Challenges of Policy Implementation in Nigeria: A Case of Monetization Policy

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Abstract
This study is a review of the challenges of policy implementation in Nigeria with particular reference to the case of monetization policy. The paper adopted theoretical model that hinged on input-output models and analysis of observed cases as its methodology. The findings inter-alia was that the aim of the policy had not been realized as it had not succeeded in reducing the cost of governance. Secondly, effective implementation of the policy was hampered by the paucity of funds. Thirdly, poor planning, corruption and poor mobilization of funds added to lack of political-will were the causes of the failure in implementation of the policy and other policies of government. As a remedy, it is recommended, among others, that for the full realization of the policy, its implementation ought to have been staggered for convenience of funding and monitoring; that for the policy to have the desired impact on the economy, it must be all-inclusive at both state and local government levels, and also the private sectors. However caution should also be exercised in the threatened retrenchment of staff as it could exacerbate the level of unemployment and poverty in the country.

Keywords: Monetization policy, Policy implementation, Poor planning, Corruption, Political-will.

INTRODUCTION
Nigeria’s Public Service dates back to the colonial period and has tended to retain many of the features of the Colonial Public Service. The nature of remuneration in Nigeria, according to Omenma (2007), was also the heritage of colonial policy and administration. In the colonial era, colonial administrators posted to Nigeria from the United Kingdom formed the nucleus of the national administration. The expatriate administrators dominated the senior cadre and were few in number. Given the enormity of their assignments, including attendant risks, some palliative measures were provided. The Colonial Officials considered the regimes of incentives provided inadequate. They therefore demanded for additional special incentives to compensate for the employment opportunities overseas being abandoned for services in an environment they considered less attractive. It was in this regard that the Harragin Salaries Commission of 1945 was set up. The commission finally came up with a regime of incentives which entitled senior service officials to car allowance, European-style free quarters, free medical treatment, free domestic servants and first-class travel.

Therefore, the conditions of service and remuneration packages were patterned by this Commission to suit the living style of these itinerant expatriates who left the avalanche of
attractive employment opportunities in Europe. Generally, life was organized in such a manner that made it convenient for the itinerant expatriate officials to function and move from one colony to another with minimal stress in service of the British Crown (Ibrahim 2004: 2-4). The colonial administrators had no difficulty in sustaining these allowances for these expatriate officials who were few in number.

However from the 1950s, deliberate disengagement of the colonial government began, hence the absorption of more Nigerians into the administrative structure of the Colonial Bureaucracy. Prior to 1960, a pool of middle manpower officers hitherto lacking in colonial public service in Nigeria was created and it was this set of officials that assumed the leadership of the public service upon independence. The transition from colonial to indigenous status afforded the new administrative elites, a liberal interpretation of the administration of wages, salaries and fringe benefits.

Consequently, these benefits accruable to the colonial administrator were also adopted for the emergent indigenous administrators. But the wholesale adoption of the benefits of the colonial administrators lacked adequate justification. For instance, the philosophy for free accommodation was provided for the colonial administrators, in spite of their salaries as incentives to enable them settle down to work early. There was also the security implication should such officials seek for private accommodation. This would, however, not hold for indigenous administrators who operate amongst their people. The Gorsuch Commission of 1954 recommended that: “the structures and the remunerations of the Nigeria’s public service should be measured by the yardstick of the Nigerian conditions and requirements.”

The operation of the regime of benefits bequeathed by Nigeria’s former colonial masters has been a subject of serious abuse, especially with the advent of military rule. Quite common were such practices as presentation of inflated non-existent medical bills for reimbursement, annual renovation of official quarters and the maintenance of fleet of vehicles at inflated costs. All these continued to manifest in huge government recurrent expenditure. For long, the huge cost of administering the public sector had been of concern to government. Previous efforts to reform the conditions of service have been restricted to very limited parastatals such as the Central Bank of Nigeria and the Nigeria National Petroleum Corporation where fringe benefits have been monetized for several years now, (Federal Ministry of Finance 2003).

