TITLE PAGE

IMPLEMENTATION OF MONETIZATION OF FRINGE BENEFITS IN THE NIGERIAN FEDERAL PUBLIC SERVICE : AN EVALUATION 1999-2007

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SEPTEMBER, 2008

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Title Page

IMPLEMENTATION OF MONETIZATION OF FRINGE BENEFITS IN THE NIGERIAN FEDERAL PUBLIC SERVICE : AN EVALUATION 1999 - 2007

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Department Of Public Administration,
Ahmadu Bello University, Zaria
Nigeria

SEPTEMBER, 2008

DECLARATION

I, declare that this study titled, “Implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service: An Evaluation 1999-2008” was written by me in the Department of Public Administration, under the able supervision of Dr. Sylva Manti Ngu and Professor Halidu Abubakar. Sources of data used for this study were duly acknowledged in the references. I take responsibility for any misrepresentation of facts or any error for that matter arising from this work. To the best of my knowledge, no part of this dissertation was previously presented for another degree, at any university.

John Daniel Ndan		September, 2008
_____	_____	_____
Name of Student	Signature	Date

CERTIFICATION

This Dissertation titled "IMPLEMENTATION OF MONETIZATION OF FRINGE BENEFITS IN THE NIGERIAN PUBLIC SERVICE; AN EVALUATION 1999-2007" by John Daniel Ndan, meets the regulations governing the award of the degree of Doctor of Philosophy (Ph.d) in Public Administration, Ahmadu Bello University, and approved for its contribution to knowledge and literary presentation.

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Chairman, Supervisory Committee

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Prof. Halidu Abubakar Date
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Head of Department

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Professor S. A. Nkom Date
Dean, Postgraduate School

DEDICATION

This study was solely dedicated to my late son, Jerome (Kiomi-Nom), who was miraculously borne in a car while I was taking the mother during labour to the hospital and died seven months later in the same car, while conveying him to hospital for treatment of measles. It was in the 2nd December, 2007, when this tragedy of monumental proportion struck the very foundation of my family. However, with total submission to the will of God almighty, may the soul of Jerome and the souls of hundreds of other children, whose lives were lost in 2007 due to the measles epidemic in Zaria, through the mercy of God, rest in perfect peace, amen. Adieu Jerome (Kiomi-nom).

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expected of us, but also the constructive criticisms and suggestions he offered, which made me produced series of improved versions of this work.

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ABSTRACT

This study was undertaken as a result of the high cost of providing fringe benefits in the Nigerian federal public service, which was characterised by waste, abuse and corruption, making it an intolerable burden on the government. Monetization was adopted to address these myriad of problems. The major objective of this study was to evaluate how effective the implementation of monetization of fringe benefits was done within the context of its stated objectives, the most important of which was waste control. In order to achieve the research objectives, data was collected from primary and secondary sources. The primary source consisted of survey questionnaire and interview, while secondary source consisted of Internet, Encarta 2003-2007, Textbooks, Journals, News-dailies, Periodicals and other publications. Findings showed that implementation of the monetization policy was poorly handled, thereby bringing unintended outcomes. The researcher recommended that, while some aspects of monetization like official vehicles were effective in waste control, there were other aspects like auction of government houses that needed to be reversed. Government did not show enough commitment in the implementation of monetization policy. It was recommended that government should have demonstrated more commitment in implementing the policy and avoid whimsical inconsistency in the process to achieve the main objective of controlling waste.

