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

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### 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 country 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-faceted 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; Adegroye 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;
- Privatised 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 subsection 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 Zaghera 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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