ADMINISTRATIVE AND FINANCIAL REFORMS IN THE NIGERIAN PUBLIC SECTOR

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Abstract: The paper x-rays administrative and financial reforms in the Nigerian public sector. The purpose is to explore several programmes and policies initiated in Nigeria and examine the effect of these reforms as it foster transformational change in the country’s public sector. This is imperative given observable professional revolution between government and the workers on one side and among professionals on the other side. This paper adopted an exploratory approach in carrying out the research. Findings of the study reveal that there were abundant of literature on public sector reform with no study or review on administrative and financial restructuring programmes in the public sector. Therefore, the study concludes that reform programmes are key and indispensable in ensuring efficient service delivery in the Nigerian public sector as well as national development. It finally recommends inter alia: continuous and systematic review of programmes and policies of government to ensure alignment with national objectives; mobilization of adequate resources for successful execution and implementation of programmes; and collaboration among all tiers of government and professionals.

Keywords: Administrative, Financial, Reforms, Nigerian Public Sector

INTRODUCTION

The integration of Nigeria into the world political and economic structures requires the intensification of transformational change processes. One of the most important tasks in this process is the renewal of the effective activity and the increase in the competitiveness of the base link of the economy – public sector enterprises, most of which are rapidly overcoming the consequences of the world economic crisis. The crisis of the last few years has revealed that it was most sensitive to negative changes in the economic situation. Therefore, there is a real requirement to develop effective methods of rehabilitation (restructuring, reorganization, reformation) for public sector enterprises complex, and for the renewal of its economic potential.

Restructuring from positions of modern scientific research is one of the ways of public sector restructuring (Tovazhnyanskiy, 2010). That is, if the reformation of public sector has any possibilities of transformation and change, then restructuring is one of the concrete methods of reforming public sector by the structural reorganization of its basic subsystems. In a number of cases, the term ‘restructuring’ is interpreted ambiguously. Sometimes restructuring is understood as the simple division of a large enterprise into component parts: in other words, dismantling the structure and creating autonomous enterprises from the unique whole. A change of organizational structure, dismantling, division and the selection of the economic personified subsections are only the elements of restructuring, but not necessarily its constituents or purpose. Organizational changes
which will be or will not be carried out depend on the aims of the restructuring and on those methods chosen to achieve this goal.

Restructuring in the public services has only recently entered popular and political discourse. Public services have, for a long time, been regarded as a stable world with its own way of working, of employing people, managing HR and social dialogue. However, things have changed and the borders between the profit and non-profit economy, between public and private sectors have blurred. Restructuring is now on the agenda of public sectors in third world countries like Nigeria and is driven by a range of factors including but not exclusively the crisis and the public debt. Austerity, cuts in public spending, externalization of services, rationalization of resources are at stake in many countries. They impact, sometimes drastically, not only public employment in a quantitative way but also the nature – or even the ethos – of the public sector.

Of course, when talking about public services the differences are huge from one country to another: in some countries, public services are predominantly staffed by civil servants while in other the proportion of civil servants employed is much smaller. The nature of the organization could also differ greatly as the public sector can include: public owned companies, central administrations, local authorities, hospitals, education, railways, services of general interest, delegated to private entities, etc. The public sector in Nigeria has grown tremendously over the years. The share of government in the economy is unduly large since consolidated government expenditures rose from 29% of GDP in 1997 to 50% in 2001 (Makinde, 2003).

In point of fact, the Nigeria’s decentralized government structure vis-à-vis the three tiers of government often overlaps in some areas of economics activities and basic service provision. Government in Nigeria is perceived as a provider of contracts and a big employer even though this is in the context of a civil service that has been largely de-professionalized and appears to be bottom heavy (Dada, 2003). The public sector had over the years been weakened with an over expanded public expenditure profile, persistent deficits financed by domestic and external borrowing with resultant high debt service burden, breakdown of the traditional instruments of control leading to corruption and misappropriation of funds, incidence of ghost workers, poor costing of programmes and projects, a large portfolio of abandoned/on-going projects especially in efficient and wasteful parastal (Aduke, 2007). Not only that the system has accumulated pension arrears but some states and agencies of the federal government are beginning to accumulate salary arrears and payments due to contractors and suppliers. Furthermore, the traditional instrumentality of the rolling plan has become discredited and hardly informs the preparation of the budget, and indeed major policies. The era of comprehensive planning details had become unmanageable and resources scarcity cum political intervention in priority setting had contributed in rendering the plans impotent.