TABLE OF CONTENTS

Cover Page - - - - - - - - - i

Fly leaf - - - - - - - - - - ii

Title Page - - - - - - - - - - iii

Declaration- - - - - - - - - - iv

Certification- - - - - - - - - - v

Dedication-- - - - - - - - - - vi

Acknowledgement- - - - - - - - - vii

Abstract- - - - - - - - - - xiv

Table of contents- - - - - - - - - xv

List of Tables- - - - - - - - - - xxi

List of Glossaries- - - - - - - - - xxiii

CHAPTER ONE: INTRODUCTION

1.1 Background of the study- - - - - - 1

1.2 Statement of the Problem- - - - - - 7

1.3 Objectives of the study- - - - - -16

1.4 Significance of the study- - - - - - 18

1.5 Research Questions- - - - - - - 20

1.6 Basic Assumptions- - - - - - - 21

1.7 Hypotheses- - - - - - - - 23

1.8 Scope and Limitations of the Study- - - - 24

1.9 Definition of Relevant Terms- - - - - 26

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Introduction- - - - - - - - 33

2.1 Literature Review- - - - - - - 33

2.1.1 Monetization and Cost Reduction in the Public Service- 40

2.1.2 Monetization and Salary Administration- - - 44

2.1.3 Monetization and Fringe Benefits - - - 51

2.1.4 Monetization in other Countries- - - - - 52

2.1.4.1 Monetization in United States- - - - 53

2.1.4.2 Monetization in Britain - - - - - 54

2.1.4.3 Monetization in Ghana- - - - - 59

2.1.4.4 Monetization in Japan- - - - - 61

2.1.4.5 Monetization in Tanzania - - - - 54

2.2 Theoretical Framework- - - - - - 66

2.2.1 Edward Suchman Evaluation Theory - - - 66

2.2.2 William Complain - - - - - - 72

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction- - - - - - - - 74

3.2 Population of Study - - - - - - 75

3.3 Sampling and Sampling Procedure- - - - 78

3.4 Instruments for Data Collection - - - - 80

3.5 Methods of Data Analysis- - - - - - 81

3.6 Administration of the Instruments- - - - - 84

3.7 Validity and Reliability - - - - - - 84

CHAPTER FOUR: HISTORICAL DEVELOPMENT OF MONETIZATION OF FRINGE BENEFITS

4.0 Introduction - - - - - - - - 87

4.1 The Implementation Committee on Monetization - - 95

4.2 Objectives of Monetization Policy- - - - 96

4.3 Components of Monetization in The Nigerian Federal Public Service- - - - - - - - - 98

4.3.1 Domestic Servants Allowance- - - - - 99

4.3.2 Utility Allowance- - - - - - - 99

4.3.3 Meal Subsidy- - - - - - - - 100

4.3.4 Entertainment Allowance- - - - - - 100

4.3.5 Leave Grant - - - - - - - 101

4.3.6 Personal Assistant Allowance- - - - - 101

4.3.7 Furniture Allowance- - - - - - - 101

4.3.8 Car Motor Cycle/Bicycle Loans- - - - - 102

4.3.9 Drivers Allowance- - - - - - - 104

4.3.9 Residential Accommodation- - - - - - 113

4.3.10 Fuel/Maintenance of official vehicles- - - - 105

4.4 Guidelines for the sale of Federal Government Houses in FCT to Public Servants- - - - - - 118

CHAPTER FIVE: DATA PRESENTATION, ANALYSIS AND TEST OF HYPOTHESIS

5.0 Introduction - - - - - - - 114

5.1 Data Presentation- - - - - - - 114

5.2 Data Analysis - - - - - - - 136

5.3 Hypotheses One - - - - - - - 138

5.4 Hypothesis Two - - - - - - - 171

5.5 Test of Hypothesis - - - - - - 189

CHAPTER SIX: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

6.0 Introduction - - - - - - - 199

6.1 Summary - - - - - - - - 200

6.2 Conclusion- - - - - - - - 206

6.3 Recommendations- - - - - - - 209

Selected Bibliography - - - - - - - 216

Appendix I Questionnaire - - - - - - 223

Appendix II Circular Adopting Monetization by the FGN - - 227

Appendix III Circular showing Approve Rates of Monetization -235

Appendix IV Circular On Contributory Pension Scheme- 241

Appendix V Approved Guidelines for Sale of Govt Houses- 244

Appendix VI Monetization of Fringe Benefits (Tables) for Federal Public Service Effective 1st October, 2003- - - 238

