M. J. Numa & Partners LLP
Trial Attorneys & Transaction Advisors

BEYOND COMPLIANCE:

The Role of Stakeholders in Corporate Governance, Public Accountability, and Nigeria's Institutional Future.

Keynote address by:

MICHAEL JONATHAN NUMA, SAN

at the **Brendan Nicolas Holding Round Table** held on the 12th day of August, 2026

KEYNOTE ADDRESS

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At the Bank of Agriculture Building Central Business District, Abuja. Nigeria.

Topic:

Beyond Compliance: The Role of Stakeholders in Corporate Governance, Public Accountability, and Nigeria's Institutional Future.

Many thanks to Brendan Nicholas Holdings for convening this forum and, importantly, for bringing together such a diverse and distinguished cross-section of stakeholders from across sectors.

It is truly a great privilege and pleasure to have been invited to contribute my perspective to this important conversation and, in particular, to deliver the keynote address on this occasion.

INTRODUCTION:

Today's question is what makes an institution safe to fund, credible to partner with and capable of sustainable growth?

The Enron controversy of 2001 and the Nigerian banking crisis of 2009 highlight the fact that modern corporations, which separate ownership from control, create an opportunity for those managing the company to act contrary to the interests of those who fund it.[1]Corporate governance is, in economic terms, the set of mechanisms that constrains those agency costs.[2] Because external investors are unable to observe the internal conduct of an enterprise directly, credible governance operates as a signal that reduces information asymmetry and, with it, the premium capital demands for what it cannot see.[3] The comparative evidence is consistent: legal systems that better protect external investors tend to have deeper capital markets, higher valuations and a lower cost of capital, because protection converts into confidence and confidence into price.[4] Governance is therefore never free of commercial consequence, for it is paid for either in the quality of the mechanisms or in the cost of the capital. It is priced continuously and without sentiment, and the cost of weak governance is not only the risk of sanction but also a higher cost of capital and a narrower pool of willing partners. Seen in this light, governance

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[1]Adolf A Berle and Gardiner C Means, *The Modern Corporation and Private Property* (Macmillan 1932).

[2]Michael C Jensen and William H Meckling, 'Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure' (1976) 3 Journal of Financial Economics 305.

[3]A Michael Spence, 'Job Market Signaling' (1973) 87 Quarterly Journal of Economics 355.

[4]Rafael La Porta and others, 'Law and Finance' (1998) 106 Journal of Political Economy 1113; Andrei Shleifer and Robert W Vishny, 'A Survey of Corporate Governance' (1997) 52 Journal of Finance 737.

ceases to be an overhead to be minimised and becomes an asset to be built, the return on which is measured in basis points saved and partnerships secured.

Compliance is the legal floor; governance is the quality, legitimacy and continuity of decisions above it.

CAPITAL IS RETURNING, BUT THE COMPOSITION REMAINS THE SHARPER POINT.

I will begin by intervention by providing some interesting data by way of context to the subject under discuss.

Nigeria recorded US$10.3719 billion in capital importation in Q1 2026, up 83.83% year-on-year and 60.97% from Q4 2025. Of that amount, US$9.862 billion (95.09%) was portfolio investment, while FDI was US$135.08 million (1.30%). Banking absorbed 72.79% of the inflows, financing 23.42%, and production/manufacturing 1.47%. The United Kingdom accounted for 49.01%, the United States 30.69% and South Africa 9.49%[5].

The World Bank's July 2026 diagnostic records domestic private-sector credit at 21.3% of GDP, against about 33% for Sub-Saharan Africa and 47% for lower-middle-income economies, and notes that fewer than 5% of Nigerian MSMEs have access to formal credit[6]. The panel point is not that governance explains the financing gap; it is that governance helps determine which institutions can distinguish themselves within a difficult macroeconomic environment.

The issue is therefore not only whether capital enters, but whether institutions can absorb patient, productive capital. Good governance does not remove risk; it makes risk intelligible, allocable and accountable.

