Public Sector Reforms in Africa

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Public Sector Reforms in Africa
Nigerian Perspectives

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Introduction

Funmi Adewumi & William Idowu

> 'A civilisation that proves incapable of solving the problems it creates is a decadent civilisation,
> A civilisation that chooses to close its eyes to its most crucial problems is a stricken civilisation,
> A civilisation that uses its principles for trickery and deceit is a dying civilisation' (Aime Cesaire, in: 'Discourse on Colonialism')

The above quotation aptly describes the attitude of the Nigerian state to the resolution of its crises of development since independence from Britain in 1960. All the attempts so far made in this direction would appear to have failed to address the fundamentals of the crises, which lie in the nature of the neo-colonial dependent satellite economy. This explains why the problems keep recurring. The problem of the public service, the focus of this volume, is not an exception in the failure of policy measures designed to address problems that they were meant to solve in the first place.

The emergence of government as the custodian of public interests imposes certain obligations on it. These include the provision of basic services and infrastructure needed to sustain and improve the quality of life of the people. Most people cannot afford these services were they left for private individuals to provide. In addition, the manner of the emergence of modern societies has not made the private sector sufficiently well developed and positioned to lead in the provision of such services, partly because of the huge financial resources required. This is partly the reason why governments are involved in the running of enterprises, and Nigeria is not an exception.

The participation of the state in enterprises in Nigeria dates back to the colonial era. The task of providing infrastructure such as railways, roads, bridges, water, electricity and port facilities fell on the colonial government due to the absence of indigenous companies with the required capital as well as the inability or unwillingness of foreign trading companies to embark on these capital-intensive projects. It also should be added that at that point in time the colonial government was almost solely involved in running the affairs of colonial Nigeria. This involvement was expanded and consolidated by the colonial welfare development plan (1946-56) that was formulated when the Labour Party came to power in the United Kingdom.

The need to fill the void created by the virtual non-existence of a private sector and perhaps, the more compelling need to let the citizenry enjoy the benefits of independent nationhood equally dictated the involvement of government in these areas in the immediate post-independence period. At independence in 1960, the government ventured into a wide range of business activities, ranging from municipal services through air transportation, banking and financial services to telecommunications. This was in line with the practice that obtained in a large number of countries which adopted the model of development termed a mixed economy, i.e., a combination of public and private ownership of the means of production (in actual fact a variant of capitalism). The involvement of government was sustained by successive administrations and by 1999, it was estimated that about ₦800 billion had been so invested in running the various services and enterprises.

The machinery of government is usually coordinated by a corps of officials with the necessary education, training and skills needed to ensure delivery of services to the people. They are to be found in ministries, departments and agencies that constitute the public service. Given that government constitutes the executive committee of the state, it means that those who control the apparatus of government would expect public or civil servants to help in implementing their agenda; that is, translating political manifestoes and electoral promises into action. Essentially, it is through the public service that the direction and agenda of development are determined, even if government's direct involvement in specific economic development activities is minimal. According to Adegoroye (DG, BPSR) (2005), 'Public Service refers to an agglomeration of all organisations that exist as part of government machinery for the delivery of services… The Public Service is the administrative machinery for implementing policies and programmes and for ensuring continuity of administration'. In a similar vein, Awosika (2006) argues that 'the civil/

public service is the major instrument used by government to manage development'. The men and women employed in the service are expected to help in translating government policies and programmes into action. The public service can then be regarded as the engine room of the development process or the fulcrum on which the wheel of development revolves. The service is thus 'the policy adviser, programme formulator, executor and agent of political communication' (Awosika 2006:395).

As such, the vibrancy, efficiency and effectiveness (or lack of these) of the public/civil service have implications for national development. No matter the extent of government's direct involvement in economic activities or ventures, governments all over the world regulate the activities of all those involved in different spheres of national life. Deriving from the foregoing, it is probably not totally misplaced to blame problems of the economy on those who control or operate the apparatus of government, both the political office holders who decide on policy direction or programmes to implement and the career public servants who assist the politicians in policy implementation. Quite often, politicians lacking in character and integrity are always eager to blame their non-performance on the civil servants who they have virtually supplanted by the use of consultants and whose professional advice they routinely disregard. There is also the additional problem of each regime trying to employ their cronies into positions within the service, irrespective of their qualifications.

Since the end of the Cold War and the ascendancy of capitalism as the dominant ideology in a new world order championed by the United States of America, conscious efforts have been ongoing to impose the current version of capitalism, neo-liberalism, on the rest of the world. The push for less involvement of the state in running enterprises as well as the cut in public expenditure are components of this paradigm shift, that are well articulated in the economic reform package of the Obasanjo government labelled National Economic Empowerment and Development Strategies (NEEDS), put together at the behest of the International Monetary Fund (IMF) as a follow-up to the Interim Poverty Reduction Strategy Paper (IPRSP) presented to the Fund by Nigeria like some other debtor countries in order to obtain some relief. All the sundry excuses given by the Nigerian government as justifications for the PSR are meant to create the false impression that the reform was its own initiative. The major aim of the reform was cost-cutting, hence the obsession with down-sizing the public service workforce and selling off of public enterprises allegedly because they have not justified investments in them over time. The fact that two out of the four key 'legs' of NEEDS address 'macroeconomic stability as well as accelerated privatisation and liberalisation of the economy' and 'public service reform, including reform of public expenditure, budgeting, accounting, etc' (Adegoroye 2005) underscore the obsession with cost reduction.

It is against this background that the chapters in this book examine the public sector reform agenda of the Obasanjo government, bringing to the fore many issues, some fundamental, which those driving the reform have conveniently ignored or downplayed. Critical questions such as the rationale for the reforms, the efficacy of the policy options, among other things, are posed. The first two chapters, by Monye-Emina and Omar respectively, raise questions about the theoretical assumptions underpinning the entire reforms in the public sector. Of course, this runs through all the contributions. It is in a similar vein that all the contributions correctly locate the PSR within the broader context of the regime's economic reform package.

While Monye-Emina examines 'The Theoretical Basis of Public Sector Reform in Nigeria' Omar writes on 'Rethinking Public Sector Reforms in Nigeria'. Monye-Emina's contribution attempts a general critique of the outline and theoretical basis of the public sector reform programme in Nigeria, calling to question its theoretical basis as well as its design and implementation. He examines the framework of the reform, which is the New Public Management model which is rooted in the public choice theory. Of course, one fact that the advocates of the model refuse to appreciate is that it cannot be applied wholesale without coming to terms with the reality that the private and public sectors do not operate on the same basis or philosophy. As such, the same criteria cannot be used in assessing their performance. The reform exercise, though not peculiar to Nigeria, has seen increased divestment of government from the production and provision of hitherto public goods with collective ownership, which he believes may have adverse implications for the attainment of economic growth as well as national goals and aspirations.

In chapter 3, Omar further interrogates the reforms in the public sector, arguing forcefully that since the essence of government is to cater for the common good of the citizenry, policy instruments and policy outcomes of government should be tailored towards this end. Providing for the common good, he contends, includes providing the citizenry with gainful employment, adequate food, water, housing, health, education, roads, energy and security of lives and property. In other words, the raison d'être for the management of an economy and other government institutions is the material wellbeing of the people. This position is in tandem with the idea of the French political philosopher Jean Rousseau by governance as a social contract between the government and the governed. He then argues correctly that any government policy in public sector management, which falls short of this, is thus deemed to have failed, and thus calls into question, the legitimacy of the government.

After an analysis of certain aspects of Nigeria's public sector reform as enumerated in the 'National Economic Empowerment and Development Strategy' (NEEDS), Omar concludes that instead of empowering the people, the reform has rather succeeded in disempowering them, making life difficult for a majority of Nigerians. Rather than generating wealth, reducing poverty and creating employment, it is only a few people, members and allies of the political elite that have been enriched. In Omar's words, 'The reform has succeeded in creating wealth for the super rich, selling off government utilities to this class at concessionary rates, often using state institutions to give them credit lines'. This is the paradox of neo-liberalism, which makes the majority of the people 'victims of development'. According to Seabrook (1993:7), 'all over the world, more and more people are being disadvantaged by a version of development which, even as it creates wealth, leaves them with a sense of loss and impoverishment'. The chapter then insists that there is an imperative to search for alternative strategies, whose overriding focus should be in tandem with what positively affects the lives of the people. In other words, there is an urgent need for a rethink of public sector reform in Nigeria, which should focus on tackling microeconomic issues such as health, employment, education, and security.

The way successive Nigerian governments have approached the resolution of the crises of economic development suggests that the state has no obligation or responsibility to the people. The 'roll back the state' philosophy driving the entire reform agenda since the adjustment years of the mid 1980s has led to divestment of government interests in public enterprises, privatisation of basic social services and drastic reduction in the size of the public service. These have ended up denying the majority of the people benefits accruable from the commonwealth of the country held in trust on behalf of the people by the government. The approach of government raises the question as to whether they regard the Nigerian people as citizens who have rights or as slaves who should be at the mercy of their taskmasters in government. Unfortunately, this is an issue many commentators on the so-called reforms have refused to address, particularly in respect of the privatisation of public enterprises. Everything is viewed from the prism of the dubious neo-liberal economic perspective. This is the refreshing insight brought into this volume by Idowu's contribution in chapter 4 entitled 'Privatisation and Public Sector Reforms in Nigeria: Implication for Social Democratic Conception of Citizenship', where he highlights the dominant strategies for infrastructure investment and general economic growth and development. These include state ownership of the means of production as found in the socialist model and private ownership of the means of production, promoted by the capitalist model. His central argument is that the privatisation and commercialisation of government owned enterprises, a major plank of economic reform projects across Africa, is theoretically rooted in the paradigm shift that emphasises the private ownership of the means of production. In other words, the recession of the state from the control of public enterprises, thereby enthroning private ownership of the means of production, is considered the only viable approach to the efficient production of goods and services, as well as economic growth and development.

The chapter then examines the implications of this paradigm shift for the social democratic conception of citizenship in Nigeria. He submits that privatising erstwhile government enterprises, a move that prices the services hitherto rendered by government agencies out of the reach of the people, is a direct assault on citizens' rights as defined in the social democratic conception of citizenship. This is in addition to the fact that privatisation would likely make it impossible for most Nigerians to participate fully in its public life. In other words, according to Idowu, 'privatisation is likely to exclude members of the Nigerian society through the way the economy operates, leading to deprivation'. This is a major challenge for Nigerians and socially conscious scholars to take up, since the apostles of privatisation are conscious of what they are doing.

Within the Nigerian context, there is often a yawning gap between government's intention as enunciated in various policies and plans of action and the actual implementation, even when the plans are well conceived. It may as well be that there was no real intention by government to do what it claims. These are partly evident in the implementation of the public sector reforms in Nigeria and are addressed in Maikudi's contribution in chapter 5. Written against the background of government's consistent failure to 'achieve stated goals and objectives' this chapter addresses the negative consequences of the public service reforms. The contribution, entitled 'Civil Service Reforms in Nigeria (1999-2007): Dimensions and Consequences', looks at the dimensions of the reforms and government's justification for undertaking them. The gap between plan and outcome should not come as a surprise to keen followers of the development policy formulation process, particular since the seizure of the apparatus of government by agents of international finance capital during the SAP years. Contrary to the position of successive governments, these policies were foisted on them and it is usually their burden to justify them before to the people. Hence, they have to give some plausible excuses to sell the policies to the public. Of course, the announced intentions are not the real intentions and this explains what appears as gap.

The gap between pronouncements and reality is aptly demonstrated in the provisions of the Pension Act of 2004. The pension reform is one of the major issues addressed by the Obasanjo government. The selling point of the new Act was that it would solve the problem of pensioners who do not get their benefits as, and when due. However, a scrutiny of the Act reveals that the real beneficiaries are the insurance companies and not the Nigerian workers. Again, this forms the main thrust of yet another contribution – Aborisade's, in chapter 6, with the title 'An Assessment of Nigeria's Pension Reform Act 2004'. In it, he examines the newest legislation on pension in Nigeria, identifies the weaknesses of the Act and suggests necessary improvements that should be made to the legislation. According to Aborisade, given the experience with the previous pension system in Nigeria, an irresistible conclusion that emerges from the analysis of the Pension Reform Act is that it is rooted in a neoliberal paradigm shift. Contending that the level of economic development should place limits on labour market flexibility in developing countries, the paper makes a case for a comprehensive review of the Act to make Nigerian workers its real beneficiaries.

The issue of who really benefits from the PSR or the interests of those best served by the reforms is also at the heart of Adewumi's contribution in chapter 7. Entitled,'Victims as Sacrificial Lambs: A Critique of Public Service Reforms in Nigeria', the chapter looks at one of the components of the public service reforms which addresses what is called 'down-sizing'. He contests the argument that the public service is over bloated and inefficient, arguing that a public sector workforce of less than 2 per cent of the entire populace cannot be correctly said to be too large. As such, to have pre-maturely discharged tens of thousands of workers in the public sector amounts to passing the burden of the reforms on the lower cadres of the service who are victims, in the first place, of an unjust system. This is similar to the manner in which the masses of Nigerians have been made to bear the brunt of the wider economic reform programmes, which is the context of the public service reform itself.

The chapter also examines other components of the public service reforms such as privatisation and commercialisation of public enterprises, and the pension reform. The conclusion is that the size of the public service workforce (which is only about 10 per cent of total employment in Nigeria) is not a problem in itself. Rather, the fundamental problem of the Nigerian economy lies in its neo-colonial character as well as in the parasitic elite, both political and bureaucratic, that manages the system.

What comes through all the contributions is that the public sector reforms in Nigeria are seriously flawed both in conception and implementation. Rather than addressing the fundamental problems of the Service, it would appear the reforms amounted to punitive measures designed to deny the majority of Nigerians the dividends, not just of democracy but also, of citizenship. Apart from loss of employment (which affects dependents of public servants), the privatisation of public enterprises and withdrawal of government from providing social services, have further imposed hardship on the people. Even the global reform agenda of the government have had the same adverse consequences on the people. The fact that previous attempts at reforms have not really achieved anything or that problems remain in spite of previous attempts really call to question whether the problems of the public service, or the Nigerian economy and polity as a whole, have been properly diagnosed. Adewumi made this point in this volume when he argues that if all the 'ills' identified against the service are true, 'it either means that the real problems of the public service have not been identified or that the wrong solutions have been applied. The contention here is that it is a combination of both. As is becoming customary of managers of the Nigerian state, the real issues are neglected while precious and allegedly scarce resources are wasted in chasing shadows'. The truth is that most of the issues and problems identified as plaguing the service can be addressed as a matter of routine only if the political will is there. There is no human system that does not need periodic review to ensure that it keeps abreast of changing developments, both within and outside. After all, it is often said that change is the most constant phenomenon in human lives

In a more fundamental sense, the contributions have also challenged the development paradigm adopted as the framework for solving the problems of the Nigerian economy and society. The capitalist model, including its prevailing variant of neo-liberalism, has never been helpful to the cause of the masses of the people, not only in Nigeria but also in the developing world as a whole. This is the import of Lempet et al's (1995:xi) argument. In their words:

> The typical development plan is written by bankers and economists or by Western-educated technicians from developed countries and most privileged sectors of developing countries; these are specialists whose particular skills have been perfected but whose overall view

> of development has often been limited. Often, the plans they preset are a series of measures that reduce a developing country to the level of a business enterprise rather than recognising it as an amalgam of peoples, interests, and traditions. The standard development plan, as prepared by the World Bank or a bilateral agency like the U.S. Agency for International Development or funded by government of an industrialised nation or the host government, begins with a particular worldview that drives its conclusions and, in many cases, the mistakes that have been made in the name of development.

The above is an apt summary of the development planning experience in Nigeria. Herein lies the challenge and the need to confront the crises of development in Nigeria. It demands the insistence on an approach that puts people at the centre of the development process. It means that development policy formulation, planning and implementation must involve all the people and we believe that there are existing structures at all levels of the Nigerian society that can be used for this purpose. These include CBOs, CBAs, artisanal groups and professional bodies as well as sundry interests groups. In addition, sectoral reforms should involve all stakeholders in the specific sectors and they should be encouraged to initiate reforms when necessary. The finer details of this new approach to development should challenge the readers of this volume and all those genuinely concerned about the Nigerian situation. A situation whereby reforms are imposed from outside is unwholesome and counterproductive. This is the bane of the Obasanjo reforms.

2

The Theoretical Basis of Public Sector Reforms in Nigeria: A General Critique

Anthony I. Monye-Emina

Introduction

The state in Nigeria, a very crucial economic agent as in other countries, hitherto regulated the interaction between and among other economic agents and also sometimes engages directly in the creation of utility via the production of goods and services for the people. It is often claimed by some scholars that the primary purpose of its activities involved the provision of a level playing field as well as catering for the weak segments of the society so that none is left behind in benefiting from the national output. However, the fact that many people and groups in society are short-changed by many policies and actions of government gives the lie to this claim. In addition to this, and very importantly, the state plays an interventionist role when the market system failed or broke down in allocating resources efficiently and equitably. For investment projects which required huge capital outlay beyond the capacity of private sector agents, the State came to the rescue. It had discharged these functions creditably over the years through its public sector organs and institutions. This had implications for state-society relationship.

However, recently, public sector reform has dominated policy design and actions and discourses in socio-economic and political circles although it had been a long-standing item in the general reform agenda encapsulated in the Structural Adjustment Programme (SAP) of the 1980s and 1990s. The exercise is not peculiar to developing countries as the developed world grappled with it in the late 1970s and early 1980s. In the latter countries, the rationale for it is explained by a number of factors. These include increased demand for service quality, pressure on government due to financial crisis and the challenges associated with the globalisation of capital and investment. For the less developed countries, the reform is informed by a search for alternative methods of public administration due to 'bureau pathologies'. For the heavily indebted developing countries, it is more due to external pressure from aid donors and creditor nations (Haque 2007).

The reform of the public sector, both in the developed and developing countries, has naturally generated concern. The issues of concern range from the rationale through its propriety to implementation as well as the implications for sustainable development and poverty reduction. As pointed out earlier, the exercise has been an integral part of SAP which itself is rooted in the 'Washington Consensus'. Currently, it features prominently among the items in the general reform programme in Nigeria. This is against the backdrop of seeming recriminations by the architects and proponents of the Structural Adjustment Programme. The recriminations arise from its apparent failure to exert the much expected positive impact on the economies of the developing countries in Africa in particular (Zagha et al 2006). This chapter proposes to carry out a general critique of the theoretical basis of the public sector reform including its design and implementation in Nigeria, especially against the backdrop of the country's experience with Structural Adjustment Programme. This is with a view to establishing the propriety or otherwise of the theoretical framework of its conception and implementation.

The Nigerian Public Sector in Brief

In Nigeria, as in other countries, the public sector is a vital organ of government. It is a principal organ of government used in achieving the economic, political and social goals of the state. These goals are usually influenced by the objectives of the existing government which for Nigeria, generally, has included the following:

i. Achieving/maintaining national unity.

ii. Accelerating national development in order to achieve self-reliance and improvement in the living standard of the people;

ii. Nurturing the country for a speedy entrance into the scientific and technological age;

iv. Playing increasing role in the comity of nations.

Arising from these, the public sector is expected to promote national unity, rapid socio-economic and technological development and formulate and implement policies in an ever-changing and dynamic environment. In addition to these, it is to aid the growth and development of private initiatives, manage government data, operate an open, humane and sensitive civil service as well as an administrative system which is development-conscious, and with efficient and effective performance orientation. It is also expected to operate a personnel management system which will allow for professionalism, specialisation, excellent motivation, high morale and a satisfying career for public servants (Dada 2005). No doubt, from the above, the public sector is saddled with enormous responsibilities.

In terms of evolution, structure and features, a country's public sector is largely influenced by its socio-political, cultural and historical experience. According to Ekaette (2005), for any nation, the structure and features result from a complex interplay of its socio-economic aspirations and development objectives, cultural influences, political considerations and the evolution of public service administration. For Nigeria, the public sector, including its structure and features, evolved from the country's colonial history being a former appendage of the British Empire. In the early colonial period (1914-1946), the system operated as a centralised military-civil-service type with British military field officers as the principal personnel. It also had an admixture of indigenous traditional and British values. Later constitutional and political developments influenced the outlook of the sector as it became decentralised between 1946 and 1966 with the emergence of Federal and Regional (later State) organs. From the period after independence the public sector in Nigeria dealt with a variety of governments and governance systems. These are civil, military, parliamentary, presidential, quasi-federal and semi-military. The military and quasi-federal has had the longest period and the most profound impact on the sector.

The number of public sector organs in Nigeria is not easy to determine as it is fluid and changes in response to the aspirations of the government in place. Until very recently, there were about 31 federal ministries, over 300 executive offices, extra-ministerial departments, agencies, parastatals and corporations. These are in addition to government interests in various businesses and so on (Ekaette 2005). It just suffices to note that from this, the Nigerian public sector is considerably large.

Two factors greatly influenced the sector and its contribution to the actualisation of national goals, especially since the 1970s. These are the governance system (military) and oil windfall occasioned by positive developments in the international oil market. Both of these altered and expanded, radically, public sector activities in the country's socio-economic and political life. There was expansion of control over the private sector, investment in key areas of the economy and creation of new institutions and expansion of existing ones. In addition to this, in the political sphere, more states and local government areas were created, thus altering the country's political configuration. This had implications for the public sector at the state and local government levels, one of which was rapid expansion in government/public sector expenditures.

It is important to note that the Obasanjo reform of the public sector in Nigeria is not the first. The sector had, on different occasions, been declared inefficient, wasteful and underperforming with evidence of political and bureaucratic abuses, thus necessitating the reforms. In its history, the county has made well over 10 reform attempts both major and minor, with the first dating as far back as 1945-47. The last major one (in terms of impact and ramification) was in 1988 and expanded the number of departments and created ministries to the extent that government expenditure expanded from 29 per cent to about 50 per cent of GDP (National Planning Commission 2005). These reforms were embarked upon via the report of committees and commissions set up to examine the way the sector operated. Most focused on salaries and wages with a few giving attention to the transformation of the public sector into a performance-oriented organ of government. Yet, others were set up to deal with complaints arising from some of the reforms and sometimes ended up revising some earlier measures.

Outline/Theoretical Sources and Assumptions of Public Sector Reform in Nigeria

An attempt is made here to present and discuss the outline and theoretical sources as well as the assumptions of public sector reform in Nigeria. First, attention is given to conceptual clarifications and the theoretical sources of public sector reform.

Conceptual Clarification and Theoretical Sources of Public Sector Reform

Public sector reform is a systematic intervention directed at the structure, operations and procedures of the public service with the purpose of inducing its transformation as a multi-facetted agent of change as well as an instrument of national cohesion and socio-economic development. It principally involves restructuring of the organisation of the public sector, public personnel management and public sector work-place relations. It also encompasses restructuring of remuneration and conditions of employment/service, as well as management and operational practices. The process in most parts of the world has involved total and partial shedding of some seemingly obligatory government businesses and interests in enterprises such as transport, housing, communication, banking, power and energy (Nethercote 2003; Adegoroye 2005).

It is pertinent to note that the public sector reform model in operation in most countries, including developed and developing, is the New Public Management variant which posits that management, as an activity, can be applied to public and private businesses alike. The elements of this new approach to public sector management are succinctly detailed by Hood and Jackson (See Bale and Dale 1998). They include a move from input controls, rules and procedures towards output measurement and performance targets; that is, accountability framework. This framework calls for the devolution of management control with improved reporting and monitoring mechanisms; preference for private ownership; contestable provision, and contracting-out of publicly-funded services; adoption of private-sector management practices in the public sector, such as short-term labour contracts and so on.

The theoretical sources of this New Public Management model, among other things, include the property rights, public choice, transactions-cost and principal agent theories. The model is also linked to some schools of thought which include neo-classical economics and new institutionalism. According to the Property Rights theory, property ownership type gives rise to different economic incentives and therefore different economic performance. Private sector enterprises with clearly defined profit rights will perform better than the public sector where such rights are diffused. In other words, a public enterprise without a residual claimant is bound to operate less efficiently, reasons being that there are no strong incentives to hold management accountable and no one single individual clearly benefits from its effective operation. The implication of this is that private enterprises are believed to be more efficient than their public counterpart (Obadan et al 2004). This position is highly contestable because there is little empirical evidence to support this claim in Nigeria. Private sector organisations keep collapsing under the yoke of inefficiency and corruption (the banking sector, before the recent consolidation exercise is a good case in point).

Public Choice theory is more or less the study of politics with economic principles. It uses the principles applied in the market place to analyse actions in collective decision-making. The conclusion that there exists a fully informed and perfectly altruistic government, devoted to the maximisation of the people's welfare and also perfectly responsive to their preference, has no ground in reality. One reason is that, in the political market place, the actions of politicians and bureaucrats may portray concern for others but their main motivation is self-interest. Yet another reason is that politicians and bureaucrats use public enterprises to further their own self-interests, rather than pursue its efficiency and care for the welfare of the populace. In doing this, undue emphasis is placed on revenue maximisation which is used to pay for patronage. This in turn leads to output expansion beyond profit maximising levels, thereby causing inefficiency in the operation of such enterprises. Invariably, such enterprises will not be in a position to help government to attain the goal of maximising the welfare of the people. The principal-agent theory focuses on the self-interest of all stakeholders which include principals (citizens) and agents (politicians and bureaucrats in both the public and private sectors). It is based on the idea that the relationship between parties is characterised by a series of contracts where a principal is in agreement with another, the agent, who pledges to perform tasks on behalf of the former in return for compensation. The transactions-cost theory in its approach compares planning, adapting and monitoring costs under alternative governance structures. This is because decision-makers would want to minimise their aggregate costs of production and transaction (Bale and Dale 1998; Felkins 2006; Haque 2007; Obadan et al 2004; Shaw undated).

Neo-classical economics advocates individual choice, production and distribution of output and resource allocation based on the market forces of demand and supply. This school of thought has been criticised on grounds of normative bias, undue emphasis on individuals in the economy and lack of understanding of the economic and social life of man. New institutionalism posits that the pursuance of individual self-interest is best for the society. It therefore proposes a restructuring of institutional rules and norms to facilitate the pursuit of individual self-interest. Thus, these schools of thought stress the promotion of self-interest as against the collective. They advocate reform via a restructuring of extant rules and norms to allow market forces allocate resources efficiently in order to promote individual self-interest for the good of the society. The assumptions that informed this position include the existence of perfect information/knowledge and independent individual action based on full and relevant information. Others include rational and utility maximising behaviour by economic agents who are motivated by self-interest, flexibility of wages and prices with competitive market existing in the economy. In strict economic sense, these are Pareto optimal conditions which in the real world do not exist and are also difficult to attain.

The argument for the application of competitive market forces in the allocation of resources is based on the premise that they are more efficient than state monopolies. In other words, the rational behaviour of profit and utility maximisation is believed to be more appropriately served through the market as government's provision of social services is wasteful. Economic agents in the society are driven by 'economic self-interest'. The vote-seeking politicians, for instance, and their bureaucratic counterparts can use their regulatory and distributive powers respectively to offer privileges, thereby distorting allocative efficiency. In the past, the case for government intervention was based on the premise of 'market failure'. The argument for the current reform is informed by the position that there is also 'government failure'. In other words, government intervention may not produce, and has not produced, the desired result. Therefore, its role in the economy should be confined to security and law enforcement. Implicit in this is that the pursuit of self-interest promotes economic efficiency which in turn benefits the society as a whole. Government intervention in economic activity is considered an aberration and an upset to the good sense of the principle of rational behaviour (Haque 2007; Oshionebo 2004; Shaw undated). It thus appears that we are confronted with a vicious cycle by which either way the people are the losers. What this means is that, in itself, a particular approach is not the problem but what is made of it by those in charge and the expected beneficiaries.