The paradox consist here in the fact that Administrative and Financial Restructuring in the public sector has been dominated by the dire state of public finances resulting from the financial crisis of 2008. This was primarily a result of the banking crisis. As the crisis also threatened the existence of many currencies, the state of public finances became of increased relevance at global level and several legislative initiatives strengthened global governance in this context. Public sector restructuring, however, is
not a new phenomenon for many countries of the world. Reforming and reorganizing some public sector entities with the aim to rationalize structures and increase cost efficiency has been ongoing for some decades (Demmke and Moilanen, 2013; Naumann and Naedenoen, 2013). Although, government responses and progress on financial restructuring have varied considerably, nevertheless, public sector restructure programmes have a wide agenda to address.

Consequently, scarcities of financial, technical and managerial resources severely constrain the ability of Nigerian government to sustain a comprehensive public sector restructure programme. Even when the wherewithal is there, the challenges of the complexities and sensitivities of some of the public sector restructure processes remains. Unfortunately, the dawn of the new millennium witnessed various manifestations of discontentment in the areas of resource control, salaries and wages, education, deregulation, privatization and so on. These manifestations of discontentment were demonstrated with increasing frequency and intensity bordering on ineffectiveness, inefficiency and wastage of the national resources (Abdullah, 2007). Despite the growing interest, the main attention of researchers is mainly focused on the analysis of restructuring determinants and other factors, while only a few researchers examined the impact of restructuring on value and financial results in the private sector. While little or lack of known national investigations determining effects of administrative and financial restructuring how to effectively implement the transformational agenda and how to evaluate the impact this process has on the public sectors in Nigeria.

Consequent upon the above factors, the desire to reform the public sector administration capabilities with a view to the burgeoning challenges became sacrosanct. The rationale for this paper therefore, is to assess the administrative and financial public sector restructuring in Nigeria since it is designed to transform and change the economy positively.

**METHODOLOGY**

Methodology is the procedure for seeking an in-depth, insight and deeper exposition of problems under study. It involves a careful enquiry to discover new relation and information to expand an existing knowledge. In any given study, it may be necessary and, in fact desirable to use two or more of the general types of research techniques. One may seek the solution of a given problem by studying its history through an examination of documents which is been referred to as secondary sources, and determining the present status by field survey here it is called the primary source. The secondary method of data collection will be adopted this include extraction of relevant information from public documents, journals, Newspapers, Magazines, Conference Papers, Books, Radio and Television commentaries. Thus, the research design adopted is exploratory research design. This is because it satisfies the researcher curiosity and desire for better understanding of the subject matter. Thus, this enables the researcher to obtain background information on the subject matter.

However, this study is bedeviled with certain limitations which consequently affect the findings, among such limitation and problem is time constraint, this is because
the time for this study is not sufficient to conduct an exploratory research of this nature. Another challenge is the financial constraint because there is no sufficient finance to subscribe to multiple international journals to access the availability of materials from international perspectives. However, the researchers were able to explore and review available publications in the textbook and other journals.