The clearest commercial dividend of good governance is its effect on the cost and availability of capital. Where the information asymmetry between a company and its financiers is wide, and where the risk of expropriation, mismanagement or opacity is material, that risk is priced into a higher required return. Sound governance narrows the asymmetry and compresses the premium, and the consequence is cheaper capital and access to a larger pool of it. This is not merely a theoretical proposition, for institutional investors have long indicated a willingness to pay a premium for well-governed companies, particularly in emerging markets where the baseline of assurance is lower.[7] For a Nigerian issuer competing for the attention of foreign portfolio investors, development finance institutions and domestic pension assets, the quality of its governance is frequently the threshold question, decided before valuation is even reached.

A funder will test ownership and authority, reliability of accounts and data, board competence, conflicts, controls, strategy, enforceable protections and succession. IFC assesses corporate

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[5] **National Bureau of Statistics,** *Nigeria Capital Importation, Q1 2026* — Report dated 3 June 2026; capital inflow composition and sector/source data.

[6] **World Bank Group,** *Streamlined Country Diagnostic: Nigeria* — July 2026; private credit, MSME finance and long-term productive-capital context.

[7] **World Bank Group,** *Nigeria Country Partnership Framework FY2026–FY2032* — Private-sector jobs, competitiveness and private-capital mobilisation.

governance in every investment transaction and reports that governance improvements have helped facilitate more than US$11 billion in financing.

Partnerships require valid authority, complete approvals, transparent selection, appropriate risk allocation, performance data, contract management and continuity. The current federal PPP framework is a useful practical reminder that the signature is not the whole transaction: the approval architecture must also be legally complete.

Founder energy may launch an enterprise, but scale requires delegated authority, reliable management information, controls, challenge and succession. For SMEs, proportionality matters: the question is not whether they replicate listed-company structures, but whether the enterprise can be distinguished from the founder's personal will and finances.

Nigeria's Governance Architecture

Nigeria's framework has matured into an integrated system. The Companies and Allied Matters Act 2020 modernised directors' duties, codified the duty of care, introduced a beneficial ownership register and strengthened minority protection and disclosure;[8] the Nigerian Code of Corporate Governance 2018 supplies board-level principles on an apply and explain basis;[9] the Securities and Exchange Commission's guidelines and the Financial Reporting Council refine and enforce those standards for public interest entities;[10] and the Investments and Securities Act 2025 has renewed the capital markets statute.[11] The supervisory architecture is therefore substantially complete. The commercial question is no longer whether a Nigerian enterprise can comply, but whether its governance is credible enough to be funded, partnered and trusted at a price it is willing to pay.

The Nigerian Code remains principle-based and outcome-focused through "Apply and Explain". The ISA 2025, SEC board-tenure/INED restrictions, revised capital requirements and the FRC's 2026 sustainability roadmap all point in the same direction: independence, resilience, reliable information and demonstrable outcomes are receiving greater regulatory attention.

The point is sharpened by the current direction of regulatory travel. The Securities and Exchange Commission has committed Nigeria to a phased adoption of the International Sustainability Standards Board framework, embracing IFRS S1 and IFRS S2, with mandatory sustainability reporting beginning for significant public interest entities in 2027, extending to other public interest entities in 2028 and to small and medium enterprises by 2030.[12] The Commission has framed

[8] Companies and Allied Matters Act 2020.

[9] Nigerian Code of Corporate Governance 2018, issued by the Financial Reporting Council of Nigeria on an apply and explain basis.

[10] Securities and Exchange Commission, Corporate Governance Guidelines 2020; Financial Reporting Council of Nigeria Act 2011.

[11] Investments and Securities Act 2025, repealing the Investments and Securities Act 2007.

