
An Appraisal of Monetization Policy under President Olusegun Obasanjo Administration (1999-2007)

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Abstract

*The imperative need to examine the failed monetization policy under president Olusegun Obasanjo Administration was as a result of its failure to achieve the desired result which was geared towards saving and reduction of waist in the fringe benefits of workers and their salaries as those monies saved would be used for other developmental projects that could lead to economic development of Nigeria as a nation. To reduce waist and enhance efficiency and effectiveness in service delivery for optimal benefit of government and workers through enhance pay packages as a motivating factor. The conceptual explication of the two key words will give my readers a clear understanding of the term monetization and policy. Frederick Taylor scientific management theory was used as the theoretical framework for this study. The researcher made use of secondary data as data were collected from documented literature. These data were analyzed synthesized objectively to come up with inference. The advantages and disadvantages of the policy listed. The policy was ill formulated and hastily implemented hence it failed beyond expectations and gave civil servants a dash to their expectations. Only cabal of the top microscopic political office holders benefited **leaving the middle and lower class that formed the bulk population of civil servants with abject poverty and misery.** The paper came up with recommendations on how the policy can achieve its set goal through general overhauling and review as suggested by the author.*

Introduction

Nigeria gained political independence on 1st October 1960 from Britain. As a new independent nation she inherited the civil service as patterned by the British our colonial master. Civil service is the body responsible in caring out day to day administration of government. Civil services are saddled with the responsibilities of implementation of government program of action.

It was observed that government spend much money on recurrent expenditure on payment of salaries, wages and other fringe benefits to civil servants and then nothing is left to carry out development projects. There was waste, mismanagement and non-chalant lackadaisical attitude to government property as it was erroneously believed that government property is no one's property.

The astronomical rate on wages, salaries and other fringe-benefits of workers lead to serious cogitation on how to reduce waste and make civil servants more productive, hence the policy of monetization was conceptualized, introduced and implemented under the leadership of Olusegun Obasanjo as president.

This paper x-rays its concept, effect to public service, individual and the economy. This patter is anchored on Fredric Taylors Theory on scientific management as the theoretical frame work, after reviewing available related literature. Items or fringe benefits monetized were stated, the

advantages, disadvantages/challenges were discussed in detail, recommendation made on how the policy can achieve its aims and objectives.

Review of Literature/ Conceptualization

Monetization policy came into being on 27th June, 2003, via a circular from the office of the secretary General of the Federal (OSGF) 47/c/1/11/37/. There are so many definitions of the concept monetization by various authors according to how they view it but all points to one particular phenomenon. For instance:

Fayomi (2013:107) defines monetization as same thing that gives the character of money to an economic policy. This simple means that monetization is replacement of work benefit with cash incentives.

Abudlrasaki (2011) defines monetization as a form of monetary policy which means benefits being enjoyed by public servants who would be paid in lump sum. Some of those benefits include leave grant, subsidy, entertainment allowance, duty tour allowance and domestic servant allowance.

Bakare (2012:63) views monetization of fringe benefits in Nigeria as social worthwhile initiatives. He argues that cash payment for benefits will act as incentive to workers.

Adekenye (2003) sees monetisation as a withdrawal of direct funding of the basic amenities of public servant by the government.

Ahmed (2004) views it as conversion of benefits previously made available in kind to public officers into cash payment. Onu (2006) defines it as the process of converting fringe benefits attached to workers' salaries into cash incentives.

Fasoranti (2008) views monetization policy in Nigeria as a social worth initiatives, based on the fact that cash payment of benefits may act as an incentive to employee to work harder. For instance, the provision of a personal car for civil servant has implications on his social status that motivate him to work since there will be no need for him to go for loan to get a car.

Ogugua (2009) opined that the challenges of monetization policy are how well the policy could be implemented. He suggested that resources meant for monetization policy should be judiciously used for effective implementation.

Amuwu (1991) defines monetization as the conversion of benefits previously available in kind to public officers into cash payment: These benefits include the provision of free accommodation and its maintenance, furniture, transport and chauffeur -driven vehicles for public office holders.

Mimiko (2003) monetization of fringe benefit as a precipitate of government concern with the continue escalation of cost of running the machinery of government as a result of the huge bureaucracy with which the economy is delivered.

Mobolaji (2003) submission about monetization corroborated with the view of Mimiko (2003) and Amuwu (1991) as he views monetization policy as government initiative that involves systematic cash payment for benefits previously available in kind to public officers.

Saka (2005) in his work on monetization deposited that the spirit behind monetization policy as far as Nigeria is concern are:

- a. To reduce the high cost of governance in views of the fact that past and present regimes are riddled with corruption, which makes the cost of administration of government affairs to be expensive.
- b. To make the public servant adopt a better productive approach to public property.

