

CASE STUDY

Nigeria: saving billions with public finance management

PUBLIC FINANCE MANAGEMENT

The Nigerian government was in a lot of trouble: their public finance management was a mess, accounting was poor or not-existent, and nobody had an overview of how many bank accounts the government had or in which banks. To create meaningful impact, Nortal built the Government Integrated Financial Management Information System (GIFMIS), which has already helped the country save billions of euros.



Transparent public finance management can help save billions

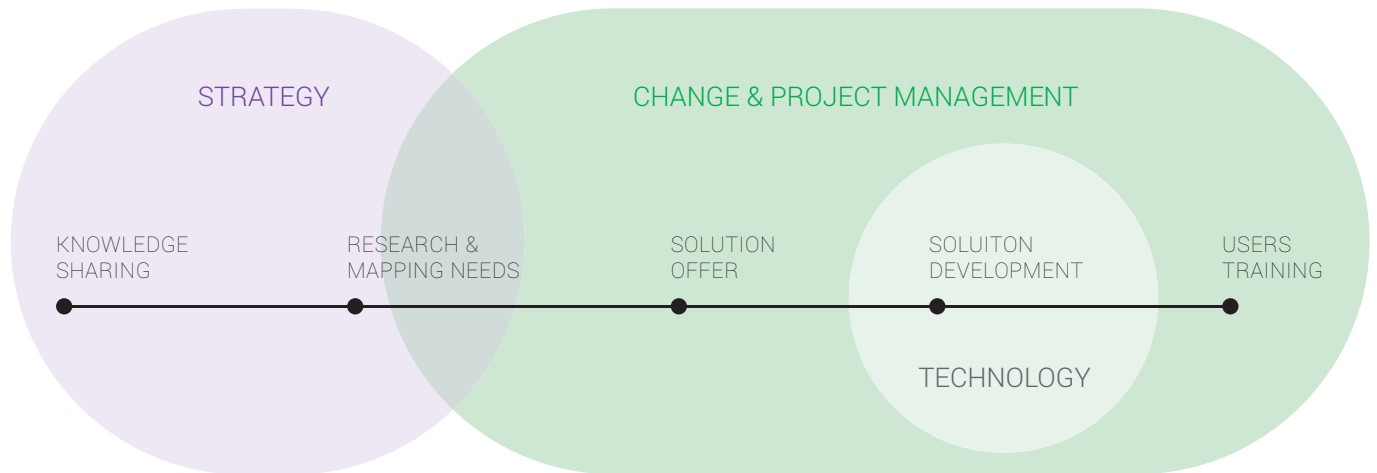
The Challenge

Despite being one of the biggest economies in Africa, Nigeria's government finances were poorly managed and there was no clear overview of how much money the government had, where it was kept and how it was being used.

According to the World Bank, budget reporting was opaque and limited, and resources allocation was poorly aligned

with the state's development priorities. Poor quality and lax timeliness of annual fiscal statements was a major problem as in-year budget reporting was either irregular or not done.¹ The system was in a state of chaos. On top of that, the government didn't even know how many bank accounts each ministry or government related institution had.² In a situation like this, it was easy for fraud to take place.

Nortal's steps in the GIFMIS project



Our solution

To tackle this complicated situation, make Nigeria more prosperous, and lift Nigeria's reputation among international organizations such as the International Monetary Fund and the World Bank, the government saw there was a pressing need for a modern new system. Having extensive experience with Estonia's digital transformation (including the transformation of public finance management), Nortal built the Government Integrated Financial Management Information System or GIFMIS.

GIFMIS supports the Nigerian government in all aspects of budget preparation, as well as the execution and management of the government's financial resources. It covers all spending units financed from the government's budget, and processes and manages all expenditure transactions (including interfaces) pertaining to these units.

Budget appropriations, financing limits, commitments, verifications and payment transactions are recorded and managed through a system that is modern, efficient and user-friendly, providing comprehensive information on all the government's financial affairs. It acts as a reliable basis for multi-year budgeting, annual budgeting, commitment control, payment control, financial and cash management, and economic planning.³

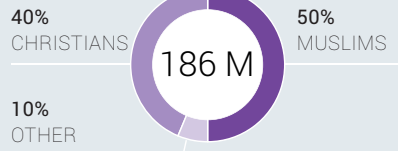
Nortal supported the Nigerian government throughout the entire process of building GIFMIS, mapping their needs and offering solutions for how the system should work. Nortal led the government through this process, offering change management and training for the users of the system, many of whom had never used a computer before.