[12] 'ISSB-Aligned Disclosures Will Unlock Cheaper Capital, Boost Global Investor Confidence, SEC' (Independent, 12 September 2025) <https://independent.ng/issb-aligned-disclosures-will-unlock-cheaper-capital-boost-global-investor-confidence-sec/> accessed 8 August 2026; 'SEC to Enforce Mandatory ESG Reporting for Large Firms Next Year' (The Guardian Nigeria 2025)

disclosure as the price of entry to global capital and has argued that alignment with international benchmarks will lower the cost of capital for issuers and improve the country's eligibility for long-term institutional and development finance. Governance and disclosure are here treated, correctly, as instruments of capital formation rather than as compliance overhead. The same logic operates in the credit markets, where lenders and, in particular, development finance institutions condition their facilities on governance representations, board composition requirements and covenants that would be unremarkable to any well-run company but insurmountable to a poorly governed one.

Private-capital mobilisation and governance are now expressly linked in policy

The World Bank Group's Nigeria Country Partnership Framework FY2026–FY2032 is centred on private-sector-led job creation and expressly includes improving competitiveness and maximising private capital for infrastructure and agribusiness[13].

Domestically, the National Corporate Governance Summit held on 21–22 July 2026 under the theme "Implementing Good Governance for Economic Acceleration: Consolidating Public and Private Sector Partnerships."

The Nigerian Code of Corporate Governance 2018 remains the central general framework and its "Apply and Explain" approach is deliberately outcome-focused.[14] The ISA 2025 provides the SEC's current statutory platform. Recent SEC interventions include the prohibition on transmuting INEDs into executive roles within the same company/group, tenure limits for directors of significant public-interest CMOs, and a three-year cooling-off period before certain former executives may become chairman[15].Revised minimum-capital rules also require existing CMOs to comply by 30 June 2027[16].

Regulatory Certainty as a Competitive Asset

A recent illustration is the wave of high-profile departures of major corporations, among them Tesla and Coinbase, from Delaware, long championed as the domicile of choice for businesses in the United States. This trend, popularly known as *DExit*, was prompted by a series of decisions perceived as inconsistent from the Delaware Court of Chancery, particularly the invalidation of Elon Musk's compensation award in *Tornetta v Musk*.[17] In response, Delaware, whose franchise tax

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<https://guardian.ng/business-services/sec-to-enforce-mandatory-esg-reporting-for-large-firms-next-year/> accessed 8 August 2026.

[13] **Financial Reporting Council of Nigeria,** *FRC Marks Two Years of Transformative Leadership* — Latest express official status located for the Nigeria Public Sector Governance Code.

[14] **Financial Reporting Council of Nigeria,** *Nigerian Code of Corporate Governance 2018* — Central governance framework.
Financial Reporting Council of Nigeria, *Corporate Governance FAQs* — Scope, 28 principles and "Apply and Explain".

[15] **Securities and Exchange Commission Nigeria,** *Investments and Securities Act 2025* — Current statutory capital-market framework. **Securities and Exchange Commission Nigeria,** *Circular on Transmutation of Independent Non-Executive Directors and Tenure of Directors* — INED transmutation restriction, director tenure and cooling-off requirements

[16] **Securities and Exchange Commission Nigeria,** *Guidelines on Revised Minimum Capital for Regulated Capital Market Entities 2026* — Revised capital base and 30 June 2027 compliance deadline.

[17] *Tornetta v Musk* 310 A 3d 430 (Del Ch 2024).

revenues depend on remaining the domicile of choice, legislated within a single session through Senate Bill 21 to restore predictability for controlling shareholder transactions.[18] Delaware still dominates the incorporation market, but the episode underscores the necessity of certainty in company regulation and establishes that corporate law is itself a competitive product on which capital moves.

The global disclosure and sustainability agenda has itself turned towards proportionality rather than ever-expanding obligation. The European Union's Omnibus I Directive, adopted in February 2026, sharply narrowed the reach of its sustainability reporting and due diligence regimes, raising thresholds and deferring timelines expressly in the name of competitiveness.[19] The lesson for Nigeria is not that disclosure should be resisted but that it should be calibrated, since the baseline, internationally comparable disclosure that the ISSB standards provide is what global capital rewards, whereas it is the bespoke and expansive due diligence burden that the European Union is now paring back. The significance is therefore twofold: it cautions against gold-plating rules that capital does not reward, and it confirms that the residual due diligence expected of large global buyers will still reach into their supply chains, so that Nigerian exporters remain measured against a governance standard whether or not Nigeria legislates one.