LIST OF TABLES

SECTION A

Table 5.1 Respondents on Personal Data- - - - 127

SECTION B

Table 5.2.1 Opinion on whether Monetization is a motivation in the Public Service - - - - - - - 132

Table 5.2.2 Response on Monetization on whether beneficiaries have been empowered to buy or build houses - - - 133

Table 5.2.3 Responses on whether Monetization has empowered beneficiaries to cope with the usual trauma of service life - 135

Table 5.2.4 Responses on whether Monetization has not empowered the beneficiaries to buy cars- - - - 137

Table 5.2.6 Responses on who are worse off when Benefits were converted from kind to cash- - - - - - - 140

Table 5.2.7 - - - - - - - - - 143

Table 5.2.8 - - - - - - - - 147

Table 5.2.9 Responses on whether Monetization should be scrapped - - - - - - - - - - - 149

Table 5.2.10 Response on whether official cars would not ensure waste control - - - - - - - - - 152

Table 5.2.11 Responses on whether Monetization has curbed fraudulent practices associated with medical claims- - - 154

Table 5.2.12 Responses on if Monetization has translated massive misuse of public utilities to maintenance culture by users.- 157

Table 5.2.13 Responses on whether Monetization of furniture allowance has reduced corruption and waste.- - - 159

Table 5.2.14 Responses on whether Monetization has reduced corruption and waste associated with provision of Furniture, Fittings, generators etcetera- - - - - - - 161

Table 5.2.15 Responses on whether an auctioning government house was inappropriate- - - - - - - 164

Table 5.2.16 Responses on whether the federal government owes nothing to beneficiaries of monetized Benefits - - - 169

Table 5.2.17 Responses on embargo placed on purchase of new vehicles has not been effective- - - - - - 173

Table 5.2.18 Responses on whether Monetization triggered retrenchment of workers- - - - - - - 175

Table 5.19 Responses on whether beneficiaries of Monetization are not satisfied with the mode of its disbursement.- - 177

Table 5.20 Responses on whether Monetization has brought about Inflation- - - - - - - - - 179

LIST OF ABBREVIATIONS AND ACRONYMS

AM	Avoided Morbidity
BA	Bachelor of Arts
CBN	Central Bank of Nigeria
DLA	Disability Living Allowance
EFCC	Economic and Financial Crimes Commission
FCDA	Federal Capital Development Authority
FGN	Federal Government of Nigeria
FMBN	Federal Mortgage Bank of Nigeria
GL	Grade Level
HAPSSS	Harmonised Public Service Salary Structure
HND	Higher National Diploma
HOS	Head Of Service
ICPC	Independent Corrupt Practices Commission.
NAPEP	National Poverty Eradication Programme
NCE	National Certificate of Education
NEEDS	National Economic Empowerment and Development Strategy
NITEL	Nigerian Telecommunication Limited
NPA	Nigerian Ports Authority
NNPC	Nigerian National Petroleum Corporation

NMA	Nigerian Maritime Authority
NI	National Insurance
NHIS	National Health Insurance Scheme
PAN	Peugeot Automobile Nigeria
PDP	Peoples Democratic Party
PS	Permanent Secretary
PHC	Primary Health Care
PH.D	Doctor of Philosophy
RATAWU	Radio and Theatre Amalgamated Workers Union
RMAFC	Revenue Mobilization, Allocation and Fiscal Commission
SGF	Secretary to the Government of the Federation
SMP	Statutory Maternity Pay
SSG	Secretary to the State Government
UBA	United Bank for Africa
UK	United Kingdom
VSL	Value of Statistical Life
WPA	Widowed Parents Allowance
WTP	Willingness To Pay

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

The fringe benefits system provided to public servants in the Nigerian colonial public service was introduced by the British colonial government. It was deliberately made attractive to encourage reluctant Britons to come and work in the various colonies. That was necessary, because the colonies then, were tagged “hostile territories” and not many were willing to risk it. Aluko (2003). It was realized that the generous fringe benefits provided for workers in the nigerian colonial public service was not even obtainable in britain itself, where the colonialists or expatriates came from. Britain does not provide its officers houses, cars and furniture using public funds. Even in some developed countries like the Unites States of America, only the president and vice president are provided official accommodation, while leave grant was only paid to a public servant when he was going on Leave. Aluko (2003)

Nigeria got her independence in 1960 and recruitment into the nigerian public service was relaxed, paving way for more and more nigerians to be recruited into the nigerian federal public service.