¹ International Monetary Fund country report on Nigeria, 2009 <https://www.imf.org/external/pubs/ft/scr/2009/cr09315.pdf>

² Nigerian ministries get single bank account to fight fraud, BBC, 2015 <http://www.bbc.com/news/world-africa-34256900>

³ GIFMIS official website <http://gifmis.gov.ng/gifmis/index.php/about-gifmis>

NIGERIA FACTSHEET



Population: 186 million.
Nigeria is one of the **largest economies in Africa**, relying heavily on oil as its main source of foreign exchange earnings and government revenue. Growth is also driven by agriculture, telecommunications and services.
President Muhammadu Buhari, elected in 2015, ran on an anti-corruption platform, and has made some headway in alleviating corruption, such as the implementation of a Treasury Single Account (part of the GIFMIS reform) that allows the government to better manage its resources.
The government is also working to develop stronger public-private partnerships for roads, agriculture and energy.
Partly because of lower oil prices, Nigeria went into recession in 2016. However, the medium-term outlook for Nigeria is positive, assuming oil output stabilizes and oil prices recover.

The Treasury Single Account has brought **transparency** to the inflows and outflows of government money.

Yemi Osibajo, Acting President of Nigeria

Conclusion

GIFMIS has helped Nigeria take a strong leap towards becoming a more trustworthy partner for international organizations and investors.

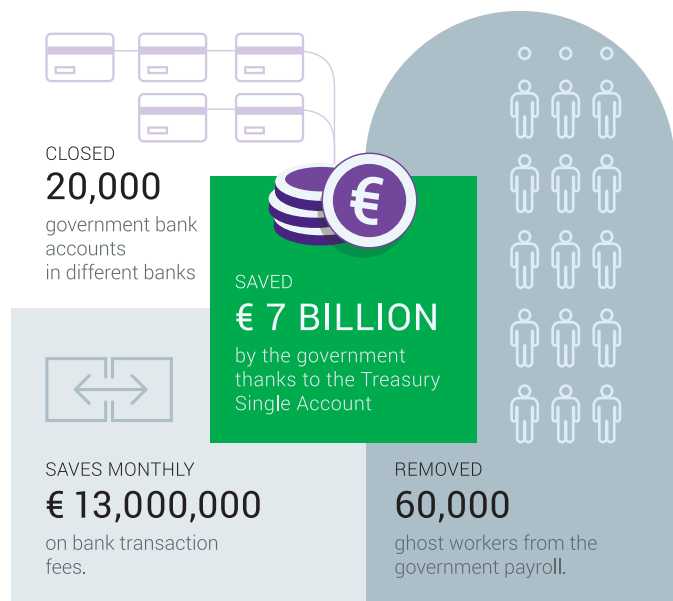
The reform confirms what we at Nortal believe: technology can make managing public funds transparent and efficient. Through improved cost and operational performance, capturing the full potential of government digitalization could free up 1 trillion euros annually in economic value worldwide, one McKinsey analysis suggests.⁴

The OECD also believes that the successful application of information technology will determine the future success of revenue bodies in managing compliance risks and meeting rising service expectations.⁵

GIFMIS is a perfect example of how technology can facilitate public finance management. We are proud to have helped the Nigerian government save billions of euros that can now be used to build a better Nigeria for all its citizens.