LITERATURE REVIEW

Several attempts have been made by scholars to pin down the meaning and nature of public sector restructuring. Essentially, some scholars have argued that public sector in the developing countries is everything and that the most important catalyst of development is an efficient service, while at the same time its inefficiency constitute the heaviest milestones of any country (Bangura, 2000; Ayeni, 2002; Borins, 1994). To some, restructure connotes a deliberate and planned change (Halligan, 1997; Lam, 1997; Denhardt & Denhardt, 2000). For them any intervention which fails to produce fundamental changes in the way public service operates and conducts its business is not restructure. To this end, public sector restructure is a systematic intervention aimed at improving the structure, operations, systems and procedures of public services to enable its transformation as a multifaceted agent of change, and as a veritable instrument of national cohesion and socio-economic development. Similarly, restructure ambitions focus on improving the merit bases of public sector employment and on changing the incentives that individual public servants face, aligning them with the overall policy and goals of government.

Intuitively, public sector restructure seek to achieve a better balance between the fiscal burden of public employment and the need to provide incentives that attract competent staff. It is therefore aimed at improving the confidence of the public and of business, that the public service is both honest and efficient. Against this backdrop, the restructure is predicated on the need to address the following critical issues; reduction of public expenditure, improvement on policy responsiveness and implementation; and to improve service delivery and build public and private sector confidence since Obasanjo (2000) aptly captured the essence and rationale for restructuring in Nigeria thus;

At certain epochs in the history of a people, they must pause, reflect, take stock and resolve to do some things differently or to undertake certain projects that would make a significant difference in their lives. Such institutions, relationships, policies and programmes, and the identification of negative coalitions, contradictions, challenges, and crises points that have mediated the ability to make progress. If they tell themselves the truth, they also have the courage and sense of mission to map out viable solutions to their problems.

Anna Kwiatkiewicz (2013) focuses in her analysis of the “Main drivers of change affecting Public Sectors” on human resources. She states that public services including services of general interest (SGI) are highly relevant for the population in general (as providers of essential services) and as employers (giving jobs to large numbers of workers). Kwiatkiewicz identifies the following main drivers of transformational change: Liberalization, technological change, financial uncertainty, changing nature of demand,
and climate change. The author identifies a range of major consequences that can be (in our view) organized in four groups:

a) Job reduction, changed contractual arrangements and increased workload,
b) Flexibility, work organization,
c) New challenges in relation to skills and training,
d) Customer orientation.

**Public Service Restructure Programmes in Nigeria**

“Instead of progress and development which we are entitled to expect from those who governed us, we experienced in the last decade and a half, and particularly in the last regime but, one, persistent deterioration in the quality of our governance, leading to inability and the weakening of all public institutions” NEPA, NITEL, Roads and Railways, Education, Housing and other social institutions were allowed to decay and collapse (Obasanjo, 1999: 132).

The assertion captures the state of chaos and near despair that characterized most of the federal institutions after the Ayida reform of 1994. Outside the inherent loopholes associated with the panel’s report and its implementation afterwards, there were myriads of factors that further compounded the problem of central government machinery and more to the federal civil service (Adebayo, 2004 and Abba, 2007). The relationship between government officials (politicians /public office holders), public servants and citizens was beclouded with mistrust, corruption and inexperience (Jega 2007, and Okorie 2007), inefficiency in the delivery of social services, insensitivity to general welfare, indifference to the norms guiding the conduct of public official and rampant corruption (Olaopa 2008: 157).

Nigeria’s machinery of public bureaucracy from the last lapse of military junta was characterized with capitalist bureaucrats whose interest is rather what they would gain and not necessarily what they would inject into the system. It is very instructive to note that the provisions of Ayida’s committee report left the public service with greater confusion, cadre conflict and disregard to the principles of neutrality and non-partisanship which is the crux of survival in the civil service. Among the forty two (42) recommendations of the panel which continued as the bedrock before Obasanjo’s administration, there were major flaws (Nwizu 2002: 422). The flaws destroyed what was left of the civil service before Obasanjo introduced several public service reform programmes in the country between 1999 and 2007.