Unlike the british colonial officials that had one wife, if any at all, many Nigerians were married with fairly large family sizes, largely because of polygamy or communal African life style. The pressure of large family size, vis-a-vis inadequate remuneration, provided the fertile ground for unwholesome practices such as corruption, leading to monumental waste. According to Lindaver (1994), when civil servants faced problems of poor remuneration, they were usually left with at least a choice, either they survive by lowering their standard of ethics performance and dutifulness or remain upright and perish. In most cases, they would choose to survive. That meant compromising standard performance and conduct. In other words, it showed that lack of adequate pay made it difficult for workers to resist corrupt tendencies in the service as well as engaged on unprofessional conduct like abuse and misuse of government utilities and facilities. Nations that maintained relatively higher pay for public servants were generally recognized as having superior civil service and vice versa. The obvious implication of higher pay for public servants, was that, it enhanced service competence and professionalism. An example was the civil service in Malawi. “Government workers often earned a premium over their

counterparts in some urban private sectors. Such practices in reality generate competition." Lindaver (1994).

Former President Obasanjo realized the massive waste and misuse of resources and how that affected the well being and development of Nigeria, articulated a medium term economic reform agenda titled “National Economic Empowerment and Development Strategy (NEEDS) at the national level, and replicated at the state and local government levels as States Economic Empowerment Development Strategy (SEEDS) and Local Economic Empowerment and Development Strategy (LEEDS) respectively. The various reform initiatives in the NEEDS agenda were the following;

i. Tax Reform
ii. Public Expenditure Reform
iii. Public Service Reform; including re-professionalization and capacity building, rightsizing, downsizing etcetera
iv. Pension Reforms
v. Monetization of Fringe Benefits
vi. Local Government Reforms
vii. Police, Prisons, Customs and Immigration reforms,

viii. Due Process and Procurement Reforms

ix. Complete privatisation or concession of major public Enterprises

x. Liberalization and deregulation especially of the downstream oil sector.

xi. Enactment of anti corruption Act (The Independent and Corrupt Practices Commission (ICPC) and Economic and Financial Crime Commission (EFCC) and other related Offences Act, 2000

xii. Sector Reforms in Agriculture, Food Security and Rural Development, Solid minerals, Arts, Culture and Tourism Industry/SME etc; and

xiii. Trade Reforms (Regional, International and Globalisation through the New Partnership for African Development (NEPAD), African Growth and Opportunity Act (AGOA) and negotiation of New Economic Partnership Agreements between Nigeria/ECOWAS and African Caribbean and Pacific (ACP) and European Union (EU). Ekaette (2004)

It was within this framework that the monetization of fringe benefits was situated as part of a wider reform package of the federal government. In other words, monetization of fringe benefits in the nigeria public service would be more appreciated within the context of other reforms, each of which played complimentary role in meeting the challenges of controlling waste in the public service.

The federal government in consultation with stakeholders in the public sector set up a committee on the monetization of fringe benefits in the public service of the federation on November 11, 2002. The policy was meant to kick start on 1st July 2003, but later shifted to 1st october 2003, due to delay in the preparation of the supplementary budget of that year to accommodate monetization and in anticipation of the approval of the supplementary budget of 12.5% by the national Asseembly on salary increases, the government had earlier promised workers.