Public Sector Reform in Nigeria: The Outline and Theoretical Assumptions

In Nigeria, after the initial heat generated by the Structural Adjustment Programme, public sector reform received a renewed interest and effort in the last few years as part of a new general reform agenda. The elements of the exercise are contained in the country's National Economic Empowerment and Development Strategy (NEEDS) and its complementary programmes in the states and local governments (SEEDS and LEEDS). It is supposedly 'home grown' but thrives on the endorsement of the International Monetary Fund which classified it as tough as, or tougher than, the standard Fund reform programme. In addition to this, it is said to be well-laid out and transparent, having well-defined performance benchmarks and providing for quarterly monitoring by, again, the International Monetary Fund (National Planning Commission 2005; Okonjo-Iweala 2005).

Essentially, the main focus of public sector reform in the country includes:

- Public service restructuring with focus on efficiency;
- Responsive service delivery;

- Accelerated privatisation and liberalisation;
- Rebuilding physical and social infrastructure;
- Reform of financial\fiscal management.

What the programme means and implies are manifested in the reforms programmed for the public and civil service in particular, which include:

- Right-size the sector and eliminate ghost workers;
- Restore the professionalism of the civil service;
- Rationalise, restructure and strengthen institutions;
- Privatise and liberalise the sector;
- Tackle corruption and improve transparency in government accounts accounts, of government agencies and joint venture oil companies;
- Reduce waste and improve efficiency of government expenditures;
- Enhance economic co-ordination.

This supposedly 'home grown' programme which is endorsed by the International Monetary Fund is said to be informed by the following:

- Bitter historical experience with previous IMF adjustment programme;
- Peculiar need for true ownership of reforms;
- Depth of adjustment required – large and significant – hence need for true ownership;
- Nature of the programme, which has been endorsed by IMF. (Okonjo-Iweala 2005).

No doubt, the rationalisation of public expenditure in order to achieve fiscal viability and lessen the dominance of unproductive investments, improve its efficiency and intensify its growth is the major motivation and feature of the reform programme for Nigeria. This is informed by the belief that the public sector was a major cause of structural imbalance in the economy. The sector's share in investment and production was said to be high. This caused government expenditure to rise rapidly. This expansion was financed via internal and external sources. Both sources of financing induced expansion in money supply and public sector expenditure and, by implication, aggregate demand. The resulting increase in aggregate demand as stated earlier generated excess demand pressure and price increases. The pressures arising from there were mitigated through import which further compounded the country's problem of deteriorating balance of payments position (Adeyemi 1993; Mbanefo 1993; Obadan and Ekuerhare 1993; Onah 1993).

The link between the elements of the public sector reform programme in Nigeria and the theoretical sources discussed in the preceding sub-section is apparently very clear. The Nigerian public sector was said to be large, inefficient, wasteful and underperforming, with evidence of political and bureaucratic abuses. Politicians, military and civil, who claimed to be motivated to serve public interest, ended up serving themselves. The sector operated as a 'no man's business'. This, by implication, meant that there was 'government failure'. Its reform was therefore considered imperative, to allow market forces to allocate resources and therefore enthrone efficiency. This required a restructuring/reform of norms, rules and institutions operating in the sector such that market forces will allocate resources efficiently in order to promote individual self-interest for the good of the society.

So far, the programme's implementation entails a lot and has several defining features and implications. First is that public sector reform from available evidence has entailed commercialisation, privatisation and liquidation as government and public sector organs are said to be unable to provide services effectively and efficiently (Adeyemo 2005). Public institutions having the character of 'national monument' and 'national identity' have been privatised or marked for the purpose . Utility provider institutions, including producers of public goods such as electricity, potable water and even transport and communications have already been privatised and liberalised or are on the verge. At the heart of and driving this exercise is a newly established institution for the purpose – National Council on Privatisation (NCP). This provides the policy framework for the Technical Committee on Privatisation and Commercialisation now known as Bureau of Public Enterprises which implements the privatisation policies.

Public sector reform in Nigeria has also entailed large-scale worker retrenchment under the euphemisms of 'down-sizing', 'right-sizing', 're-organisation' and 'restructuring'. In other words, a sizable proportion of the work force in the public sector has been disengaged. This is either by induced retirement or outright lay-off. Some of these lay-offs have also resulted from 'restructuring' and/or 're-organisation' in the privatised and commercialised public institutions.

The programme has also implied removal of key government parastatals from mainstream public service and their establishment as autonomous institutions with distinctive features and incentives. Market-based or market-driven performance criteria have also been developed for the remaining state bureaucracy. This has seen the emergence of the phenomenon of 'contracting-out', 'out-sourcing' and 'user charges' for public utilities. The emphasis now is on budget and management performance as against procedures and input control.

The exercise also implies the reform of financial/fiscal management and has necessitated the introduction of a number of measures. These include the principle of due process, monetisation of the benefits of public servants and public procurement reform which aims to enthrone transparency in public sector transactions among other things. These are said to be informed by the desire to curb corruption and promote efficiency and effectiveness in the sector.

The reform exercise has witnessed the sale of government properties such as houses and motor vehicles in questionable circumstances and usually to cronies of the political and bureaucratic elite. A complement of this is monetisation which is a key element of the reform programme. With monetisation, public servants are paid for supposedly lost benefits from the reform exercise like official vehicles and quarters, chauffeurs, domestic servants and so on. This was considered desirable in order to reduce government expenditure through reduction in money expended on the maintenance and servicing of such benefits and properties.

The education sector is also receiving its own dose of the reform pill. Secondary schools set up for pursuing the goal of national unity have been earmarked for sale to private sector bidders. The development in this instance has caused further deterioration in the funding of public education institutions while private individuals and organisations are encouraged to become major players. In this regard, nearly thirty private operators have been granted licenses to open universities since the reform commenced with renewed vigour. The interesting point to note here is that the number is almost matching that of similar public institutions owned by the federal and state governments combined. This development is without regard to the standards and quality in these institutions. The implications of this for human capital development are obvious.

The reform of the Nigerian public sector is currently said to have recorded remarkable achievements. There are however questions begging for answers. These bother on the propriety of its theoretical foundation, for instance, in the light of the general reform experience of developing countries, beginning with the Structural Adjustment Programme vis-à-vis the features of the economies; Nigeria's in particular. There are also issues concerning the general welfare impact of the reform programme.

This is because the present reform programme can rightly be said to be a continuation of the erstwhile Structural Adjustment Programme, which impacted negatively on most Nigerians.

General Critique of the Public Sector Reform in Nigeria

To begin with, considering the assumptions and the theoretical foundations of public sector reform, its propriety in the light of Nigeria's situation is in doubt. The New Public Management model and its associated schools of thought are hinged on the operation of market forces and the pursuit of self-interest in order for resources to be efficiently allocated for the benefit of the society. The effective operation of market forces however depends on the satisfaction of certain conditions/assumptions. In a Pareto optimal world, the introduction of one or more constraints which prevents the attainment of the conditions indicated in the preceding section via a breakdown of one or more of the assumptions will prevent the attainment of allocative efficiency. In Nigeria, as in other developing countries, several constraints exist which prevent the attainment of the conditions. The existence of the constraints therefore suggests that the public sector reform as currently designed and implemented may not guarantee allocative efficiency; a major goal of the exercise. Thus the country, while not getting the benefit of allocative efficiency, also suffers the social and political consequences of public sector reform. In other words, a neglected fact is that the conditions for the successful operation of market forces to effectively and efficiently allocate resources are non-existent in the developing countries, including Nigeria. The implication of this is that the public sector reform programme in the country may not yield the expected result while there is nothing to suggest that resources will be allocated efficiently.

Also, the decline in the performance of public institutions prior to the reform can, in one way, be attributed to the uncontrolled quest for the pursuit of self-interest which the New Public Management advocates. In fact, as noted in some quarters, the society's affluence in privately produced and owned goods is the cause of crisis in the supply of public goods. Unfortunately, this crisis, which is traceable to selfish and unguarded accumulation of wealth by the individual at the expense of the public and the larger society, is erroneously interpreted to mean inefficiency of the public sector; that is 'government failure'.

The public sector reform programme has turned out more or less to be the final onslaught on the state capitalist model of accumulation. With the principle of market forces, the programme aims to supplant the extant model with domestic bourgeoisie by entrenching the capitalist mode of accumulation; of course with the collaboration of supra-national institutions – IMF and World Bank. As noted by Haque (2007), the public sector reform generally is an assault on the sector's collective culture, as it amounts to the dismantling of public agencies and institutions. It stresses preference of individual choices over collective citizenship rights while also excluding the entitlement of disadvantaged people to national output. The emphasis is on efficiency and value-for-money rather than equity.

The Keynesian revolution of the 1930s, which advocated expanded economic role for government, was the developed world's response to the great depression of the era. Apparently laissez faire, market forces and individualism had failed. It took collectivism, massive state intervention and, finally, the emergence of a welfare state to turn the economies around. It seems inexplicable that these principles and initiatives, which proved helpful in times of economic depression similar to the experience in the developing world, including Nigeria, in the last few decades, are now considered inimical to growth and development, and so must be jettisoned. This paradox simply shows that the arguments in favour of neo-liberalism are quite self-serving, with the Bretton Woods institutions finding ready tools in the subservient political elites who are in power.

Again, the very foundation of public sector reform programme is a likely source of its weakness. In public choice theory, which is one of the theoretical foundations of public sector reform, the same principles used to analyse the actions of individuals in the market place is also applied to public collective decision-making. This clearly does not recognise the distinction between the individual as an 'economic man' and the individual as a 'political man' (Haque 2007).

The developing countries' experience with the IMF/World Bank Structural Adjustment Programme is instructive. Nigeria and other developing countries had a bitter experience with the programme because the region did not take-off as expected. This is to the extent that recriminations have taken place in some quarters as the programme is said to have been based on a 'faulty diagnosis', thus erroneously recommending a 'one-size-fits-all' programme (Leipziger and Zagha 2006).The ongoing reform of the public sector in Nigeria appears to be heading in the same direction. There does not seem to be any evidence of a proper diagnosis with a view to determining the right type of reform and where it is required in light of the country's growth experience. In other words, there is no evidence that the present reform effort of the public sector is targeted at promoting either growth or efficiency, as may be required, to turn the economy around. The programme seems to be motivated by a 'bandwagon effect', that is, a desire to join the bandwagon of reforming countries.

As stated earlier, the reform has amounted to challenging public collective culture. This is evidenced by the incidence of privatisation and sale of public institutions and properties. There is yet no evidence of proof of superiority, in terms performance, of private to public agencies, as the former are not known to be better managed than their latter counterparts in Nigeria. As Aluko argues, 'much of the claimed success recorded by the private sector in Nigeria are not due to efficient operation and increased productivity. They are more due to 'profit' made from inflated contracts, patronage and corruption, among other factors' (See Adeyemo 2005). Thus privatisation, a major cornerstone of the reform programme, may not lead to the attainment of the goal of efficient resource allocation.

In addition to the above, as Obadan et al (2004) have observed, the benefits arising from privatisation and liberalisation have been reaped only by local elites. It has also further worsened income/wealth inequalities and subjugated social objectives. Hence, these, in addition to the fear of greater private sector exploitation due to market failures and evidence of poor evaluation, explain the concern and resistance to this aspect of the public sector reform in Nigeria.

The public sector reform also requires that the remaining public sector employees should do more and receive less pay. In other words, implicitly inherent in the reform programme is wage freeze which itself is accompanied by increased taxation. This development, in addition to privatisation and the consequent payment of economic fee for services hitherto provided by public agencies, have precipitated a rise in the cost of living which has adverse implications for the standard of living and general welfare of the populace.

There is, very importantly, the matter of the implication of public sector reform in combating poverty and the attainment of the Millennium Development Goals (MDGs). This as a result of the existing incidence of poverty and the added implication of unemployment arising from the retrenchment generated by the 'down-sizing' and 'right-sizing' and so on of the public sector. This particular point also puts a question mark on the sincerity of donor agencies and the developed world in their commitment to the pursuit of the MDGs in the developing countries. This is against the backdrop of their insistence on public sector reform with the obvious adverse attendant implications in the less developed countries.

Another important point is the fact that the laying-off of workers in the public sector actually limits the capacity of implementing the reform and of the public institutions performing their functions. The matter of performance in this regard is with respect to efficiency and effectiveness. Indeed, as observed, liberalisation of the economy may have provided opportunity of empowerment to Nigerians, this is at the expense of the nation's institutional capability and capacity to produce and deliver essential public goods, especially in sectors with human capital development implications. These are education and health (Economic Commission for Africa 2005).

The manner of the reform's implementation in Nigeria shows evidence of a hastily designed programme perhaps in line with the dictates of international donor institutions and agencies. The result is that there are already hints and indications of revision of some of the reform measures for obvious reasons. For instance, in the early part of the reform exercise, all the vehicles in the pool of 'Conference Visitors' Unit' (CVU) were sold to members of the public. This is believed to be one way of reducing government expenditure. However, the government now tends to spend more on vehicles to meet the CVU and other needs than it spent on servicing same in the hitherto existing pool. There are insinuations and indications that the government may reintroduce the pool. This is also followed closely by that of the sale of 'Legislators' Quarters' in Abuja, for which the new administration was about effecting a return to the status quo. In addition, the sale of the refinery at Port Harcourt to private operators has been reversed with hints of government building new ones.

Yet another important point worthy of consideration in respect of implementation has to do with the monetisation exercise. This has been abused more or less as the public servants, especially those in the top hierarchy and political office holders, who have been paid for seeming loss of certain benefits, are still enjoying them. Thus, one could still see public servants driving official vehicles, living in official quarters with domestic servants hired and paid by the government. This amounts to enjoying double benefits. This is indeed a very ingenious way of cutting government/public expenditure!

There is again the additional problem of shortage of resources to pay the terminal benefits and entitlements of personnel disengaged in the process of reform. One would have thought that if the intentions are genuine, adequate provisions would have been made for those to be affected by the fallout of its implementation, as obtained in other places such as South Africa, where people got their severance packages just as they were getting their letters of disengagement. A good number of people disengaged and retired prematurely experienced some delay in the payment of their entitlements, with obvious implications on their welfare.

Expectedly, resources would have been saved and accumulated from the proceeds of privatisation and seeming prudent expenses in the sector. It is also expected that the accumulating resources would be deployed to rebuild physical and social infrastructures as contained in the reform programme. This however is not the case. Physical and social infrastructures are still rundown, uncared for and deteriorating further. The energy sector has almost collapsed. Electricity is in short supply. Even the claimed massive infusion of capital to revamp the sector has not turned the situation around. The nation's four refineries operate in fits and runs; hence petrol, diesel, domestic and industrial kerosene and gas are always in short supply. The country has resorted to importation to meet the shortfall in supply. This development has created a new class of domestic merchants. The roads are barely motorable. The result is that several man-hours are wasted in chaotic traffic within and between cities due to the poor state of the roads. All of these have implications for production/productivity and security in the country. It also means that the excuse of using resources saved in the process of reducing government expenditure to improve infrastructure is only a ruse to secure public approval for the project.

The public sector reform in Nigeria lacks political backing and support in its implementation with respect to general acceptability. In other words, it neither commands general acceptability nor enjoys the needed support. Every aspect of the programme, especially privatisation, has been greeted with complaints, condemnation and general outcry. This is for the simple reason that its principles negate the acceptable norm of collective ownership of public goods and the consequent sharing of responsibilities and benefits. This is in addition to the fact that it has further compounded the poverty situation in the country

Conclusion

This presentation has considered the theoretical basis of public sector reforms in Nigeria. The reform package is more or less an affront on the extant state capital accumulation model. The element of privatisation and liberalisation challenges the public collective ownership principle. The reform has also meant short-changing workers by paying them less for doing more. The programme itself has also compounded the unemployment problem, thereby aggravating the poverty situation in the country. It has widened the gap between the 'haves' and 'have-nots' while also rendering the poor destitute. Infrastructure are still in bad shape.

Therefore, the content and manner of its implementation may not lead to the attainment of the national goals and aspirations. These call for a number of urgent remedial measures, some of which are considered below:

(i) There is need to reconsider the theoretical underpinning of the reform programme for Nigeria. There is market failure, due to imperfections in the economy, which will not allow for efficient allocation of resources by market forces. Also, considering the disproportionate distribution of wealth in the country, massive government intervention inclusive of a welfare package within a Keynesian macroeconomic framework is desirable. This should allow for substantial government presence in sectors such as transport and modern industry while also giving priority attention to production for domestic consumption. There is also need for the control of allocation of resources in some key sectors of the economy. In doing this, a genuinely home-grown and designed programme is a necessity rather than a borrowed model seemingly adapted.

(ii) While privatisation and liberalisation are desirable in some areas such as banking and hospitality (hotels and so on), because they are likely to service the interest of a few privileged, some key agencies producing goods having welfare implications should remain in the public sector domain. What is desirable is a restructuring and reorganisation of their mode of operation to make them responsive and able to improve on service delivery. For example, the newly introduced pay-as-you-consume method in the electricity sub-sector could have been introduced while it still remained in the public sector rather than privatise it

(iii) Following closely is the need for a regulatory and monitoring framework. This will be served by a revamping of the country's legal institutions. For the privatised agencies, the regulatory framework should make for the protection of public interest via rules that will regulate user charges. The Utility Charges Commission, in this instance, needs to be revamped as it currently appears to be dormant.

(iv) As a way of minimising the outcry generated by the privatisation exercise and reassuring the public, workers should be encouraged and assisted to acquire ownership and control of the enterprises from which the government is divesting.

(v) As for the disengaged personnel, a re-entry arrangement is desirable so as to put them back to employment. This may be in the form of skill-training and provision of soft loans such that would enable them establish new ventures of their own.

(vi) Public sector reform and the accompanying privatisation have induced some social costs to the economy. The proceeds from privatisation and liberalisation in particular should be used to mitigate such costs. This can be by way of improved investment in human capital and other social overheads. This should be in the form of rehabilitation of schools, hospitals, roads and security agencies.

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3

Rethinking Public Sector Reforms in Nigeria

Massoud Omar

Introduction

Public Sector Reform in Nigeria, a component of the National Economic Empowerment and Development Strategy (NEEDS) launched in March 2004 is, according to the Federal Government, aimed at reducing poverty, generating wealth and creating employment in the country. The central focus of NEEDS, according to the government, involves both a paradigm shift and re-orientation of government policies, with the ultimate goal of rejuvenating Nigeria to enable it face squarely and successfully the challenges and opportunities of globalisation and African integration. The pillars of NEEDS are macroeconomic and structural reforms, institutional and governance reforms and public service reforms. NEEDS, according to the government, was conceptualised as a national development strategy to anchor all sectoral reform initiatives of Government that hitherto existed as independent actions, for proper alignment within the overall goal of promoting good governance and accelerated national development.

The macroeconomic and structural reforms include deregulation, liberalisation and privatisation of a number of key state-owned enterprises that had 'previously been a drain on the national treasury or had not been able to make optimal contribution to GDP'. The rationale for this was that money thus saved would be channelled towards providing services such as water, electricity, good roads, etc., for the people. Institutional and governance reforms were embarked upon in order to 'eliminate corruption and leakages in government resources'. Anti-corruption institutions, including the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related

Offences Commission (ICPC) were established and strengthened to intensify the war against corruption. Public Service reform included right-sizing, which entailed a massive lay-off of workers in the public sector.

The reform, however, was undertaken without considering the realities of the Nigerian society. In Nigeria, and indeed in most African countries, government is very central to the lives of the people. Many people who were victims of rightsizing are the breadwinners of their families. Reducing the presence of government, through privatisation, rather means selling off public property and resources to the tiny rich segment of the population. This amounts to empowering the rich to the detriment of the poor in society. Contrary to the projections of the NEEDS, many Nigerians are today going through hard times. Basic amenities such as water, electricity, and health care are in inadequate supply. Security of lives and property is almost totally absent. The Federal Government claims that it has spent over N300 billion on roads, but most of these roads are in a very deplorable state. At present, incessant power outages and energy crisis are at a level unprecedented in the history of Nigeria. In 2006, the country generated 3,000MW of electricity, and the government promised that by the first quarter of 2007, the country would be generating 10,000MW. As we inch towards the third quarter of 2007, electricity generation has in actual fact declined by 2,000MW. Even though revenue from oil rose sharply in the last seven years, Nigeria is still importing refined products. It is estimated that about 70.2 per cent of Nigerians at present live on less than US$1 a day. The gap between the rich and the poor, town and country as well as regional disparities in marginalisation keep widening. Whereas the percentage of total income earned by the richest 20 per cent of the population in 2006 was 55.7 per cent, the corresponding figures for the poorest 20 per cent was4.4 per cent.

The Nigerian experience has shown that the World Bank/IMF model of reform, either under the guise of Structural Adjustment Programme (SAP) or the NEEDS, leads to the crippling of industry, the destruction of local capacity and initiative, as well as divesting the state of its social responsibility to its citizens. The current reform has only served to intensify the marginalisation of the people. A recent Civil Service Report on 'The Activities and Achievements of the Obasanjo Regime – 1999-2007' concludes that:

> In spite of the giant steps already taken by the Obasanjo administration in the economic and financial management processes of the country, there are still several challenges to be addressed because ... the state of infrastructure, particularly power and road network, is still far from expectations while employment generation potentials are yet to be fully exploited.

With this glaring failure of the government reforms, there is the need for a rethink of government strategies aimed at positively impacting on the lives of the majority of the people. This is the major issue, which this chapter intends to address, under the theme: Experiences and Experiments in New Public Sector Management in Africa.

NEEDS as a Development Strategy

For nearly 25 years, Nigerians have been going through all sorts of harsh economic reforms imposed on them by successive governments without any sustained gains accruing from them. The current reform of the public sector has tended to focus on macroeconomic policies such as fiscal stability, deregulation, privatisation, liberalisation, etc., with harsh consequences for the majority of the people. The implementers of the public sector reform are too obsessed with economic growth that they seem to have forgotten that the aim of any governmental reform is to impact positively on the lives of the ordinary people. The reform has become synonymous with economic growth without a corresponding increase in the standard of living of the people. This obsession with economic growth is, as stated in the NEEDS document, due to the fact that:

> Overall, growth in Nigeria has been really disappointing. Annual growth averaged less than 3 per cent for most of the three decades following the discovery and exploitation of oil. This era, through 1999, was bedevilled by waste, a bloated public sector, high public expenditure, a distorted budgeting system, and a weak private sector. Coming at a time when some of the world's fastest growing economies were growing by more than 10 per cent a year, 3 per cent real GDP growth was sad news (NEEDS Document:16).

Thus, in its strategies for attaining economic development, the government envisages to:

- Privatise, deregulate and liberalise the key sectors of the economy;
- Develop infrastructure, especially electricity, transport and water;
- Address the problems of financing the real sector, and mobilise long-term savings and investment;
- Target programmes to promote private sector growth and development (ibid).

So far, the focus of the government's reform efforts have been on privatisation, deregulation and liberalisation to the extent that the government seems to have forgotten that NEEDS also calls for efforts to reduce unemployment, poverty, access to basic health care, etc. Regular power supply, despite a massive injection of financial resources, still seems a far dream, while Nigerian roads are in a very deplorable state in spite of billions of naira allegedly spent on their rehabilitation. Government's performance in tackling poverty alleviation, construction and rehabilitation of roads, and ensuring stable power supply since the introduction of NEEDS is worth examining.

Poverty Alleviation

When the Obasanjo government came into office in 1999, over 70 per cent of Nigerians lived below the poverty line; life expectancy was 54 years, infant mortality stood at 77 per 1,000 births; maternal mortality was at the rate of 704 per 100,000 live births, close to 30 per cent of children under 5 years were underweight and access to safe drinking water was limited to about 50 per cent of the population (Ibid:95). In this regard, the government stated that there exists a Social Charter, that is, a contract between the individual and his government, which recognises his rights and responsibilities and promises to deliver to him the necessities for a decent human existence. These include potable water, food, clothing, shelter and access to adequate nutrition, basic education, primary health care, productive assets, security and protection from shocks and risks (ibid:95). Such posturing by the president gave an impression that the government was genuinely committed to addressing the plight of the Nigerian people. The policy thrust of NEEDS in this regard is to improve the quality of life of Nigerians significantly and create safety nets for the vulnerable section of the populace as well as to cater for those displaced by the dynamics of the reform process. To ensure effective reduction of poverty, NEEDS set itself the following targets:

- Ensure average per capita consumption growth of at least 2 per cent per annum;
- Create about 7 million jobs over the period 2004-2007;
- Increase immunisation coverage to 60 per cent by 2007;
- Provide access to safe drinking water to an average of at least 70 per cent (urban and rural);
- Achieve adult literacy rate of at least 65 per cent by 2007.

But have these statistics on the living conditions of Nigerians improved since the implementation of NEEDS in 2004? The answer is a definite no. Contrary to the aims and objectives of NEEDS, the reform has actually succeeded in further impoverishing Nigerians. This is because all the touted macroeconomic successes (reduced interest rate, stable exchange rate, etc.)

continued to be de-linked from the human and infrastructural problems on the ground, as in previous years. Consequently, the magnitude of development challenges at the micro and sectoral levels have either worsened or remained daunting. According to the United Nations Development Report 2005, 70.2 per cent of Nigerians are living on less than $1 a day. This places Nigeria behind countries such as Mali, Niger, Central African Republic and Tunisia (Appendix I). Similarly, the Central Intelligence Agency Fact Book (2005 edition), rates Nigeria among the worst 13 cases of infant mortality in the world. Thus, whereas 98.80 of every 1,000 children born in Nigeria died in their infancy, the situation was 95.32 in Ethiopia, 93.13 in Chad, 90.66 in Democratic Republic of Congo, 81.29 in Benin Republic and 6.33 in Cuba. Thus, the infant mortality rate in Nigeria is far above the world average, estimated at 50.11 per 1,000 live births. In terms of the Human Poverty Index (HPI) the UNDP ranks Nigeria as number 75 out of 103 developing countries. According to the UNDP Nigeria Comprehensive Indicator Report 2005, (available at its website) the probability of Nigerian females surviving to the age of 65 was 33.2 per cent. This is below the sub-Saharan African average (37%) and below the world average (73.1%). For Nigerian males, the UNDP estimates that only 31.6 per cent of all males born in Nigeria have the chance of making it to the age of 65. This again is below the Sub-Saharan African average of 33.8 per cent and the world average of 64.5 per cent (see Appendix II).

The Manufacturers Association of Nigeria Economic Review 2001/2002 came out with a damning report on the worsening plight of the industrial sector and the consequent increase in unemployment. The review states:

> By December 2001, there had been a loss of 115,660 jobs in the manufacturing sector during the year while by the same period, in 2002, there were 50,245 job losses. The worst affected area was the textile sector, which between January 2001 and December 2002 had reduced its workforce from 188,281 to 80,392. This translates to 107,889 job loss. This was due to the high rate of factory closures and divestment witnessed in the sector (p.14).

The report also indicated that there were additional job losses in the electrical and electronic, wood and wood product, domestic and industrial plastics and foam, basic metal, iron and steel, and the pulp and paper sectors. Further indicting the management of the Nigerian economy, the report added:

> Overall, the manufacturing sector could have done better in 2002 if not for a myriad of socio-economic obstacles – among which were the collapse of infrastructure, high inflation and mass poverty. The situation was worsened by the wholesale adoption

> of trade liberalisation and open door attitude to import by government and other trade malpractices which led to dumping, smuggling and illegal importation of fake and counterfeit product (ibid:p.7) (emphasis added).

If these problems were persisting in 2001/2002, one would have thought that they would have been given priority over macroeconomic indicators in the implementation of NEEDS. This is because, in trying to achieve economic advancement, a country needs to attain human and physical development up to an irreversible stage before bothering with the macroeconomics. According to Phillips (2002:1).