The Domestic Evidence

The clearest domestic evidence that governance drives funding is the banking recapitalisation recently concluded. Following the Central Bank's directive of March 2024, which lifted the minimum capital for an internationally licensed bank to 500 billion naira, the sector raised some 4.61 trillion naira, roughly 3.4 billion US dollars, through rights issues, public offers and private placements, with over a quarter of that sum drawn from foreign investors, and by the March 2026 deadline the great majority of banks had met their thresholds.[20] Capital of that scale and origin does not move on balance sheet size alone. It moves on disclosure quality, board composition and independence, audit credibility and the confidence of domestic and foreign investors that the institution is governed to a standard they recognise and can hold to account. Institutions of comparable assets but differing governance reputations raised capital on visibly different terms. Governance was not a formality attached to the exercise, but the enabling infrastructure of the largest Nigerian capital-raising cycle in two decades, and it determined who could raise, from whom and at what price.

Governance is not a private sector preoccupation, and the clearest recent evidence is the re-rating of the Nigerian sovereign. Following the reforms begun in 2023, the liberalisation of the exchange rate, the removal of the fuel subsidy and the tightening of monetary policy, all three major agencies improved Nigeria's rating: Fitch to 'B' in April 2025, Moody's to 'B3' in May 2025 and S&P to 'B' in 2026, completing the sweep across all three agencies. Nigeria's dollar bond yields

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[18] John Orr and Willis Watson, 'Changes in Delaware Corporate Law: A D&O Liability and Insurance Perspective' (Harvard Law School Forum on Corporate Governance, 1 May 2025) <https://corpgov.law.harvard.edu/2025/05/01/changes-in-delaware-corporate-law-a-do-liability-and-insurance-perspective/> accessed 8 August 2026.

[19] Directive (EU) 2026/470 (Omnibus I), amending Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive) and Directive (EU) 2024/1760 (Corporate Sustainability Due Diligence Directive), published in the Official Journal on 26 February 2026.

[20] Central Bank of Nigeria, Review of Minimum Capital Requirements for Commercial, Merchant and Non-Interest Banks (28 March 2024); outcomes per Central Bank of Nigeria communications, March 2026.

narrowed materially as the agencies cited improved policy credibility and transparency.[21] Better governance of the fiscal and monetary framework lowered the risk premium the market attaches to the whole economy, and with it the cost of capital for every enterprise that borrows against the sovereign benchmark.

The principle extends across the public estate. The commercialisation of the Nigerian National Petroleum Company as a limited liability company under the Petroleum Industry Act,[22] the reform of public procurement and the transparency conditions attached to development partner programmes all rest on a single premise, that institutional trust is the precondition of investment. A state that governs its enterprises, its procurement and its fiscal disclosure to a credible standard makes its entire economy cheaper to finance. Public accountability and private sector growth are not in competition; each is the collateral for the other.

Public-private partnerships: authority and approval architecture matter

Under the ICRC's August 2025 PPP Regulatory Notice, projects above ₦20 billion require FEC approval; a Ministry may approve projects of ₦20 billion or below through its Project Approval Board; and the relevant thresholds for parastatals/agencies are ₦10 billion and ₦20 billion. Multi-agency projects remain subject to FEC approval irrespective of value, and the threshold regime requires an ICRC Certificate of Compliance. The practical point is familiar: a signature does not cure defective authority or incomplete approval.

The Nigeria Public Sector Governance Code should still be described cautiously. The latest express official FRC status located, dated 21 October 2025, states that the Public Sector Governance Code and Not-for-Profit Governance Code were awaiting Ministerial approval. No later official FRC announcement formally bringing the Public Sector Governance Code into force has been located as at 7 August 2026[23].