Bayo (2012: 18) summarized Obasanjo’s reform renewal under the following broad ways which include: pension reform, monetization policy, restructuring of pilot Ministries, Departments and Agencies (MDAs), Down-sizing and payroll reform. Others are public service procurement and due process, wages and salaries adjustment and awards (Public Service Rules 2010). The reform trends of Obasanjo administration was specifically guided by the principles of transition to pure capitalist economy. In other to achieve the fundamentals of the renewal programme, Bureau for Public Enterprise (BPE) was established and seen to be strategic in achieving the reform agenda. It has the mandate of ensuring smooth transition to capitalist economy.
Restructuring and Repositioning of Ministries

The Obasanjo administration was essentially committed to achieving civil service that is based on international best practice, establish technologically driven workers through ICT friendly and professionalism to solve the problems of over-bloated staff and restore the confidence of Nigerians’ in public institutions, resolve the problem of duplication and overlapping functions between agencies and tiers of government. It was seen to be one of the major ideals that would reposition the federal civil service. This aspect of reform would solve the problem of ghost workers syndrome, determine the relevance of departments/agencies and parasatals, the actual number of staff needed per ministry, the work schedule for each cadre and post as well as identify areas of training for the respective ministers.

By September 2004, Bureau of Public Service Reforms (BPSR) was established as an independent agency in the presidency. This is part of the system response in the re-organization and re-assigning of all Ministries Departments and Agencies (MDAs) of all arms and branches of the federal government. The bureau recommended that respective ministries be restructured between 4-8 departments depending on the scope and responsibilities. Every restructuring was subject to the approval/ratification by the Federal Executive Council (FEC).

Monetization Policy

One of the discontentment’s that flanked Ayida panel of 1994 was its inability to provide abating force against corruption in the civil service. In order to provide the needed lead for war against corruption, the administration was poised to clean up the public sector from corruption by providing what it considered the road map for monetization and monetary policy. The fundamental foci for the initiative were to determine the actual cost of governance in order to prevent wastages and financial leakages in all government businesses, and to improve the pay package of public workers. The policy was introduced in June 2003 starting from political office holders and later extended to core public servants. The policy was aimed at quantifying in money terms, those fringe benefits provided for workers as part of their conditions of service and remuneration, some of which include: utility bills such as electricity, water and telephone services. Others to be monetized are, cost of maintaining chains of domestic servants, upholstery and ward-rope allowances. Official car was as well monetized by procuring the car while the officer convenient lie pays back on monthly basis. The policy as well permitted the sale of official quarters to occupiers or auctioned.

The fundamental reason was to close windows of financial leakages and corruption, improve maintenance culture and attitudinal change. It also monetized the salaries and allowances of all categories of federal public servants that were formally paid in kinds (Stephen, 2011). It raised the national minimum wage from N2, 500 to N3, 500per month with effect from 1st May 2000 and much later it was raised to N7, 500. In order to reconcile the wages and salaries differences, a panel was established to harmonize issues of variation in salary as well as consolidation of salaries and wages.

Down-Sizing in the Public Sector
Federal institutions witnessed astronomical increase in the staff strength shortly before Obasanjo’s administration. In 1988 the workforce was 213,802, and in 1990 they were about 273,392 workers (FOSAAS 1997; Otobo 1999 and, Adamolekun 2005). One of the fundamental problems faced by Obasanjo administration was over-bloated staff strength and the number of MDAs. This increased the cost of re-current expenditure without corresponding output in terms of service delivery. In other to downsize the workforce, some of the parasatals were merged, scrapped and rationalized. For instance, the number of departments in the Ministry of Finance was rationalized from 13 to 10, National Planning Commission restructured from 11 to 7, National Manpower Board merged with the Nigeria Institute of Social and Economic Research (NISER), and the National Centre for Economic Management and Administration (NCEMA) merged with the Centre for Management and Development (CMD) (Olaopa 2008: 176).