> Nigeria should henceforth downplay macroeconomic management and emphasise sectoral and microeconomic management, thereby concentrating on the human and infrastructural development of Nigeria until, at least, the year 2015. The resultant widening and deepening poverty in Nigeria and the virtual collapse of the economy are enough reasons to strongly de-emphasise macroeconomic management and the economy should exist for no other purpose but the material benefit of all the people. Thus when the economy is doing well in terms of growth rate, inflation rate, exchange rate and interest rate, the people still say that the economy is bad. This is because they see no improvement in their material conditions of existence. Most of the time, the people do not see the economy in terms of such macroeconomic indicators. Rather, they measure the performance of the economy in terms of jobs, incomes, prices, food, water, housing, health, education, fuel, roads, transportation, communication, security of life and property and other basic human needs.

Roads

As correctly identified by the NEEDS document, infrastructure requirements not only cut across sectors of the economy, they are central to economic planning and development (p.67). On the roads network in the country, NEEDS aims to, among other things:

> Complete ongoing construction of 3,000 km network of roads, and embark on any new construction when and if fund specific assistance or finance is available to facilitate economic growth and development across the geo-political zones of the country.

In 1999, the then Minister of Works, Tony Anenih, stated:

> The national highways network of any country is the backbone of economic standards and growth. No country can ever be great unless it has good road communication network. The road transport mode is the most important because of its flexibility to offer access for long and short journeys (*Tell* Magazine 1999).

The minister further said that the president had given his ministry a mission statement which, among other things, stipulated that government should invest adequate funds to rehabilitate about 5,000 km of highways per year for the next four years. In pursuance of this objective, massive amounts of capital expenditure were approved for the rehabilitation of federal roads in every state of the federation.

By 2002, the Ministry of Works claimed it had spent a total of ₦200 billion in three years on the construction and rehabilitation of roads across Nigeria. If we take into consideration the President's directives that 5,000 kilometres of roads should be constructed every year, it means that in three years, the Federal Ministry of Works would have constructed and rehabilitated 15,000 out of the 34,127 kilometres of federal roads across Nigeria. The reality, however, is that the people of Nigeria have not seen the roads which have been rehabilitated or constructed in their states. This was ten months after the Ministry of Works had announced that it had spent ₦200 billion on these roads. President Obasanjo himself was reported as saying openly, in November 2002, that he was ashamed of the condition of federal roads. Yet in 2004, after committing ₦352.31 billion on federal roads and with very little to show for it, the government turned to claim that its NEEDS programme in the area of infrastructure was designed to consolidate the 'progress' made between 1999-2003 (Works At Work: Media Portrait of the Activities, Achievements and Challenges of the Federal Ministry of Works and Housing, June 1999-2003, p.16). Predicated on this deceit that the government was consolidating its achievements in the transport sector, the President requested and the National Assembly approved further appropriations of ₦49.4 billion in 2004; ₦93.5 billion in 2005 and ₦72.7 billion in 2006 as capital expenditure to the Federal Ministry of Works and Housing. But everyone – ordinary Nigerian travellers, farmers, traders, transporters, manufacturers and even foreign investors and international monitors of the economy such as the IMF, World Bank and UNDP – have all attested to the way in which the deplorable conditions of Nigerian roads have constituted a great obstacle to economic life of the country (CEDDERT 2006:3).

The table below shows the amount (in naira) of moneys allocated to the Ministry of Works between 2000 and 2003.

Table 1

YEAR	AMOUNT (NAIRA)
2000	48,095,530211
2001	75,675333,147
2002	71,400,000,000
2003	59,000,000,000
TOTAL	254,170,863,358

Source: 'President Obasanjo's Economic Reforms and Worsening Living Conditions of Nigerians' unpublished Monograph, Centre for Democratic Development Research and Training, Zaria.

The Power Sector

According to the NEEDS Document (p.69), power is a strategic sector, and indeed the most important infrastructure requirement (emphasis added) for moving the private sector forward. The policy thrust of NEEDS for rejuvenating the sector are, among others:

- Increase generation capacity from 4200MW to 10,000MW (an increase of 138%);
- Increase transmission capacity from the present 5838MVA to 9,340MVA (an increase of 60%);
- Increase distribution capacity from the present level 8, 425MVA to 15,165MVA (an increase of 80%).

Before NEEDS, the National Electric Power Authority (NEPA) was given a presidential target of generating 4000 megawatts by the end of December 2002. It was, however, able to generate only about 3,700 megawatts, even as the nation's daily requirements for electricity were put at 5,000 MW. As at January 2005, power generation was at 3,200MW per day. This is highly inconsequential in a country where major industrial complexes close on daily basis, due largely to inadequate power supply, coupled with rising costs of fuel. The story of the power sector is a national calamity. When it assumed office in 1999, the Obasanjo regime declared its commitment to improving electricity generation, transmission and distribution with the aim of ending power outages within the shortest period of time. According to the NEEDS document, actual daily electricity generation was just below 2000MW when the Obasanjo government assumed office. President Obasanjo then requested, got approval from the National Assembly, a capital expenditure for this sector, amounting to ₦243, 383,628,257 between June 1999 and December 2003. Although by 2002, electricity generation had increased to nearly 4,000MW, this rapidly declined to slightly above 1,000MW. Both the Managing Director of the Power Holding Company, Mr. Joseph Makoju and then Minister of Power and Steel, Mr. Liyel Imoke, were reported to have submitted that the government was powerless in reversing the situation. On 12 May 2006, the minister disclosed that the Obasanjo administration had committed about ₦1.3 trillion to the power sector since 1999. The minister further warned Nigerians not to expect stable and sustainable power generation in the country before 2056! This is a glaring acceptance that despite the fact that it has made available trillions of naira to restructure the power sector, the government has failed to ensure adequate power supply in the country. According to the *Punch* newspaper (Editorial of 10 April 2006):

> Nearly all the 11,000 kilometres of 330KV and 132KV transmission lines are aged. They are prone to frequent snapping, thus endangering life and property in rural and urban areas. Most of the hydro and thermal power transmission stations are aged and poorly maintained. Distribution transformers are also obsolete. Regrettably, the refurbished 4000 transformers imported in 2000 broke down easily. It is no surprise that the Federal Government has been shifting the dates of when to provide regular electricity, a feat performed many years ago in Ghana and South Africa. Indeed, while South Africa generates 45,000MW for its 45 million people, Nigeria's has crushed to about 1,300MW for 120 million people.

A former Special Assistant to President Obasanjo on Power, Engineer Joseph Makoju, recently stated that the plan by the Federal Government to generate 10,000 megawatts of electricity by 2007 is no longer feasible. This revelation raised questions on the ability of the country to attain uninterrupted power supply promised by the Obasanjo government. He however blamed governments before 1999 for the poor power situation because of 'their lack of planning, the adoption of a fire brigade approach to the problem, evolving ideas and making u-turns without any rationale and consistent programmes' (*ThisDay*, 21 June 2007). The pertinent question here is how can an economy grow, generate employment, create wealth, reduce poverty and attract foreign direct investment in such a situation? Where is the much-touted claim that NEEDS' macroeconomic and structural reforms of a number of key state-owned enterprises was based on the fact that these enterprises had 'previously been a drain on the national treasury or had not been able to make optimal contribution to GDP'? Given this situation, one can understand why Foreign Direct Investment (FDI) since the inception of NEEDS has not been as high as the government claims. According to the Nigeria Investment Promotion

Council (NIPC), total Foreign Direct Investment (FDI) into Nigeria during the period 1999-2004 was just US$6,901,280,000.00. This actually translates into an annual average FDI flow of only US$1.15 billion during the first six years of President Obasanjo's tenure. Table II shows the level of FDI in Nigeria from 1999-2004, by sector.

Table 2: Foreign Direct Investment in Nigeria Recorded by NIPC, 1999-2004, by Sector

Sector	Amount (in USD)	%
Infrastructure	383,320,000.00	5.5
Agriculture	43,040,000.00	0.62
Services	371,020,000.00	5.38
Tourism	5,220,000.00	0.08
Solid Mineral	10,190,000.00	0.15
Chemical/Pharmaceutical	810,000.00	0.01
Manufacturing	673,480,000.00	9.76
Oil and Gas	277,160,000.00	4.02
ICT	5,000,000,000.00	72.45
Others	137,040,000.00	1.99
Total	6,901,280,000.00	100.00

Source: Nigerian Investment Promotion Council

It can be seen from the table that the manufacturing sector, which is the real engine of economic growth, attracted just about 10 per cent of FDI and the agricultural sector, which employs over 70 per cent of the working population, attracted a negligible 0.62 per cent. Infrastructure, which is one of the most important factors of decision-making in investor location, also received a paltry 5.55 per cent. About 72 per cent of the total investment during the period was in Information and Communication Technology (ICT). Even this, however, was not for the establishment of ICT related factories but merely for the provision of infrastructure for the GSM networks.

In a speech on 11 May 2006 (at the opening of the 8th Chartered Institute of Nigeria Conference in Abuja, delivered on behalf of President Obasanjo by the then Minister of Finance, Dr. Ngozi Okonjo Iweala, the President proclaimed:

> Let me say this, and say it loudly, for anyone who doubts the progress that we had made. We have delivered; we have delivered an economic growth rate that has averaged

> 7.6 per cent yearly over the past three years, compared to an average of about 3 per cent for the previous two decades. This increased rate of economic growth has primarily been driven by the non-oil sector, which is critical to the livelihood of the majority of Nigerians, growing by 7.4 per cent in 2004 and 8 per cent in 2005 --We have delivered structural reforms that have seen the successful deregulation and privatisation of key sectors, enabling the private sector in Nigeria to demonstrate just what it is capable of in sectors such as telecommunications. We have delivered a Nigeria that is free of its previously crippling debt burden, that is rated by respected international agencies to have the same credit rating as emerging economies, such as Brazil and Turkey, significantly increasing Nigeria's attractiveness as a location for investment and improving our access to international financial market" (*The Guardian*, 12 May 2006) (emphasis mine).

The president seemed to have forgotten or deliberately omitted the fact that the 7.4 per cent growth rate that he was proud of was achieved without a corresponding increase in the living standards of the people. Thus, a majority of the citizenry felt that the government had betrayed their hopes and aspirations of a new democratic order in Nigeria. Indeed, that was the social contract the people entered into with the Obasanjo-led government when they voted him into power in 1999. A majority of Nigerians supported the emergence of President Obasanjo and the people's Democratic Party (PDP) into government in 1999 partly because of the assumed nationalistic stance and achievements during his military regime of 1976-1979. The General Obasanjo-led military regime championed the liberation struggle of many African countries; it nationalised British Petroleum (BP) and renamed it African Petroleum (AP). It nationalised land by passing the Land Use Decree. It also passed the Indigenisation Decree by which Nigerians became the managers of the commanding heights of the nation's economy, and which also provided Nigerians with the wherewithal to manage and promote small and medium enterprises. The regime also championed the establishment of the second Port Harcourt Refinery, the Kaduna Refinery and the Warri Refinery. Through these measures and the planning processes emanating from them, the Nigerian economy grew at an annual average of 7 per cent during the 1970s until the early 1980s. The people therefore assumed that, given these antecedents, President Obasanjo's economic policies would be pro-people. His public sector reform, however, is to prove them wrong. As stated by Professor Sam Aluko:

> The economic philosophy of the second Obasanjo administration is hinged on the notion that the government has no hand in managing business. Therefore, all the existing government plants, enterprises, refineries and shareholdings in industries,

> trade, banking, finance and agriculture must be privatised and sold, so that the Federal Government can concentrate on governance, forgetting that a government that cannot run an industry successfully cannot govern efficiently. So, the Bureau of Public Enterprises (BPE) has been very active since Obasanjo came on board in 1999, in selling off state owned enterprises, including houses and other landed properties owned by government (*Nigerian Tribune*, 3 April 2007).

Even what are supposed to be basic rights of all Nigerians, such as education, are slated for privatisation in the government's reform drive! How does one make Nigeria one of the first twenty economies of the world (a statement often made by Obasanjo) when government policies deny a majority of the people their basic right to education? This is even against the provision of the 1999 Nigerian Constitution. Article 18 of the Constitution provides for the educational objectives of the country. Section 3 of Article 18 provides that government shall strive to eradicate illiteracy and to this end, Government shall, as and when practicable, provide;

(a) Free compulsory and universal primary education

(b) Free secondary education

(c) Free university education

(d) Free adult literacy programme

Instead of working towards making education free at all levels, the Federal Government plans to privatise all its hitherto owned, financed and managed Federal Government secondary schools under a deceitful Public-Private-Partnership (PPP). Through this, it seeks to reduce the Federal Government financial and administrative commitments to secondary education instead of granting aid to the existing private and state-owned secondary schools. Budgetary allocation to education as a percentage of total federal budgets has been declining each year from about 11 per cent in 1999, to about 8 per cent in 2000, about 7 per cent in 2001, about 6 per cent in 2002 and about 2 per cent in 2003 (Phillips 2003). Furthermore, the Federal Government and the National Universities Commission (NUC) continue to license private universities, including those owned by the President, the Vice-President and leading members of government and their business partners. These private universities charge exorbitant fees, thus making education at the university level, as with primary and secondary levels, less and less free and more and more expensive and restricted to a decreasing percentage of the population.

Even the Civil Service, which is supposed to be at the centre of the reform, is equally castigated by top government officials. For instance, the Head of the Nigerian Federal Public Service, Alhaji Yayale Ahmed, declared it as corrupt, undisciplined and lacking a sense of direction, stating further that the situation was still bad in spite of efforts to restore sanity and sense of discipline in, the system. According to him:

> The civil service, like any other Nigerian institution, has become characterised by a loss of sense of direction, non-adherence to rules and regulations, pervasive corruption and general indiscipline. … The need to address the menace had become imperative because it was threatening the existence and sustenance of the public service (*Leadership* Newspaper, 19 June 2007).

If the public service that is central to the implementation of the reform embarked upon by government is tainted with corruption, and does not have a sense of direction nor adhere to rules and regulations and is undisciplined, then whither the reforms of government?

It has become very clear to any observer of the Nigerian political scene that the NEEDS reform has not succeeded in reducing poverty, generating wealth and creating employment in the country. Rather, poverty has increased, unemployment is on the rise and wealth has only been generated for a tiny minority of the populace, the super rich, who can afford to buy off government enterprises slated for privatisation. Despite the hue and cry about corruption in government, the public sector reform has not succeeded in reducing it to the barest minimum.

For all the publicity the Nigerian government's anti-corruption 'war' has generated, its victories have rather been limited. According to a report by Human Rights Watch:

> Nigeria still ranks 142nd out of 163 countries surveyed for Transparency International's Corruption Perception Index, tied with countries such as Angola and Congo Brazzaville. The World Bank has spoken of 'considerable reduction in bribery' since 2002, but corruption however remains rampant at all levels of Nigerian society. Former President Obasanjo often appeared hesitant to allow the fight against corruption to move too far ahead. In 2003, Nigeria's Auditor General produced a scathing report that detailed pervasive corruption in Federal Government expenditures; President Obasanjo promptly had him fired. When Nuhu Ribadu announced in September 2006 that 31 of Nigeria's 36 governors could face criminal charges of corruption when their terms expired, President Obasanjo moved immediately to silence him. Perhaps most damaging, aides to President Obasanjo were widely implicated in a massive scheme to bribe members of the National Assembly to support his unsuccessful bid for a third term. An investigation announced by the EFCC has, thus far, come to nothing. Nigeria has also failed to

> push through key pieces of reform legislation that would have made government legislature at all levels more transparent. Nigeria has yet to pass the ambitious fiscal responsibility bill. This bill has been sitting in the National Assembly for several years. Apparent contradictions such as these have fostered a degree of cynicism that has begun to undermine the legitimacy of the government's anti-corruption drive (Human Rights Watch Report 2006:97-98).

Recently, the Chairman of Nigeria's Shareholders Trustees Association, Alhaji Mukhtar, recently accused Obasanjo of acquiring the core investments in major enterprises in the country, including Port Harcourt and Kaduna refineries through the backdoor (using some fronts), essentially to create a monopoly for his business empire. He also alleged that Obasanjo, while in power, used those fronts to buy over several banks and petroleum marketing companies, calling on the president to use the EFCC and ICPC to probe and prosecute Obasanjo. According to Mukhtar,

> Because he had vested interests in these enterprises, he monopolised and conquered them. … He wants to create a vicious monopoly in the petroleum market because he already owns an oil marketing company, and he now wants to use Femi [Otedola]to acquire AP shares. He wants fuel prices in Nigeria to reach the three-digit mark. He will refine the products, he will supply them to the major marketers at a price that he will determine. I call on the current President to open an inquiry into all these. This should be with a view to preventing greedy capitalists who want to build empires to hijack our collective wealth. EFCC should start investigating all these nonsense of acquiring the refineries and AP shares because Due Process has not been followed. The removal of oil subsidies is all because of this cabal in authority who has hijacked the economy of the country. They are just raping Nigeria's economy; they are taking by force from Nigeria what does not belong to them. Unless the back of this cabal is broken, Nigerians will be poorer for it (*Leadership* Newspaper, 19 June 2007).

It was revealed recently that just before leaving office, (and at a time when millions of Nigerians were angry about a 100 per cent hike in Value Added Tax) President Obasanjo waived over N9 billion in VAT for Transnational Corporation (TRANSCORP) as the latter was about to take over the nation's first telecoms carrier, NITEL and its sister company, Mtel. According to *Sunday Trust* newspaper, over N7 billion and N2 billion owed the Federal Inland Revenue Service by NITEL and Mtel respectively as value added tax were written off with the approval of former President Obasanjo, as part of the package handed over to TRANSCORP on its take-over of the two companies. This waiver was also confirmed by Mr. Chigbo Anichebe, Head of Public Communication of the Bureau of Public Enterprises (BPE) who stated, 'This is part of the incentives government gives investors to encourage them to acquire enterprises under privatization' (*Daily Trust,* 10 June 2007).

Even the Chairman of the ruling people's Democratic Party, Dr. Ahmadu Ali, has severely criticised the reforms of the Public Sector. According to him:

> This is an age of 'sell everything' including the family chamber. I don't encourage all the sales. I don't see why Federal Government colleges should be sold. All the talks of withdrawal of subsidy for farmers, I am not for it. We can continue to subsidise farming. The European Union subsidises farmers up till tomorrow. To prevent the glut in the global market of a particular crop, they beg their farmers, to leave their lands fallow and pay them millions of euros so that it won't discourage farmers, yet they come here and preach to us that we should remove subsidy. These are areas where economists should educate the government. It doesn't make sense selling a tractor for over 1 million naira, how many farmers can afford it? When I bought my tractor in those days, it was N25,000. The same tractor, I am told, is N1.2 million now. So co-operative farming, subsidy is the only way for us to exist. This is part of our own economy that must be protected and shielded (*Daily Trust,* 5 July 2006).

Apart from the central issue of the proprietary or otherwise of the reform agenda, another issue that comes out of Ali's position is that the reform package is not part of the ruling party's (PDP) programme, otherwise the party chairman would not be openly antagonising it. It rather confirms popular misgivings that the entire NEEDS package was an external imposition.

Conclusion

As stated at the beginning of this chapter, the rationale for reform of the public sector is to make government serve the people better, and not to impose hardships on them. In trying to meet this challenge of designing and implementing painless reforms, 'Nigeria's top managers' should appreciate basic human nature: For most humans, what is really relevant is the proximate, the tangible and the instant; the long term is not really relevant. In this regard, the obsession with 'growth' and other indicators of macroeconomic management should be de-emphasised. The resultant widening and deepening poverty in Nigeria is enough reason to strongly de-emphasise macroeconomic management and concentrate instead on the human and physical development of the country. In other words, the government should first of all tackle human and infrastructural development of Nigeria, placing more emphasis on sectoral and microeconomic management before concentrating on macroeconomic issues. After all, the economy exists for no other purpose but the material benefit of all the people. The workers, farmers, artisans, market women, students, all perceive the economy in terms of basic human needs such as jobs, incomes, prices, food, water, housing, health, education, fuel, roads, transportation, communication, security of lives and property. It has been observed that even the Bretton Woods institutions, IMF and the World Bank are shifting emphasis from narrow macroeconomic management due to the failure of their policies. According to Dotun Phillips:

> The two institutions know, but will never admit, that the widening and deepening of poverty in most developing countries has been largely due to the macroeconomic policies which these countries have been forced to adopt since the 1980s. Instead, they have blamed the governments of these countries. But having sensed failure, they have cleverly shifted to increased emphasis on sectoral and microeconomic involvement in the economic affairs of the developing countries, culminating in their latest smart package: the poverty reduction programme. If these two international police organisations have been smart enough to shift emphasis from just narrow macroeconomic management in order to survive and remain in business, why not Nigeria? (2002:11).

These institutions (the IMF and the World Bank) must be sidelined because they have done more harm than good, caused much more confusion than clarity and orderliness, regarding the Nigerian economy and society. The only way to improve the Nigerian economy, indeed the public sector is to have the skilled, productive and secure manpower; to have a solid home market base, with which to develop agriculture, industry and other sectors. This can only be achieved with improvements in employment, health, education, real income and general living standards of the majority of the people. Ensuring access to these basic necessities by the majority of the people is an essential requirement for genuine economic recovery, and is not just a matter of government being humanitarian, and providing 'free' social amenities for the people.

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Appendix I: List of Selected Countries, by Population, Living Under $2 a Day and Under $1 a Day

Country	% of Population Living Under$2 A Day	% of Population Living Under$1 A Day
Nigeria	90.8	70.2
Mali	90.6	72.3
Burundi	89.2	58.4
Zambia	87.4	63.7
Niger	85.3	61.4
Madagascar	85.1	61.0
Central African Rep	84.0	66.6
Rwanda	83.7	51.7
Zimbabwe	83.0	56.1
Gambia	82.9	59.3
Burkina Faso	81.0	44.9
Ethiopia	80.7	26.3
Ghana	78.5	44.8
Mozambique	78.4	37.9
Malawi	76.1	41.7
Sierra Leone	74.5	57.0
Senegal	67.8	26.3
Mauritania	63.1	25.9
Tanzania	59.7	19.9
Kenya	58.3	22.8
Namibia	55.8	34.9
Indonesia	52.4	7.5
Cameroon	50.6	17.1
Botswana	50.1	23.5
Egypt	43.9	3.1
Cote d'Ivoire	38.4	10.8
South Africa	34.1	10.7
Thailand	32.5	<2
Brazil	22.4	8.2
Algeria	15.1	<2
Morocco	14.3	<2
Turkey	10.3	<2
Malaysia	9.2	<2
Iran	7.3	<2
Tunisia	<2	<2
South Korea		<2

Source: United Nations Human Development Report [2] http://hdr.undp.org/statistics/data)

Appendix II: List of Selected Countries by Infant Mortality Rate (2005)

Rank	Country Infant Mortality	Rate(deaths per 1000 births)
1	Angola	187.49
6	Niger	119.69
7	Somalia	116.70
9	Mali	109.47
13	Nigeria	98.80
14	Tanzania	98.58
15	Malawi	96.14
16	Ethiopia	95.32
17	Chad	93.13
18	Burkina Faso	92.94
19	Guinea	91.45
20	Rwanda	91.23
21	Equatorial Guinea	91.16
22	Cote d'Ivoire	90.83
23	DRC Congo	90.66
24	Lesotho	88.75
25	Zambia	88.29
26	Congo Republic	87.41
27	Central African Rep	87.33
30	Benin	81.29
31	Madagascar	76.83
35	The Gambia	73.03
50	South Africa	61.81
62	Zimbabwe	52.34
66	Namibia	48.98
69	Eritrea	47.41
72	Morocco	41.62
77	Indonesia	35.60
79	Egypt	32.59
82	Algeria	31.00
84	Brazil	29.61
99	Tunisia	24.77
100	Libya	24.60
116	Thailand	20.16
124	Malaysia	17.60
145	Saudi Arabia	13.24
185	Taiwan	6.40
186	Cuba	6.33
226	Singapore	2.29

Source: http://www.cia.gov/cia/publications/factbook/rankorder/2091rank.htm

4

Privatisation and Public Sector Reforms in Nigeria: Implications for Social Democratic Conception of Citizenship

William Idowu

Introduction

Privatisation is meaningless without a robust understanding of what is involved in public sector reforms. Public sector reforms are equally meaningless without an adequate conceptual clarification and analysis of what structural adjustment programme is. This is because the conceptualisation and evolution of public sector reforms in most African countries, Nigeria inclusive, can be traced to the existence of development thinking ingrained in the structural adjustment programme initiative. Structural adjustment programme, *ab initio*, was an imposition of the IMF and the World Bank.

Conceptually, structural adjustment programme can be conceived in two interconnected ways: as a policy measure and as a mechanism to implement the policies in question. According to Pedersen et al (1996:3), structural adjustment implies 'a shift in economic policies from an interventionist stance, which permits and sometimes encourages state intervention in the economy, towards a neo-liberal position which aims to minimise it, letting the market allocate resources wherever possible'.

In a related sense, structural adjustment programme is the implementation of economic measures which aim at reducing the spending and direct economic involvement by the state in the operations and running of the economy of a particular country. The essence of the measures principally is to ensure the move towards market allocation of resources and the provision of an enabling economic environment for the growth and development of private enterprises.

Structural adjustment programme is essentially an aspect of neo-liberalism, which has gained currency especially in western economies. Two most important features of neo-liberal ideology, in contemporary times, is the emphasis on protection of private property rights and the entrenchment of democratic rights which forbids the use of violence through the weapon of law. Besides, structural adjustment programme is a promoter of a free market economy in which the forces of demand and supply, rather than the state, determines, defines and regulates what is to be produced, where produced, when produced and why it is produced. Moreover, from this definition, it can be inferred that the idea of privatisation is located within the context of the structural adjustment programme. Last, but not the least, the structural adjustment programme is also projected as a developmental economic strategy for developing countries.

In a general sense, it can be stated that structural adjustment programme emphasises the removal of the dominant nature of the state from the running of the economies of developing countries. In this sense, it is often projected as a people-oriented market economic policy in which the people, by their choice through the interplay of the forces of demand and supply, determine what happens in a given economy.

In very detailed form, it follows that structural adjustment is the anchor on which many of the public sector reforms in African countries particularly are based. Seen from this perspective, it shows that structural adjustment can be seen as a vehicle on which public sector reforms are driven. On the other hand, it shows that structural adjustment programme is a challenge on one of the central emphasis of state ideology, which is the promotion of the welfare of all through state control of market forces. It is therefore a reactive policy when we bear in mind the nature of contemporary strategy for infrastructural development and general economic development.

The political economy of the twentieth century is noted for two major contending strategies of infrastructural investment and general economic growth and development. In the first place, there is the state ownership of the means of production, as reflected in the socialist model. Secondly, there is the capitalist model, which thrives on private ownership of the means of production.

Structural adjustment programme is a reactive economic policy measure against the first dominant strategy outlined above and a move towards, in the principal sense, the second dominant strategy. It therefore follows that public sector reforms in Africa, particularly as championed by the IMF and the World Bank and as encapsulated in the structural adjustment programme, are and have been generally tailored towards the second dominant strategy, which is the private ownership of the means of production rather than public ownership. It is the nurturing of these policies that explains the widespread attention to and move towards the concept of privatisation and commercialisation in most African counties, Nigeria inclusive.

Objectives of Public Sector Reforms

Public sector reforms in Africa generally has a long history. Despite the ideological mindset in that historical background, the major goals underlying public sector reforms on the continent can be seen in four perspectives:

(i) Removal of central planning and control through the release of markets and enhanced private sector development;

(ii) Reduction of government budget deficits through removal of subsidies, privatisation of public enterprises and transfer of public services to private institutions;

(iii) Modernisation of the public sector through increased wage differentiation, decentralisation and civil service reform (based on reduction of number and functions);

(iv) Liberalisation of government-controlled regulation over prices and allocations, foreign exchange and essential commodities.

