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AN OVERVIEW OF THE PRIVATISATION POLICY OF PUBLIC ENTERPRISES IN NIGERIA

By

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ABSTRACT:

The poor performance of public enterprises in Nigeria have necessitated calls from the different sectors of the polity for government to privatise its various public enterprises for self-reliance, efficiency and economic growth. The IMF in particular, was instrumental in impressing on the Federal Government the need to take on the challenges of liberalisation of public enterprises for better productivity and relevance in the global economy. In keeping the pace with the demands of a globalised economy. The introduction of the market forces of demand and supply, have had a significant impact on the Nigerian economy. Similarly, there are fundamental flaws and other shortcomings associated with the programme. The study is poised to analyse both sides of the privatisation "coin" as well as its general impact on the Nigeria polity.

Keywords: Privatisation; Commercialisation; Public-Enterprises. Economic Growth; Development.

INTRODUCTION

At the attainment of political independence in the 1960's, the Nigerian government established quite a number of government-owned enterprises and other economically viable indigenous institutions aimed at achieving among other things, economic growth and development. The successes recorded by these enterprise, led the government to further promulgate policies that enabled it had a firm grip on the economy. Notable among these policies, is the indigenisation policy of 1972, which virtually transformed the ownership and structures of the private sectors to those of government enterprises to accommodate the thinking and policies of the government in the early 70s.

The subsequent high foreign exchange generated by Nigeria through the oil boom of the 1960's and 70's further witnessed a greater government participatory role in the economic sector of the country

Huge financial outlays were invested by government in virtually all major sectors of the economy. Government control, management, and regulation of the economy became predominant and almost absolute. Private sector activity on the other hand was reduced to a smaller proportion albeit the services and the construction sectors of the economy. Unfortunately, the lack of profit motive coupled with other mitigating factors such as undue government interference in the activities of public enterprises, policy inconsistencies, political instability, sectional loyalties and dwindling government fortunes among others, created problems for the continued dominance of government in economically productive activities in the country.

The economic downturn of Nigeria attenuated by world economic recession and upheavals (oil doom) of the 1980s also created enormous opportunities for the participation, expansion and growth of private economic activities in the country. By the early 80s, a significant proportion of private enterprises had diversified for growth while others pursued mergers and acquisition (horizontal and vertical). However, following the subsequent economic recession of late 1980s and the 1990s, there was a general decline in virtually all the productive sectors of the Nigerian economy. This was due to factors such as inadequate foreign exchange earnings, difficulties in sourcing raw materials and procuring import license, non-maintenance of public infrastructures, lack of commitment, and misappropriation of available foreign exchange by most of the financial institutions, poor management of resources and political instability.

To curtail this situation, a number of companies reacted spontaneously as they employed several techniques to refocus their activities, reduce diversification and expand the degree of vertical integration. On its part, the government having discovered that most of its enterprises did not meet up to expectation thereby falling short of realizing the objectives for which they were established, had to reduce its control and involvement in the operations of a number of its established enterprises through embarking on the liberalizing policies such as privatisation and commercialisation. Negative signals of the inadequacies of public enterprises gingered by the economic crisis of the 1980's and 90's, propelled subsequent Nigerian governments most especially from Babangida regime (1985) to the Obasanjo administration which came into power in 1999, to redirect their focus toward revitalizing Public Enterprises and making them more effective, efficient and productive. Toward achieving this end, government attention became focused on privatising and commercialising erstwhile public enterprises. The searchlight has also been directed at the

continued relevance of public enterprises in a liberalized economy through re-appraising, refocusing, restructuring and changing entirely the operational method of some enterprises still owned or controlled by government.

With the adoption of the privatisation and commercialisation policies, government is of the view that the problems of operational inefficiency, low productivity, diminishing profit-margins, inefficient use of public resources, growing budgetary burdens, over extension of governments' managerial capacity, corruption, the diversion of credit and other resources will be eliminated. In addition, it is expected that the Nigerian economy will achieve efficiency, productivity, accelerated economic growth and national development, as well as enhanced standard of living of the populace.

