Nigeria's efforts to poverty eradication. This of course lay credence to the topic of the day.

CONCEPT AND OBJECTIVES OF A SUSTAINABLE GREEN ECONOMY



Sustainability as a concept has attracted many definitions which are all toward the same purpose i.e. **a process that enables a company to create profit for its shareholders while protecting the environment and improving the lives of those with whom it interacts** ⁽¹⁾.

This definition is good for the purpose of today's discussion. The end aim of a sustainable green economy is having decent health, job, livelihood, freedoms, reducing carbon level, protection of those most dependent on natural resources and vulnerable to environmental degradation, poverty eradication, improving natural resource productivity per person, investment and sustainable economy etc.

The Sustainable Development Goals (SDGs), also known as the Global Goals, that were adopted by United Nations in 2015 was a universal **call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.**

⁽¹⁾ Savitz, A., Weber, K., 2006. The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social, and Environmental Success - and How You Can Too.

GOVERNANCE





In its simplest form, Governance as defined by Avijit Biswas is the processes that lead to policymaking and implementation⁽²⁾. Governance structures are necessary in every organisation as they constantly measure the impact of operations and other activities.

The governance process should clearly articulate what or who is driving the change and deservedly be accountable not just for the purpose of regulatory reporting but for the good of the stakeholders⁽³⁾.

The Board of government parastatals, public and private businesses and institutions must regularly evaluate Management's activities and the implementation of core Board decisions. **Considering the importance of sustainability as a core element of Governance, the Board must take up the responsibility in ensuring that issues on environment, social wellbeing and Governance are part of Management's business strategy – In essence these need to be integrated into the business operation.**

(2) <https://schoolofpoliticalscience.com/definitions-and-types-of-governance/>

(3)NCCG,2018



In recognition of the importance of Sustainability both the Security and Exchange Commission⁽⁴⁾ and The Exchange Limited⁽⁵⁾ have mandated sustainability reporting from regulated entities.

In all, the end goal of a sustainable future green economy for everyone of us is to ensure leaders lead effectively, employees do their best purpose-driven work, shareholders/citizens receive the value they expect, and customers and communities enjoy the best possible outcomes without further collateral damage to the environment.

In meeting these objectives, we require new operating models, new technology, new skills and new approaches. Employees will need to collaborate in different ways and perform more complex work. Job descriptions and career paths will inevitably change. We all have our roles to play.

(4) SEC, Nigeria Guidelines on sustainable financial principles for the Nigerian Capital Market

(5) Sustainability Disclosure Guidelines



In the private sector, one significant concern we need to address is culture change from profit maximization to an equitable distribution of gains amongst stakeholders. It is easy to drive down policies from the top but if not practically embraced by the employees will be what it is – Policy papers.

A new orientation is needed for everyone. Management needs to give employees a say in change, asking them for input, listening to their perspectives, and involving them in planning. Culture helps drive sustainability activities.

Section 2 of Nigeria Exchange Guidelines on sustainability places on the Board of Directors (or those responsible for governance) and the senior executive team the duty of integrating sustainability and the principles into the processes and "DNA" of the organization.

Aside from the private sector, governments at all levels have a critical governance role for the attainment of a sustainable green economy. Government Policies, framework, laws and regulation are foundation ingredients for the private sector to build on. According to Asongu & Odhiambo⁽⁶⁾, effective legislation, improved transparency, security and peace, political stability, and robustness in procedures of environmental management are crucial for carbon dioxide (CO₂) emissions to be reduced sustainably. The two Authors reasoned that the concern can be tackled with improved institutional, economic, and political channels or instruments.

Key governance indicators

A green economy will not be achieved without changes to the current mainstream governance.

i. Political governance: This is measured with political stability – The capacity of the government to prevent environmental degradation can be substantially curtailed by the possibility that elected leaders can be overthrown and governments destabilized by unconstitutional and violent mechanisms as recently witnessed in some of our West African countries (Chad, Mali, Burkina Faso, Equatorial Guinea etc). The African continent has recorded 21 coup attempts by the military to overthrow incumbent governments in eight years (7). Political governance also speaks to the ability of the government to put in place on consistent basis measures for effective environmental management. Political governance can be limited by the degree at which citizens of a nation can (i) effectively participate in the government's selection process and (ii) reap the fruits of free media, freedom of association, and liberty of expression. The process for the election and replacement of political leaders must be improved on substantially. The ongoing effort to amend the Nigeria Electoral Act should be taken seriously in the interest of the general public.

ii. Economic governance: Entails government effectiveness and regulation quality in the formulation and implementation of policies that deliver public goods and services. The pollution of the environment is going to be influenced by the effectiveness of the government in implementing policies that are designed to protect the environment, especially in terms of the government's credibility in the formulation and implementation of policies. Credible regulation is essential given that it positively affects the government's ability in (i) effective articulation of sound measures; (ii) effective communication on guidelines; and (iii) enforcing rules that enable and foster the development of the private sector. Government policies should be tailored to favour competition in the private sector in the development of environment friendly products.

Institutional governance: This affects the effectiveness of the government in implementing regulations and policies. Asongu & Adhiambo maintained that institutional governance can be evident in the degree by which (a) Government agents abide by and are confident in the rules of society and especially with regard to property rights, contract enforcement, the courts, the police enforce the rule of law and (b) public power is maintained in public interest. This will enable both domestic and foreign stakeholders to have confidence in domestic institutions and further encourage Foreign Direct Investment in the Country.

