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Rethinking Public Sector Reforms in Nigeria

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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