The heart and substance of public sector reforms in Nigeria can be interpreted and defined in the light of these four objectives. However, a critical look at each of the objectives shows that the reforms are still a recent development. For instance, the removal of central planning in the Nigerian economy has been a difficult exercise until now. The state is still an active participant in major economic activities. Rather than invent innovative strategies for personal development, it appears very clear that even the private sector is still tied very subjugatingly to the aprons of the state. This is why Ralph Miliband (1973:1) notes in one of his numerous analyses on the nature of the state that:

> More than ever before, men now live in the shadow of the state. What they want to achieve, individually or in groups, now mainly depends on the state's sanction and support. But since that sanction and support are not bestowed indiscriminately, they must, ever more directly, seek to influence and shape the state's power and purpose,

> to try to appropriate it altogether. It is for the state's attention, or its control, that men compete; and it is against the state that men beat the waves of social conflict. It is to an ever greater degree the state which men encounter as they confront other men... It is possible not to be interested in what the state does; but it is not possible to be unaffected by it.

Even though structural adjustment programme dates back to the early 1980s in Nigeria, civil service reforms, however, have remained a topical and contentious issue for much longer. An example was the popular Udoji Civil Service Reforms in Nigeria. Although the civil service reforms are a continuous exercise in Nigeria, their efficacy has been a subject of controversy among scholars. Even then, the demands for civil service reform have also created more difficulties because of many extraneous factors within the polity.

However, the major obstacle to the goals and the drive towards public sector reform has essentially been the fact that these goals, while quite laudable, have been conceived and developed without recourse to national sentiments as set out in the national development goals which ensures, on the long run, the relations between the state, market and the civil society on one hand, and the goals themselves. In other words, the bane of the structural adjustment programme is that it has failed to carry along and reflect the sentiments of the civil society in understanding the propriety of the adjustment programme and the public reforms in general.

It is in the present sense that privatisation as a component of the public sector reforms is being examined. The question is what is privatisation?

Privatisation and Commercialisation: Conceptual Analysis and Clarification

Public sector reforms in Africa generally have not been that successful. For example, the public sector and its size have not been seriously affected. Apart from this, the end of military rule has brought, in its wake, revival not just in democratisation but also in terms of the responsibility which politicians in the country have made the civil society to believe requires huge expenses. In other words, the drive towards democratisation has increased the number of parastatals and government institutions. The bane of these programmes, as defined in the structural adjustment programmes and public sector reforms in Nigeria, is that they have been structured to take effect in the short run. The questionable character of the sector reforms lies very tellingly in the fact that they are short-term programmes, with the state made to abdicate its control also in the short term, if not in the long run.

In recent times, therefore, international donors led by the IMF and World Bank have seen the necessity of creating a long-term plan which only creates a step-by-step withdrawal of state participation in the economy of the country over a long period of time. In the midst of this, a concept which has failed to lose recognition and importance in the general outlook of public sector reforms in Nigeria is the second objective of public sector reforms, which is 'the reduction of government budget deficits through removal of subsidies and the privatisation of public enterprises and transfer of public services to private institutions'.

It is in general a necessary proposition that the concept of privatisation and commercialisation making waves all over Africa today owe their origin to the substance and theoretical emphasis of the second dominant strategy, that is, the private ownership of the means of production. In other words, public reforms in Africa take as necessary the recession of the state from the control of public enterprises, emphasising that private ownership of the means of production is the only viable approach to the efficient production of goods and services, as well as economic growth and development. Consequently, there is a move all over the world to privatise erstwhile public enterprises.

Historically, the idea of privatisation was introduced into the Nigerian political economy through the Privatisation Act of 1988. The 1999 Act further intensifies the government's drive towards privatisation. This chapter takes issues on the concept of privatisation and commercialisation and their implications on the social democratic conception of citizenship in Nigeria. In doing this, it is necessary to examine the concepts of privatisation, commercialisation as well as the social democratic conception of citizenship. Equally to be examined are the implications of privatisation and commercialisation for the social democratic conception of citizenship.

Within the ambience of structural adjustment programme in Nigeria, the definition of the concept of privatisation appears very controversial. According to Peter (2004:214) 'privatisation signifies the personalisation of ownership'. In the words of Atake (1992:57), privatisation means general and financial independence of a company, without dependence on subsidies or grants from the government. It shows financial independence, with finances and funds sought entirely, not from the government but from the capital market. In his analysis, Atake reiterates that privatisation also shows that the government has abdicated its responsibilities in the choice and election of directors and managers of firms. This is done by the shareholders. Jackson and Price (1994:5), in their received wisdom, highlight the following as menu in the consideration of what privatisation means. For them, privatisation includes sale of public assets, deregulation, opening up state monopolies to greater competition, contracting out, private provision of public services, joint capital projects using public and private finance, reducing subsidies and increasing or introducing user chargers. In the 1988 Act called the… PCA, privatisation is defined as 'the relinquishment of part or all of the equity and other interests held by the Federal Government'. In the same vein, commercialisation was defined as 'the reorganisation of enterprises, wholly or partly owned by the Federal Government, in which such commercialised enterprises shall operate as profit-making commercial ventures and without subventions from the Federal Government'.

However, structural adjustment programme has necessarily encouraged the idea of privatisation in two senses that we can conveniently tag as dissolution and evolution. In the first place, dissolution means dismantling or dissolving governmental utilities and parastatals charged with the provision of certain services such as electricity, postal services, telecommunication services, and similar other services. This is the first dimension of privatisation. The second dimension concerns, or relates closely to, the evolution or introduction of private enterprises into spheres of economic activities hitherto monopolised by government parastatals. The strong appearance of such non-governmental providers of public services is meant to usher in a dose of competitiveness into the provision of such goods and services.

From a purely academic and intellectual perspective, both classical liberal and neo-liberal economic theories provide quite convincingly the theoretical background of the concept of privatisation. According to Adam Smith, some factors can be set aside as useful clues to the enhancement of rapid economic growth in a nation. For Smith, the role of the state should be conceived only as one that is directed towards protection of life and properties. It has no business with the economic sphere. For Smith, the economy and the way it operates should be left in the hands of private individuals. In his opinion, the forces of demand and supply should dictate the direction of economic policies and objectives. In other words, the market should determine the operating techniques and strategy of the economy. In recent times, neo-liberals, while trying to push further the arguments of Smith, reiterate that the advantage of privatisation consists in ensuring a superior allocation of resources. In fact, according to them, privatisation provides for greater incentives for cost minimisation, encourage more effective managerial supervision, and stimulate greater employee effort (Peter 2004:214).

Neo-liberals have received, in intellectual terms, the greatest challenges from the Marxist school. In the opinions of prominent Marxist scholars, privatisation is a cardinal principle of capitalism and it is immoral. For Marxists, privatisation is one of the ploys for creating alienation in the society. This is because privatisation alienates individual citizens, from a whole lot of factors such as the environment where he lives, his fellow citizens, from himself and from the fruit and reward of his labour. Privatisation, as a cardinal principle of capitalism, reduces society to a huge deal of instability and crisis, since it is a class thing. It sets one class against the other in an irreconcilable antagonism which leads to revolution. The arguments between Adam Smith and Karl Marx over privatisation have been carried to higher levels of intellectual analyses ever since the 19th century.

However, the popularity of the privatisation concept, stemming from this intellectual debate and controversies between the Liberals and Marxists, was awakened in practical details and depth by the former Prime Minister of Britain, Baroness Margaret Thatcher, in the early and mid-1980s. She argues that privatisation is a subset of *Thatcherism* which means 'creating a framework which honours freedom within which individuals and firms can compete in fair terms, to the benefit of the consumer and the nation' (see Dewan 1999:61). She further argues that within this framework, government's role should be limited to five key areas:

(i) Keeping the finances and currency of the nation sound and strong;

(ii) Upholding the rule of law;

(iii) Defending the territorial integrity and sovereignty of the state;

(iv) Providing a basic education system which enables children to make the best of their abilities;

(v) Providing a safety net of services for those unable to look after themselves.

In her opinion, while these goals and objectives of state participation in public life are laudable and worthwhile, it is evident that states have not been able to perform these goals. Poor performance of state in these five key areas can be attributed to the following reasons:

(i) Priorities of elected politicians are necessarily different from the priorities of effective business managers and cannot therefore be simultaneously pursued;

(ii) The huge subsidies expended on state industries are at the expense of the tax payers and leave the managers of such enterprises with the plain and unpalatable illusion that a nationalised industry does not have to succeed in order to survive;

(iii) The basic philosophy of state ownership denies, and therefore fails to harvest positively, the powers of self-interest.

The conclusion of Baroness Thatcher is obvious: privatisation is the key to revitalising self-interest and freedom of citizens in a given economy. Self-interest is therefore the clue to understanding, for Thatcher, the gains of privatisation. The question of self-interest implicit in Thatcher's argument on privatisation, though subject to many interpretations, has been strongly challenged as flawed and that the only attention it deserves, in interpretive terms, is a focus on class interests. It is in the light of this focus on class and self-interests that serious intellectual arguments have been levelled against the idea of privatisation. Dewan (1999) provides one of such robust analysis of the flaws of privatisation in Nigeria.

According to him, Thatcherism and privatisation expose the control of strategic industries such as power, defence, security, health, education and public utilities to the hands of the few, taking in the process, the provision of such services beyond the reach of the common which may end up threatening such commonly shared values and ideals. In other words, for Dewan, privatisation, as set out in Thatcherism, if implemented in Nigeria may lead to the transfer of state sovereignty, in terms of both economic and political power, to corporate entities. Of interest to Dewan is the view that privatisation may lead to a kind of colonialism of a curious sort which is multinational colonialism. In his words:

> The new International Economic Order is gradually being steered by western capitalists where ownership and control over the natural resources of the earth will no longer be determined by the sovereignty of nations but by the economic interests of individuals and multinationals in the economies of nations (1999:61).

In very clear terms, Dewan says privatisation seeks to diminish the significance of national boundaries and sovereignty and to replace them with multinational corporations.

Pedersen et al argue that one lasting weakness of the privatisation agenda in African countries is the lack of attention to the question of private capacity to take over from the public sector. While this is not entirely true, our understanding of the weakness of the privatisation agenda concerns its implication for the growing notions of citizenship in Nigeria. Dewan seems to have captured a little of our concern on the implication of privatisation on the idea of citizenship in general. This borders on the relationship between privatisation seen from the prism of capitalism and its relationship with citizenship.

However, transcending the limitations interred in their analyses, this chapter assumes that very pertinent in the discussions of privatisation in Nigeria is the idea of the shift from the public to the private. Thus, privatisation is basically in line with the restoration of the right to private property without a corresponding right to welfare programmes by the citizenry. The right to private property is a veritable aspect of global capitalism. As explored by Marshall in his seminal paper (1949), and other scholars such as Bryan Turner (1990), global capitalism and citizenship have been at perpetual war with each other. Thus, privatisation, seen from the perspective of right, elicits some of the lingering concerns over the idea of capitalism and citizenship. Thus, citizenship stands as a very important concept to underscore in relation to privatisation.

This proceeds from the fact that, in recent times, the recession of economic performance of many countries has induced the need to pay attention to citizenship more than ever before. Moreover, the threat generated by the increasing wave of international migration, makes the issue of citizenship worthy of intellectual attention. Migration, unwittingly and unwillingly, has created an expansive parameter in the definition of citizenship. Given the increasing wave of migration, particularly from the south of the globe to the north, what it often and initially takes to consider who a citizen of a given polity is has continued to be mired in contestations and controversies. Moreover, the rise in global capitalism, furthered by the rising tide of globalisation of economic forces towards one world government, has also deepened interests in the issue of citizenship.

With these contrasting views on the idea of citizenship, our intention is to take issues on the implication of privatisation on the nature of citizenship in developing countries of the world. Our focus is on the Nigerian case. While citizenship has been hotly contested as a purely social or political concept, it is incumbent to say that the totality of citizenship considerations in recent times relates very closely also to the realms of economics. In other words, it is said that some political moves may, in the long run, generate some adverse consequences in economic terms. In the rest of the chapter, how the economic policy of privatisation impinges or has implication on the notion of citizenship is what we are set out to underscore. The relevant questions here are, what is citizenship and what is the connection between citizenship and privatisation?

The Concept of Citizenship

The 1990s appears to be the decade of citizenship discourse. This is particularly true of a series of discussion in social and political philosophy. Major controversies in these areas seem to have been centred on the idea and concept of citizenship. For example, gender studies in the United States placed a great deal of emphasis on the idea of citizenship. Feminist scholars are prone to consider most societies as essentially patriarchal in relation to the entrenchment of citizenship rights. According to Pateman (1986), citizenship is a patriarchal category. Masculinity, for her, is the standard definition of citizenship.

Apart from the gender consideration of citizenship, the analysis of economic and political systems of the world seems to have brought to fore the salience of citizenship. In other words, the analysis of the economic and political systems of most advanced countries and developing nations have often been tied down to the facts and figures relating to citizenship ideals. Curiously, therefore, this makes the concept of citizenship the most popular concept and subject matter in popular discourses in social and political philosophy.

It is no misnomer, however, to contend that even though philosophical terms derive from everyday usage, evidently, it does not follow that it should arise from them. In philosophical usage, citizenship transcends mere belongingness to a country by legal definition. It refers to the normative substantive ideal of membership and participation in a political community. In other words, it reflects the idea of equality of political members of that society. It is, in the philosophical sense, a democratic ideal incorporating the elements of justice and fairness. However, just what the ideals of democracy, equality and participation are make the idea of citizenship as contestable as the terms used in aiding its definition.

According to Gallie (1968), 'Citizenship' is an essentially contested concept with its meanings having always emerged in disputed and recursive use. Basically, citizenship is taken to be the meaning of membership in a political community. Just what membership means in a political society can be troubling. Again, even though membership may be formally or procedurally specified, the idea of a community has all the vagueness of both its popular and social scientific usage. It too is recursive, being a 'birth-to-presence of a form of being which pre-exists' the conditions of its re-inventions (Rose 1999:177).

Consequently, citizenship has become entrapped in bewildering conceptual complexities. In fact, according to White and Donoghue (2002:3), as long as the meaning of citizenship is entrapped in a form of dependence on words and terms such as membership, participation, community, etc., what it means and what it is meant to be must remain uncertain and possibly, too, unsettled. One of the earliest treatments of the concept of citizenship, although with serious intellectual criticisms, is the Marshallian analysis.

According to Marshall (1949), citizenship can be understood in relation to rights. In terms of history rather than logic, citizenship consists of three elements which Marshall calls civil, political and social. The first refers to rights necessary for individual freedom and right to justice. It tells of the right to equality with others in terms of the adherence to the due process of law, using the court of law. The political element of citizenship refers to the right to participate in the exercise of political power at all levels. In the Marshallian analysis, the social elements of citizenship refer to the 'whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing in the society'. This is enhanced and protected through the provision of social services. The combination of these three elements constitutes the anatomy of citizenship for Marshall. It is in this sense that he defined citizenship as a 'status bestowed on those who are full members of a community. All who possess the status are equal with respect to the rights and duties with which the status is endowed'(1949). Even though Marshall's analysis of citizenship suffered a setback, the social elements of citizenship he raised are very significant for the understanding of the implications of privatisation for citizenship. This shall be discussed later.

In the modern world, particularly with the world reeling under the influence of globalisation, the demands of citizenship have always been couched in the message and gospel of political equality. It is in this sense that Barker (1994:133) sees citizenship as a rational and egalitarian blueprint to solve the problems of irrationality in terms of ethnic, cultural and religious divisions. On the other hand, even though the question of identity cannot be thrown overboard in the definition or conception of citizenship, since citizenship is also created by the interplay of the qualities that people bring into political activity from their other identities and membership of groups conceived along the lines of race, religion, class or gender, we will still have to agree with Turner that 'the emergence of modern notion of citizenship requires the constitution of an abstract political subject no longer formally confined by the particularities of birth, ethnicity or gender (1990:194).

In whichever way it is construed, citizenship is argued to be claims to membership in a nation or nation-state conceived in the political, not the natural, sense. The claims in question refer to a set of rights and duties.

This, however, is the right-centric approach to citizenship implicit in the analysis of Marshall above. In recent times, there is more to the understanding of citizenship than the right-centric approach. One major flaw of Marshall's right-centric approach, apart from being legalistic, is that it fails to address the problem of social inequality in relationship to individual freedoms. In other words, the right-centric approach fails to account for the perennial sense of inequality generated by the capitalist order with the allowance of private property in a free market situation.

It is this setback in Marshall's right-centric approach, especially in relation to the idea of social policy in education, welfare and social services that necessitated the evolution of other conceptual considerations in the understanding of citizenship. This is the concept of elitism and universalism. The import of this distinction between elitism and universalism has implication, not only on citizenship equality but also on the nature of citizenship that exist by virtue of the implementation of the policy of privatisation. In fact, it is a proposition too plain to contest that the deliberate emphasis on one form of citizenship conceptualisation draws into the heart of the other. It is this drawing effect and consequences that we hope to rely on in the understanding of privatisation, commercialisation and citizenship in the social democratic sense.

Citizenship: Elitism versus Universalism

The elitist conception of citizenship involves the idea that the status of citizen ought to be restricted to those whose living conditions actually meet those which are expected of a citizen. In relation to liberal ideology, elitism connotes the view that citizenship ought to be restricted to those who actually enjoy a life rooted in the conditions of liberty, equality, and fraternity (see John Scott 1994:62). It follows that the right to full membership can legitimately be withheld from those who lack the material and cultural resources that are necessary for them to act as citizens.

The universalist conception, on the other hand, states that citizenship involves the belief that the status of citizen ought to be extended to all adult members of society. For this reason, the universalist conception creates an obligation on the part of the state to establish the material and cultural conditions that are needed for effective citizen participation. A universalist conception, as defined here, carries the implication that the State, in a highly unequal society, should follow an economic policy of redistribution of wealth and a social policy of welfare provisions.

Deriving from the interplay of the elitist and universalist definitions of citizenship, the liberal, radical and social democratic conceptions of citizenship have equally been developed. Thus, the implications of privatisation on citizenship therefore follow necessarily from the type of citizenship that is in vogue in such societies. It therefore also follows that the very nature of specific societies is very important in determining the implications of privatisation for citizenship.

Liberal Conception of Citizenship

Liberal conception of citizenship emphasises the notion of rights in the definition of citizenship. Thus, citizenship, in liberal ideology is right-centric in nature. In other words, for liberals, discussion of citizenship must be in the light of right concepts and the absence of citizenship in terms of right is empty. However, for liberalism, rights must have a context and that context is what makes the notion of citizenship, in relation to rights, meaningful. This context, for liberals, is the sphere of the private. In other words, citizenship must be linked to actions of rights and duties which exist within private market relations. According to Macpherson (1962) citizenship exists and places emphasis on the property market.

This kind of liberalism was implicit in the basic philosophy of Thatcherism. The individual citizen, in the liberal sense here, is the property owner. According to Mead (1986), public definition of citizenship exists only in the private sphere of the market where the forces of demand and supply determine market relations. For the liberal conception, the role of the state is a limited one. State provision is to be held at a minimum level signifying that welfare, for instance, should come not from the state but from private charity and philanthropy. It follows that the liberal conception of citizenship, as highlighted here, is bound to be a good soil for the implementation of privatisation and commercialisation of public enterprises. As a matter of fact, state ownership of public enterprises is meaningless since citizenship is defined very carefully at the level of private life. However, the major flaw of liberal conception of citizenship is that it is too myopic and parochial a conception of citizenship. It fails to address itself to the possibilities of inequalities even in the face of an entrenched system of property rights. It is in this sense that liberal conception of citizenship is capitalist in nature.

Radical Conception of Citizenship

The radical concept of citizenship makes the universalism of citizenship rights its starting point. For this conception, welfare benefits must be accorded to all. Lister (1990) contends that radicalism entails the right of all adult members to enjoy the full rights of citizens, a concept that Hall and Held (1989) think is important for children as well as the environment, including animal rights and freedom. The argument of the radicalist is that social, economic and cultural conditions that ensure the rights of all in a system of equal participation in society should be built.

In a way, it endorses a form of plurality, not only in defining citizenship but, in the consideration of the effect and scope of citizenship. In this sense, the radical conception of citizenship endorses citizenship in terms of religion, ethnicity, class and races. It means that there can be a number of equivalent forms of citizenship without each entering into the definition of other forms. Denial in terms of identity politics is somewhat a strange doctrine in radicalists' conception of citizenship. In the words of Scott (1994:149), diversity of life style and identities characterises the radical concept of citizenship. The implication of the radicalist conception of citizenship is not far to seek. For the radicalist conception, privatisation is a misnomer simply because it stifles the basic necessities of pluralism. However, modern notions of citizenship consider the radical statement on citizenship too extreme and very unlikely a conception to appropriate the nature and conditions of life in modern societies. It is based on what is regarded as the inadequacy of the radical conception of citizenship that has led, in recent times, to the emergence of a new conception of citizenship, which is practically in line with modern and societal realities. This is the social democratic conception of citizenship.

Social Democratic Conception of Citizenship

The social democratic conception of citizenship not only suggests that citizenship is interred in a network of social justice but also incorporate the ideals and central tenets of democracy. It sees citizenship as eliciting the sacredness and salience imbued into public life. Thus, citizenship is a public affair and tie. In line with the doctrine of the mean, this conception of citizenship transcends the obvious limitations and setbacks of previous conceptions, such as the extremism of the radical conception and the myopia and parochialism of the liberal conception. It is in this sense that Roche (1987) contends that the social democratic conception of citizenship is the dominant paradigm of modern citizenship.

The social democratic conception of citizenship is implicit in Marshall's analysis. And, as we pointed out earlier, it questions the concept of privatisation. The social democratic conception of citizenship states that citizenship is not a private interest but a public trust system in which rights and benefits are accorded each citizen by state intervention and programme of social welfare and services. Unlike the liberal and radical conception, it underscores the view that citizenship is a public affair with every sense of responsibility. It conceptualises citizenship in terms of public equality defined in economic, social and political terms.

Essentially, the social democratic conception of citizenship sees benefits as rights inherited and enjoyed as a result of citizen-state cooperation. In this conception, just as the citizens have their responsibilities, the state equally has obligations and duties to the citizens. In this conception of citizenship, there is the need for state intervention and fiscal management of the economy. In the words of Turner, social democratic conception of citizenship sees the citizen as an active agent and bearer of effective claims against the society via the state (1990:200). The citizen is neither a subject nor a passive bearer of rights. His existence as a public agent makes him a claimant, not just to rights but also to the public standards which defines every individual in the polity. One of the elements of these public standards is what Elias (1970) describes as the existence of 'functional democratisation'.

The social democratic conception of citizenship has influenced the nature of social policies, especially in relation to the idea of welfare. In terms of welfare, therefore, it queries whether what exists in a society is deprivation or poverty. To be deprived, as defined by Scott (1994:150) is to be denied the opportunities to enjoy the standard of living that is customary in one's society. Thus, the concept of deprivation is implicative of the concept of privilege, since the opposite of deprivation is privilege. In both cases, the idea of privatisation is significant. Privatisation either enhances privileges for some and/or enhances the deprivation of others, depending on the prevailing concept of citizenship within that society. Thus, using the concept of deprivation and privilege, the concept of privatisation can be understood in relation to citizenship in Nigeria.

Privatisation and Social Democratic Citizenship in Nigeria: A Critical Assessment

The move towards privatisation in Nigeria has a long history. Historically, concerted moves towards privatisation of public enterprises or state-owned enterprises began as early as the 1950s and 1960s. However, it is with the implementation of the structural adjustment programme in 1986 that serious moves towards privatisation of state-owned enterprises began in Nigeria. Thus far, the privatisation agenda can be divided into three specific phases; the first phase known as first round (1988-93), the period of inertia (1994-97) and the current phase referred to as the second round (1998 to date).

According to Odusola (2004:79), as at 1986 when SAP was introduced, public enterprises in Nigeria were totalled at about 1,500 with 600 of these belonging to the Federal Government and 900 to states and local governments. In the year 2000, there were 590 out of which 160 were engaged in economic activities. Significantly, despite the commitment of successive governments to the process, only incidental and few results have been achieved. This entails what Stiglitz (2000:300) describes as the variance between the objectives and goals of the policy and the implementation strategy. In his words, it is not the issue of creating market or generating revenue that matters 'but the improvement of living standards and the establishment of the foundations of sustainable, equitable and democratic development'.

Given the history of Nigeria, several reasons have been adduced for the move towards privatisation of public enterprises. These reasons range from ineptitude, mismanagement and corruption to inefficiency, fiscal burden on the government and the need to involve the private sector in the growth of the Nigerian economy. Another is the desire to create more wealth and fund for the government.

Generally, citizenship is still a complex and not well defined concept in Nigeria. As reiterated by Taiwo (1996:16), 'beyond phrase mongering, there are no citizens in Nigeria, only citizens of Nigeria'. Generally, citizenship in Nigeria seems to have been entangled, historically, in the existence of some skewed conceptions of citizenship. These are:

1. The definition of citizenship notions and rights in terms of one's primordial base and ethnic origin;
2. The emergence in Nigerian politics of the view that not all Nigerians are equal in respect of citizenship claims, stakes, rewards and responsibilities. Economically, citizenship in Nigeria is defined in terms of first-class and second-class citizens;
3. The wide gap between paper truth and empirical, practical and political reality;
4. The reduction of citizenship in Nigeria to mere formal and passive membership of a Nigerian political community rather than to a concrete form of substantive participation with respect to political power, economic empowerment, public life, social privileges;
5. Constitutional and juridical citizenship in terms of the enforcement of economic rights and policy of welfare that is a cruel mockery, in abeyance and simply non-existent.

These skewed conceptions of citizenship in Nigeria have come to be so for the local conditions of citizenship in Nigeria in as much as relevant fundamental principles of democratic governance have not been allowed to thrive. Actually, one of the problems of privatisation for citizenship in Nigeria is the absence of full democratisation by which every policy is made to pass through the tests of rules and procedures. This refers to the absence of the institutionalisation of the policy process in Nigeria.

More precisely, the implication of privatisation for citizenship in Nigeria consists in what Taiwo (1996) classifies as the absence of a moral ideological foundation and basis for Nigerian citizenship. In his words, 'Nigerian citizenship is merely geographical; it is without moral-ideological content'. The absence of such ideological basis of Nigerian citizenship explains also why democratisation is an intractable problem for Nigeria. And what is more, privatisation has a Eurocentric bias. It is the celebration of European values, of the ideals of impersonality in the definition of public life and by implication, in the definition of citizenship values.

Going by the history of Nigeria, it is contended that the implementation or the full-scale introduction of privatisation in Nigeria is a threat to the welfare state. This threat, on our part, is championed by the emergence of the New Right and dominance of Thatcherism in Nigerian politics and in the former colonies of the British Commonwealth in general. As a matter of fact, the influence of Britain on its former colonies can be used to buttress this point. In almost all former colonies of the British isles, the policy of Thatcherism seems to be having full sway, especially in the light of economic policies. In fact, the introduction of SAP in most of these colonies and particularly in former West African British colonies has been quite devastating. Writing on Ghana's experience with SAP and, impliedly, privatisation, Hutchful (1996:184) argues that 'many Ghanaians remained unconvinced of the case against public enterprises, particularly where the only viable alternative was foreign control'.

It is instructive to note that in the case of Nigeria, the Constitution provides for the establishment a welfare state. However, successive governments have cleverly abandoned that constitutional duty that they owe the citizens. In the 1979 and 1999 Constitutions of Nigeria, section 14, subsection 2 (b), provides that 'the security and the welfare of the people shall be the primary purpose of government'. This is a commitment to the ideology of welfarism. The history of Nigerian political thought has shown and manifested a gradual and slow development of what can be termed, in very strict language, the elitist conception of citizenship. When evaluated in the light of welfare packages and promises, it is the case that, historically, Nigerians have been deemed not to be equal. In other words, right from the time of independence, citizenship in Nigeria has always been cast in the language of elitism. One very important factor in the whole social process in Nigeria is the military's usurpation of public political life. This process involves the stifling of the process towards the establishment of universalism in citizenship notions.