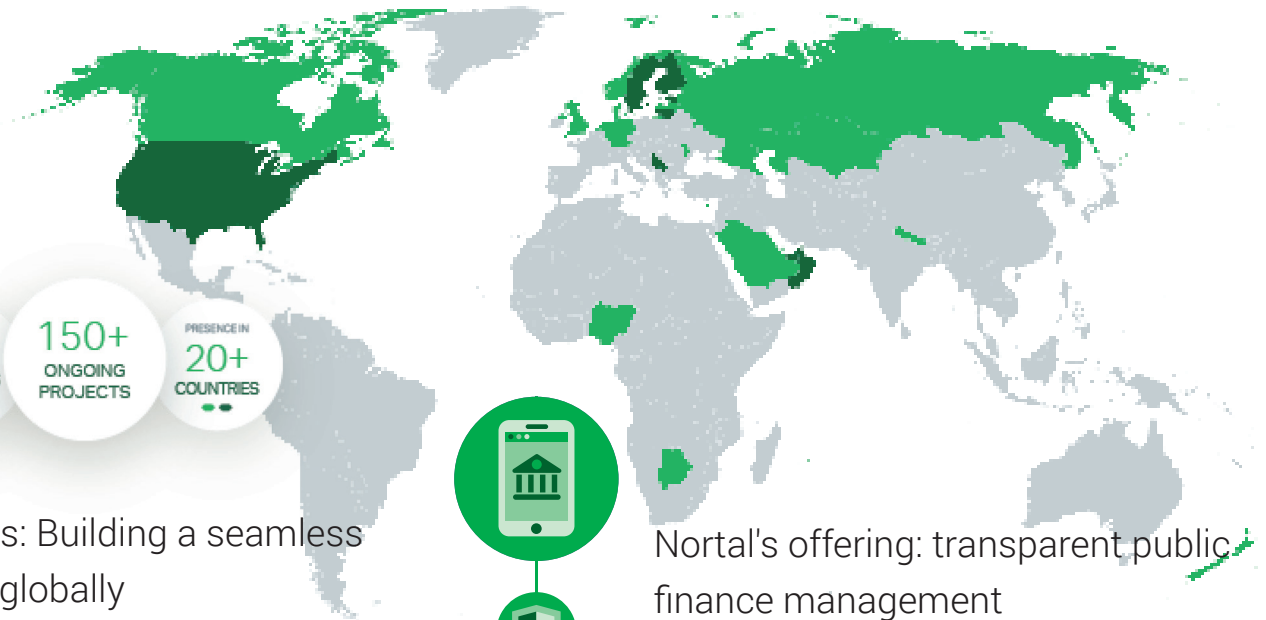
What value does this deliver?

The value of this project has been immense. GIFMIS has become a true success story known right across Africa. As part of GIFMIS, Nigeria moved all the government's money to a Treasury Single Account (TSA). During the process, more than 20,000 government bank accounts were closed, and now the Nigerian government saves on average 13 million euros a month on banking fees. What's even more impressive, the government has reported that they have saved more than 7 billion euros after switching to the TSA. That's almost as much as Latvia's state budget for the whole year. GIFMIS also helped to reveal around 60,000 ghost workers on the government payroll.



⁴ Public-sector digitalization: The trillion-dollar challenge, McKinsey&Company, 2014
<http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/public-sector-digitization-the-trillion-dollar-challenge>

⁵ Technologies for Better Tax Administration. A Practical Guide for Revenue Bodies, OECD, 2016
<http://www.oecd.org/publications/technologies-for-better-tax-administration-9789264256439-en.htm>



10
BRANCHES

150+
ONGOING
PROJECTS

PRESENCE IN
20+
COUNTRIES

About us: Building a seamless society globally

Nortal is a multinational strategic change and technology company. Combining the unique experience of transforming Estonia into a digital leader and creating change in businesses with a strategic approach and data-driven technology, our vision is to build a seamless society.

Nortal works to build a seamless society that stands on three pillars — enterprise, e-health, and e-government. In each of these three areas, Nortal has helped very influential customers achieve strategic change and build better experiences.

Operating in Europe, the Middle East, Africa, and North America, Nortal doesn't just provide IT services, but actual structural reforms, focusing on the underlying impact on the target organization, whether it be governments, hospitals or private enterprises.



Nortal's offering: transparent public finance management

Public finance management is the fiscal backbone of any government. We at Nortal believe it is paramount to have a transparent system that covers everything from fiscal policy making to the implementation of the budget cycle.

Nortal has conducted large-scale strategy development, change management, and technology projects. We have also been responsible for reforming fiscal efficiency worldwide.

Our competence and solutions cover all aspects of public finance management, including: treasury management, budget cycle (from preparation to execution to management), government spending (funds distribution and resource management), revenue collection and tax management, state statistics management and policy impact assessment.

Get in touch with our expert

Andres Raieste, currently head of the Public Finance Management e-government business area at Nortal, is among the world's top experts in e-government transformation and analytics. During more than six years at Nortal he has worked on numerous large-scale projects and reforms, including fully digitalizing Oman's tax authority and business registry.



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