Based on these expectations, majority of government-owned enterprises are increasingly being exposed to competition and market force mechanism. The most obvious examples are the ongoing privatisation and commercialisation of major public entities as the Nigerian Telecommunications Limited, the Nigerian Ports Authority, the downstream petroleum sector, some government owned banking services like the International Merchant Bank. The NICON-NOGA Hilton and Sheraton hotels and the unbundling of the Power Holding Company of Nigeria, are cases of note.

CONCEPTUAL CLARIFICATION

Public enterprises, which have become a subject of controversy among political and economic analysts alike, are regulated industries that provide essential services and which have natural tendencies towards monopoly and are established with enabling laws such as edicts and decrees, for pursuing non-commercial form (New Age Encyclopaedia, 1987). They are owned, financed and managed by the government with the main objectives of providing basic social services; promoting rapid economic development, to prevent vital sectors of the national economy being dominated by private and to compensate for the lack of indigenous entrepreneurial capacity (Zayyad, 1997).

Despite massive government investments, most of these corporations have continued to drain the country's finances. These negative trends, among others, have led to the call for the liberalisation of the country's economy. The Liberalisation policy is a broad concept. It is an embodiment of both the privatisation and commercialisation policies. Part of the challenges of liberalization is to reduce the dominance of the state in economic activities. The Liberalization process, which involves among other things, the

of the policies of privatisation and commercialisation, is an essential aspect of price and market reforms which connotes both unshackling private sector development through removal of government restrictions on private economic activity and divestiture of state assets particularly state owned enterprises into private hands (Nigeria, Decree No. 25 of 1988).

Privatisation is a key element of the structural adjustment programme adopted by the Babangida administration in 1986 to stabilize the economy and position it for sustainable growth. It is part of the pre-condition set by the International Monetary Fund (IMF) for negotiating an interim programme that would open the talks on a medium-term economic agreement for Nigeria (Africa Recovery, 1988: 4). It is based on four core beliefs, change of ownership, inefficiency, unresponsive administration and a government that consume too many resources, that threaten economic growth (Ugorji, 1995).

Essentially, privatisation involves the transfer of majority ownership of state owned enterprises to the private sector by the sale of ongoing concerns or assets following liquidation (Kikeri, 1994:242). It also involves the sale of all or some of the assets of public enterprises or other public entities, leasing of such assets, and the transfer of the management of public entities (without transfer of ownership) and contracting out of public services to the private sector (Paul, 1988; 3-4). Commercialisation on the other hand, implies the retaining of shares by government and the realigning of the enterprises orientation toward financial autonomy and management like in private enterprises.

In the Nigerian context, Decree No. 25 (Federal Republic of Nigeria, July 5, 1988), part three (4), defined privatisation as the relinquishment (that is, to give up both control of both ownership and management), of part or all the equity and other interests held by the Federal Government or its agencies in enterprises wholly or partly owned by the government. Since the promulgation of this law, the march toward effective privatisation had however assumed several dimensions in Nigeria.

AN OVERVIEW OF THE PRIVATIZATION OF PUBLIC ENTERPRISES IN NIGERIA

In order to effectively realize its objectives, the Bureau for Public Enterprises (BPE) embarked on the privatisation and commercialisation of several public enterprises. These enterprises transverse most of the sectors of the Nigerian economy and they include such agencies as: The West African Portland Cement (WAPCO), Cement Company of Northern Nigeria (CCNN),

AshakaCem Plc, Benue Cement Company, the Nigerian Fertilizer Company (NAFCON), FSB International Plc, NAL Merchant Bank Plc and International Bank Plc, (IMB). Others include such companies as Unipetrol Plc, African Petrol (AP) Plc, National Oil and Chemical Company (NOLCHEM), Assurance Bank of Nigeria Plc, NigerDock and FESTAC '77 Hotel (http://www.imdiversity.com: 2009).

The country has witnessed substantial growth in its capital market as well as huge inflow of cash to the treasury to finance government services. Significantly, the government is expected to generate massive revenue from the privatisation exercise. The B.P.E. generated the sum of N24 billion from the sale of privatised enterprises between 1999 and 2001. The amount came from the sale of government's interests in 13 enterprises, 11 of which are currently quoted on the Nigerian Stock Exchange.