Sustainability reporting is becoming governance infrastructure

The FRC's amended 2026 roadmap provides for mandatory IFRS sustainability disclosure for applicable Public Interest Entities from accounting periods beginning on or after 1 January 2028 and for SMEs from 1 January 2030, with early adoption encouraged. A readiness assessment is required before first reporting[24]. The practical consequence is that board oversight, data ownership, risk processes and controls must be established before the reporting date; this is no longer merely an ESG or CSR conversation.

Nigeria's FATF exit is a useful institutional credibility example

On 24 October 2025, FATF removed Nigeria from the list of jurisdictions under increased monitoring after completion of its agreed AML/CFT action plan[25]. The exit does not guarantee investment,

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[21] Fitch Ratings upgraded Nigeria to 'B' (11 April 2025); Moody's Ratings upgraded Nigeria to 'B3' (30 May 2025); S&P Global Ratings upgraded Nigeria to 'B' (May 2026).

[22] Petroleum Industry Act 2021, Part I (incorporation and commercialisation of NNPC Limited).

[23] **Financial Reporting Council of Nigeria,** *FRC Marks Two Years of Transformative Leadership* — Latest express official status located for the Nigeria Public Sector Governance Code.

[24] **Financial Reporting Council of Nigeria,** *Roadmap Report for the Adoption of IFRS Sustainability Disclosure Standards in Nigeria (Amended 2026)* — Mandatory adoption timetable and readiness requirements.

[25] **Financial Action Task Force,** *Jurisdictions under Increased Monitoring — 24 October 2025* — Nigeria removed from FATF increased monitoring.

but it is a concrete example of institutional reform changing an external risk assessment where implementation is measurable and independently verified.

SME governance remains a question of proportionality

The FRC *SME* Corporate Governance Guidelines 2024 remain non-prescriptive and recognise size, complexity, ownership and maturity[26]. For founder-led businesses the recurring investor questions are basic but consequential: clean ownership, separation of personal and company finances, reliable accounts, documented authority and related-party dealings, credible challenge and continuity beyond the founder. Against the formal-credit gap identified by the World Bank, governance is not the whole solution; but an enterprise seeking institutional capital must at least be capable of being diligenced as an institution.

FACTUAL ANCHORS

- US$10.3719bn — Nigeria capital importation, Q1 2026.
- 95.09% — Portfolio investment share of Q1 2026 inflows.
- 1.30% — FDI share of Q1 2026 inflows.
- 21.3% of GDP — Domestic private-sector credit in the World Bank's July 2026 diagnostic.
- Less than 5% — Nigerian MSMEs with access to formal credit.
- FY2026–FY2032 — Current World Bank Nigeria Country Partnership Framework.
- 2028 / 2030 — Mandatory IFRS sustainability reporting timetable for applicable PIEs / SMEs.
- 30 June 2027 — Deadline for existing SEC-regulated CMOs to meet revised minimum-capital requirements.
- 24 October 2025 — Nigeria removed from FATF increased monitoring.
- ₦20bn / ₦10bn — Key federal PPP approval thresholds under the current ICRC framework.

CONCLUSION

Corporate regulators, courts included, would do well to treat the regulatory framework as a competitive asset, one that must be kept predictable and swift or risk being discounted by the market. The regulatory turn towards more demanding corporate governance in Nigeria is often resisted as an impediment to enterprise, but this resistance is greatly misconceived. Strong corporate governance frameworks lower the cost of capital, widen the field of willing partners and underwrite the resilience without which growth cannot endure. These benefits accrue to private companies seeking to scale, to public enterprises seeking to mobilise investment and to the wider economy they share. The task for boards, advisers and regulators alike is to complete the migration in the collective understanding of governance, from a compliance obligation grudgingly discharged to a strategically competitive asset deliberately cultivated.

[26] **Financial Reporting Council of Nigeria,** *Small and Medium Enterprises Corporate Governance Guidelines 2024* — Non-prescriptive SME governance framework.

M. J. Numa & Partners LLP
Trial Attorneys & Transaction Advisors

Flat 1, Tripple A Villas, 495 Adegboyega
Atanda Street, Mabushi 900108, Abuja

(234) 097 000 504 info@mjnuma.com