The efforts toward monetization by previous governments have been a partial application of a few fringe benefits in such areas as leave grants, entertainment allowance, meal subsidy, domestic servants allowance and duty tour allowance. Obasanjo’s monetization policy of 2002 is a form of civil service reform which introduces a new approach to the remuneration of public officers. The reform took its root from the growth of public sector which put greater stress on government budgets. As Obasanjo argued, the monetization policy is to stimulate the state institutions towards accountability, transparency, service delivery, professionalism and general ideal of good governance; so that the economy will be investment friendly for the private sector led development.
THE PROBLEM
Most government policies/reforms in Nigeria have failed to achieve the desired objectives because of either lopsided implementation or total failure to give effect to the motive of the policy or reform. The Nigerian Public servants have expressed doubt as to the government’s sincerity in carrying out the implementation of the monetization policy to a logical conclusion. It is expected that the reform programme will minimize the massive waste, misuse, abuse and fraud that characterized the provision of fringe benefits to the public servants. The reform will encourage public servants to own personal houses; enable public servants to plan for more comfortable service life; reduce capital cost and reduce expenditure on rent as public servants who constitute majority of tenants in the urban centres would have developed their personal houses. The realization of these benefits would depend on the effectiveness of the implementation of the reform.

The reform process places special strains on the civil service, which must undergo major adjustment that may increase uncertainty and lower moral in the transition period. The government has planned to down-size its workforce by 30,056 (The Guardian Sunday September 4, 2005 p.1), about 90 per cent will be the lower cadre of civil servants within the poverty bracket, especially those without basic entry qualifications for the positions they occupy. This will have adverse effect on those to be affected and will worsen the unemployment situation in the country. Thus, the exercise is elitist, both in conception and implementation. Those in the echelon of administration will enjoy higher percentage of monetized allowances. There is a very low prospect for junior workers to buy their quarters through the bidding process. Therefore, the intention of providing houses and reducing poverty of public servants will not be achieved, especially, when the junior workers constitute more than half of government workforce.

The implementation of the monetization policy needed a large volume of funds for the wide-spread coverage of the policy. Due to the amount of money needed monthly for the implementation, the Nigerian government is facing difficulty in the procurement of funds for the reform. State governments are yet to implement the policy due, perhaps, to lack of funds to do so.

Similarly, the monetization policy just like any other policy (where initiators of policies and programmes do not usually take total cognizance of how policy works) has the problem of continuity which depends so much on the political will or survival of the group undertaking the reform. No sooner the initiator leaves office, than the policies begin to collapse. Monetization seems to be heading the same way as up till now there is nothing serious to show that monetization is really working as expected. In spite of the policy, the costs of maintaining the public service continued to escalate while the avenue for corruption, through under appropriation of benefits, gained ascendancy. It is in this regard that Mimiko (2003:2) sees Obasanjo’s policy of monetization of fringe benefits as:

precipitate or response of governments concern with the continued escalation of the cost of running the machinery of government as a result of the very huge bureaucracy with which the economy is delivered.
Also one wonders how monetization policy can be sustained in a volatile economy as ours, where the leadership leans towards the dictates of Westernindoctrinated economists and international financial institutions like the World Bank and the International Monetary Fund.

Objectives of the Study
The broad objective of this study was to examine the challenges of policy implementation in Nigeria; using monetization policy as the study. The specific objectives include:

a) To review the implementation process of monetization in Nigeria over the past nine years with a view to identifying the weaknesses of the policy.

b) To determine the challenges in the procurement of funds for the full implementation of the policy.

c) To examine the effectiveness of the policy in checking the continued escalation of the cost of running the machinery of government.

The Importance of the Study
The concept of public policy was briefly reviewed. Ajayi (1998: 165) conceptualized public policy as “Government decisions or actions on how to resolve the various societal problems or issues that are perceived as requiring collective rather than individual actions”. Clark (2002:116) defined public policy as “a series of steps taken by a government to solve problems, make decisions, allocate resources or values, implement polices and in general to do the things expected of them by their constituencies”. The central focus of these notions of public policy is that it is a course of action arising from environmental challenges or stimuli. Monetization policy is therefore a course of action; a plan aimed at revamping the ailing economy of the country through the application of money spent on provision of incentives to public servants to the funding of social projects.

The Monetization Policy
Monetization policy which is also referred to as “monetization of fringe benefits” is a new approach to the remuneration of public officers in Nigeria. The Act of 2002 which gave legal backing to the monetization of the salaries and allowances of all categories of federal public servants stipulated that “the fringe benefits which were formally paid in kind be converted to cash by the salary and wages commission”.


*The monetization policy means converting into cash the fringe benefits being enjoyed by public servants as part of their remuneration package and conditions of service.*

These benefits hitherto made available by government to public officers include: the provision of free accommodation and its maintenance, furniture, transportation and chauffeur driven vehicles to top public office holders. In supporting the view of Ibrahim (2004), Mobolaji (2003) defines monetization policy as “government initiative that involves systematic cash payment for benefits previously available in kind to public officers”. Whereas Mimiko (in The Guardian, Sunday, January 23, 2005:2) sees monetization of fringe benefits as a precipitate of government concern with the continued escalation of cost of running the machinery of government as a result of the huge...
bureaucracy with which the economy is delivered. In a more elaborate language: McConnell (1992) defines Monetization as “the rewards other than wages that the employee receives from employers in monetary value”. 