In the cement sector, Ashakacem has been able to raise fresh funds to the tune of N90 million to finance the plant's optimisation programme (Afeikhena, 2008:31). In the same vein, the government reiterated its hope of generating N100 billion through the exercise in 2009 (http://www.Allafrica.com:2009), and to start the ball rolling, the management of DANA Steel Limited – owners of the former Katsina Steel Rolling Company (KSRC) which was privatised through a liquidation process in 2006, said the company had remitted N97- million into government coffers as tax as well as invested $13.5 million out of a total $18 million pledged in the post-acquisition plan(http://Allafrica.com:2009).

The communication sector also witnessed the opening up of investment opportunities by various organisations and the authority to operate the GSM license was given to some private operators. This exercise not only ensure the de-monopolisation of the sector, it also resulted in an astronomical increase in various network and services (Ariyo and Afeikhena, 2004:10). Notable companies operating the global satellite mobile network (G.S.M.) under the privatisation programme are: MTN, ZAIN, VODACOM, NITEL and GLOBACOM, VISAFONE, ETISALAT, MULTILINKS and STARCOM.

In all the privatisation process, Nigerians are encouraged to hold a majority equity share. For example, MTN has the following equity, ownership and control structure- South Africa investors (76.8%), the remaining 23.2% is shared by the following Nigerians Oba Otudeko, Chief Victor Odili, Tunde Folawiyo, Malam Ahmed Dasuki and Col. Mohammed Sanni Bello (rtd). ECONET the structure on the other hand, is shared among the following Nigerian

Subomi and Bolaji Balogun, Wale Tinubu, Tunde Odukale, Adeboye Odunsaya and Harry Imasekha. GLOBALCOM on its part is owned by Mike Adenuga (The Punch, May 28, 2002:21). In the hospitality sector for instance, the Sheraton Hotel was sold to Goodie Ibru who led the Hans Gremlin Group to purchase the hotel from the federal government. The Festac '77 Hotel, also was purchased from the federal government by the UACN Property Development Company Plc under the chairmanship of Lt. Gen. Mohammed Wushishi (rtd.) at a rate of N1.01 billion (*The Punch*,,2002:24 6).

Unarguably, several benefits are associated with the privatisation policy. One major point in support of privatisation is the desire to eliminate inefficiency. Usually, private organizations are better managed, when compared to public institutions, which many people regard as having a share of the national cake. The kind of wastages prevalent in public corporations, are avoided in the private sector and there is greater efficiency. Rather than wasting the "surplus" (profit), they are instead, ploughed back into the system. In other words, privatisation is considered as the panacea to the inefficiency of public enterprises services. This is because charges are strictly guided by economic principles with a view to minimizing losses.

Privatisation also ensures technical efficiency. This argument stems from the fact that privatisation brings with it private owners who place greater emphasis on profit goals and also carry out new investment that lead to increased output and employment (Afeikhena, 2008:49). Moreover, the operational dynamics of privatisation favour efficient arrangement of resources and manpower, which is usually absent in public enterprises. Elements of human redundancy and waste almost synonymous with government enterprises are seriously discouraged in private operations.

It is also assumed that with privatisation, there will be reduction in government interference, which has always been a bane of public corporations. In a privatised setting, government no longer exercise direct control. Basically, the revenue generated from the sales of the privatised entities reduced the enterprise reliance on government for finance (Afeikhena, 2008:30). So, there is a limit to which government may interfere in their management and operations generally. Hence, the enterprise can formulate its own goals in a manner that will best favour it in terms of profit and returns.