It is important to underline the fact that the elitist construction of citizenship in Nigeria, particularly in the democratic era of the First Republic, was often cast in conjunction with the control of power. Political participation for political power was structured by ethnic criteria which succeeded in excluding many ethnic groups from the seat of power and the economic advantages that accrue from it. It is only after considerable struggles that civil and political exclusion over power was lifted. It is most recently still that there have been struggles over the extension of citizenship rights and privileges to ethnic minorities and groups particularly in the Niger Delta.

All these struggles, one way or the other, have been connected with the provision of welfare services in Nigeria. At a minimum, these welfare concerns have been defined to include investment in education, health care facilities, housing opportunities and other social services. The absence of these welfare concerns explains why Nigerians abandon their country. Mass struggles of citizenship concerns in Nigeria have been tailored towards closing the gap between what is constitutionally provided and what obtains in practice. Such struggles are attempts to give practical relevance to the spirit of the Constitution.

Given this, it is quite revealing that privatisation is bound to affect more the boundaries of citizenship in relation to people's welfare in Nigeria. Privatisation has been declared as an official plundering of national patrimony by the political elites. It has been equally described as the amalgamation and acquisition of elitist wealth through other means. What this means is the sale and divestiture of the commonwealth to the highest bidder. The conscious move inherent in the programme, given these instances of distasteful implementation, shows the conscious promotion of elitism. Monye-Emina and Omar also made this point in the preceding chapters. To privatise these enterprises and the services rendered is to restore the Nigerian political and economic terrain to the elitist order. Better still, it is to reinforce the elitist notion of citizenship.

Elitist conception of citizenship is, of course, at variance with the social democratic conception of citizenship. If elitism is an inherent aspect of privatisation, if it elucidates pertinently the substance of privatisation and commercialisation, it shows that privatisation is against universalism in the conceptualisation of citizenship. Governments' attitude towards the dispensing of welfare programmes in Nigeria is a case in point. Some 15 years back, the Nigerian government was forthcoming in the award of scholarship and bursary to Nigerian students, as well as other welfare packages that meet the needs of its citizens. Today, the story is totally different. In fact, what takes place in lieu of welfare packages is the offering of largesse and promotion of prebendal politics, which involves only a clientele relationship between godfathers and godchildren.

The move towards privatisation is an attempt on the part of the state to divest itself of the duty of restoring the days of welfare to Nigerian citizens. The impact on citizenship is grave in the sense that what it does is to entrench a normative basis for gross and stark inequalities in the country. Once the government succeeds in privatising, it becomes very difficult for citizens under the rubric of the social democratic charter of citizenship to make any worthwhile claim on the government.

The economy is then not only left in the hands of private interests whose goal is to rake the country, but very importantly, in the hands of the politicians and money mongers who have entrenched connection with foreign capitalists and multinationals to erode the culture of welfare which resides not only in the canons of the state but which equally exists as part of the privileges of the citizen given the culture of a functional democracy. This is what Nsofor (2004:65) has in mind when he argues that privatisation in Nigeria is unethical if specific groups take over what had become national institutions. In his words, 'the Nigerian system is populated by people who would pull it down anytime and walk away unscathed. Is it therefore surprising that our economy has only succeeded in taking one step forward and two steps backward?'

In addition, privatisation in Nigeria is bound to have lingering implications for the social democratic conception of citizenship in as much as it is a veritable aspect of neo-liberalism or the liberal ideology which places ethical and moral importance and emphasis on the private sphere and the running of the economy based on the principles of capitalism. As Marshall argues in his work, citizenship and the existence of social classes are two sets of opposing principles. In his words, 'it is reasonable therefore to expect that the impact of citizenship on social class should take the form of a conflict between opposing principles (1950:29).

Marshall's reasoning on the relationship between citizenship and social class is this: class politics is an aspect of capitalism. Capitalism is a system of inequality, Citizenship is a system, or at least, an endorsement of equality, whether curious or given. All, with respect to its normative standard, are equal. Capitalism is thus bound to be engaged in a perpetual war or conflict with citizenship. As Scott (1994) further argues, the social democratic view of citizenship endorses a system of institutionalised welfare. Therefore, the public status of citizenship as defined in the social democratic view of citizenship confronts most necessarily the class inequalities of capitalism. The unfettered operation of a capitalist economy constantly threatens to generate levels of inequalities that make it impossible for some members of that society to participate fully in the public life of that society. They are excluded by the way in which the economy operates and their exclusion results in deprivation and poverty. That is what Marshall meant in the statement above that capitalism and citizenship have been at perpetual war with each other.

If capitalism endorses deprivation, therefore, it must equally endorse systems of privileging. Some are deprived while others are privileged. Privatisation, as a cardinal principle of capitalism ensures that the economy is operated in the atmosphere of deprivation and privileging, both co-existing in the same society. On both counts, privatisation leads to a distortion in citizenship consideration, since it threatens most constantly the very essence of the social democratic view of citizenship which is the creation of citizenship equality. Harold Laski's priceless and timely observation of the morality of liberalism seems to corroborate the essential defects of the principles of capitalism in relation to citizenship. According to him, one theoretical and moral weakness of the liberal tradition, and hence the liberal theory of citizenship, is its failure to address quite squarely and directly the problem of social inequality in relationship to individual freedoms (Laski 1962). If then, privatisation is a major aspect of liberal economics, its full implementation in Nigeria will fail to address the already formed and entrenched structure of economic inequality in the country.

In fact, privatisation entails a contradiction in the definition of the concept of the public and the private. The concept of the public is still as fuzzy and problematic as ever in Nigerian political history. The contradiction is how the idea of the private can be held to be in the interests of the public? How can private interests hold a future for the concept of the public where the concept is yet to be defined? The idea of privatisation is one of the hallmarks of global capitalism and as such holds a bleak future for the concept of citizenship in Nigeria. This is because citizenship and capitalism have always been at perpetual war in Nigeria. It therefore follows that the idea of privatisation has great implications for conventional definition of citizenship.

One of the implications, apart from the above, is that the customary and conventional standards of citizenship that prevail in a society such as Nigeria may be only imperfectly reflected in official practices. Conceptions of privatisation, as envisaged in Nigeria, may end up blurring the already affected notions of imbalanced citizenship sentiments. The limited nature of privatisation concepts in the country, courtesy of public reforms, is that it restricts a wider conception and theoretical construction of citizenship. Privatisation and citizenship are not complementary terms in as much as the latter is a deflection from the normal lifestyle of the citizen. Moreover, the contrasting nature between social conception of citizenship and privatisation can be seen in the fact that the goal of privatisation is self-stultifying, i.e., there is in existence no conception of the public that the private seeks to protect.

Above all, it is believed that the tenor and thoughts of the Nigerian government on privatisation has, in relation to citizenship values in Nigeria, only created the awareness of our political and economic existence in an interdependent world, and of our dependence on some others. But in the major sense, what privatisation seeks to do is to endorse our dominance by others. In their full import, dependence and dominance, courtesy of privatisation in Nigeria, do not create or contribute to the making of authentic citizenship.

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5

Civil Service Reforms in Nigeria (1999-2007): Dimensions and Consequences

Asmau Sani Maikudi

Introduction

From the inception of the administration of President Olusegun Obasanjo in May 1999 till its exit in May 2007, a lot of reforms were initiated to ameliorate the socio-political, economic and institutional decay that the nation has witnessed over the years. Given that the sustainability or otherwise of any government policy depends largely on those that implement it and because the success or failure of such policy lies on how favourably disposed the public servants are to make it work, the administration therefore deemed it necessary to introduce reforms that would revitalise the public sector with a view to adequately empowering it to sustain the reforms (Ugwu-olo 2007:56).

The public service is an indispensable instrument through which the government implements its policies and programmes. It is through its instrumentality that government policies are translated into services for the people. The public service is made up of the employees of government. They are those responsible for the functioning of government through the implementation of government policies. The main functions of the public service are essentially to help formulate and implement the policies of government and to render related services to the public. The public service, made up of workers in government ministries, parastatals and other agencies, are further expected to provide continuity in governance, and to serve as a repository of knowledge and experience of the practices and procedures of governance, and to protect public interest (National Political Reform Conference 2005). Such policies include welfare services rendered to the citizens.

Within the public service is the civil service which constitutes the inner core, or the heart of the public service (Anifowose and Enemuo 1999:278-279). Civil service can thus be defined as a well organised body of permanent paid officials of ministries and departments under the executive arm of government, charged with the responsibility of implementing government policies and programmes in accordance with laid-down rules and procedures (Anifowose and Enemuo op. cit:279). There is no doubt that the Nigerian public service has been afflicted over the years with a series of problems, among which are poor performance, corruption, absenteeism and the ghost workers syndrome.

Considering these malaise that have characterised the public service as well as the need to reposition it to make it people-oriented and compatible with the realities of global standard, President Olusegun Obasanjo approved the establishment of Bureau for Public Service Reforms (BPSR). The bureau was mandated to streamline and standardise the public service at the federal level, including setting minimum standards to be met by each ministry or agency. The task was 'to build a civil service that is performance and result oriented, professional and technologically sensitive, and committed to a continuous improvement in the conduct of government business and the enhancement of national productivity' (Ajayi 2006:4). The core thrust of the Federal Government position, Ajayi explains further, was to 'reposition and re-professionalise the public service for greater efficiency, effectiveness in service delivery, accountability, transparency, and overall national productivity' (Ajayi op. cit:5).

This chapter attempts a critical review of the dimensions and consequences of these reform packages which have been sources of public outcry across the country, with a view to determining their efficacy.

Public Sector Reforms in Nigeria: A Historical Overview

The British colonial public administration which managed the colonial territory known as Nigeria, from about 1861 to 1954, when regional governments were created, influenced the growth and development of the public services in Nigeria. Consequently, the public services of the then regional governments from 1954 to 1960, the year of independence, and up to 1966, were direct offshoots of the British colonial public service administrative structure; in terms of ethics, values, culture and tradition, training, procedures and *espirit de corps*. During this period, there were five public services, namely; the Federal Public Service, the Public Services of the Eastern Region, the Northern Region, the Mid-Western Region and that of the Western Region. The first reform of the civil service was undertaken in 1946 by the Harragin Commission, which divided the service into Junior and Senior services. It was followed by the Gorsuch Commission of 1954, which restructured the service into five (5) sections, which are: the sub-clerical, clerical, sub-professional/technical, administrative / professional, and super-scale. The Mbanefo Commission of 1959 was concerned mainly with the issue of salaries and this was followed the same year by the Hewn Commission which integrated the existing departments under Directors into ministries to be headed by Permanent Secretaries (Adebayo 2004:212). The next reforms in the civil service, which looked mainly at the issue of salaries, were undertaken by the Morgan Commission in 1963, the Elliot Grading Team of 1966 and the Adebo Commission of 1970. Considering the ugly trend of failed policies and poor performance that had characterised the Nigerian polity over the years, a number of efforts were made towards reforming and revitalising the Nigerian public services, with a view to building a public service whose work is development, result- and people-oriented.

It was against this background, at the end of the Nigeria civil war in 1970, that the Yakubu Gowon government set up the Udoji Commission to, among other things, harmonise the structure and organisation of the public service of Nigeria. In 1974, the Udoji Commission recommended a result-oriented and unified structure of public service for the whole country. This implies that recruitment/appointment, promotion, remuneration, retirement, discipline and dismissal would thereafter be governed by the same conditions all over the country (PSRC 1974:279). Shortly after, in 1975, General Murtala Mohammed inaugurated the Public Service Commission (Disciplinary Proceedings), and immediately purged the civil service of those it considered not useful (Adebayo 2004:177). This severe disciplinary action, according to Adamolekun (2000:120), was based on such grounds as 'abuse of office', 'decline in productivity', 'divided loyalty', 'old age', and 'corruption'.

In 1988, it was the turn of General Ibrahim Babangida to initiate his own reforms. He constituted the Philips Civil Service Review Panel which, according to the government, was aimed at streamlining the public service along the lines of the presidential system of government, with the purpose of making the public service responsive to the Structural Adjustment Programme (SAP). One of the recommendations of the review was that professional heads of ministries be called Directors- General (DG) instead of Permanent Secretaries. The review also recommended specialisation in the ministry where an officer found himself. The appointment of the DG became political and they were required to retire with the president who appointed them (FCSRP 1988:279; Adebayo 2004:108).

Another review of the public service was undertaken by the Allison Ayida Panel on Civil Service Reforms, under the late General Sani Abacha in 1995. The panel examined the 1988 reforms and suggested far-reaching changes. Based on the panel's recommendation, the Provisional Ruling Council (PRC) directed that the post of DG should revert back to the status of Permanent Secretary and should be the accounting officer of the ministry (FRN 1997:280). The reforms went to the roots of the ills militating against efficiency and devotion to duty in the service.

The latest review of the public service was the one undertaken by the Obasanjo administration, with the establishment of the Bureau for Public Service Reform (BPSR) to, among other things, streamline and set a minimum standard in terms of staff strength and remuneration for the public service. According to HTSPE, an international consultancy company which worked in partnership with the Federal Government on the reform programmes, the public service reforms of the Obasanjo administration was an exercise embarked upon to, among other things, tackle pay roll fraud, remove ghost workers and the large number of redundant posts, facilitate a process of organisational restructuring, improve service delivery standards, and facilitate a process of pay reform that will provide incentives for quality staff to come into the service and stay there (HTSPE 2007:1). The shapes, patterns and dimensions of these reforms, which have been the subject of heated debates among many public policy commentators and the generality of the Nigerian populace, is the main focus of this chapter, and shall be elaborated upon in the subsequent sections.

Since independence, the Nigerian public service has been subjected to very many reforms. However, changes of government, styles of government and policies have meant that no single policy had the chance of making the necessary impact before a new policy direction was introduced by the succeeding administration/regime (National Political Reform Conference 2005:184). To make matters worse, Nigeria had the misfortune of suffering prolonged periods of military rule whose styles tended to disrupt and dislodge civil service rules, procedures and practices. A good example here was the mass purge of the civil service by the Murtala Mohammed regime, where none of those affected, from messenger to head of civil service, was given any chance to defend him/herself, which is contrary to the service disciplinary procedure. This, Adamolekun contends, underscored the arbitrariness of the exercise. Gone, he further argues, was the protective shield that existed during the 1960-66 period, which earned the civil service institution the enviable title of being the country's 'one real achievement since independence' (Adamolekun 2000:120).

The military regimes breached and stifled the essential principles of federalism in Nigeria; making public administration approximated to a system of unitary form of government. The result was that security of tenure of civil servants was no longer assured while the collective experience, knowledge, continuity and ethics were seriously undermined. Another problem was that most of the reforms in the public/civil sector of the Nigerian economy were initiated externally and not based on in-house evaluation of the Nigerian situation. Another shortcoming of all these reforms is the too frequent politicisation of the top echelon of the Nigerian civil service. This politicisation, according to Adebayo (2000), led to a relationship of acrimony and antagonism rather than a partnership in an enterprise; resulting in low morale in the civil service and consequent low productivity, with a resultant lack of teamwork necessary in modern management. We can then conclude that the resultant negative effects of all the reforms on the Nigerian civil service was that inadequate attention was paid to ensure the healthy growth of the institution; transforming it from an effective and dependable institution into a broken down and failed institution.

Dimensions of the Obasanjo Reforms

No nation has ever advanced beyond its public service, and President Olusegun Obasanjo was not in doubt that the reform of the public service was imperative in order to redirect the nation to the path of growth and development. President Obasanjo therefore declared in 2005, that his administration 'is set to conclude reforms and re-orientation in the civil service and to inject ICT to drive economic transformation in all sectors' (Ugwu- Oloto 2007:13). He further stated the challenge of re-orientation, that is, getting public officers to realise that it is 'no longer business as usual' as far as the enjoyment of the benefits in kind that they were used to was concerned. The president stated that his reforms would save cost and engender a new orientation and attitude towards pubic resources and public service.

Rationalisation/Down-sizing

This implies reducing the staff strength of the public service. The policy, according to its advocates, is aimed at minimising personnel cost as well as redundancy in the public sector. According to the former FCT Minister, Nasir El-Rufai, this policy used FCT Abuja as a starting point. In his words, the FCT is a good place to start because:

> We have 25,000 employees in the FCT working for the Federal Government and we feel that if we could find a way to use the FCT as the laboratory for the public service

> reform, and we can get civil servants that actually report to the needs of business in Abuja, then again, it would serve as an example (El- Rufai 2006:1).

To further underscore the extent of job loss occasioned by the reform, Aluko (2007:13) claims that the administration has so far retrenched about 4.8 million Nigerians across the entire public service, all in a bid to downsize the workforce and minimise the economic role of government.

Reforming and Strengthening Public Procurement

Historically, it is in the award of contracts by various governments in Nigeria that the poor transparency image of the country is mostly manifested. The process of award and the cost of contracts represented a major governance challenge inherited by the Obasanjo administration. According to Nnebe (2006), inflated contract costs and processes were at best closed, discretionary and well-designed conduits for abuse of public power. Government, he continues, therefore set up the Budget Monitoring and Price Intelligence Unit (BMPIU) that commenced a process of contract award review, oversight and certification, now commonly referred to as the 'Due Process'. It is a simple mechanism that certifies for public funding only those projects that have passed the test of proper project imple-mentation packaging. Through the instrument of certification, value for money is once again returning as the fundamental premise for public expenditure (Nnebi 2006:260).This new operation was designed to institutionalise transparency in tendering, contract award and payments.

Redefining the Role of Government: Public-Private Partnership

One of the arguments advanced by government for reducing its involvement in economic activities is that such involvement has been a barrier to the growth of the economy. It further argues that 'not only has it promoted inefficient use of resources; it has distorted market signals and stifled private investment through its impact on inflation, interest rate movement, exchange rate and borrowing level/pattern of credit expansion'. Rightsizing government, reducing budget deficits and properly structuring the entry of all governments (especially the federal and state governments) into the capital market will enhance macro stability and stimulate private investment, government declared. To achieve this, government began to withdraw from the commanding heights of the economy through privatisation, liberalisation and deregulation. Government believed that such innovations would attract private capital in areas such as power generation and distribution, roads, railways, water supply, ports, etc. (Nnebi 2006:263).

To attract private sector investors, government commenced the privatisation of public owned companies/corporations. This involves the partial or outright sale of the shares. Viewing this in the light of public service reform, the public servants who were hitherto employees of government were left at the mercy of the new owners with all the untoward consequences. Some of the government owned companies so far privatised include the Nigerian Telecommunications (NITEL), NICON Insurance, Benue Cement Company (BCC), Peugeot Automobile of Nigeria (PAN), Port Harcourt and Kaduna Refineries, amongst so many others. The privatisation and liberalisation of these key economic sectors, according to government, was aimed at entrenching transparency and accountability, and build consensus in support of the reforms (Nnebi 2006:262).

Monetisation of Fringe Benefits

Monetisation is the process of converting or established something into legal tender. It may also refer to selling a possession, charging for something used to be free or making money on goods and services that were previously unprofitable (Wikipedia 2007:1). These benefits-in-kind, largely a carryover from the colonial era, include highly subsidised residential accommodation, transport facilities, chauffeur-driven motor vehicles (for the senior echelon of the service), free medical services and highly subsidised utilities such as electricity, potable water and telephone. The cost of providing these amenities to public servants has become so huge vis-à-vis other provisions in the annual appropriations that little was left for funding capital projects, government claimed. The problem was further compounded by the fact that these benefits were largely not provided in the most cost-effective manner (Nnebi 2006:265).

The Federal Government further argued that its decision to adopt the policy of monetisation of fringe benefits is designed to stem the ever-rising annual expenditure outlay on the benefits provided for public servants, thus reducing waste and releasing resources for the provision of social and economic capital assets for the wider populace. It made quite a number of them, it claimed, to develop a dependency syndrome ill-suited to post-retirement life. Thus, among other benefits, government believed, monetisation would help prepare public servants for life after retirement by preventing a sharp drop in their standard of living following their retirement, compared to when they were in active service. It would also encourage public servants to be more flexible in the use of their resources, choosing whether to live in their own or rented houses, for example (Public service Reforms and National Transformation 2006:54). The policy, government hopes, is also bound to affect the real estate market in the larger cities, especially Abuja, seat of the Federal Government, where the rent on leased properties is expected to fall as government stops leasing houses for its workers. In fact, government itself would release a number of houses owned by it into the market, thereby putting a downward pressure on prices in the real estate market, if not in the short term, at least in the medium to long term (Nnebe 2006:266).

The monetisation policy was given legal teeth with the passage and coming into effect of the Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc.) Act, 2002 which has now been extended by circular to cover all federal civil servants. The law took effect from 1 July 2003 for the designated political, public and judicial office holders contained therein, while it was extended, with somewhat modified rates of benefits, to federal civil servants with effect from 1 October 2003 (Nnebe 2006:266).

Pension Reform

Up to 2004 when the Pension Act was passed by the National Assembly, the government operated an unfunded Defined Benefits Scheme and the payment of retirement benefits was budgeted annually under the Pay-As-You-Go Benefit Scheme. Against the claimed backdrop of an estimated ₦2 trillion deficit, arbitrary increases in salaries and pensions as well as poor administration; the Obasanjo government initiated a pension reform in order to address and eliminate the problems associated with the pension schemes. The new pension scheme is contributory, fully funded by both the employer and employee and based on individual accounts that are privately managed by Pension Fund Administrators (PFAs), with the Pension Fund Custodians (PACs). This whole scheme is being regulated and supervised by the National Pension Commission (PenCom). The Commission will ensure that the payment and remittance of contributions are made and beneficiaries of retirement savings are paid when due (Public service Reforms and National Transformation, 2006:56-57).

Consequences of the Obasanjo Reforms

The advocates of the civil/public service reforms of the administration are always quick to count the positive effects of the reform on the nation's public service, neglecting some vital but negative consequences of the reforms, not just to the public service but also to the socio-political, economic and educational spheres of the Nigerian state. For instance, Ugwu-Oloto (2007:56) says at no time in Nigeria's history has the nation witnessed fundamental changes in the key facets of our national life on such a scale as the time of President Olusegun Obasanjo's reforms.

Professor Sam Aluko equally has something similar to say. In a chapter titled 'FG Reforms Agenda and the Nigerian Economy 1999 – 2007: A Critical Assessment', he says that 'because of jaundiced reform policy in this sphere (public service) many public enterprises have either collapsed, closed down or been sold to foreigners, while the public service which was once vibrant, productive and incorruptible has become a haven of corruption, inefficiency and stupor' (Aluko 2007:31).

In its desperate bid to down-size the public sector of the economy and minimise the economic role of government, the administration has continued to place emphasis on the private sector as the engine of growth of the Nigerian economy. Whereas the reality is that the private sector is very weak in Nigeria and depends on the public sector for its survival and continued growth, the result is that the down-sizing of the public sector has consequentially led to the down-sizing of the private sector. This is because the economic managers in government do not appreciate that a decelerating public sector also leads to a decelerating private sector, and vice-versa. This is an immutable economic causation.

Also, because of the reform in this sphere, the erstwhile security of tenure of the civil servants, other things being equal, has become a mirage. Retirements and retrenchments, without due process, have become the order of the day, in spite of the resuscitation of the NPSNC, which Obasanjo's government claimed to have achieved. It is important to point out here that this policy of down-sizing the public sector has been abandoned even in developed countries of U.S.A., Canada and Europe and in the developing countries of Asia and Latin America, because of its negative multiplier effects, especially its economic deceleration effects.

Again, retrenchment leads to reduced consumer demand which reduces the propensity to produce and in turn leads to reduction in the rate of growth of the Gross Domestic Products (GDP). Another significant point worthy of note is the problem of crime arising from retrenchment of able and agile persons from the public service. The apparent cases of increased crime across the country are no doubt a bitter consequence of this jaundiced public service reforms. The recent admission of increase in crime rate across the country by the former Inspector-General of Police, Sunday Ehindero, in his farewell message, in June 2007, is a testimony to the negative consequence of the reforms.

Also, if privatisation of government-owned companies is aimed at efficiency and increased output, as claimed by the advocates of the reforms, the current situation in Nigeria Telecommunication (NITEL) is a proof to the contrary. Today, NITEL is in a worse situation than it was before its privatisation. The workers who were formerly federal public servants are now living under constant fear of retrenchment by the new management board. Record has it that NITEL has the least subscribers in respect of GSM communication, with its landline in an even worse predicament. Then, where is the efficiency?

Recommendations

Nigeria is endowed with abundant human and natural resources. With a population of over 120 million, Nigeria has the potential of becoming Africa's largest economy and a major player in the global economy. To address this enormous challenge, Nigeria must, among other things, ensure the establishment of a highly motivated, competent, effective and respected public service. Over the years, policy process in Nigeria has been adversely affected by vague direction, inconsistency, poor implementation and lack of continuity in implementation; a failure that is attributed to persistent instability in governance.

It is imperative that government takes urgent action to re-orientate Nigerians and bring about a positive change of attitude that will restore high moral values, encourage hard work, honesty and selfless service, as well as inculcate a sense of patriotism which will bring to fruition government policies and programmes.

Under no circumstances should the civil service of this country be politicised. There is an urgent need to evolve a non-politicised service which is adequately staffed to give non-partisan and competent advice without fear or favour. If the public service is to fulfil the role expected of it, government must ensure that:

(i) Public servants are accorded due recognition and respect by the political class;

(ii) The neutrality and security of public servants, which have been eroded over the years, must be restored to insulate them from political interference;

(iii) The ethics, values and norms of the public service must be re-established to enable public servants enjoy, once again, the respect and confidence of the public;

(iv) Government must demonstrate a political will to ensure strict adherence by all to the governing rules and regulations.

Conclusion

The reform agenda of President Olusegun Obasanjo may have been honest in conception and execution, but its basic and simplistic premise that Nigeria's problems could be solved by simply down-sizing the public sector and minimising the economic role of government proved to be its biggest flaw. One of the most enduring legacies of the reform in the public sector has been worsening unemployment which portends serious danger, not only to the public service, but also to the nation in general. All true and sensible reformers in history have increased rather than decreased employment quantum in significant manner in their nations. There is an urgent need therefore to re-assess, re-define, re-focus and re-design these suicidal reform policies and make the reforms service- and people-oriented, and compatible with global standards.

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6

An Assessment of Nigeria's Pension Reform Act 2004

Femi Aborisade

Introduction

Internationally, pension reform has been a common feature of public sector financial reforms since the 1990s. According to the Organisation fo Economic Cooperations and Development (2007), in Europe, the reforms have led to increased retirement age but a reduction in terminal benefits. Similar reforms have been embarked upon in the developing countries, resulting in throwing poorer segments of the society into harsher economic conditions as responsibilities for old age care are transferred from the state to the individuals. Within the context of pension reforms on a global scale, this chapter examines Nigeria's Pension Reform Act of. 2004. It identifies the weaknesses of the Act and draws attention to necessary improvements that should be made to the legislation. One thing that is clear from the provisions of this piece of legislation is that it is rooted in a neo-liberal paradigm shift.

On an international scale, social security pension system is undergoing reforms in varying degrees and dimensions. Akintola-Bello (2004) has broadly accounted for the reforms in Latin America, Eastern Europe and Central Asia, low income countries in Africa, North Africa, South Africa and the Middle East. He notes that pension reform started with the 1981 Chile experience, which was a pioneering role, not only in Latin America but in the entire world. Other countries in Latin America had followed about a decade later. Akintola-Bello also observes that the low income countries of North Africa, Southern Africa and the Middle East have not embarked on major reforms, given that many of them operate partially funded, defined benefit pay-as-you-go systems and that the reforms in the rest of the low income countries of Africa have been minimal. Holzmann, Orenstein and Rutkowski (2003:1) assert that pension reform has received greater attention in Western, Central and Eastern Europe than any other topic on the economic reform agenda, even though the process in individual countries is uneven.