Although monetization of fringe benefits started in earnest on 1st october, 2003, there were pockets of it in the nigerian federal public service especially in federal government parastatals. Leave grant

and duty tour allowance were some of the components in use. It was more prevalent in the in the private sector and the federal government parastatals than the civil service as observed by Jinge (2002)

> …….some Fringe Benefits have long been fully or partially monetized, such as Leave Grant, Entertainment Allowance and Duty Tour Allowance. Also Federal Government Parastatals such as the Central Bank of Nigeria (CBN), Nigerian Telecommunication (NITEL), Nigerian National Petroleum Corporation (NNPC), Federal Mortgage Bank of Nigeria (FMBN) and indeed most private sector organizations like Finance Houses, Peugeot Automobile Nigeria (PAN).

In other words obviously, monetization was prevalent in some private sector organizations at a limited scale though and far less limited in the Nigerian Federal Public Service itself.

Monetization therefore meant the policy of government of converting the perquisites of office enjoyed by public officials into monetary equivalent. Instead of government to directly procure, provide and maintain facilities and utilities for public servants, it opted to providing the money equivalent to the deserving officers as fringe benefits. The public officer was at liberty to decide how, what and

when he would spend the cash benefits. Some of these fringe benefits were usually paid in bulk and up-front as is done in Nigerian National Petroleum Corporation (NNPC), Nigerian Telecommunication Limited (NITEL), Peugeot Automobile of Nigeria plc (PAN), Central Bank of Nigeria (CBN) among others.

Obviously, the policy of monetization was seen as an antedote to the problems highlighted above. Infact monetization is an international acclaimed best practice of controlling waste, abuse and misuse that are common in public bureaucracy in most countries of the world. For quite some time, successive governments in nigeria have often come out with brilliant policies, but when it came to implementation, they were often poorly handled. The is a disturbing phenomenon to all concerned. This study was essentially aimed at evaluating the implementation of the policy of monetization with the aim of finding out whether or not the situation had improved, especially with the zeal exhibited by the government.

1.2 Statement of the Problem

The cost of providing fringe benefits to public servants over the years was a huge burden on the part of government, arising from massive waste associated with the process. There were wide spread cases of corruption, misuse, abuse and other unethical conduct in the process. This was further worsened by our cultural practices of polygamy, over bloated family size and dependency syndrome. Ekaette (2003). This huge benefits –in kind included highly subsidized residential accommodation, transport facilities, chauffeur-driven motor vehicles (for the senior cadre of the service), free medical services and highly subsidized utilities such as electricity, potable water and telephone. The cost of providing these amenities to public servants had become so huge viz a viz other provisions in the annual appropriations, so that only an insignificant amount was left for funding capital project by government. At all levels and arms of government, these acts of profligacy were the norm rather than the exception. Apart from these highly subsidized benefits, there were other sharp practices that made the burden of providing these benefits more unbearable on the part of

government. Aluko (2003) described this scenario more succinctly that apart from the generous benefits, there were:

> …. abuse of the benefits : instead of one car, our indigenous civil service “oga” has 10 government cars at his beck and call; has 10 servants; has three government houses (in Abuja, Lagos, and Kaduna) because, yes, each can have more than one wife (the colonialist had only one wife, if any), rides in first class plane (there were no planes then, just boats), including for the week-end, if at all) – all while getting a fat basic salary in addition to other allowances. And the post-colonial officers are many: federal, state and local government executives, legislators and judges; parastatals and institutional directors and sub-directors; university lecturers, etc. Although they are only about 2% of the population of the country, to maintain them requires almost 60-75 of annual national budget expenditure (sic).

It showed that, both the size and the circumstances of spending were limited during the colonal period than we have immediately after. It further suggested, that whatever was spend during the colonial period was a far cry to the spending spree of the moment. It was not a surprise that the sum total of these huge and wasteful expenditures made it difficult, if not impossible, for the government to pay attention to the issues of development.

Providing fringe benefits in kind to workers was also exorbitant in the public service, due to inflated cost for goods that were supplied. Infact their quality was not in tandem with the cost. Most times, contractors connived with government officials to inflate cost of materials for selfish reasons. These acts of fraudulent practices were in every facets of public life as we would subsequently see.