Privatisation also spreads the ownership of the corporation among various categories of people such as workers, management and the general public. All this ensures spread and distribution of profit among the shareholders. Indirectly too, the capital market grows while

the performance of the enterprise is under constant watch by investors. This helps the privatised company to always strive to maintain high standards and maximize profit. Significantly, one would not be wrong to posit that the programme of privatisation has (Afeikhena, 2008):

> *Encouraged new investments in the enterprises concerned. the cold hands of treasury have been replaced by the warm hands of the capital market, which are as stimulating as they are invincible (p.30).*

There are political and philosophical reasons in support of privatisation of public corporations. Here, there is the argument, which holds that government control of public enterprises stifles growth and development, while, private companies are usually unrestricted, dynamic, broad-minded and result oriented. There is no denying the fact, that the privatisation programme in Nigeria has recorded positive change in government attitude and commitment in providing employment opportunities for its citizenry. This change can be seen in the effort of government to continue the payment of the salaries of workers in the Ajaokuta Steel Rolling Mill and the Nigerian Iron Ore Mining Company, Itakpe, despite the mismanagement of the Indian company that won the concession to run the two companies (http://www.steelguru.com:2009).

One major commendation of the impact of the privatisation and commercialisation programme can be found within the administration of the Nigerian Ports. The Nigerian Ports Authority (NPA), efforts to encourage private sector participation in the transportation sector as well as the imperatives by government to continue to participate in the sector due to its importance as a vital area of the nation's economy. Because of the large-scale investment in equipment, coupled with its enormous human resources and huge capital commitments, the government, recently approved the landlord model for the privatisation of the NPA.

Under the landlord model, otherwise known as the Antwerp Port model, government, that is the NPA, will remain as landlord and would only lease out the ports services and equipment. The adoption of this model seems appropriate in view of the significant contributions public enterprises in Nigeria. However, as a way of striking a balance between continued government participation, ownership and control the NPA, and the need to ensure competition in the industry, the adoption of the Antwerp Model (landlord model) serves as a way providing, "an enabling environment for private sector participation the development of transportation infrastructures and

modernization of transport services delivery to meet the current and future needs of the public" (*The Punch*, 2002:3).

The privatisation policy equally has its shortcomings. The issue of redistribution of wealth and even development of the economy is one of the hallmarks of PE's. Under the privatisation arrangement only few rich and well-connected individuals have the financial backing and access to purchase equity shares in some of the privatised enterprises. In addition, it leads to continuous domination of the affected enterprises by money bags who are either friends, associates or party members of the regime in power, thus we have unfair distribution of ownership rights (Clottey, 2008: http://www.voanews.com). Those who belong to this privileged class are the same group whose families, relations, and friends are given employment opportunities.

Privatisation has also resulted in mass retrenchment of workers thereby increasing unemployment rates (http://www.imdiversity.com: 2009). The divestment of government ownership and control of these essential services would create a vacuum that cannot be filled with the concentration of the national wealth in few private hands. The redistribution of national wealth engendered by privatisation has the potentiality of creating mass unemployment through layoffs, redundancy policy, and job cuts in the productive sectors of the economy. In this wise, the privatisation policy not only negates the welfarist philosophy of government, but is indeed a strategy aimed at perpetuating capitalist and free market ideals in developing countries (Haile Yacob and Mengistu Burhany, 1988:1574).

It is still generally believed that vital social services such as the agricultural sector cannot be left entirely in private hands. Even though other sectors like manufacturing is better managed by the private sector, the fact remains that the agricultural sector needs the continuing support of the government. Europe and America have never removed subsidies from their agricultural production. For instance, Europe is subsidizing its agriculture to the tune of $220 billion a year, while the United States of America too, provides yearly subsidies in billions of dollars to its farmers (*Tell*, 2001:55).

In spite of its vigorous pursuit of the privatisation policy and in being alive to its responsibilities as well as taking cognisance of the importance of its continued participation in the agricultural sector, the federal government recently established the Bank of industry which rose form the embers of the Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry and the Nigerian Econo... Reconstruction Fund. In ensuring the effectiveness of the bank...

federal government released the sum of N1.25 billion to the bank, as a take off grant for its operations. The provision of the financial resources is expected to insulate the bank form undue political interference as well as enable the bank to perform its operations efficiently and meet the high expectation of industrialists through granting of loans at concessionary rates to investors and thereby impacting positively on the Nigerian economy (*The Punch*, 2002: 19).