Though the contents of the reforms differ from country to country, there appears to be a similarity. In many cases, the reforms are characterised by a move away from single-pillar, pay-as-you-go defined benefit systems towards multi-pillar, fully funded defined contribution systems. A comprehensive pan-European pension reform (in the 15 European Union (EU) countries, the 10 European Union Accession (EUA) countries of Central and Eastern Europe, plus Croatia) is motivated by three main factors: high budgetary or expenditure pressure and the tendency of an aging population; socio-economic changes, which render current provisions inadequate; and European economic integration and common currency, which tend to prompt higher levels of internal and external migration that current retirement provisions could hardly support (Holzmann et al 2003:2).

The conference organised by the World Bank and International Institute of Applied Systems Analysis (IISA) in 2001 also found that the reform changes in both the EU and EUA countries had been characterised by the inability to finance prior commitments and the need to make pension system more sustainable in terms of a move towards a greater role for a privately managed funded system and the conversion of the pay-as-you-go (PAYG) systems into defined contributory systems (Holzmann et al 2003:8), which are perceived to be 'more self-sustaining and transparent'.

As it applies to the reform process in Europe, pension reform in Nigeria, which is codified in the Pension Reform Act 2004, was also rationalised by arguments of rising pension liabilities and inability to finance prior commitments, as well as the need to make the pension system more sustainable in terms of a move towards a greater role for a privately managed funded system and the conversion of the pay-as-you-go (PAYG) systems into defined contributory systems.

Key Patterns of Pension Reform

Two reform styles have emerged in each of the two divides of EU/EUA. In other words, the two patterns of reforms can be found in both EU and EUA countries. The two reform styles have been conceptualised as the 'parametric' and 'paradigmatic' styles (Holzmann et al 2003:8-9). They further explain that:

> A parametric reform is an attempt to rationalize the pension system by seeking more revenues and reducing expenditure while expanding voluntary private pension provisions. A PAYG pillar is downsized by raising the retirement age, reducing pension indexation, and curtailing sector privilege; and a development of voluntary pension fund beyond the mandatory social security system is promoted through tax advantages, organizational assistance, tripartite agreements, and other means of administrative and public information facilitation. These among other things are happening in Austria, the Czech Republic, France, Germany, Greece and Slovenia (Holzmann et al 2003:8).

There is also the paradigmatic reform which is often called a 'three-pillar reform'. A paradigmatic pension reform is an attempt to:

> ... move away from the monopoly of a PAYG pillar within the mandatory social security system. A paradigmatic reform is a deep change in the fundamentals of pension provision typically caused by the introduction of a mandatory funded pension pillar, along with a seriously reformed PAYG pillar and the expansion of opportunities for voluntary retirement savings. Among other measures, this is what three-pillar Bulgaria, Croatia, Denmark, Hungary, Latvia, the Netherlands, Poland, Sweden and the United Kingdom decided to do (Holzmann et al 2003:8-9).

Some of the claimed attractions of a paradigmatic reform include the possibility of increasing a nation's savings and investment, acceleration of the development of a nation's capital market institutions and therefore overall economic growth rate, which a funded pension system could afford. Holzmann et al (2003:10) suggest that these advantages are perhaps the reasons for the predominance of paradigmatic reform in the EUA countries than in the EU countries.

Paradigmatic pattern of reform predominantly characterises Nigeria's pension reform, even though the changes reflect an amalgam of elements of both parametric and paradigmatic changes. However, the Nigerian pension reform does not encourage increased pool of pension funds through tax advantages by encouraging voluntary pension contribution as indicated by the elements of parametric reform. Rather, the Pension Reform Act puts 'voluntary contribution' above the statutory rates of contribution to taxation at the point of withdrawal. Another element of parametric reform missing in the Nigerian pension reform is transparent or democratic administration of pensions through tripartite agreements. There is marginal representation of organisations of the trade unions in the administration and 'transitional' management structures.

From the foregoing, it can be deduced that social security pension systems can be categorised into two types, namely, the Defined Benefit (DB) and the Defined Contribution (DC) systems. The DB system refers to the PAYG system where benefits are predetermined. These may be in the forms of lump sum benefits and benefits related to previous earnings. The extent to which the benefits are actually funded varies from country to country and over time, even though the partially funded DB system tends to be most common (Akintola-Bello 2004). In the case of Nigeria, the benefits side was characterised by two components of payments – lump sum benefit in the form of gratuity, based on the number of years of service and the terminal compensation package, and monthly pension payments guaranteed for life, the rate of payment being dependent on the length of years of service (Ozo-Eson 2004).

The DC system, on the other hand, refers to a fully funded 'actuarially fair' system: meaning that the assets match liability at any given time. Akintola-Bello (2004:47-48) explains that the term 'actuarial' refers to the long-run financial stability (viability) of the system. A stable system is said to be in 'actuarial balance' when there is a relationship between contributions and benefits at the individual level. In reality, there are different degrees of actuarial fairness. Also, both the unfunded PAYG and the funded DC systems can be either completely non-actuarial or actuarially fair.

The Political Economy of Pension Reform

Various scholars have attempted to theoretically explain the likely triggers of pension reforms. They include: the character of political leadership, pension system and debt crises, the balance of power between reform advocates and opponents, weak structures of governance, the combined roles of domestic and external economic and political influences, the influence of neo-liberal ideas, relationship between international demonstration effects and domestic policy choices, and the role of international organisations in cross-regional diffusion of ideas and models. These factors and how they apply to the particular Nigerian experience are examined below.

Studying four countries in both Latin America and Eastern Europe, namely Argentina, Bolivia, Hungary and Poland, Muller (2003:47-78) identifies five likely variables that could trigger reform – dynamic political leadership, the role of international financial institutions, pension system crisis, intelligent reform strategy design, and the respective power or powerlessness of reform advocates and opponents. Of all the five variables, Muller finds the role of political leadership to be critical in the four case studies. In particular, she finds that paradigmatic reform is often triggered by new actors being involved in the process. In addition, while severe financial crisis may strengthen the position of the finance ministry, high foreign debt may enhance the arguments of international financial institutions pushing for reforms. She also reports that the state-labour movement relationship could also facilitate or hinder reforms.

Some of the factors identified by Muller are relevant in analysing the pension reform process in Nigeria. For example, many of the economic reforms, including pension reform, could not be carried out under military dictatorship. They could only be realised under a civilian political regime. In other words, it appears that an active combination of both actors and type of political system tends to influence the feasibility of changes in social policy. As Muller also found, pension system and debt crises play important roles in the pension reform process. The unpaid pension liability in the public sector alone has been estimated to be N2 trillion while huge foreign debt overhang (before the $18bn debt relief by the Paris Club) strengthened the arguments of government and the pressures of the international financial institutions in the reform process. The powerlessness of the trade union movement was also clearly demonstrated in the process of legislative changes. Though all the three central labour organisations (the Nigeria Labour Congress [NLC], the Trade Union Congress [TUC] and the Conference of Free Trade Unions [CFTU] were opposed to the fundamentals of the pension reform, radical changes were made in the new legislation on pension without reflecting the inputs of labour. Similarly, the organised private sector resisted the lumping together of pension schemes in both the public and private sectors. However, the new law disregarded private sector's inputs to the new scheme, in spite of existing constitutional provisions, which support their position.

In spite of the inability of the unions to prevent the enactment of the Pension Reform Act, 2004, they seem to have delayed its full implementation. The private sector employers organised under the Nigeria Employers Consultative Association (NECA) have been forced to embark on a retreat in stopping payment of gratuity. They had planned to begin the implementation of the Pension Reform Act by the issuance of 'Guidelines for Migration into a new Dispensation of One Terminal Benefit Scheme'. The association considered having to pay pension and gratuity as 'burdensome'. NECA would rather want members to change to a 'monolithic' scheme. Given the spontaneous agitations of the Trade Union Congress (TUC) and other unions such as the Food Beverage and Tobacco Senior Staff Association (FOBTOB), NECA through its Director General, Olusegun Oshinowo, was compelled to temporarily surrender. It said, '…the intention is not to scrap gratuity now. We are simply setting in motion the planned reformation of terminal benefits in which we would be talking of only one terminal benefit, pension. Gratuity will be subsumed under a new pension dispensation' (*The Nation* 4 December 2006:33).

On a different but related aspect, Ney (2003:79-110) argues that, contrary to previous political economy literature which portrayed democratic structures and processes as obstacles to changes, pension policy changes had never been very democratic. Rather, they had been monopolised and manipulated by small policy networks which operated in backrooms.

The findings and perspective of Ney are confirmed perfectly in the recent Nigerian experience. With the termination of military dictatorship in May 1999 and the introduction of representative system of governance, it is assumed that the process of law-making or changes in policy-making should reflect democratic norms. However, as noted in the preceding paragraph, the inputs of labour and organised private sector were not taken into reckoning in the new legal framework governing pension administration in Nigeria. In other words, the existing democratic structures and procedures were not, in reality, relied upon in effecting pension reforms.

The work of Chlon-Dominczak and Mora (2003:131-156), among other findings, posits that the identity of the foreign pension reform agenda setter – whether the World Bank, the United States Agency for International Development (USAID) or the International Labour Organization (ILO) – does not matter. Instead, the role of domestic actors, depending on the depth of pre-existing pension system crisis, is more significant in the reform process. Chlon-Dominczak and Mora (2003) also find that there is no strong relationship between institutional arrangements and implementation of pension reforms, noting that reforms have occurred equally in authoritarian and democratic countries. Rather, they argue that the influence of ideas, particularly the influence of neo-liberal ideas, is more decisive as a causative factor to trigger pension reform.

The postulation of Chlon-Dominczak and Mora (2003) that the role of domestic actors is more vital than the influence of foreign pension reform agenda setter could be said to be half-truth. Rather than over-rating the influence of one over the other, it might be more useful to understand that endogenous and exogenous political influences complement each other in the reform processes. This is the conclusion that could be drawn from the deep reflections of Arundhati Roy (2004:4-5) who explains as follows:

> The World Trade Organisation, the World Bank, the International Monetary Fund, and other financial institutions like the Asian Development Bank, virtually write economic policy and parliamentary legislation….. All this goes under the fluttering banner of 'reform.' … Time and again we have seen the heroes of our times, giants in opposition, suddenly diminished. President Lula of Brazil was the hero of the

> World Social Forum in January 2002. Now he's busy implementing IMF guidelines, reducing pension benefits and purging radicals from the Workers' Party. Lula has a worthy predecessor in the former President of South Africa, Nelson Mandela, who instituted a massive programme of privatisation and structural adjustment that has left thousands of people homeless, jobless, and without water and electricity. When Harry Oppenheimer died in August 2000, Mandela called him "one of the great South Africans of our time." Oppenheimer was the head of Anglo-American, one of South Africa's largest mining companies, which made its money exploiting cheap black labour made available by the repressive apartheid regime.
>
> Why does this happen? It is neither true nor useful to dismiss Mandela or Lula as weak or treacherous people. It's important to understand the nature of the beast they were up against. The moment they crossed the floor from the opposition into government they became hostage to a spectrum of threats - most malevolent among them the threat of capital flight, which can destroy any government overnight. …. Radical change cannot and will not be negotiated by governments; it can only be enforced by people. By the public. A public who can link hands across national borders.

However, the findings by Chlon-Dominczak and Mora (2003) regarding the influence of neo-liberal ideas are relevant in explaining the evolution and development of pension system in Nigeria. The Pension Reform Act, 2004 appears to be a neo-liberal piece of legislation. The Group Managing Director and Chief Executive Officer of the United Bank for Africa, now an amalgam of the UBA and STB (Nigeria), described the reforms, including the pension reform, as a 'silent', 'quiet', 'steady', 'irreversible' or 'permanent revolution' aimed at 'creating a conducive investment climate' (Elumelu 2005:slide number 3).

However, what is considered a 'revolution' by proponents of the reform policy has been described by a section of the Nigerian labour movement, represented by the voice of the former President of the Academic Staff Union of Universities (ASUU), as 'counter-revolutionary' (Fashina 2003).

Evolution of the Pension System in Nigeria

To determine the direction of changes in pension reform, it is apposite to trace the development of pension system in Nigeria, particularly from the 1970s. In the Public Sector, including civil and public services, statutory bodies and government-owned companies; pensions were governed by the Pensions Act of 1979, later the Pensions Act 1990, amended by the Pensions Regulations of 1991. The Act provided for benefits in terms of gratuity and pension payments. Gratuity is a single, lump-sum payment while pension is a periodic payment, normally on monthly basis for life.

The scheme was a compulsory and non-contributory one, which created a right to monetary collection by public servants and an obligation on the part of government to make payment.

It should however be noted that before April 1974, gratuity and pension for public servants were not treated as rights but as privileges. The applicable law provided that 'no officer shall have an absolute right to …pension or gratuity' (Section 6[1]). As from 1974, they became rights to which a public servant who qualified for them was entitled against the government. The pension scheme for civil servants was financed, from government general revenue as may be appropriated in annual budgets, on a pay-as-you-go basis. It was neither from payroll tax deductions from employee salaries nor from any fund specially set up for the purpose. In that context, pension benefits were regarded as deferred element of employment compensation package. Government parastatals however tended to operate separate funded schemes which required setting aside, on an annual basis, a percentage of the total basic salaries of their staff in a special Fund under the management of a Board of Trustees.

Under the Pensions Act of 1979, both gratuity and pension for the public sector worker were salary-rate related and were financed wholly by the government without contribution by the workers. The National Provident Fund Act initially provided for private sector pension schemes. It was however essentially a savings scheme. Originally, the National Provident Fund (NPF), a contributory scheme which was established in 1961, also covered public servants. It was wound up for public servants after it had lost N17bn to corruption (Fashina 2003). The weaknesses in the National Provident Fund (NPF) led to the establishment of the Nigerian Social Insurance Trust Fund (NSITF) through Decree No 73 of 1993.

The NSITF, a contributory scheme involving contributions by both the employees and employers, aims at creating limited social security, covering aspects such as pension, invalidity, death, accident and disability benefits. In addition to the NSITF, there are also several in-house arrangements in the private sector (Ozo-Eson 2004:85-86). Unlike the public sector, most in-house pension schemes in the Nigerian private sector had always been based on contributory system by which both the employers and employees funded the schemes. The employees contributed a percentage of their monthly salaries, subject to a maximum while the employers equally contributed a percentage of employees' salary to the scheme. Considering the paltry benefit resulting from the statutory scheme, individual companies tended to operate company administered contributory gratuity schemes to supplement the statutory retirement gratuity scheme. The previous pension scheme in the private sector also provided for a lump-sum cash payment upon retirement, among other benefits.

However, unlike the trend in the private sector, employees in the public sector enjoyed a more guaranteed security of tenure, with guaranteed entitlement to pension and gratuity – the major advantage of the public sector over the private sector. Once confirmed after the probationary period, the employee's job was secured until retirement age unless employment was determined by either party by following the established due procedure. This is derived from the doctrine of 'employment with statutory flavour'. Contrary to the practice in the public sector, the tendency in the private sector is that the employer has the right to hire and fire at will, with or without any reasons.

The nature of the pension reform and why the Academic Staff Union of Universities (ASUU) perceives it as a retrogressive piece of legislation from employees' point of view may also be comprehended by the nature of the concerns of the government expressed in an undated document called 'Blue Print on the Contributory Scheme'. The document is a summary of proceedings at the National Workshop on Pension Reforms, which held on 11 – 13 September 2001. From the Federal Government's point of view, the previous pension system had to be reviewed because 'increasingly, the number of officers on pension payroll may in the next few years outnumber those in active service. At the moment, the federal and state governments are bearing the cost of pension hundred per cent under the 'Pay-As-You-Go' system'(FGN 2001). For a regime whose economic policies tend to be more job-taking than job-creating, it is understandable if measures are taken to reduce the pension-induced financial 'burden'. The former president of the Federal Republic of Nigeria, Olusegun Obasanjo, made this point in his address to the said National Workshop on Pension Reforms, which held on 11 – 13 September 2001 – that 'there should be a new pension scheme that can endure economic depression'. The then president also expressed concern for a situation in which 'in some of our sectors, the pension bills are as high as the bills for wages and salaries. This is neither feasible nor sustainable … The pension bill has continued to grow phenomenally' (and) given the growing demand from other economic sectors, the government will need to share the burden'(FGN 2001). Interestingly, it is this same line of reasoning that the Obasanjo government used in abdicating virtually all its responsibilities to the citizenry.

From the foregoing, the findings of Chlon-Dominczak and Mora (2003), with regard to neo-liberalism as a factor triggering pension reform, is applicable to explaining the Nigerian pension reform process, which has brought with it the following – abolition of gratuity, abolition of the PAYG system, abolition of payment of pension for life and introduction of contributory system, privatisation of pension management, etc – measures which are critically analysed later on in this chapter.

Adesina (2007: Personal Communications) also shares the concern that the reform of social policies in Africa should be seen as a neoliberal agenda, which goal is to 'roll back the state'. To this extent, the reforms, which include pension reform, should not just be seen as 'World Bank'. For Jimi Adesina, 'it is more analytically and politically more worthwhile seeing this as part of a wider class project within which to understand the ascendance of market-transactional logic among the local petty-bourgeois and bourgeois class elements; hence the internal/endogenous economic and political forces that are driving the neo-liberal project'. Adesina's conclusion is irresistible when the findings of Akintola-Bello (2004) are borne in mind with respect to the uses to which governments, in varying degrees, had deployed accumulated pension funds in the 1960s through the early 1980s.

Akintola-Bello (2004:54-56) shows elaborately how, in the past, in almost all countries, pension reserves had been used to achieve social, economic and development objectives. These could be in the form of policy directives for pension reserves to be given as special loans to government as in Korea; a percentage of pension funds being invested in areas with a social dimension as in Mauritius; all monies being compulsorily invested in non-marketable government bonds as in the United States; the bulk of pension funds to be invested in government bonds or government-guaranteed debt while a small portion is to be invested in the private corporate bonds as in India; and investment of pension funds to develop the productive base and projects that have developmental dimensions as in Jordan. Investing in projects that have 'developmental dimensions' had permitted the use of pension reserves to fund personal loans for housing that met the needs of low and medium income groups, education, health, subsidies to mortgage markets and investment in social and infrastructures as in Turkey, Jordan, Venezuela, Tunisia, Malaysia, Japan, Korea, Sweden, Algeria, Iran and Morocco. Similarly, a recent study of Anglophone African countries (ISSA 1997, cited in Akintola-Bello) shows the same trend of how pension funds were used to finance housing development in Gambia, Ghana, Kenya, Mauritania, Swaziland, Tanzania, Uganda, Zambia and Nigeria.

However, the age of the neo-liberal policy of privatisation dictates that there must be a fundamental reform of pension policy such that the predictable and cheap source of credit, which pension funds represent, can benefit capital market development as investible funds rather than being available to meet social, economic and development needs of the public.

The works of Boeri (2003:157-170) and Orenstein (2003:171-194) examine the relationship between international demonstration effects and domestic policy choices. The insights they provide help in an understanding of the impacts of global politics on reforms in developing countries, not only on pension reforms but also on the broader social policy models in transition and/or developing societies.

Boeri (2003) argues that the choice of social policy models in transition countries is influenced by geographical proximity to the EU countries. His work shows that countries with a greater chance of EU accession adopted social policy models that were more in tune with those of EU member states. Orenstein (2003) also analyses the global spread of paradigmatic pension reform. Drawing on the literature concerning diffusion of innovation, he posits that pension reform should not be seen simply as a result of domestic political processes but also as a product of global patterns of ideational innovation and diffusion. Countries tend to follow the model of innovative leaders in their regions. Hence, the larger, richer and more industrial countries tend to innovate first while smaller and poorer countries tend to lag behind.

Orenstein (2003) also shows that international organisations have played a major role, particularly in cross-regional diffusion of ideas and models. Orenstein explains, for example, that the International Labour Organization (ILO) gave a major boost to pension system creation in the years after the Second World War while the World Bank has played a leading role in diffusing paradigmatic reform at the present time. He also points out certain notable differences in the processes of creating pension and the diffusion of its reform. While Germany was the leader in the first phase of pension creation, the leader in the spread of paradigmatic reform was Chile, a middle-income country with semi-peripheral status in the world economy. In the current phase, thanks to the influence of globalisation, pension system reform is diffusing more quickly at approximately two times the rate of its establishment.

The insights offered in the works of Boeri (2003:157-170) and Orenstein (2003:171-194) are confirmed in the Nigerian experience. The trade unions have had to constantly rely on the provisions of conventions and recommendations adopted by the International Labour Organization (ILO) in their strivings to maintain the universal minimum standards in working and living conditions that have been set by the ILO and the trend in Nigerian judicial intervention is to hold that, where there is variation between international law and domestic law, the international law or treaty prevails.

From the foregoing, it is clear that though there are certain differences in the contents and speed of reform, there are also indisputable similarities in the reform processes in Europe and the developing countries, particularly in respect of the rationale for reform, the typology of reform changes and the political economy of pension reform. In particular, the literature review has shown that pension reform is a globalised idea, which is influenced by neo-liberal ideology. The relevance and potency of the conclusions drawn from the literature review are further reflected in the analysis of certain key sections of the Act undertaken below.

A Critical Analysis of the Pension Reform Act 2004

As stated earlier, paradigmatic pattern of reform predominantly characterises Nigeria's pension reform, even though the changes reflect an amalgam of elements of both parametric and paradigmatic changes. The fundamental changes brought about by the Pension Reform of 2004 include: introduction of a unified economy-wide pension scheme to replace the dual pension schemes previously existing for the public and private sectors; replacement of the pay-as-you-go/defined benefit (PAYG-DB) system previously operating in the public sector by a mandatory Fully-Funded-Defined Contribution (FF-DC) for both the public and private sectors; privatisation of the pension system through decentralised institutionalisation of managing individual retirement accounts by privately-owned Pension Fund Administrators (PFAs); individual contributing-employees bearing the risks of managing retirement accounts to the extent of having the right to choose and place accounts with preferred PFAs; abolition of payment of gratuity and guaranteed pension for life, delay in accessing contributions, an opportunity for early retirement and significant down-sizing of the PAYG system by limiting those entitled to it to judicial officers and those who have three or less number of years to retire, as from the coming into force of the Pension Reform Act.

Though this chapter is essentially Nigeria-specific, there is a sense in which the fundamentals are applicable to the processes of pension reform internationally. The theoretical underpinning for this contention is rooted in Mkandawire's (2007:7) monocropping and monotasking, which characterise the World Bank/IMF policy framework recommended for African states. Monocropping has to do with the perception that there is only one optimum toward which all countries must move and only one policy is good enough to attain that end. In this regard, the idea of privatising pension schemes as a policy is central to much of the pension reforms internationally. Monotasking is concerned with assignment of only one task to institutions. In this aspect, virtually everything has to be harnessed to the task of safeguarding and promoting private property. Even the judiciary is assigned the task of protecting private property. According to a World Bank lawyer, judicial reform is part of a larger effort to make the legal systems in developing countries and transition economies more market friendly (Messick 1999:118, cited in Mkandawire 2007:9). The Pension Reform Act 2004 should be located within this declared goal.

A detailed analysis of the Pension Reform Act 2004 is presented below.

The Contributory Nature of the Pension Scheme

Section 1 sub-section (1) of the Act provides for 'a Contributory Pension Scheme' for payment of retirement benefits of employees to whom the Scheme applies. The Scheme is 'contributory' because Section 9 sub-section (1) provides that employers and employees in both the public service and private sector (in enterprises employing five or more employees) shall contribute 'a minimum of seven and half per cent' of the employee's salary to the scheme. In the case of the military, the government shall contribute 'a minimum of twelve and a half per cent…' while the employee shall contribute 'a minimum of two and a half per cent'. However, the stipulated rates could be revised upwards upon agreement between the employer and the employee [S. 9(6)]. Similarly, an employer may 'elect to bear the full burden of the Scheme', meaning accepting to pay 15 per cent of the employee's salary to the Scheme. Also, an employee covered by the Act may make voluntary contribution to his/her 'retirement savings account' in addition to the statutory rates or rates fixed out of agreement, as the case may be [S.9(5)].

The Act, however, provides for taxation of additional contribution (called 'voluntary contribution' in the Act) to pension funds, which is in excess of the statutory rates of contribution. Section 10 of the Act provides that the statutory rates of contributions 'shall form part of tax deductible expenses in the computation of tax payable by an employer or employee under the relevant income tax law [S.10]. However, any 'voluntary contribution' made under sub-section (5) of Section 9 of the Act shall be subject to tax at the point of withdrawal where the withdrawal is made before the end of five years from the date the voluntary contributions were made [S.7(2)]. The taxation of 'voluntary contribution' constitutes additional tax burden, which is unjustifiable.

The crucial point being stressed under this sub section of the chapter is that in conditions where the current salary rates at both the federal level (N7,500.00 minimum basic wage) and state level (N5,500 minimum basic wage) are considered inadequate, establishing a 'contributory' pension scheme represents an indirect cut and punitive taxation on the income of the worker. For workers whose poverty wages may cut short their life span, they do not stand a chance of benefiting from their savings. Where there are no guarantees of subsidised basic social services, such as education and health, an average worker finds it absolutely difficult to make voluntary savings. The 'contributory' pension scheme is therefore nothing but imposed or forced taxation, which does not enjoy the consent of the worker. For 'contributory' pension scheme to make sense, government and the private sector employers should be made to pay enhanced living wages and salaries, which will make it convenient for the workers to pay their share of the contributions to the Scheme. For example, the NLC, TUC and CFTU (2004) cited the practice in Chile, where at the inception of a similar scheme, the workers' salaries were increased by the same degree as their rate of contribution.

Abolition of Rights to Gratuity and Pension for Life

A study of the Pension Reform Act, 2004 reveals that the right to gratuity has been abolished. Gratuity is a single, lump-sum payment. Pension is a periodic payment, normally on monthly basis for life, until the changes made in the Pension Reform Act, 2004. As provided for in the Act the only groups of workers who have unequivocal entitlement to gratuity are the groups exempted from the Act (S.8[3]). The said workers are 'any employee who at the commencement of this Act is entitled to retirement benefits under any pension scheme existing before the commencement of this Act but has three or less years to retire shall be exempted from the Scheme' (S.8[1]) and 'the categories of person mentioned in Section 291 of the Constitution of the Federal Republic of Nigeria, 1999' (S.8[2]). The categories of workers exempted by Section 291 of the Constitution of the Federal Republic of Nigeria, 1999 are judicial officers, as defined by Section 292 of the constitution. A judicial officer at the level of the Supreme Court or Court of Appeal may retire voluntarily at the age of 65 and compulsorily at the age of 70 (S.291[1]). A judicial officer at any other level may voluntarily retire at the age of 60 years but compulsorily at the age of 65 (S.291[2]).

Section 291(3) of the 1999 Constitution provides that any of the listed judicial officers shall 'be entitled to pension for life at a rate equivalent to his last annual salary and all his allowances in addition to any other retirement benefits to which he may be entitled', provided he has been in that position 'for a period not less than fifteen years' (S.291[3a]). Those who have held their position in the same categories for less than 15 years shall be entitled to the same rate of pension stated above but 'pro rata the number of years he served as a judicial officer in relation to the period of 15 years'.

With specific reference to the issue of gratuity, Section 8(3) of the Pension Reform Act provides that: 'any person who falls within the provisions of Subsections (1) and (2) of this section (i.e. those who have 3 or less number of years to retire and judicial officers – emphasis mine) shall continue to derive retirement benefits under such existing pension scheme as provided for in the First Schedule to this Act' (S.8[3]).