In providing further explanation to the definition, McConnell defines fringe benefits as to include sick leave, vacation pay, pension plans and health plans that represent additional compensation to the employee beyond bare wage. Fringe benefits thus include cash payment for vacations, health care services and executive wardrobe. In other dimension, the American Heritage dictionary Second College Edition defines fringe benefits as an employment benefit given in addition to one’s wages or salary”. Monetization is an extreme broad one that encapsulates virtually every payment other than the basic pay, basic wage or basic salary of an employee and could therefore vary in nature from country to country.

Issues/Scope of Monetization Policy in Nigeria

The monetization policy of President Obasanjo took its root from the growth of public sector which put greater stress on government budgets as the number of public officers who were entitled to fringe benefits escalated. This, no doubt, had direct impact on government recurrent expenditures which necessarily increases as the public service increases. Nigeria is made up of thirty-six (36) states. Monetization, being a National policy, its implementation is applicable in all the states of the Federation. Mr. President stated that the main consideration underlying the implementation of the monetization policy in Nigeria is the desire to reduce the pressure on public resources arising from governments’ involvement in physical provision of fringe benefits.

The monetization policy was given legal teeth with the passage and coming into effect of the “Certain political, public and judicial office holders (salaries and allowances etc) Act 2002,” which has now been extended by circular to cover all federal civil servants. The law took effect from 1st July, 2003 for the designated political public and judiciary office holders contained therein, while it was extended, with somewhat modified rates of benefits to federal civil servants with effect from 1st October 2003. Under the monetization policy, no new vehicles would be purchased by all ministries, Extra Ministerial Departments and Federal Government Agencies. However, where there is need to purchase new vehicle(s) by any ministry, Extra-Ministerial Department or Agencies, a request shall be made to Mr. President for approval. No agency/ministry will exceed the number of utility vehicles approved by the president. Government also constituted the committee to handle the issue of disposal of excess vehicles in these agencies/ministries.

Other benefits such as accommodation and furniture allowances were monetized. In this regard, every public servant in the federal public service will be paid between 50 per cent and 75 per cent of his annual basic salary as accommodation allowance. On the other hand, the payment of 300 per cent of Annual Basic Salary is recommended as furniture allowance in line with provision of the “certain Political Public and Judicial Office Holders (Salaries and Allowance) Act 2002”. Similarly, Domestic Servant Allowance is recommended to be retained for political office holders under this Act 2002, even though it has already been monetized. The provisions of the Act 2002, stipulates as follows: GL
15 – 1 domestic servant –₦119,586 per annum; GL 16 and 17 – 2 domestic servants –₦358,704 per annum and political office holder – 75% of annual basic salary.

It is important to note that entertainment allowance was also monetized. The Act 2002 stipulates 10% of annual basic salary for political office holders while it was abolished for public servants, following substantial adjustments in the emoluments of workers from 1st May 2000 and 1st October 2003 respectively.

Finally, meal subsidy was retained and monetized as follows: GL 01- 06 ₦6,000 per annum: GL 07 – 10 ₦8,400 per annum, GL 12 – 14 ₦9,600 per annum, while permanent secretary and head of service ₦16,200 per annum.

Factors That Gave Rise to Monetization
Monetization Policy is a radical change, and a new approach to the remuneration of public servants in Nigeria. The factors that gave rise to monetization policy was given by the initiator himself. Obasanjo (2003) insisted that the reform took its root from the growth of public sector which put greater stress on government budgets. Obasanjo (2003) argued that “the cost of running government at all levels currently gulps a disproportionate amount of our revenue. It is clear that the structure of government will have to be thoroughly re-examined in order to get a reasonable balance between overheads and recurrent expenditure and capital spending”. The main factor underlying the implementation of the monetization policy is the desire to reduce the pressure on public resources arising from government’s involvement in the physical provision of fringe benefits. Another factor is the growing concern for massive waste, misuses, abuse and fraud that characterized the provision of fringe benefits to public servant. There was also the desire to make public servants independent of the government in the provision of fringe benefits. The policy was aimed at encouraging public servants to own their own houses in the urban centres.

The main reason for monetization policy in Nigeria has bee the huge amount of money spent by the government on issues that do not enhance the economic development of the country. Such huge sum was being spent on the public servants which represent an infinitesimal percentage of the country’s population. It was felt that rather than keep spending money on the public servants’ comfort, such as maintaining their accommodation, etc, it was better to monetize those benefits by making once and for all payment to the beneficiaries.