The argument could also be advanced that social amenities like the provision of water for the citizenry could not be effectively actualised under private initiatives. Over the years, one had observed that the collections of revenue for instance, by private consultants in most cases, end up in individual pockets. Higher and discriminatory tariffs are charged (Ariyo and Afeikhena, 2004:14), while the supply and distribution of water remain at ridiculously low levels. What is more important, rural dwellers and the poor who cannot afford the high cost of sinking boreholes in their residences or communities, are left at the mercy of water peddlers who charge exorbitant fees for untreated and unhygienic bacterial infested water. It is against this background that during the earlier phase of the privatisation programme that the Obasanjo administration between 1999 and 2002, embarked on the provision of water to the populace. To this extent, the Federal government during this period, spent a total of N277 billion on water provision such as, the construction of dams, irrigation projects, provision of hand pump and motorized boreholes in rural areas, etc. (The Punch, October 15, 2002:8). The amount expended on water supply shown in the foregoing, is in tandem with the argument that funding of social services and goods requires substantial capital and a high level of political will and commitment.

The issue about the depth of huge capital outlay and vital nature of some government owned enterprises have also limited the extent of private participation in certain public enterprises. In industries and enterprises such as the Iron and Steel, Power Holding Company of Nigeria (PHCN), The Nigerian Telecommunications Limited (NITEL), Ajaokuta Steel Company and the like, have raised contending issues on the efficacy of privatisation policy as a vehicle for rapid economic growth and development in Nigeria.

Specifically, the Federal Government had committed enormous resources to the project. It would therefore, amount to great loss if abandoned or sold out to private investors. To drive home this point, the former President of the Nigerian Labour Congress, Comrade Adams Oshiomole explained that the Ajaokuta Steel Project is capital intensive, which no local or foreign investor could afford to provide the

necessary funds in such a way that would profit or benefit Nigeria and its peoples. Besides, the project is of strategic national interest, which could not be good for privatisation. Thus, to make the enterprise more viable and profitable, the government should provide adequate finance for its completion while at the same time, introduce some measure of protective tariffs against imports once the project is commissioned (*The Punch*, 2002:16).

The commitment of large sums of capital is also reflective in the case of the Power Holding Company of Nigeria (PHCN). The Federal government has spent the sum of $2 billion (N234 billion) on the rehabilitation of PHCL in three years (1999-2002). The huge financial expenditure of PHCL has made the government to be cautious in the proposed privatisation of the enterprise. Hence, in adopting a level playing field, the government has expressed its intention to unbundled and commercialise PHCL into several business units comprising generation, distribution and marketing companies and one transmission company. Government will however, continue to hold on to the ownership of the transmission firm that will emerge from the unbundling of PHCL. However, some of the firms would be commissioned out to the private sector under a management contract because the capital requirement for the refurbishment of PHCL plants and transmission lines which run into billions of dollars cannot be provided by government alone (*The Punch*, 2002: 1 & 9).

The point being made here is that the same allegations of "tendency toward monopoly" levelled against government-owned enterprises are also prevalent, among the private ones most especially when operating in a market environment that is still not full open to competitors. One is therefore wont to contend that federal government has not come up with credible policies to instil competition in industries that are being privatised. Hence, "state monopolies are for the most part being replaced by private, albeit regulated, monopolies. Under this arrangement, efficiency is unlikely to be enhanced in the process" (Mayer C., 1989:251-2).

In terms of sales of public enterprise to private investors, many have observed that some of the processes and procedures involved in the divestment proceedings are flawed. For example, when the Nigerian Airways was first sold to a foreign based (private firm) under suspicious circumstances in 2002, questions were raised on certain issues relating to the deal. Some of the controversies that were generated then revolved around such question as: one, why did the minister of Aviation unilaterally enter into a joint venture with an unknown company called Airway Aerospace Limited (AAL) without

the prior knowledge and approval of the Bureau of Public Enterprises? Two, why was the deal carried out with aircraft sales and leasing company and not an airline? Three, why was there no advertisement of the public bid of such transaction? And four, why was there no proper valuation of the assets of the Nigerian Airways before the agreement? (*City People*, 2002:30).