The policy resulted in purging of the workforce. Criteria for disengagement was developed and applied which include; (a) officers appointed without due authorization, (b) officers with case of service misconduct; (c) officers that are medically unfit (d) staff in jobs which services are monetized, outsourced or abolished e.g. cleaners, drivers, cooks, security men, messengers etc., (e) staff that have become redundant due to the scraping or restructuring of their organization/department (f) officers without entry qualification or mandatory skills for their jobs (g) staff adjudged to be inefficient or have unsatisfactory character and (h) officers wishing to proceed on voluntary retirement. These principles respond to the fundamental questions of how many people do we need to do the job? And with what skills, and what is the best way to get this work done (Olaopa 2008:176 Eme & Ugwu2011: 48).

In order to apply the above principle, the administration engaged in biometric data documentation and head count exercise. This was aimed at reducing the ghost worker syndrome, present a clearer picture for the actual staff strength and quantify the monetary value. Federal Executive Council approved introduction of Integrated Payroll and Personnel Information System (IPPIS). It was considered pertinent to organize pre-retirement programme particularly for the class of scrapped cadre such as drivers, domestic servants, security, cleaners and so on following the exercise and determination of the administration, about 35,700 staff were served with retirement letters by the Federal Civil Service Commission.

FINANCIAL REGULATIONS AND ANTI-CORRUPTION POLICY

Before Obasanjo’s administration, there was no strong fiscal policy to checkmate corruption and in still financial discipline. Financial regulation was in circulation before the administration, but it lacked the needed force to prosecute defaulters. Attempt by previous reforms was weak and the judicial system was not reliable enough to grant quick dispensation of justice. Previous regimes particularly the military institutionalized corruption directly and indirectly. There was observable penchant for corruption across all the sectors in the country. Civil servants joined the bandwagon to become bourgeoisie bureaucrats. This was a major challenge facing the new regime and must be adequately checkmated. Shortly after Obasanjo assumed office, an anti-corruption bill was sent to
the National Assembly. By 2000, National Assembly enacted an Act and subsequently Independent Corrupt Practice and Other Related Offences Commission (ICPC) and Economic and Financial Crimes Commission (EFCC) were established. The agencies were added teethes in the war against corruption. They were to restore confidence in the conduct of government businesses, enthrone prudent and effective management of public fund.