Challenges Facing the Implementation of Monetization Policy in Nigeria.
A well articulated but unimplemented policy on any business of government is decidedly less valuable than the paper on which it is written. Despite the perceived gains of monetization policy, the implementation process is facing enormous challenges:

Poor mobilization of the required amount of resources to fund the monetization of allowances and terminal benefits of workers who will be laid off due to the policy is the major challenge facing the policy. Research has shown that government has at present not made up to 10% fund available for the entire exercise of the reform programme, while the estimated amount of ₦60 billion is needed. The monetization policy is collapsing due to the inability of government to find funds to pay public servants all their entitlements. Lack of fund hindered the state governments in Nigeria from appreciating the importance
of the policy. Even the federal government that has seen the policy as a priority is being selective in implementation of the policy due to difficulty in the procurement of funds. Another challenge is the general skepticism among public servants that their jobs are on the line. Drivers were massively disengaged in the on-going implementation. This disengagement of drivers is seen by public servants as a prelude to what is awaiting other cadre. Public servants believed that under monetization, job security is no longer guaranteed. This fear is unhealthy for effective implementation of the policy. A policy of integrity, trust and ethics is a big challenge to the implementation of monetization policy. Much has been written about the high level of corruption prevailing in Nigeria. The monetization policy can hardly yield the desired result in an atmosphere where corruption is prevailing – for ethics and integrity are the fulcrum upon which the successful implementation of policies rests.

Lack of continuity is another challenge to effective implementation of monetization policy in Nigeria. The initiators of monetization policy do not take total cognizance of how policies work in Nigeria which depends so much on the political survival of the initiator. No sooner the initiator leaves office than the policies and programmes begin to collapse. Monetization seems to be heading that same way as up till now there is nothing serious to show that monetization is really working as expected. Another challenge is the way monetization and a good number of other policies were being churned out at the same time by government without considering the effect of these policies on the people. There are cases where specific poverty groups are affected adversely by these reforms without adequate policies to compensate and protect the most vulnerable section of the society from the impact of the adjustment. Such policies as the policy on the deregulation of petroleum products pricing and the policy on import restriction affected the implementation of the monetization policy.

**Theoretical Framework**

This study was anchored on the systems’ analysis. The systems theory conceives public policy as the response of the political system to demands from its environment. The system theory is hinged on input- process-output model developed in social sciences by a German sociologist-Ludiving von Bertalanfity (1951), and Kenneth Boulding revived systems theory and renewed interest in 1960s. Applying the systems approach, the assumption is that there is mutual relationship between public policy and environmental variables. The input consists of the demands that emanate from the environment which are fed into the political system (conversion) by the masses. The conversion mechanism involves the political decision maker or policy makers who work on the demands made. The output consists of the policy implementation or those things done in pursuance of policy decisions and statement issued by the political system. The feedback mechanisms are the intended and unintended consequences of policies for society that flow from action or inaction by the political system. This generates either more demands or support. The systems theory may be considered as the analysis of a system to identify the variables that are controllable and uncontrollable and to determine how the system actually operates. Equally important is the relationship between the political system and the environment. The positive correlation means that the demands that emanate from the environment influenced the policy statements of the political system. On the other hand,
the policy outputs determine the policy outcome which in turn determines the input. The variables in policy cycle are interdependent in nature.

Critique of the Reviewed Literature

Following the reviewed literature made on this paper, the first critique of the monetization policy in Nigeria points to the discrepancy between the perceived benefits of the policy and the realities of government expenditure. It was found that the main reason for monetizing fringe benefits is to conserve funds and minimize mismanagement and cost of running government. Critiques, therefore, express dismay at the continued escalation of the cost of running government while the avenue for corruption through undue appropriation of benefits, gained ascendancy. Critiques also pointed to the inability of government to provide clear economic analysis of the financial benefits of the policy to the country, in the short term and the long term basis, rather President Obasanjo Administration dwelled on wishful thinking. No effort was made to go ministry by ministry, parastatals by parastatals, institution by institution and see over a 1-year horizon what has been saved from the policy.

Government showed act of irrationality by making monetization policy applicable to all cadres of public servants in one fell swoop. The initiator failed to take total cognizance of difficulty in the procurement of huge fund needed for full implementation of the policy. The planned move to down-size government workforce by 30,056 in the monetization policy will have adverse effect on those to be affected and will worsen the unemployment situation in the country. Another critique, is the inability of the policy to have state version, hence most state governments have not introduced the policy in their annual budgets.