The first attempted sales of the National Insurance Corporation of Nigeria (NICON) in 2001, also sent tongues wagging. Many raised the point on why NICON, which had not received any subvention from government aside form the initial take off grant in 1969 and, which has been sustaining itself as a commercial entity would be slated for sale? (*The Punch*, 2001:17). Why is it that an organization that is known for its professionalism, revenue generation, and which is constantly restructuring to meet with the challenges of a global economy be sold to private investors? These and other issues have generated controversies about the sincerity of government and the ongoing privatisation programme.

Equally instructive are the misgivings that were expressed by the chairman of board of directors of NICON-Yahaya Kwande, about the sales of NICON and other government enterprises. The chairman noted, that the problem of the privatisation exercise is the "sale of our hard-earned and acquired investments in strategic areas of banking and hotels without refunds to inflate the depleted pension funds" (*Tel* 2002).

Obviously, one cannot but argue that the under-utilization of certain public enterprises and errors of judgement that is politically motivated and selfishly induced, are causes of the noted inefficiencies. The case of the, Nigerian Minting company (the Mint) readily comes to mind at this point. In reacting to the controversies generated by the proposed sale of the Mint, the former Chairman, Bureau of Public Enterprises-Malam Nasir el-Rufai at a press conference disclosed that the Mint does not have so much national security and importance because since 1990, 75% of Nigeria's currency and 60% of the nation's cheque books are being printed abroad. The chairman also expressed the view that, the Nigerian passport was being printed in Germany while the company had not been minting any coin since 1995. More importantly, "the Abuja minting plant commissioned in March 2001 was just a charade to impress the President and has since been shut down" (*The Punch*, 2002:11).

The insincerity of government intention and the lack of political will also characterised the attempted privatisation of other enterprises such as the Power Holding Company of Nigeria (PHCN). Even the

PHCL is afflicted with similar problems of funding and non-performance like its sister enterprises, the fact remains that government is insincere in its attempt to revamp the organization. Examples abound. In a report to the Senate committee on power, the secretary of the national union of electricity employees (NUEE), asserted that the task force of a technical board established by government was defective in many respects viz. (*The Punch,* 2002:17):

(i) The directive to increase power generation in the country was "not matched by an improved infrastructure to absorb and distribute power to the end users.

(ii) The composition of the board and the actualisation of its programmes were fraught with inconsistencies and fraudulent acts.

(iii) Most rehabilitation jobs, repair and refurbishment that could be conveniently undertaken by in-house staff were contracted out at alarming rates.

(iv) There are incessant government interference and politicisation of the administrative structure.

There is also the issue of incongruence between funding of PHCL and the vigorous desire to sell off the enterprise. In the past few years, government has expended about N10 billion to fund various PHCL's projects like generation, transmission and distribution. The injection of such a huge amount coupled with the already existing vast assets of PHCL, has created a serious problem for the government. No single buyer or a group of buyers has been able to muster the required capital-base to buyout PHCL from the government.

The row between government and Transcorp over the latter's inability to inject money into Nitel and Mtel, and further fulfil its post-acquisition plan of obtaining a loan of $10 billion to improve the situation of the companies two years after the take-over (The Presidency, Nigeria: http://wwwbpeng.org:2009) is an indication of the need by government to strike a balance and create a synergy between its continued participation and private sector involvement in the running of PHCL and NITEL.

The most important aspect of the process of unbundling is that the federal government still maintain and control a central structure which is also organized like a private outfit (*The Punch,* 2002:17). Unbundling is necessary because investors are finding it very difficult to purchase PHCL as big as it is currently managed. Hence, it is presumed that buyers might find it easier to buy smaller companies rather than take an unwieldy and unmanageable whole. The major problem with the MINT and PHCL, in one's opinion is the human

element which is, the desire of some members of the elite class to own and control the vital sector of the Nigerian economy. This desire seems to be compelling and overriding, and shows a deliberate attempt to sell off major and viable public assets at all costs.

The issue of redundancy of privatised enterprises has been generating a lot of furore in labour circles. For instance, workers under the auspices of the Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI) recently noted (*The Punch*, 2002:17). that the redundancy framework provided by the National Council on Privatisation (NCP) for workers of privatised parastatals has been set aside by the B.P.E. This policy is in contradiction to the spirit of public enterprises, which uphold the provision of employment to majority of Nigerians.