- c. The prevalent mismanagement of public property by public servants would be over as such persons would be offered money to acquire such property elsewhere.
- d. The policy also offered the government the opportunity to renovate and add value to its property in order to generate income for the business of governance.

Punch (2003) and Saturday Tribune (2003) confirmed that monetization policy will remove the following:

1. The burden of providing basic amenities for public officers, which contributed significantly to the continuous increase in government recurrent expenditure leaving very little for capital project.
2. It will encourage efficient allocation of resources and equity in the provision of amenities for public servants.
3. It will reduce high cost of accommodation fee since the policy would encourage civil servants to build their own houses. Government will also provide sites and service scheme in satellite towns nationwide to assist public servants.
4. The program would stop the culture of waste in the guise of maintaining government housing estates. Saka had a very broad view on what monetization will achieve if properly implemented.

The federal Government of Nigeria (FBN: 2006) defines monetization as “the quantification in money terms of those fringe benefits which government used to provide for its workers as part of their conditions of services: such benefits include residential accommodation, chauffeur driven cars, residential furniture, utility services etc. The federal government definition of monetization is the operational adopted definition in this paper.

Monetization as a concept cannot be implemented or adopted without going through some processes, that is from formation of committee, reading and presentation of the committee work, before going to the National Assembly and finally to the president for his asset to be adopted as a policy. What is policy? Policy as a concept has so many definitions according to the author’s perception. For instance, Chijioke Dike (1987) see policy as government program contained either in the nation laws or in public statement issued by the competent functions of government.

Anderson, J. (1975) viewed public policy as a purposive cause of action followed by actors or set of actors in dealing with a problem or matter of concern. Friedrich (1975) defines public policy as a proposed course of action of government or one of its division.

Prethus (1975) sees it as a definite cause or method of action selected from alternative and in light of a given conditions to guide and usually determined present and future decision.

Obikeze and Obi (2004:94) sees public policy as government action and program of actions towards solving societal problems. Thomas Dye (1975:1) views it as whatever the government chooses to do and not to do.

Ikelegbe (1996:4) defines it as the integrated cause and program of action that government has set and the framework or guide it has designed to direct actions and practice in certain problems area.

From the definitions of policy given above it can be defined as government program of actions backup by the law to solve an existing problem in the society. Linking the two concepts monetization and policy, it simply means that monetization came on board because there was a pressing problem of high cost of government on recurrence expresses leaving noting or little for other developmental projects in the country. Monetization policy has a legal backing as it passed through the processes of legislation which finally converted it to be an Act. That came

into law, (Salaries and Allowance etc.) Act (2002), this act was for certain political, public and judicial office holder, which was extended to cover all federal civil servants through a circular. The monetization policy came on board on 27th June, 2003 with a circular relevance number S.G.F 19/S.47/C.I/11/371.

Monetization policy is one of administrative reforms of President Olusegun Obasanjo to better civil servant remuneration packages toward enhancing productivity and to reduce waste and cost of governance. .

Finally haven reviewed available literature it is apparently clear that monetization policy was new in Nigeria in some ministries, parastatal and agencies while NNPC, CBN, NITEL has used the policy for years. The policy has been in existence in Ghana and Cameroon. A publication of the Federal Ministry of Information and National Orientation (2003 18-19) has the following fringe benefits monetized

- (a) Residential accommodation
- (b) Furniture allowance
- (c) Utility allowance
- (d) Domestic servants allowance
- (e) Motor vehicle fueling and lean
- (f) Maintenance and transport allowance
- (g) Medical allowance
- (h) Meal subsidy and entertainment allowance
- (i) Leave grant

The monetized value will be stated here below

S/N	Types of Allowance	Grade Level	Rate Per Annum
1	Accommodation	01-06 07-14 15-above	50% of Annual Basic Salary 60% of Annual Basic Salary 75% of Annual Basic Salary
2	Transportation	01-07	25% of Annual Basic Salary
3	Male Subsidy	01-06 07-10 12-14 15-17	N6,000 N8,000 N9,600 N10,800
	Permanent Secretary		N16,200
4	Utility	01-16 17-above	15% of Annual Basic Salary 20% of Annual Basic Salary
5	Domestic Servant	15 16-17 PS and above	1GL.3 step 8 2GL.3 step above 3GL.3 step 3
6	Leave Grant	01-17	10% of Annual Basic Salary
7	Medical	01-17	10% of Annual Basic Salary
8	Furniture allowance	01-06 07-16 17 and above	NIL 40% of Annual Basic Salary 200% of Annual Basic Salary
9	Vehicle Loan	01-05 06-07 08-above	100% of Annual Basic Salary 150% of Annual Basic Salary 200% of Annual Basic Salary
10	Driver	178 above	1GL.3 step 8.