Table 1. Chronology of Public Sector Restructuring in Nigeria

<table>
<thead>
<tr>
<th>Date</th>
<th>Government involved</th>
<th>Subject (outcome)</th>
<th>Recommendations</th>
<th>Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>The established staff two-structured of four West African Colonies: Nigeria, Gold Coast, Sierra Leone and Gambia</td>
<td>Structure, guiding terms</td>
<td>Two-structured service-junior and senior</td>
<td>Sir Walter Harragin</td>
</tr>
<tr>
<td>1948</td>
<td>The entire government of Nigeria</td>
<td>Conditions of service and training</td>
<td>Training and recruitment of Nigerians for its senior civil service posts</td>
<td>Sir H. M. Foot.</td>
</tr>
<tr>
<td>1954 – 1955</td>
<td>All governments of the Federation</td>
<td>Re-structuring, grading, terms and conditions of service and training; production of five cadres in the service</td>
<td>Reviewed wages and General condition of service</td>
<td>Mr. L. H. Gorsuch</td>
</tr>
<tr>
<td>1958</td>
<td>Western Region government</td>
<td>Review of salaries and wages</td>
<td>Reviewed remuneration and structure of the service and noted absence of middle category and created 5 main grades</td>
<td>Mr. A. F. F. P. Newns</td>
</tr>
<tr>
<td>1959</td>
<td>Federal Government, Northern Regional Government and the Government of Eastern Region and Southern Cameroon’s</td>
<td>Integrity ministries and Departments to end the era of ministers without portfolio</td>
<td>Proposed integration of ministries and departments.</td>
<td>Justice I. N. Mbaneo</td>
</tr>
<tr>
<td>1963 – 1964</td>
<td>All the Governments of</td>
<td>Review of wages and salaries and</td>
<td>Reviewed salaries and wages of the</td>
<td>Justice A. Morgan.</td>
</tr>
<tr>
<td>Year</td>
<td>Authority</td>
<td>Focus</td>
<td>Outcome</td>
<td>Leader</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>1966</td>
<td>All the governments of the federation</td>
<td>conditions of junior employees in both private and public sector.</td>
<td>junior federal staff, introduced minimum on geographical basis.</td>
<td>Mr. T. Elwood</td>
</tr>
<tr>
<td>1970 – 1971</td>
<td>All the Governments of the Federation</td>
<td>Grading of post in the public service</td>
<td>Examined anomalies in the grading of posts to proposed uniform salaries for officials performing identical duties</td>
<td>Chief S. O. Adebo</td>
</tr>
<tr>
<td>1972 – 1974</td>
<td>All the Governments of the Federation</td>
<td>Review of wages and salaries, organisation, structure and management</td>
<td>Proposed establishment of a Public Service Review Commission to examine the role of the Public Service Commission</td>
<td>Chief J. O. Udoji</td>
</tr>
<tr>
<td>1976</td>
<td>The Federal Government of Nigeria</td>
<td>(Public Service of the Federation Review Commission) organisation, structure and management, Recruitment and conditions of Employment Programmes and superannuation’s regarding of all posts and Review of Salaries, introduction of result-oriented Management in the Public service.</td>
<td>Focused on the issues of efficiency and effectiveness, made design to improve the structure and system, introduce open reporting system for performance evaluation, A unified grading and salary structure for all covering all posts.</td>
<td>Chief S. Olu Falae</td>
</tr>
<tr>
<td>1985</td>
<td>All the Government of the Federation Nigeria</td>
<td>The structure, staffing and operations of the Nigerian Civil Service in the mid-80s and beyond, attempt at professionalizing the service.</td>
<td>Abolished the office of Head of service and permanent secretary</td>
<td>Professor Dotun Philips</td>
</tr>
</tbody>
</table>
### OTHER REFORM INITIATIVES IN NIGERIA

<table>
<thead>
<tr>
<th>Date</th>
<th>Government involved</th>
<th>Subject Matter (outcome)</th>
<th>Initiated by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>The Federal and State Governments of the Federation of Nigeria.</td>
<td>Worked out guidelines for implementation of the civil service reforms as embodied in Udoji’s and Philips Reports.</td>
<td>Vice Admiral Patrick Koshoni</td>
</tr>
<tr>
<td>1994</td>
<td>All governments of the Federation</td>
<td>To provide guideline on implementation of Dotun Philips Reform. Introduced reversals of novelties that turned out as failures.</td>
<td>Abrogation of civil service re-organisation Decree No 43 of 1988</td>
</tr>
<tr>
<td>1999</td>
<td>All Government of the Federation</td>
<td>The Charter for Public Service in Africa</td>
<td>Established professional values for public service, prescribed code of conduct for public service employees.</td>
</tr>
</tbody>
</table>


### RECENT PUBLIC SERVICE REFORMS SINCE 1999

The goal of most public service reforms is to transform ailing public service into a knowledge-based, professional and accountable system, rendering timely, diligent and effective service to the public. With the introduction of the public service reform, the machinery of state governance is modernized and reinforced in order to enhance the performance and effectiveness of the state.
CONCLUSION

Reform in the Nigerian Public sector is a demanding task and should not be seen as a quick solution for problems militating against our national development. Building national coalition in support of public sector restructure to include all stakeholders and partners such as public service, labor unions, public servants, the media, civil society organizations, political parties and the academics is necessary if the restructure, is to stand the test of time devoid of sabotage. It is also possible for one to conclude that most of the strategies pursued by Nigerian to restructure her public sector have not been able to achieve its desired outcomes basically because of political, historical, economic, institutional, cultural and other environmental constraints. The prospects of the public sector restructuring are pigeonholed on the implementation of such reforms. The public sector as the principal vehicles through which the promises of a better life can be achieved must naturally be the centre-piece of public attention and, apparently, its transformation should be a cardinal policy imperative of the regime in power.

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