The First Schedule to the Pension Reform Act 2004 contains the formula for calculating pension and gratuity in respect of retirement.

The application of Section 8(3) of the Act has put a category of the Academic Staff Union of Universities (ASUU) in a precarious position. The act not only nullifies the Collective Agreement between ASUU and the Federal Government signed in 1992, it has also repealed a more favourable legislation – the Universities (Miscellaneous Provisions) Decree No 11 of 1993. In the Collective Agreement, it was agreed that 'the compulsory retirement age for academic staff shall be 65 years. Contract appointment may be given to a retired academic staff'. On voluntary retirement, it was agreed that 'academic staff could retire voluntarily after ten (10) years' service while on pension and gratuity, it was agreed that 'each academic staff shall be entitled to gratuity after five (5) years of continuous service'.

The Universities (Miscellaneous Provisions) Decree No 11 of 1993 had also incorporated aspects of the above-mentioned Agreement and, in fact, strengthened it. It provides, for instance, that 'a person who retires as a professor having served a minimum period of 15 years' in that position until retirement age, 'shall be entitled to pension at a rate equivalent to the last annual salary and such allowances, as the Council may, from time to time, determine as qualifying for pension and gratuity, in addition to any other retirement benefits to which he may be entitled' Section 9(a)(b)]. The Decree (now Act), further provides that 'notwithstanding anything to the contrary in the Pensions Act, the compulsory retiring age of an academic staff of a university shall be sixty-five years (S.8[1]), and 'A law or rule requiring a person to retire from the public service after serving for thirty-five years shall not apply to an academic staff of a university' (S. 8[2]).

Though Section 99(1) of the Pension Reform Act does not specifically mention the above legislation that has given legal backing to the ASUU-FGN Agreement as one of the legislations repealed, it falls under 'other laws' repealed or amended by Section 101. The said section 101 of the Pension Reform Act provides that 'if any other enactment or law relating to pensions is inconsistent with this Act, this Act shall prevail'.

Implication of Exempting Certain Categories of Employees and Public Officers from the Scheme Created by the Pension Reform Act 2004

As analysed above, Section 8(1) of the Act exempts two main categories of employees from the scheme, viz:

(i) Employees who have three or less number of years to retire and who, at the commencement of the new Act, are entitled to existing scheme; and

(ii) Judicial officers, particularly the Chief Justice of the Supreme Court and all Justices of the Supreme Court and the Court of Appeal as provided under S.291 of the Nigerian Constitution.

The question then is: if indeed the new Pension Scheme is more favourable to the employees than the previous Act, why exclude certain categories of public sector workers? The exemption clause just shows that the new Pension Act offers less favourable benefits, if any, to employees.

Though there is no express provision excluding employees at state and local government levels, the employees at those levels are impliedly excluded from the scheme by virtue of S.1(2) of the Act which states that the Act covers all employees in the public service of the Federation, Federal Capital Territory and the private sector/establishment where there are 5 or more employees. Considering that labour, pensions and gratuities are on the exclusive legislative list, precisely items 34 and 44, conflict of laws situation is likely to develop in this respect.

Inadequacy of the Level of Contribution

Although the Public Service pension scheme under the Pensions Act No 102 of 1979 and that of 1990 was non-contributory, it had a defined benefit scale – the quantum of retirement benefits receivable by a retiree could be determined based on total number of years computed on the officer's total annual emolument.

For the purpose of the Pension Reform, the Federal Government commissioned studies to determine the level of contribution that could meet anticipated gratuity and pension benefits. The actuarial reports indicated that, for adequate funding of the public service scheme, 25 per cent of gross emolument of all governnment employees needed to be set aside annually to meet existing and maturing gratuity and pension liabilities (Summary of Proceedings of the National Workshop on Pension Reform, 2001). However, the Pension Reform Act stipulated a minimum of 15 per cent of total emolument shared on the basis of a maximum of 7.5 per cent by the employee and a minimum of 7.5 per cent by the employer. This points to the fact that the level of contribution is inadequate, *ab initio.*

Ambiguity about Minimum Retirement Age

In the public sector, the statutory retirement age is either 60 years or 35 years of service, whichever comes first. In the private sector, the effective key criterion varies between 55 and 60 years. The factor of 35 years of service does not apply strictly to the private sector. After retirement, professionals with special skills may be employed on contract basis.

Section 4(1) of the Pensions Act (CAP 436, Laws of the Federation of Nigeria) 1990 had clear provisions on the minimum retirement age. But the Pension Reform Act 2004 contains no specific provision on same. It, however, stipulates that no person shall be entitled to make any withdrawal from his retirement savings account before attaining the age of 50 years (Section 3[1]). The pertinent question, therefore, is whether the new Pension Act has reduced the minimum retirement age from 60 to 50. There is a need for clarity on the minimum and compulsory retirement ages.

Uncertainty about Retirement Age that Qualifies a Retiree to Withdraw from Retirement Savings Account

While Section 3(1) provides that no person shall be entitled to make any withdrawals from his retirement savings account before attaining the age of 50 years, Section 3(2c) states a contradictory provision permitting withdrawal from the retirement savings account by an employee who retires before the age of 50 years. Section 3(2c) provides as follows:

> … Any employee who retires before the age of 50 years in accordance with the terms and conditions of his employment shall be entitled to make withdrawals in accordance with Section 4 of this Act.

What appears to justify withdrawal from the retirement savings account by a retiree who has not attained the age of 50 (under Section 3(2c) is retirement 'in accordance with the terms and conditions of his employment'. But that differentiating clause between Section 3(1) and Section 3(2c) has merely compounded the confusion about the minimum retirement age. If the Act concedes, as it appears, that employees could retire before attaining the age of 50, in accordance with the terms and conditions of employment, it means the Act appears to accept that there is no uniform national law on the minimum retirement age (even in the public sector) and that the issue has been 'deregulated' such that some extenuating circumstances, such as negotiated terms and conditions of employment, may allow an individual to access his/her retirement savings account.

What is obvious from the quoted provisions above is that there is no clear provision on the minimum and compulsory retirement ages in the Act which replaces the one that had unequivocal provisions on the matter.

Legalised Delay in Payment of Retirement Benefits

Whereas one of the problems, anomalies and hardships which the Pension Reform Act 2004 declares it seeks to remove is non-payment of retirement benefit as and when due (S.2[a]), the Act goes ahead in Section 4(2) to legalise delay in the payment of retirement benefits. This Section provides that when an employee retires before the age of 50 years in accordance with the terms and conditions of his employment (S.3[2C]), the employee may, on request, withdraw a lump sum of money not more than 25 per cent of the amount standing to the credit of the retirement savings account provided that such withdrawal shall only be made after six months of such retirement and the retired employee does not secure another employment (S.4(2).

It does not seem to matter to the lawmakers if the retired employee and members of his/her family die before the expiration of six months when he/she will become entitled to make collections from personal savings. How does that person sustain self within the six months period? This provision is worrisome, given that there is no longer provision for gratuity upon disengagement from service.

Who are the Real Beneficiaries of Funds in Retirement Savings Account: Contributors or Investors?

Section 2(b) of the new Pension Act states that one of the objectives of the Pension Scheme established by the Act is to assist individuals by ensuring that 'they save in order to cater for their livelihood during old age'. However, the provisions of S.4 of the same Act suggest that the real goal of the Pension Scheme under the Act is to ensure a pool of funds for investors, rather than the concern for livelihood and survival of employees at old age. For example, S.4(1a) provides that:

> A holder of a retirement savings account upon retirement or attaining the age of 50 years, whichever is later, shall utilize the balance standing to the credit of his retirement savings account for the following benefits: programmed monthly or quarterly withdrawals calculated on the basis of an expected life span.

Certain questions arise from the provision of S.4(1a) above. How is the so-called 'expected lifespan' of the individual to be determined? Do employees at top management level and lower management level who belong to different income brackets tend to have the same average life-span? What will be the criteria for calculating the 'expected life-span' of individuals at lower and top levels of management? What happens when the actual life-span is shorter than the calculated 'expected life-span' – who enjoys the surplus balance? What happens if the actual lifespan of the retiree is longer than the estimated 'expected life-span' – who supplies the shortfall to maintain the retiree for the rest of his/her life? These are critical issues not addressed by the Act.

Section 4(1b) also contains another 'benefit' (read purpose) to which the holder of a retirement savings account 'shall utilize the balance standing to the credit' of the account – 'Annuity for life purchased from a life insurance company licensed by the National Insurance Commission with monthly or quarterly payments'.

While individuals should be free to buy any form or type of insurance policy at any time in his/her lifetime, it is curious why the Act should obligate a retired person to compulsorily acquire a particular insurance policy by employing the word 'shall' rather than 'may' as in the text above. The third 'benefit' for which a retired person 'shall utilize the balance standing to the credit' of the retirement savings account is provided in Section 4(1c) – collection of 'a lump sum from the balance standing to the credit of his retirement savings account, provided that the amount left after that lump sum withdrawal shall be sufficient to procure an annuity or fund programmed withdrawals that will produce an amount not less than 50 per cent of his annual remuneration as at the date of his retirement'.

In the situation of lack of government welfare programme to provide social services for vulnerable groups, e.g. children and the aged, in the absence of any form of social security as of right, the tendency of retired persons in Nigeria is to use the lump-sum benefit received as gratuity to invest in some form of business activity which could yield them income to supplement their pensions to maintain themselves and their families. We have shown earlier that the Pension Reform Act has effectively eliminated the right to gratuity. Section 4(1c) of the Act is simply reiterating that a retired person can collect a lump sum from the retirement savings account only if the sum left after the lump sum will be sufficient to buy an insurance policy – an annuity – or fund periodic pension payment which will not be less than half the remuneration the person was receiving when in employment.

When the combined effects of the provisions of S. 4(1a, b and c) are considered, it would not be difficult to come to the conclusion that the Pension Reform Act 2004 does not seem to be concerned with the care of retired persons at old age; rather, the concern seems to be to create a pool of cheap funds for investors. The Act seems set to stimulate savings for the development of the domestic capital market in line with the concern of the economic blueprint of the Federal Government, the National Economic Empowerment and Development Strategy (NEEDS). The NEEDS document states that a minimum investment rate of about 30 per cent of GDP is required to unleash a poverty-reducing growth rate of at least 7 – 8 per cent per annum; yet, the savings-investment equilibrium had stagnated at about 20 per cent. In order to mobilise investible resources from the capital market development, the NEEDS document identifies a policy thrust to be pursued – 'encourage the deepening of the capital market by encouraging investment in insurance…' (Cited in Ozo-Eson, 2004:86).

It is within this context that S.73(1) and S.74 can be properly understood. The two sections make provisions for investment of pension funds within and without the country. S.73(1) itemises how the pension funds and assets 'shall' be invested as follows:

> (1) Subject to guidelines issued by the Commission from time to time, pension funds and assets shall be invested in any of the following:
>
> (a) bonds, bills and other security issued or guaranteed by the Federal Government and the Central Bank of Nigeria.
>
> (b) Bonds, debentures, redeemable preference shares and other debit instruments issued by corporate entities and listed on a Stock Exchange registered under Investment and Security Act 1999.
>
> (c) Ordinary shares of public limited companies listed on a Stock Exchange registered under the Investments and Security Act of 1999 with good track records having declared and paid dividends in the preceding five years, and so on.

To corroborate the bias for creating a pool of investible funds rather than caring for employees at old age, Section 9(3) of the Pension Reform Act also strengthens the bias for the insurance sector of the economy. It provides that: employers shall maintain life insurance policy in favour of the employees for a minimum of three times the annual total emolument of the employee'.

Without doubt, the insurance industry hardly enjoys the confidence of ordinary Nigerians. The question can therefore be reiterated: Is the pension scheme, as currently conceived, to take care of employees at old age or to make available a pool of cheap investible funds? Without much doubt, the latter appears to be the case.

Encouragement of Non-Remittance of Deducted Contributions

The Pension Reform Act encourages corruption in terms of weak penalty for failure, on the part of the employer, to remit contributions (by employees and employers) to the Pension Fund Custodian within seven (7) working days from the day the employee is paid his/her salary (S. 11[5b]). The employer is empowered to deduct at source, the monthly contribution of the employee in his employment (S.11[5a]). The penalty for non-remittance within seven days as stated above is payment of not less than 2 per cent of the total contributions that remains unpaid in addition to making the remittance already due (S.11[7]). With the weak penalty for non-remittance, the tendency will likely be a harvest of predominant non-remittance by employers of labour, including government. Given the high cost of funds in the banks, employers are likely to prefer not to remit pension contributions and pay the cost of non-remittance, if at all they would be penalised.

Minimum Pension Guarantee

Section 71(1) of the Pension Reform Act provides that 'All retirement savings account holders who have contributed for a number of years to a licensed Pension Fund Administrator shall be entitled to a guaranteed minimum pension as may be specified from time to time by the Commission'. The following observations about this provision are pertinent. Firstly, how the 'guaranteed minimum pension' will be determined is not explained. Pensioners are likely to be at the mercy, whims and caprices of the Commission that may arbitrarily fix rates that may have no bearing with the salary structure, including the national minimum wage obtaining in the country.

Secondly, in view of the provision of S.4(1a) which states that the monthly or quarterly withdrawals by a contributor will be calculated on the basis of an expected life span, how would a 'minimum pension guarantee' be met? If the rate of withdrawals based on an expected life span is below the 'minimum pension guarantee', how would the difference be made up?

Thirdly one of the qualifying criteria for being entitled to a 'minimum pension guarantee' is having contributed for a number of years to a licensed Pension Fund Administrator (S.71(1). Surprisingly, the number of years is not specified. The only conclusion that could be drawn is that pension administration will be left to the arbitrary regulations of the National Pension Commission.

Lack of Categorical Provision on Disbursement of Returns on Investment of Pension Funds and Assets

Although Sections 73 and 74 of the Pension Reform Act stipulate how Pension Funds are to be invested, there does not seem to be any categorical provision on how employee contributors to the scheme are to benefit from accruals of the returns on investment of pension funds and assets. There is hardly any specific provision on the percentage of the returns that should be paid into the employee's retirement savings account. How and why should a set of people be compelled to make contributions which will be invested, and without any consideration for a share of the returns on investment?

Section 47(f) provides that the pension fund custodian shall:

> …undertake statistical analysis on the investments and returns on investments with respect to pension funds in its custody and provide data and information to the pension fund administrator and the Commission.

Surprisingly, the Act does not make any provisions with regard to the responsibility of the Pension Fund Custodians to render account on investments to the employee-contributors to the Fund.

Management of the Pension Fund

To manage the Pension Scheme, the Act has created a complex management structure. At the apex is the National Pension Commission (NPC) which is to regulate, supervise, issue licenses and ensure the 'effective administration' of pension matters in Nigeria. Section 4 of the Act establishes the NPC which is dominated by nominees of government, government officials and selected (not elected) representatives of the Nigeria Labour Congress and the Nigeria Union of Pensioners. Other unions in the various industries and other central labour organisations are left out.

Section 44 of the Act establishes the Pension Fund Administrators (PFAs) which are empowered to manage pension funds by opening retirement savings account for all employees with a Personal Identity Number (PIN) and investing and managing pension funds and assets, among other responsibilities to employees, among other functions.

Next to the PFAs, are the Pension Fund Custodians (PFCs) established by Section 46 of the Act. Only a licensed financial institution could be registered as a Pension Fund Custodian. The functions of the PFCs include receiving contributions remitted by the employer under Section 11 of the Act on behalf of the Pension Fund Administrators. However, Section

11(4) provides that: the employee shall not have access to his retirement savings nor have any dealing with the custodian with respect to the retirement savings account except through the pension fund administrator.

From the above provisions, it could be observed that the PFC is nothing but an unnecessary duplication of the roles of the PFA. How could the PFA manage funds being kept by another body? Why should the employee not have access to a body (PFC) that is said to be holding fund in trust for him/her? The provision that says the employee cannot have any access to the PFC means that the PFC does nothing but insulate the PFA against the pressure of the employees.

By virtue of Section 11(3), the employee selects a PFA and notifies his employer. To be registered, the PFA is expected to have among other things, a minimum paid up share capital of N150m (N150, 000,000.00). But the PFC is expected to be a financial institution, which in the case of banks, were recently required to have a minimum recapitalisation base of N25bn. Why the duplication of roles and bodies? Why the waste of funds and returns on investments realised from the pension funds? Considering the recent reports of corruption and failure of one of the recapitalised banks, the Spring Bank, due to high level corruption in the Central Bank of Nigeria (CBN), what is the guarantee for security of contributors' funds held by the PFAs/PFCs? For example, in a newspaper advertisement, the Chairman of Spring Bank PLC, Segun Agbetuyi (2007) accused the Governor of the CBN of collusion in the corruption perpetrated by some Directors of Spring Bank and posed a pertinent question: 'How many more of the Spring Bank odyssey do we currently have in the belly of the Consolidation programme' in the Nigerian banking system? (see The Punch Wednesday 13 June 2007:44–45).

Transitional Bureaucratic Structures

The Act makes provisions for transitional bureaucratic structures to co-exist with and be supervised by the NPC. For the public sector, Section 30 of the Act establishes a Pension Department made up of the existing pension boards or offices in the Public Service of the Federation and the Federal Capital Territory. In the case of the Public Service of the Federation, it comprises the Civil Service Pension Department, the Military Pension Department, the Police Pension Department, the Customs, Immigration and Prisons Pension Department and the Securities Pension Department.

Sections 32 and 33 of the Act spell out the functions of the Department, which include receiving budgetary allocations from Government and paying pension and gratuity of existing pensioners and the exempted category of employees under the previous pay-as-you-go pension scheme. Section 38 of the Act provides that 'the Department shall cease to exist after the death of the last pensioner or category of employee entitled to retire with pension before the commencement of this Act'. The establishment of the Department is another duplication of the activities of the NPC and it amounts to a waste of resources, particularly bearing in mind that the Department shall only be dissolved 'after the death of the last pensioner or category of employee entitled to retire with pension before the commencement of this Act'. If the last pensioner remains alive for the next century, would public resources continue to be wasted on retaining the Department for the purpose of paying the pension of that single person?

Sections 39 to 41 of the Act make provisions for transitional arrangement for the private sector. Section 39 provides that 'any pension scheme in the private sector existing before the commencement of this Act may continue to exist'. However, among other things, the pension funds and assets are to be fully segregated from the funds and assets of the company and held by a Custodian. Every employee is given the option of continuing under the previous scheme or joining the Scheme established by the new Pension Act. Any employer who opts to manage its pension fund shall apply to be registered as a 'Closed Pension Fund administrator.' And be subject to the supervision of the NPC.

As in the case of the NPC, PFAs and PFCs, there is no consideration for accommodation of the democratic voice of the trade unions representing the employees in the transitional structures. Section 42 (1), (2) and (3) of the Act also provides that the NSITF shall establish a company to undertake the business of a Pension Fund Administrator. The funds that had been contributed by any person before the coming into force of the Pension Reform Act 2004, together with any attributable income, are to be credited into the retirement savings account to be opened by the NSITF for individual contributors. However, contributors under the NSITF Act cannot access their account until five years after the commencement of the Pension Reform Act when the individual contributor shall be free to select the Pension Fund Administrator of his choice for the management of the funds standing to his credit. Section 42 is essentially a provision in the interest of investors, not contributors. The section merely seeks to create an accumulation of investible funds.

As far as the management and transitional management structures are concerned, there tends to be an implicit assumption in the Pension Act that the implementing transitional institutions such as the National Pension Commission, Pension Fund Custodian and Pension Fund Administrators, among others will play by the rules. Nothing can be further from the truth. Evidence abound that in Nigeria, corruption appears to be the norm, rather than the exception. This has the tendency of jeopardising privately managed pension funds. The collapse of the Finance Houses of the 1990s in Nigeria sent many retirees and potential retirees who lost their life savings in the process to early graves. Besides, by its nature, the market system experiences endemic and cyclical crisis. The PFCs/PFAs are nothing more than economic institutions expected to invest the accumulated pension funds through different forms of portfolio management. The crucial question remains: What happens to the funds of the pensioners in situations where any of these privately owned institutions collapses, either through administrative or systemic failure?

Denial of Access to Court

The Act also denies access to court, contrary to the provisions of Section 6 subsection (6) of the 1999 Constitution, which guarantees access to court 'in all matters between persons, or between government or authority and to any person in Nigeria, and to all actions and proceedings relating thereto, for the determination of any question as to the civil rights and obligations of that person'. Section 92(1) of the Act provides that any employee or beneficiary of a retirement savings account who is dissatisfied with the decision of a PFA or PFC may apply to the NPC to review the matter. Section 92(2) guarantees speedy resolution of matters by the NPC. Hence, NPC shall dispose of any matter within three months from the date the matter was referred to it! Where any party is dissatisfied with the decision of the Commission, the party may refer the matter to arbitration or the Investments and Securities Tribunal established under the Arbitration and Conciliation Act and the Investment and Securities Act 1999, respectively (S. 93[1] and [2]). The awards got under S. 93(1) and (2) 'shall be binding on the parties and shall be enforceable in the Federal High Court (S.94).

However, it is not an individual party that can approach the Federal High Court! 'An offence under the Act shall be instituted before the Court in the name of the Federal Republic of Nigeria by the Attorney General (AG) of the Federation or such officer, State Attorney General or his agent or any other legal practitioner in Nigeria that the AG may authorise (S. 91). So, if the Attorney General of the Federation or the Attorney General of the State is not positively disposed to initiating the necessary legal processes or is too preoccupied with other state matters, the aggrieved contributor suffers.

It is not only in respect of denial of access to court that the Pension Reform Act violates the Constitution. The idea of imposing a uniform regulation on both the private and public sector offends the provision of Section 173 of the Constitution, which limits the legislative capacity of the National Assembly to pensions in the Public Service. But the private sector employers might not have been able to effect fundamental changes such as abrogating gratuity right without state support. Hence, the need for government's arbitrary, unconstitutional and undemocratic action of disregarding collective agreements covering such issues in both the public and private sectors.

Conclusion

This chapter assesses pension reform processes in Nigeria and particularly the Pension Reform Act 2004. A critical issue raised by the review is the question of the role of the state in issues of citizens' welfare. The review has shown that the philosophical foundation upon which the Nigerian pension reform is hoisted is neo-liberalism, which has the goal of rolling back the state and, in the process, halting the trend of the state, using public resources to provide for the welfare of the citizenry. The Pension Act is perceived as a clever attempt to make government abdicate its social responsibility, particularly to the vulnerable classes – the ageing, retirees, unemployed, children, students, poor farmers, traders, and so on. With enduring institutions, commitment to transparency and democratic norms, the public sector should be sanitised and the state made to assume its rightful place as the institution that protects, defends, and provides welfare services for the weak segments in the society.

The extent of poverty in Africa, including Nigeria, would suggest that the level of living standards should dictate limits to the dimensions and depth of deregulation and flexibility in the labour market, which the Pension Reform Act aims to attain. Much of the political insecurity in Nigeria and Africa could be associated with socio-economic insecurity – poverty, absolute want, destitution, hunger, homelessness, disease and unemployment induced idleness – of the vast majority of the citizens in individual countries. A pension reform, which implies low pensions and denial of guaranteed pension for life, among other things, would further deepen the existing levels of pensioner poverty and misery, which would have implications for degrees of corruption, commitment to work, productivity and overall wealth creation.

As Sen (2004) puts it, public reasoning should be foundational to public policy. Public policy in turn means the deliberate collective public efforts, which affect and protect the social well-being of the people within a given territory (Adesina 2007). Indeed, as Roy (2004) points out, in India, the word 'public' is now a Hindi word, meaning 'people'. It is posited that the idea of a tolerable minimum level of livelihood should define the limits beyond which no system of governance should fall. To maintain a minimum level of social well being in the context of the Nigerian situation in which an estimated 70 per cent of the population live in extreme poverty (living on income less than US$1/day) demands the formulation and implementation of a comprehensive social insurance, which includes unemployment insurance, publicly or state guaranteed old-age pension for life, and so on. The forgoing underlines the need for the review of Nigeria's Pension Reform Act.

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7

Victims as Sacrificial Lambs: A Critique of Public Service Reforms in Nigeria

Funmi Adewumi

Introduction

The Nigerian public service, made up of government ministries, extra-ministerial departments and statutory agencies and corporations, is the locale for the management of what can be called the development process. It is through the public service that the framework of government policies and programmes are determined while, in the process, the tone of national development and the roles/responsibilities of the different stakeholders are set. The Nigerian public/civil service was the creation of British colonial rule to assist the colonial administration in its exploitation of the resources of the country. Although formal colonial rule began in what is now Nigeria around 1861, it was not until the amalgamation of the Northern and Southern protectorates that a unified governmental structure was established for the country while a unified civil service did not come into place until the 1920s (see Olowu, Otobo and Okotoni 1997). Nigeria became a federation through the instrumentality of the 1954 Constitution, made up a Federal Government at the centre and three regional governments. Correspondingly, this led to the emergence of the federal civil service at the centre and the regional civil services for each of the regions. Not unexpectedly, the Public Service Commission was set up to coordinate each of the services.

It is important to note that, just like it obtains elsewhere, the Nigerian public/civil service was created by the political authority for its own administrative convenience; and as such, it is inconceivable that any political authority or government in power would not seek to manipulate the service to suit its own temperament. This partly explains the endless quest for the so-called reforms the Nigerian public service has been contending with since its inception. Over the years, the Nigerian public service has gone through a lot of phases, all in a bid to make the service result-oriented. Along this line, attempts have been initiated over the years to make government structures and operations more effective. The public service reforms which constitute a major plank of the global reform agenda of the Obasanjo administration is arguably the most frontal and far-reaching in terms of its consequences, not only for the country, but particularly for public sector employees. It is important to note that what has been unfolding in Nigeria is not an isolated one, as similar efforts at re-orientating the public service were made in other English speaking African countries.

Since the inception of the Nigerian public/civil service and before the efforts of the Obasanjo administration, there have been 14 previous major attempts through commissions, committees and teams, (see Table 1) beginning with Hunt's Commission of 1934, at addressing the state of the service, incorporating both conditions of service, staff performance and service delivery (see Adegoroye 2006 and Salisu 2001). Underlying the various efforts is the need to create a holistic perspective in government management, one that would match the comprehensive outlook applied in economic planning, while at same time ensuring that the service is staffed with the right calibre of personnel.

Table 1: Civil Service Reforms in Nigeria 1934-1994

S/No	Name of Commission/ Committee	Year
1	Hunts Commission	1934
2	Harragin Commission	1945
3	Foot Commission	1948
4	Gorsuch Commission	1951
5	Phillipson-Adebo Commission	954
6	Mbanefo Commission	1959
7	Hewn Committee	1959
8	Morgan Commission	1963
9	Eldwood Commission	1966
10	Adebo Commission	1971
11	Udoji Commission	1972
12	Dotun Phillips Reforms	1985
13	Decree No. 43	1988
14	Ayida Review Panel	1994

Source: Salisu 2001 and Adegoroye 2006

Beginning with the Adebo Salaries and Wages Commission of 1971, it appears successive governments have paid particular attention to both the structure and the role of the public service as well as the issue of efficiency. In fact, a major focus of the Adebo Commission was the 'establishment of a Public Service Review Commission to examine the role of the public service commission, structure of the civil service, conditions of service and training arrangement'. In 1972, the Udoji Commission, among others, had as its major focus 'increasing efficiency and effectiveness within the context of meeting the challenges of a development-oriented society'. The twin of efficiency and effectiveness of the public service were frontal in the attempts at reforming the civil service under the Babangida military junta in 1988 and the public service reforms initiated by the Obasanjo administration. In all these, the service has been vilified as corrupt, inefficient, peopled with deadwoods, etc., by political leaders, who may turn out to be the real problems of the Nigerian public service.