Source: FGN, Federal Ministry of Information and National Orientation, (2003 18-19)

From literature reviewed it is apparently clear that monetization policy was basically put in place to address the problems of waste, inefficiency and to inculcate discipline/maintenance culture to public servants, if properly implemented.

Thesis Statement

Monetization policy will yield its desired result if its formulation and implementation are done with utmost sincerity and honesty bearing the interest of both the poor and rich at heart.

Statement of Objectives

This paper x-rays the monetization policy its formulation, its implementation and effect to the public service, individuals and the economy in general. It also proffers solutions on way forward after stating the challenges, demerits and its merits. Those factors inimical to the implementation of the policy were mentioned.

Methodology

This study made use of secondary data, from journals, newspapers, magazine, textbooks, seminar papers, government white papers, circular and gazettes. Data gotten from secondary service as mentioned above were collected reviewed and analyzed, before drawing up inference based on validity, rationality and objectivity.

The use of secondary data was adopted because it is vital as it is assured that the documented published literature are dependable, reliable and accurate to serve the purpose of this study.

Theoretical Framework

Frederick Taylor theory on scientific management was used in this study. The principle of scientific management as propounded by Taylor has the following end result which monetization as an economic policy tend to achieve.

Taylor said scientific management principle will reduce waste of time and time is money, it will lead to better higher wages and salaries, which will be achieved when monetization are paid to workers. This will raise their moral tone and they will be motivated to increase productivity which in turn will lead to effective service delivery. Taylor postulated **for a better working condition which also act as a motivating factors for workers. Better placement and more opportunities for worker development through training to specialization that will enhance effective service delivery in an organization.**

He advocated for wage-incentive system, as used in monetization policy. Time-and-motion studies revealed that a trained worker say a specialist has the potential of performing his/her duty better than an unskill worker. This leading to reduction of time and money wasted in trivial things. Division of works as seen in civil service is a clear manifestation of Taylor theory of scientific management.

Functional organization: under here, Taylor advocated for good supervision, division of works and departmentalization as seen in civil service for effective performance. He also advocated for a harmonious relationship between management and employers. This relationship will remove labor unrest. The scientific study of workers and their development.

This scientific management principle as developed by Frederick Taylor was adopted as the theoretical framework for this work. Monetization policy is in agreement with Taylor scientific management principle.

Data Analysis

From data gathered and analyzed, it is clearly envisaged that monetization will have the following advantages if properly implemented.

- (a) One of the greatest advantages of monetization is that it will reduce cost of governance on recurrent expenses. This will in turn lead to economic development as there will be money for government to embark on capital developmental projects.
- (b) The policy, monetization will led to accelerated economic growth and development, as money saved from recurrent expenditure and those from sold government property will be plough back into the economy for the betterment and welfare of the citizenry.
- (c) Monetization will make planning and budgeting possible and feasible as government will actually know the real cost of recurrent expenses and plan with it in terms of developmental planning and annual budgeting.
- (d) Monetization will lead to increase in effective service delivery and efficiency in public service, people work with much zeal when they are better remunerated. The increase in payment of worker salaries by paying them en bloc will directly and indirectly increase productivity and effective service delivery. I believe that motivation is tied to remuneration, either on the positive or on the negative
- (e) Monetization will lead to equity in the allocation a scarce resource.
- (f) Monetization will teach civil servant and other public officer holder discipline and maintenance culture. The snobbish lackadaisical non-chalent attitude to government property will stop as those things will be their own personal property. For instance a man that boys a car with his had earn money will handle it with care than if car was given to him as government property that will be taken from him later.
- (g) Monetization will enhance the dignity and social status of worker in the society, though property ownership.
- (h) Monetization will enable civil servants and public office holders to plan for better life in-service and life after service.
- (i) Monetization will provide a transparent way and avenue for disbursement of remuneration and fringe benefits from government to civil servants.
- (j) The policy will encourage civil servant to own private property.

From data available, the implementation of the monetization was a cause to civil servants mostly the middle and the lower cadre. The policy gave them a total dash to their expectations. As monetization policy had the following problems/challenges.

1. The formulation of the policy was purely on Elite Theory. Only the rich top political office holders and civil servants were consulted. The interest of the middle class and lower cadre were totally neglected. Poor consultation and hastily implementation, nothing was put on ground.
2. Monetization policy led to inflation, there was rumor and news everywhere that salaries and wages of workers will be increased. This led to the rise of prince of goods and services in the market without corresponding rise of salaries and wages.
3. Federal Government was not reasonable enough to study the direct and indirect effect of the policy to the economy. Federal Government was not ready for the policy, it was implemented to favor the few cabal in the political arena and top civil servants. The few bought government property at a very laughable price to the detriment of the popular majority masses of low level and middle class civil servants. Federal Government did not put state government and local government into consideration before it implemented the policy. Stakeholders in the country were not consulted such as labor force, Manufacturers and Employer Association.