Another issue at stake is the inability of government to put in place credible political and corporate governance structures in the country. The discrepancies inherent in the privatisation policy include the attendant lack of transparency, a dearth of integrity, incompetence of management, and greed among the administrators. Clearly, some of the practices of government officials showed a blatant disregard for the common law. For example, the B.P.E. headed by Nasir el-Rufai, for two years, held on to about N375 million shares with a market value of N2.07 million, belonging to Banque International Poure' Afrique Quidantrale (BIAO), despite a directive by the Federal Ministry of Justice that the Bureau should release the shares to BIAO (*Inside Weekly*, October 28, 2002:44). The question that does beg for answer then is, what happened to the revenue generated from the sales of these enterprises? How many jobs have been generated for the people Based on the foregoing, one would be right to conclude, that the slogan "The people benefit as the Nation Privatises" is not only conceptually flawed, but also, is a caricature of the continued degrading of the sensibilities of the resilient Nigerian people.

CONCLUSION AND RECOMMENDATIONS

This paper is a theoretical analysis of the privatisation exercise in Nigeria. Our analysis revealed that the public enterprises established by the government in the early 1960's and 1970s to provide goods and services to the public at cheaper rates, were in the mid 19[illegible] characterised among others by poor performance, inefficiency, wastefulness, inadequate government funding. These problems led to the call for government to privatise its various public enterprises in order to achieve self-reliance and economic growth, which will possibly enhance the efficient and effective operation of the

enterprises. The International Monetary Fund (IMF) also served as a catalyst by advising the Federal Government to take on the challenges of liberalisation of public enterprises for better productivity and relevance in the global economy. Based on the advice, public entities such as the Nigerian Telecommunications Limited, the Nigerian Ports Authority, the downstream petroleum sector, some government owned banking services like the International Merchant Bank, The NICON-NOGA Hilton and Sheraton hotels and the Power Holding Company of Nigeria were put up for sale.

Our examination of the privatisation programme shows that the pursuit of the policies, of privatisation and commercialisation is as an essential aspect of price and market reforms. Indeed, the benefits of privatisation are enormous. It includes attaining efficiency, higher productivity and economic growth, provision of investment opportunities and the creation of a competitive environment for businesses among others. As beneficial as privatisation might be, the policy equally has its flaws. Structural and procedural lapses, lack of transparency on the part of public officials, the insincerity of government intention and the lack of political will are some of the observable characteristics of the privatisation exercise in Nigeria.

In order to realise its privatisation objectives and thus position both its privatised and existing public enterprises, for sustainable development and economic growth, one would encourage the government to:

- Undertake a reappraisal and evaluation of the objectives, roles and functions privatisation and commercialisation programmes. There is also the need to improve the internal operating system and good working environment for the staff of the enterprises. The government also needs to embark on serious repositioning and restructuring of affected public enterprise.

- Take the issue of unbundling and leasing of its moribund enterprises seriously. PHCL for instance, should be broken down into components units and could then be sold to groups of investors at appropriate amounts. Most important, government should retain a majority equity share and control of a central

unit of the unbundled enterprise, and therefore manage it like any other private enterprise. This action would no doubt ensure a continued participation of government in the country's economic process.

- Provide adequate infrastructure and other facilities for the effective operation of both public and private enterprises. Roads, electricity, water, telephone services etc., should be made available to industrial areas and city centres, so that business activities would take off on a full scale. It is also important that government train and continue to retrain its work force to acquaint them with modern techniques of business management. This will go a long way in ensuring rapid economic growth and national development.

- Support a transparent and efficient privatisation programme through the reactivation of its equity loan facility where funding can be made available to the poor and massive working class.

- Be more committed to the goals and aspirations of the privatisation and commercialisation programmes. Transparency, accountability, responsibility, should be the watchword both of public officials and private investors. Above all, the imperatives of profit maximization should not be pursued to the detriment of welfare needs of the populace, for without the people there can be no government.

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ABSTRACT

This paper is
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