In spite of all the efforts at reforms, the problems or accusations remain. In the words of Salisu (2001), 'in spite of efforts at reforms, the service remains inefficient and incapable of reforming itself, let alone the rest of the economy. Corruption has become an endemic feature of public sector activities, with the oil booms and busts distorting the incentive structures of civil servants and other agents in the economy'. In a similar vein and in justifying the reform measures of the Obasanjo administration, Adegoroye (the Director-General of the government agency in charge of the reforms, Bureau for Public Service Reforms (BPSR)(2006) posits that ' by the mid 1980s, the Nigerian civil service was far from being ideal. It was tradition-bound, somewhat ponderous and showing signs of deterioration and several undesirable characteristics of which the following were the most prominent: over-centralisation, incessant conflicts between cadres, little emphasis on results and concrete performance, counter-productive separation of authority from responsibility at the topmost hierarchy, dangerously low staff morale and productivity, inappropriate staff development practices' (p.7).

If the above is true, it either means that the real problems of the public service have not been identified or that the wrong solutions have been applied. The contention here is that it is a combination of both. As is becoming customary of managers of the Nigerian state, the real issues are neglected while precious and allegedly scarce resources are wasted in chasing shadows. Those who are bearing the brunt of the present reforms are already victims of a political economy that primarily serves the interests of international finance capital and its local comprador class. Rather than accepting the fundamental flaws inherent in the system, the present reforms have ended up making sacrificial lambs out of the more vulnerable categories of public servants whose views do not really matter in the scheme of things and who, in clear conscience, cannot be accused of being the source of the problem.

This chapter takes a look at the major components of the reform package, particularly at the federal level, and how these have affected the bulk of the public servants. Part of the arguments is that the so-called reforms constitute part of the neo-liberal agenda imposed on the Nigerian state by its foreign mentors and are essentially meant to serve the interests of international finance capital. In this context, it is necessary to find scapegoats to justify the reforms and create avenues for the use of consultants, mostly foreigners and agents of the Bretton Wood institutions, driving the reforms. The inescapable conclusion is that the present reforms would likely end up the way of previous ones, that is, failing to achieve advertised objectives. Ultimately the Nigerian people would need to contest the content and direction of development policy in order to ensure that their interests are accommodated and protected.

Scapegoatism and Public Service Reforms in Nigeria

Each attempt at 'reforming the Nigerian public service has usually been premised on some justifications to portray government's moves as altruistic. But unfortunately, at the end of each exercise, they are no more than mere justifications. The Obasanjo administration almost immediately at inception initiated the reform process. The first step in this direction was the organisation of a 10-day seminar for Permanent Secretaries in the employment of the Federal Government. This was followed by a series of similar seminars organised for officers at the Directorate level. The communiqué issued at the end of the seminar raised issues that are being addressed by the reform measures. Some of them, highlighted by Adegoroye (2006), are:

(i) The need to address the massive expansion in the size of the Service which had risen to 350 per cent between 1960 and 1999, compared with a national population increase of 160 per cent over the same period;

(ii) Dealing with the decline in the institutional capacity, efficiency, effectiveness and commitment of the Service;

(iii) Focusing more on ethical and moral issues, and in particular, addressing the popular perception that the Civil Service was corrupt;

(iv) Restructuring and streamlining the Service (see Adegoroye 2006:13-14)

The report of a study commissioned by the Federal Government in 2001 would appear to have given further impetus to the reform drive. Among other things, the report highlighted the following:

(i) Dominance of an aging population – 60 per cent of the workforce is constituted by officers who are 40 years old and above;

(ii) Preponderance of unskilled staff in the service –70 per cent of the entire workforce is constituted by officers on Grade Levels 01-06 while only 1.7 per cent of the workforce is made up of officers in the strategic thinking Directorate Cadre (GLs 15-17);

(iii) Prevalence of 'ghost' workers symptomatic of poor personnel records and payroll control systems;

(iv) Deployment of about 60 per cent of Federal Government spending to servicing the federal bureaucracy (including the National Assembly);

(v) Onset of pervading low morale, especially at the higher levels of service, resulting from non-professional Human Resource Management Practice;

(vi) Imposition of a highly centralised, hierarchical and rule-driven system which stifles individual initiative and muffles corporate accountability;

(vii) Existence of Ministries, Departments and Agencies (MDAs) with no Mission and Vision Statements or clear corporate and individual schedules of duties;

(viii) Creation of under-resourced public institutions lacking the capacity to make optional use of technological changes to modernise;

(ix) Gross inadequacy of working tools required to operate a modern management system;

(x) Erosion of professionalism and espirit de corps;

(xi) Degeneracy of policy making to a routine response to addressing urgent problems rather than being a structured initiative involving painstaking analysis, consultation and monitored control;

(xii) Existence of serious capacity gaps at all levels due to prolonged absence of systematic training, needs identification and serious commitment towards updating skills;

The issues listed above create the impression that the reform process was driven from within and not imposed by foreign interests bent on ensuring the subservience of the Nigerian public service. This explains why these issues are credited to participants at a seminar and findings from a commissioned study, both of which cannot really be said to be free from the manipulation of a political authority with some pre-conceived agenda. The government's own admission that its National Economic Empowerment and Development Strategy (NEEDS) is the overall framework for all the sectoral reforms in the country is a confirmation of the fact that the public service reform is a major component of the neo-liberal package for Nigeria. While we shall come back to the link between the neo-liberal economic package and the public service reforms, an attempt would be made, in the next paragraph, to examine some of the reasons given for the reform, to show that they are mere excuses to justify the punishment of largely innocent workers.

Most of the arguments are at best self-serving while others cannot be blamed on the workers that are made to pay for other people's sins. For anyone to talk of an over-bloated civil service, there is the need to establish what constitutes the ideal number of people to be employed. This is always difficult to determine, even in the private sector, and this explains why the issue of right-sizing or down-sizing never ends. What is clear is that when there is need to cut costs, especially in an unfavourable economic climate, jobs are usually the first casualty. Since government is interested in cutting its expenditure, it must find an alibi or a scapegoat to justify its move. The reference to the quantum leap of the size of the service by 360 per cent between 1960 and 1999 is at best a crude manipulation of data. Those who use this figure fail to reckon with the starting point and the fact that a few months before independence, there were only 2,308 Nigerians in the public service out of a total of 4,057. This is apart from the fact the scope of government activities and business was very limited. Equally important is the demand on government in a developing country, with a very small private sector to create and provide avenues for employment for the citizens.

As at 2001, there were about 240,000 persons employed by the Federal Civil Service (comprising all the ministries and extra-ministerial departments but excluding the armed forces, commercial and sub-vented parastatals). This figure represents 45 per cent of all Federal Government public employees (McCallum and Tyler 2001). This figure had gone down to 180,492 by 2005 and 161,000 in early 2006 (Adegoroye 2006). Adegoroye further provides additional statistics of the total employment profile in the entire public service of Nigeria from the federal to local government levels. In all, there are 2,267,492 persons employed at all the three tiers of government in Nigeria. With a population of about

140 million, the total number of persons employed in the entire public service in Nigeria (federal, state and local governments) represents only 1.61 per cent of the populace!!! It is amazing that anybody would argue that it is too much for a government to employ directly less than 2 per cent of its total population. The table below contains the breakdown of public sector employment profile in Nigeria.

Table 2: Public Sector Employment Profile in Nigeria

S/No	Location of Employment	Number Employed
1	Federal Core Civil Servants (including 47 Permanent Secretaries & 2000 officers at the Directorate Cadre)	180,492
2	Public Officers in the Military, Police and Para-Military Services	457,000
3	Public Officers in Agencies and Educational Institutions	470,000
4	Public Officers at the State Level	540,000
5	Public Officers at the Local Government Level	620,000
Total		2,267,492

Source: Adegoroye 2006:4-5

In dismissing government's claim of excessive wage bill, a look at the breakdown of the payroll at the federal level is helpful. Available statistics show that the core civil service, which is worst hit by the present down-sizing, accounts for only 18 per cent of the total public service emoluments in Nigeria as at 2005. The complete distribution is presented below.

Table 3: Payroll Breakdown at the Federal Level as Percentage of Total Public Service Emoluments

S/No	Location	% of Total Emoluments
1	Core Civil Service	18
2	Military, Police & Para-Military	35
3	Agencies & Educational Institutions	31
4	Others, including Hospitals	16

Source: Adegoroye 2006:5

Closely related to the above is what the average public servant earns. By government's own account, those in the cadres of permanent secretary and the directorate each earn, on the average, US$1,000 and US$ 700 per month respectively and constitute less than 2 per cent of all employees. The bulk of the employees outside the directorate cadre as at 2005 numbered 178,445 (if we take out the 47 permanent secretaries and the 2000 at the directorate level). Those at the level of confidential secretary are credited with a pay packet of US$400 per month (Adegoroye 2006) while those at the lowest level earn less than US$100 each per month. We can then put the average earning of the civil servant at about US$250 translating into a monthly wage bill of US$44,611,250 and at an exchange rate of N130 to US$1, this amounts to N5, 799,462,500bn per month or N69, 593, 550, 000 per annum. This wage bill contrasts sharply with a figure of N65.5 billion spent annually on the salaries and allowances of 472 political office holders who constitute the Federal Executive arm of government in Nigeria (see *The Guardian*, Sunday 1 July 2007). Again, this gives the lie to government's position as to what constitutes the drain on the common purse.

A second look at the issues listed by the study commissioned by the Federal Government will show that hapless public servants do not create the problems. Items iii, v, vi, viii, ix, xi and xii on the list are systemic problems that can only be addressed by the political authorities once the will is there. For example, government, through appropriate training and manpower development package, can address the issue of capacity. Again, 'ghost' workers are the creation of fraudulent state officials and bureaucrats and in any case, 'ghost workers' are ghost workers, they do not exist in reality. Equally, the issue of low morale cannot but be, given the starvation wages workers earn in the public service, particularly in the core civil service and the totality of the working environment.

The reforms have also affected the parastatals and other public enterprises that operate in the private sector environment. The major case against these enterprises by the apostles of privatisation is that they constitute a drain on public funds and, thus by privatising them, money would be released to provide social services and infrastructures. The position of the Nigerian government on the need for privatisation of public enterprises is summed up in the following words:

> The privatisation policy became imperative following the failure of public enterprises to deliver on their mandates in spite of consuming a large chunk of the resources of the nation. Their other disabilities include failure to allocate resources efficiently; failure to engender entrepreneurial development; platforms for political patronage, which often times have jeopardised national interest (Adegoroye 2006:27).

In reality, there is more to privatisation than the economic and financial reasons usually declared by governments to justify it. According to

Chottenpanda (2000:229), the USAID Labor Advisor to the Bureau of Public Enterprises, 'privatization programs are usually based as much on political factors as on financial and economic reasons'. In the same vein, The National Union of Electricity Employees (NUEE) (2001:iii) argues:

> … the point, to be blunt, is that Nigeria is trying to embark on privatization of NEPA and other public enterprises at all cost and in spite of overwhelming opposition, because it is a borrower, a debtor, who has been compelled by its external creditors or lenders to act in a particular way like a zombie. Any other argument to the contrary, of corruption, inefficiency, bad management and so on, are just academic sophistry meant to rationalize an objective or goal that has been preconceived in spite of the true situation on ground..

Privatisation would appear more political than economic. Otherwise, there are other options for addressing the so-called short-comings of these enterprises. If privatisation were just an economic policy, then there is no justification for selling companies that are self financing to generate additional funds for government. These include organisations such as, the Nigerian Ports Authority (NPA), Nigerian Telecommunications (NITEL) and some of the government-owned financial institutions. The fall-out of privatisation is that many workers have lost their jobs. Figures available indicate that 8,000 workers lost their jobs in NITEL, 8,991 from the NPA, 4,800 from the Nigerian Postal Service (NIPOST), and 1,800 from the Federal Airports Authority of Nigeria (FAAN). From the core civil service, a total of 45,000 senior civil servants have been laid off due to the reforms.

Despite forcing these employees into premature retirement, accessing their benefits has been very difficult. As if to aggravate an already bad situation, government has tied the payment of their terminal benefits to their undergoing 'pre-severance training' in order (in the words of government) 'to prepare them for the transition to the private sector, and to enable (sic) put their terminal benefits to better use in retirement'. As at July 2007, these training programmes had not been fully implemented. The pre-retirement training programmes are at best opportunities to service the consultants who were given the assignments. In the same vein, the much advertised monetisation scheme has not been fully implemented. While political appointees swiftly collected their entitlements, many public servants are still owed, months in arrears, their own entitlements. Public sector unions regularly issue strike threats to ensure that they are not short-changed. Indeed, the manner in which the monetisation scheme has been implemented is an indication that government was only interested in saving money for members of the political class to squander.

Lastly, a word or two would not be out of place here in respect of the new pension scheme (which has been addressed comprehensively by Aborisade in the preceding chapter) that came as part of the reform package. The old pension scheme in the public sector was non-contributory. By this arrangement, the pension scheme was fully funded by government. Given the very low wages/salaries of public sector employees, the non-contributory scheme was considered a good deal which amounted to keeping, at best, what was withheld until retirement. Unilaterally changing to a contributory scheme, without a substantial increase in the earnings of the affected workers by way of salaries or wages, amount to denying Peter his due now in order to pay him later! There was nothing wrong with the old scheme other than corruption on the part of those managing it. Many instances have been uncovered of state officials diverting pension funds, without appropriate punishment being meted out to the culprits. Rather, victims of criminality are being made to pay for the crimes perpetuated by known offenders.

The bottom line in all of this is that the reform measures have ended up transferring the burden of reforms on the most vulnerable group of public servants. The swansong for justifying successive civil service reforms have remained the same; over-bloated personnel and large wage bill. If decades of reforms have not changed these, then we should look elsewhere for solutions. From all indications, the measures taken so far amount to class action by the ruling class against the weaker classes in society. This brings us to what can be considered as the real problem of the Nigerian public service.

The twin issues of profligacy and corruption encouraged by the political class and not the public servants constitute the bane of the service. The Obasanjo administration, just like its predecessors, was guilty of these. A few examples would suffice here. According to reports, the government spent a total of US$1.1bn on the Port Harcourt and Kaduna Refinery and Petro-Chemical Companies between 2003 and May 2007 only to sell them for US$721 million (see *The Guardian*, Sunday, 1 July 2007) on the eve of its departure to organisations that are suspected of fronting for top officials of the administration. This is both wasteful and corrupt. The power sector is no less offending. Between 1999 and 2005 about N1 trillion (US$9bn) was invested by government while a sum of N7.46bn was committed into the Egbin Thermal Power Station which was again sold on the eve of the exit of the administration of Obasanjo. Apart from the fact that power generation keeps plummeting – it was down to 2,715MW, – a far cry from the target of 10,000MW by December 2007 (see *The Punch*, Tuesday 3 July 2007:7) – and the inability of those refineries to operate at full capacity, it still needs to be explained why government should invest such sums in enterprises that were slated for privatisation. If such amount of money were sunk into these agencies, without anything to show for it, shouldn't government prosecute those responsible, except government itself just used the award of such contracts to siphon public money?

Lastly, the amount of money pumped into road construction and maintenance speaks volume of what really constitutes the drain on public resources. The Obasanjo government spent ₦1tn on road projects, yet what we have on ground is a near-collapse of the road infrastructure. The major federal highways are more or less death traps. This situation has led the Senate arm of the National Assembly to resolve, 'to investigate why we have spent so much money with little or nothing to show for it' (Senator Victor Ndoma-Egba, Deputy Senate Leader, quoted in *The Punch*, Friday, 6 July 2007). These are just a few of the many scandalous contract rip-offs witnessed under the 'reforming regime' of Obasanjo. The question that arises here again is whether it is public servants that awarded such inflated contracts or whether they are responsible for their non-execution.

Of course, the profligacy and corruption witnessed in the Obasanjo years is just a continuation of an established trend in Nigeria. The gross mismanagement of the economy by successive administrations contributed in worsening the economic crisis, which the country has been contending with since the early 1980s. This is manifested in massive stealing of public funds, excessive contract inflation, corrupt kick-backs and excessive borrowing at home and abroad (Onimode 1987) as well as lack of budgetary discipline and financial accountability (Osoba 1992). If the situation was bad under the Shagari administration, the dimension of the problem under the Babangida administration was simply frightening while the Abacha junta built on that legacy. Osoba (1992:4) puts the situation thus:

> There has been a deliberate and cavalier squandering of allegedly scarce financial resources on inane exhibitionist projects, donations of vast sums of money to questionable, even damnable causes at home and abroad, proliferation of money guzzling bureaucracies (like DFRRI, MAMSER, CDS) and a multitude of directorates, centres, programmes, authorities, agencies, etc. with no clearly perceivable or worthy function, but gargantuan, almost limitless financial allocations.

These duplications were equally witnessed under the Obasanjo administration. Emerging facts are already pointing in the direction of large-scale corruption at all levels of governments in Nigeria. We have gone this far in order to demonstrate that the problem of the public service in Nigeria is not that of too many hands or the ineptitude of the personnel. The problem is rather posed by parasitic elite with a huge appetite for corruption and who regards public office as the shortest avenue to primitive accumulation. Already, the extent to which some of the former political office holders stole public funds is emerging. For instance, the sum of £2, 961.560 was seized from a former governor of Plateau State in north-central Nigeria by British authorities (see *The Punch* of Wednesday, 3 October 2007) while property worth $100 million belonging to the immediate past governor of Enugu State in south-east Nigeria have been seized in Morocco (see *The Nation*, Saturday, 29 September 2007). Having said this much, an attempt would now be made to locate the public service reforms within its proper context; the IMF/World Bank imposed neo-liberal economic reform package.

The Macroeconomic Framework of Public Service Reforms: Understanding the IMF/World Bank Inspired Economic Reform Packages

The response of the Nigerian government, since the return to civilian rule, to the problem of underdevelopment and the recurring economic problems, which have refused to abate since the early 1980s, is encapsulated in the National Economic Empowerment and Development Strategy (NEEDS). The Interim Poverty Reduction Strategy Paper (IPRSP), prompted by the Word Bank as a condition for granting concessions to indebted countries such as Nigeria was the re-entry point and this ultimately provided the framework for NEEDS and similar packages in other countries.

The fundamental cause of our present economic predicament lies in the neo-colonial character of the economy characterised by the dependency syndrome. By this arrangement, dependent countries like Nigeria are tied to the apron strings of the advanced capitalist countries and consequently rely excessively on them. Since world capitalism itself is crisis-ridden, when the metropolitan economies run into crises, dependent countries such as Nigeria suffer the same fate. It was along this line that Mandel (1970), using Britain as an example, insists 'the ups and downs of the (British) economic situation cause corresponding fluctuations in the economic situation of the (continental) countries' (p.73).

There is also the lopsided nature of the Nigerian economy, which is both a reflection of the short-sightedness of the indigenous ruling class as well as the distortion engendered by the neo-colonial economic structure. The result is that certain sectors of the economy, such as oil, banking and distributive trade have been booming to the disadvantage of the agricultural and rural sectors. This explains, in part, the imbalance in the growth of the Nigerian economy.

The debt problem, which reached a crisis proportion around 1982 has equally succeeded in aggravating the economic crisis. The debt crisis arose principally out of the inability of debtor nations to pay back what they owe. The debt crisis itself was the direct result of the debt-trap set for oil producing countries by the G.7 group of most industrialised countries as a means of recycling all the petro-dollars back to their multinational banks (Osoba 1992).

The indebtedness, coupled with the need to re-schedule payment, has put the Nigerian economy almost absolutely at the mercy of international finance capital operating through such agencies as the IMF and the World Bank. The conditions imposed for debt re-scheduling have not only compounded the problems but have equally worsened the living standard of the masses of the Nigerian people.

Taking advantage of Nigeria's indebtedness and the Nigerian government's quest for debt re-scheduling/forgiveness, the creditor nations (acting through the IMF and World Bank) have imposed various conditionalities which are packaged as economic reforms such as SAP and, presently, NEEDS. The failure of the reform packages to redress the distortions in the economy is indicative of the fact that they are not the panacea to the problems. The reform packages are based on a number of assumptions and objectives, which appear rather simplistic and inflexible. The relevant ones to our presentation are:

a. That these problems are traceable to the structure of prices (commodity prices, wages, exchange and interest rates), unbalanced budgets, trade restrictions and government intervention(e.g. parastatals);
b. That only the capitalist model of development can resolve these problems, modernise these countries and eliminate their pervasive poverty.

A look at the major components of these policies and their outcomes would put things in their proper perspective. From about 1982 till date, the essential elements of the various economic restructuring programmes, by whatever name, (austerity measures, belt-tightening, structural adjustment or economic empowerment) remain the same; trade liberalisation, finding appropriate value of the national currency (devaluation), reduction in public expenditure, especially in respect of social services and privatisation and commercialisation of public enterprises. Irrespective of official posturing to the contrary, the thrusts of macroeconomic framework remain essentially the same.

There is also the political component of economic reforms with its insistence on 'reduced state participation in the economy with the private sector being the driving force with market forces determining prices' (Mwanza 1992:3). What is called private-sector driven development is one of the underlying philosophies of neo-liberal economic policies. In this context, firms are more interested in discovering, around the world, 'cheap but efficient production locations that offer them the largest and most secure and profitable return on competitive success' (Hirst and Thompson 1999:67). This is largely a response to the crises of capitalist development, which unfold periodically; the consequences of which are visited on developing countries. Haggard (1995:15) puts it thus:

> Sluggish and erratic growth in the advanced industrial states matched by sharp fluctuations in import demand contributed to the economic difficulties of the Less Developed Countries (LDCs), especially in the early 1980s and again in the early 1990s.

This is similar to the position of Ernest Mandel referred to earlier. What this means is that those who created the problems facing the Nigerian economy and polity cannot be genuinely interested in solving them.

Of particular interest to the present discussion is the continuous cut in government expenditure and privatisation of many public enterprises, which have led to the loss of tens of thousands of jobs. Given the fact that government constitutes the largest employer of labour, the effect can only be devastating. Also, because of the viability of the sectors in which government is involved as an investor, the owners of private capital, especially foreign, would appear interested in taking over such lucrative sectors, not by way of fresh investments but by outright purchase of public enterprises at grossly undervalued prices. The international finance institutions controlled by the advanced capitalist countries readily come to their aid by pressuring governments of developing countries to hands-off such ventures.

In actual fact, there has always been a public service/administrative component of successive economic reform packages. It was not by accident that the 1988 civil service reforms came on the heels of the imposition of the Structural Adjustment Programme in 1986. In the words of Amuwo (1991), 'the reforms are the administrative counterpart of the economic reforms (structural adjustment programme, SAP and the political "reforms" (the transition package)'. It is in the same vein that the public service reforms constitute the administrative component of the economic reforms of the Obasanjo government. In relating privatisation, a component of the overall economic reform package, to globalisation, Went

(2000) lists the characteristics of the process of globalisation to include liberalisation, deregulation, privatisation, flexibility and internationalisation (Went 2000:2-3).

In fact, to think that imperialist-inspired economic policies, under whatever name or appellation, would assist implementing countries seem unrealistic. This is because:

> Some of the policies carried out under the banner of structural adjustment (and presently globalization) tend to contribute to growing economic instability. For example, devaluation often leads to rising inflation and to declining real wages or salaries and other fixed incomes. When accompanied by government expenditure reduction, devaluation may lead to more income inequality in favour of the entrepreneurial class, including the merchants, the exporters and the foreign investors.... in heavily indebted countries, the main priorities of IMF programmes are the clearing of payment arrears, enhancement of debt servicing and replenishment of foreign exchange reserves (Mwanza 1992:6).

It amounts to a contradiction in terms to talk of economic empowerment in the face of the policy measures being pursued by government in Nigeria. People are being forced into premature retirement, their terminal benefits are not paid as and when due, pensioners are owed months, if not years, in arrears while at the same time opportunities for self-employment are restricted. This is why it is not out of place to sum up the effects of the various neo-liberal economic policies, including its local variant in Nigeria, as having succeeded in ensuring, in the words of Chossudovsky, 'the globalization of poverty' (see Chossudovsky 1997) while putting the burden of economic reforms on the disadvantaged groups in society. The point is that contrary to the arguments of its proponents, globalisation has worsened the inequalities among nations of the world and by necessary implication, the inequalities within nations. Even by the admission of their proponents, (including the IMF and the World Bank) these policy measures have failed to achieve results that would have impacted positively on the generality of the people (remember the admission that SAP needed a human face). That was after its authors, including the errand boys in Nigeria, had insisted that SAP had no alternative. We have said this much because of the wider ramification of the economic situation as well as the context in which public service reforms are unfolding. What is clear here, again, is that official justifications for the economic reforms are not valid, which explains why the state of the Nigerian economy remains parlous, in spite of over two decades of economic reforms.

Conclusion

The implementation and outcomes of the public service reforms initiated by the Obasanjo government do not suggest that the advertised results would be achieved. It appears that what is touted as the panacea to the problems of the service is not capable of turning round its fortunes. Given the fundamental problems of the Nigerian economy and society, located within the context of neo-colonial economic relations, even if the entire public servants are sacked, nothing would change. The truth is that the public service cannot rise above the level of the political class that controls it. Put differently, the quality of political leaders/office holders determine the quality and output of the public service, particularly in a situation in which career civil servants are subordinated to the political elites. It does not really matter what the civil servants advise, ultimately it is what the politicians consider expedient that matter. For instance, in 2003 while swearing in his Special Advisers, President Obasanjo gleefully told the whole world that he was not bound to take their advice!

In this era of reforms, with all sorts of international consultants working for the World Bank and the IMF and some of the multi-lateral and bi-lateral agencies in virtually all sectors of the economy and society, public servants have been virtually rendered redundant. It does not really matter their placing within the hierarchy and level of educational attainment. This is part of the ideological warfare being unleashed on developing countries by the imperial powers. In order to justify their intervention in the developing economies, they must run down indigenous personnel. Unfortunately, our leaders have sold themselves cheaply to their foreign masters, thus parroting what is handed down to them as the gospel truth. Within the context of the neo-liberal economic reform agenda, the public service reforms are nothing short of punitive measures targeted at the lower echelons of the service. At the end of the exercise, we shall be taken back to the same starting point with the old swansong of 'an inefficient and unproductive public service'.

Without being theatrical, all the issues raised as being problem areas can be routinely addressed internally and most probably achieve better results. Of course, there is a need to attract the right calibre of personnel, who would be able to cope with managing the public service for results, into the service. This goes with putting in place a competitive remuneration package to attract such high flyers. In respect of the issue of capacity building for civil servants, an appropriate manpower development policy should be put in place. This policy should address things like the qualification framework for those to be employed, additional training they should be exposed to and at what intervals, and what should be the mix between in-house training and those provided by external consultants?

Lastly, if we want the best out of people in term of performance and commitment to organisational goals, it is important to motivate them. Hence, how to motivate staff should be seen as a major policy issue. With respect to privatisation, the present option adopted by government is wrong. If performance and profitability are the problems, privatisation is not the best option. Performance setting is a viable option and by this arrangement the management of such enterprises should agree with the government on what is considered realistic targets, which would ultimately determine the tenure of the management team. Even in the core civil service, the criteria for assessing the performance of top management should be clearly set out while, as from certain level, appointment and re-appointment of top level officials should be done on the basis of meeting pre-determined goals (performance based contract).

In making these suggestions, we are not oblivious of the political undercurrent which is driving the reform agenda in Nigeria. The ultimate is for the Nigerian people, working through their own organisations and genuine allies, to contest the development agenda with those who are profiting from the present arrangement. Examples of other countries in the developing world where popular forces have made agents of international finance capital to beat a retreat, is enough to propel the Nigerian people to secure their own today and tomorrow. A few individuals are profiting from the present arrangement in which many Nigerians are worse off than they were at the beginning of the reforms. To do otherwise is to unwittingly encourage a situation in which victims would continue to be made sacrificial lambs. This is the basis for a determined struggle to enthrone a people-centred development agenda.

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