Critique of the Adopted Theoretical Framework

Systems theory, as propounded by Bertlananffy (1951) hinged on the input-conversion-output analysis. The systems theory conceives public policy as the response of the political system to the demand from its environment. Critique has pointed to the discrepancy between the demands from Nigerian environment and her public policy. Contrary to the assumptions of the systems theory, public policy in Nigeria emanates from the external environment as against the demands from her internal environment. Most of the demands that emanate from Nigerian environment were never attended to. The monetization policy of President Obasanjo administration is one of such policies that emanate from external environment. Critique has seen the policy as part of the reforms recommended by the International Monetary Fund aimed at reducing government involvement in the management of public enterprises. The monetization policy is therefore a liberal economic policy championed by the liberalist. Another critique of the systems theory is that its basic assumptions may not hold in the formulation and implementation of monetization policy and other policies churned out in Nigeria. Considering the realities of Nigerian environment, critiques might not believe that private-driven economy is what the country needed at this level of the nation’s development.
Empirical Review
Mobolaji (2003) studied “the monetization of fringe benefits in the public service”. He adopted qualitative research design and based on secondary sources of data. The study discovered that the government did not provide clear economic analysis of the financial benefits that monetization will have to the country, on a short-term and on a long-term basis. He insisted that government dwelt on wishful thinking. Mobolaji recommended among others that on implementation of the monetization policy, the government should “go ministry by ministry, parastatal by parastatal, institution by institution that it is responsible for, and see over a year horizon what it really expects to save from giving some or all benefits that it expects to give and tell us what the savings are”.

Onoyima (2006) studied “Civil Service Reform and Monetization: A study of Nnamdi Azikiwe University Awka”. The study adopted survey design and historical approach. The researcher discovered that provision of fringe benefits to the public servants was done at the detriment of the overall national development interest and has continued to affect the successful implementation of national development plans and annual budgets because the allocation to recurrent expenditure always runs in the deficit. The study recommended that every well-meaning Nigerians should give total support to the success of the policy hence the policy aimed at curbing the massive abuse and fraud characterized the provision of fringe benefits to public servant.

Ibrahim (2004) studied “The Implementation of the Monetization Policy in the Federal Civil Service of Nigeria”. The study adopted comparative approach. He found that the monetization policy was not a home-grown policy but a continuation of the prescriptions of the International Monetary Fund for the country. It is a liberal economic policy aimed at freeing the government from involvement in the provision of fringe benefits to public servants. He recommended that caution should be exercised in the retrenchment of staff while adequate resettlement arrangement should be made to reduce the effect of loss of job on those to be affected.

Discussion of How to Achieve the Stated Objectives
The broad objective of this paper is to examine the challenges of policy implementation in Nigeria using monetization policy as our case study.

Specifically Objective Number One: To review the implementation process of monetization in Nigeria over the past nine years with a view to identifying the weaknesses of the policy. This objective can be met by logically assessing the various provisions of “the certain political, public and judicial office holders (salaries and allowances) Act, 2002” that was extended by circular to ministries, departments and agencies.

Objective Number Two: To determine the challenges in the procurement of funds for the full implementation of the policy. This objective can be achieved by inductive deductive method hence evaluating the annual budgets of the federal government.

Objective Number Three: To examine the effectiveness of the policy in checking the continued escalation of the cost of running the machinery of government. This objective
will be achieved through administration of questionnaire analyzed by content analytical methods.

**Conclusion**
A good policy followed by inefficient implementation generates only troublesome outcome. Poorly executed policy leads to colossal waste of funds and efforts and failure in service delivery. However, the success of monetization policy in reducing cost of governance remains high and assured only if followed by effective and efficient implementation. Thus, the challenges of implementing monetization policy in Nigeria can be reduced to poor mobilization of fund and human factors – which ranges from poor planning, poor policy implementation, poor development strategy, insufficient funds, wasteful spending and corruption.

**Recommendations**
Based on the above observations and findings of the study, the following recommendations are hereby made:

1) For the full realization of the objectives of the policy, its implementation should have been done in phases for convenience of funding.

2) For policy in Nigeria to be valuable, talks should be at the operational level rather than strategic level so that the majority of people will know what a given policy is actually trying to achieve. Sadly, monetization policy in Nigeria is elitist both in conception and implementation.

3) For monetization policy to have the desired impact on the economy, it must be all-inclusive, at state level, local government level and some of the private sectors.

4) The behavioural propensity of those involved in policy formulation and implementation in Nigeria needs to be re-attuned, re-oriented and in some aspects totally re-engineered.

5) Job security of civil servants must remain sacrosanct under this reform. Caution should be exercised in the retrenchment of staff. Adequate resettlement arrangement should be made to reduce the effect of loss of job on those to be affected.

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