(7) <https://www.icirnigeria.org/africa-records-21-coup-attempts-in-eight-years/>

Transitioning to a Green economy requires both Government and Private Sectors working together as earlier posited. Government investment should constantly be guided by the following measures:

a. **Government budget and expenditure should**

- i. be subjected to public environmental expenditure review
- ii. public procurement should align with government Sustainability goals

b. **Fiscal systems and incentive mechanisms**

- i. Environmental subsidies and tax breaks e.g. on renewable energy, green economy zones
- ii. Removal of environmentally-harmful subsidies e.g. on fossil fuel to encourage consumption of environmentally friendly products. However, alternatives from renewable energy source at a cheaper rate should readily be available e.g. Hydrogen Gas, Tidal Energy, Biomass Energy, Wind Energy, Geothermal Power, Natural Gas, Biofuels, Wave Energy etc.
- iii. Avoid unnecessary tax on environment friendly products: e.g. renewable energy products

c. **Investment mechanisms**

- i. Green economy standards should be used in public investment
- ii. Public-Private-People Partnership on renewable energy projects considering the amount needed to make them viable within the shortest possible time.

THE OIL & GAS - DOWNSTREAM





There are general concerns regarding the compatibility of the oil and gas industry in a sustainable future. The Oil and Gas industry is aware of its need in addressing issues of business sustainability and transitioning into a green economy.

The industry plays critical roles in today's energy and economic systems. An affordable, reliable supply of Petroleum liquids and gases (of different types) will continue to be a necessary part of a vision of the present and future economy in Nigeria.

In fact, the Oil and gas remain a core part of the global energy mix for the foreseeable future⁽⁹⁾. Nevertheless, Companies within the industry will need to develop proactive and transparent sustainability strategies that maintain their license to operate in the traditional business. How? This is by identifying and securing new opportunities arising from the transition to a low carbon economy; this is the only way the industry can remain competitive and attractive to investors in the long run.

⁽⁹⁾ Executive Advisor with Strategy&, part of the PwC network



There are a number of environment laws/regulations against environment pollution, gas flaring, decommissioning and abandonment which are geared towards ensuring players in the industry attain desirable sustainable goals.

The industry is addressing the issue from three dimensions i.e. social, economic, and environmental dimensions.

The social aspect is focus on Community Involvement, Employee Engagement, Human Rights, Safety, Health and Workplace

The Economic aspect focus on the bottom line and the movement of capital on corporate activities and the economy. While sustainability issues may seem increasingly important, the importance of financial performance will continue to drive the Oil and Gas business and its sustainability efforts.

The environmental aspect focus on corporate activities that do not harm future generations through the effective usage of natural resources, reducing greenhouse gas pollution and mitigating ecological footprint. The industry is also looking in the direction of renewable energy as alternative source of income.



The recently passed Petroleum Industry Act⁽¹⁰⁾ represents a holistic legislation that provides for the rights, responsibilities and duties of the various stakeholders in the oil and gas industry. It made provisions to foster sustainable prosperity amongst stakeholders and provide direct environmental, social and economic benefits. In addition, there are key government policies that have been put in place to develop the gas industry. These policies⁽¹¹⁾ amongst others include:

- The National Gas Policy of 2017
- The Flare Gas (Prevention of Waste and Pollution) Regulation of 2018, which seeks to reduce the social and environmental impact of gas flaring.
- The National Gas Expansion Programme: A programme to help establish compressed natural gas (CNG) as the fuel of choice for transportation, and liquefied petroleum gas (LPG) the fuel of choice for domestic cooking, power and small industrial complexes.
- The Auto-Gas Roll-out initiative, which seeks to convert at least one million vehicles from diesel or petrol, to gas fired vehicles.

(10) Federal Republic of Nigeria Official Gazette, No. 142 Lagos-27th August, 2021 Vol.108

(11) <https://www.ashurst.com/en/news-and-insights>



The CNG (Compress Natural Gas) earlier mentioned, although a fossil fuel, it is different from gasoline, diesel and coal **because it does not contain the same harmful compounds found in other fossil fuels.**

The objective of the PIA, environmental laws in combination with other Government Policies and Regulations is to maintain a clean environment and a sustainable future economy. Our operations in the downstream are geared towards these objectives with the current level of diversification and investments.

In compliance with the relevant laws, the following actions are ongoing in the downstream sector especially the members of Major Oil Marketers Association of Nigeria (MOMAN):

- i. Installation of oil spill prevention facilities across our Service Stations.
- ii. Service stations are fitted with double-wall tanks to prevent leakages of oil into the environment.
- iii. Flexible High-Density Polyethylene (HDPE) pipes are used in place of galvanized underground pipelines in the service stations that could easily cause oil spill.
- iv. Regular leak detection tests are carried out on our stations as a way of monitoring underground storage tanks.
- v. Diversification into renewable energy as business opportunity.

THE ROLE OF COMPANY SECRETARY





The office of Company Secretary must not only be seen as an expense center but that which is capable of making more positive contribution to the organization's bottom-line.

In her recent article, Madhumita Paul⁽¹²⁾ advised on the need to switch to renewable energy from conventional power sources as essential to save global warming. She established the fact that this has the capacity to boost Africa's economy. A well read Company Secretary can leverage on similar facts based information by advising the Board and Management on the opportunities that abound in the diversification agenda. I desire to see us as the project lead on sustainable green economy in our various organizations.

It is important that we continue to develop interest beyond our traditional subject base. The value we add will continue to make us relevant in any organization.

(12) <https://muckrack.com/madhumita-paul/articles>



CONCLUSION



In closing, we should realize that the elements of a transition to a green economy are clearly emerging across developed & developing countries and if as a Nation we do not act fast, we might be left behind in the shortest possible time.





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