4. Monetization led to unemployment in the nation. Those rendered redundant were not trained or paid, no capacity building programs for them. How can you lay someone off without providing an alternative for him/her. This in turn will lead to unemployment and increase in crime rate in the society.
5. Monetization policy aided and institutionalized corruption in the civil service. Government property were sold but not accounted for.
6. Monetization brought untold hardship to low and middle cadre civil servants. Many public servants were rendered homeless as they were evicted out from their formal apartment sold by government bought by the same cabal at a very ridiculous price.
7. Monetization created more gaps between the poor and the rich.
8. Monetization policy base on Elite Theory on policy formulation was geared for the rich/elite to buy as many government properties as they can within strategies location in the towns and cities.
9. Government could not pay the monetized money en bloc as planned. This reduced the moral tone workers, they were demoralized. As they get a dash to their expectation this reduced productivity.

Monetization as a policy brought untold hardship to civil servant mostly the middle and low cadre, even the senior cadre only those that have godfather benefited from it. The multiplier effect of monetization to the economy cannot be overemphasized.

Conclusion and Recommendation

Monetization policy as one of the economic reforms put in place to reduce waste of financial and human resources by the administration of President Olusegun Obasanjo. The policy from paper conception was aimed to reduce waste which will in time lead to economic development from saving. The monetization of fringe benefits was a welcome development but only few ruling cabal benefited from the policy through the acquisition and buying of government building, houses, cars and other property at a very tangible prices.

From all indications monetization brought more loan than good to Nigerian civil servants and to the economy considering its multiplier effect to the economy. It government categorical duty is citizen welfare than monetization was a total failure considering the effect to Nigerian civil servants and the economy in general. The policy was ill concept, poorly implanted to favor only few top high officials to the detriment of many middle and low cadre civil servants.

It is on record that every policy has its own merits and demerits which monetization is one amongs them, despite its failure; I make the following recommendations on how the policy can achieve its set goal.

The policy need to overhauled entirely from the conception stay to the last stage civil servant were poorly educated and consulted

1. The policy wa hastily adopted without proper education, consultation and consideration. Those involve, the beneficiary should be educated consulted to make their input before its implementation. Since it has taken up, those rendered redundant should be invited to dialogue with them, while those still in service should be reoriented and educated.
2. Those government property sold should be repealed government should make proper evaluation of the properties and then give preference to civil servant of all cadre not only political office holder or top civil servants.
3. Those rendered redundant as a result of the program should be invited. For dialogue. I suggest a program of capacity building development and entrepreneurship skill be organized for them. Government to foot the bill for such program.

4. Those redundant staff whose entitlements were not paid till date should be paid immediately to ameliorate their condition. Many of them have not received their pension having work for so many numbers of years, some are few days to retirement before they were laid off. This is crime against humanity and against International Labor Organization (ILO) and (NLC).
5. Government should set up a fresh neutral committee to revisit the monetization policy. You will be surprised to see and hear shocking revelations mostly from people you never engage. So many government estates were converted to personal property. Till new may government houses are not paid for by the so called buyers.
6. There should be another committee to monitor the monetization policy implementation and report back to government. This supervision and inspection should be boasted by a feedback mechanism from the beneficiary. This will lead to efficiency and accountability.
7. Money raised from the sale of government property should be judiciously used and plough back to other development projects. This will reduce corruption.
8. High cost of governance is not on fringe benefits of low and middle cadre, it is from the top political office holders.
9. I suggest their allowances be reduced, imagine a senator or house of representative member how much they are paid.
10. Government should have all what it takes before starting monetization; the monetized money should be paid en bloc, spreading it over 12 months is not to the interest of any civil servants.
11. Government should ensure that the economy is stable before its implementation. To control inflation and other adverse effect of the policy to the economy.
12. All level should be included in future allowance. All human no matter how little it is, let all grade be captured.
13. Since better remuneration is tagged and tied to better productivity, effective service delivery should be tied to positive motivation.
14. I suggest workers salary be increased in line with monetization policy.
15. Public service should declare their assets publicly every year.
16. Let there be transparency, accountability to reduced corruption.
17. Let corrupt officers be jailed or sanctioned.
18. Monetization Policy was perfectly implemented with full payment in some ministries department and agencies. if was selective some MDAs didn't benefit from the policy.

Conclusively, from the foregoing discussion and recommendation, I am convince beyond every reasonable doubt that if this monetization policy is generally overhauled considering my recommendations , there will be increase in productivity, effective service delivery, wastes will be reduce, we will have enough money to finance capital projects.

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