In the case of medical provision, civil servants and their nuclear families had always enjoyed medical treatment at government expense, mainly in government hospitals and staff clinics. Whatever expenses they incurred in the course of treatment, were submitted to government for refund. However, there were fraudulent practices associated with the process of making the claims and processing the refund as reported by Talbat (2003).

> Over the years, putting in claims for these refunds grew into an industry and became a cesspool of corruption actively facilitated by the claimants, the processing officials, the approving authorities as well as those making the payments. All efforts to straighten out the mess were frustrated by the benefiting syndicates, and Government was put at its wit's end about what to do to effectively curb the menace.

In fact the massive waste in this area was serious and government lost huge amount through the unethical conduct of medical claims and the processing itself.

Telephone, electricity and water supply in the official quarters of public servants, were not often utilized in the most cost effective ways. The fact that government provided them for almost free, public servants and members of the public, did not think it was necessary to carefully maintain, use and prolong their life span. They treated them with scorn and disdain, since they saw them as government property and not their own property. Example, when water gushes out from broken water pipes, no one would care to put the pipes in order or report to the appropriate authorities for attention. Telephone was used not necessarily because of need, but most times because of pleasure. Some telephones were converted for commercial uses by spouses of top government officials only for the government to settle the bills. Electricity control switch were hardly turned off, except when Power holding took light. In other words, the irregular power supply was the natural regulator of power control and not because of need. If workers were paying for these

directly based on consumption, they would exercise more care and control in the use of these public utilities. They would also inculcate maintenance culture, since they would no longer see government property which commanded no body's attention and care. Obasanjo Reforms; Monetization (2003).

Audit report revealed similar vices, that a driver of an official peugeot 505 Saloon car filled the tank with a sum of N60,000 on weekly basis: As if that was not enough, a 505 Saloon car was bought, and an officer turned in repair receipts that cost more than the value of the car, in just one year. (Audit Report 2002). At a certain time, a senator who resigned as senate president, was alleged to have had a fleet of 36 official cars under him. Imagine the fuelling, the maintenance and drivers attached to the vehicles as well as the attendant fraud while making claims.

Ogunyele (2003) revealed, permanent secretaries were not entitled to have more than three official cars, but auditors report revealed that, a permanent secretary on transfer to ministry of foreign affairs was found with 8 official cars.

Government spent so much to construct, purchase or rent residential accommodation, renovation, maintenance and furnishing of these residential houses. Over invoicing of cost of materials were in common. public/civil servants connived with contractors/middlemen to escalate costs records, so much that the cost of painting a house in some cases was often by far more than the actual amount spent in building it. Very recently Mrs. Etteh, the erstwhile Speaker, House of Representatives was accused of spending #628,000,000 to renovate her official residence. That eventually cost her the speaker-ship. The poser question was, how much did it cost government to build the same house in the first place?

In the same vein, the former vice president Atiku spoke of a different dimension on the problem at a reception at a weekend in sacramento to mark his investment tour of the state of California;

> Federal Government house alone in Abuja was worth 500 billion Naira and there was no return on the investment, because civil servants occupied such houses for free of charge, while at the same time, collected housing allowances……Government ….recorded a lot of

> waste on cars and drivers allocated to government officials, but that party was over, as money would now be paid to such public servants and that it would be their problem to decide whether to retain a retinue of drivers and vehicles…

The foregoing were the various ways that made the provision of Fringe Benefits very wasteful.

In any case, the sum total of these dishonest and reckless expenditure pattern, culminated in government having lopsided expenditure pattern, favouring overhead costs over capital expenditure. According to the World Bank, about 65%-70% of government expenditure was spent on recurrent expenditure especially provision of fringe benefits to civil servants, who constituted less than 3% of the Nigerian population. This was an intolerable situation especially for a nation anxious to catch up with the developed world.

The Table below illustrated the unfavourable federal government expenditure pattern;

(#'Millions)

Table 1.1 Summary of FGN'S Recurrent Capital/Expenditure (millions) 1999 – 2003

Year	Recurrent Exp.	Capital Exp.	Total Exp.	%Rec/Total/Exp.
1999	449,662.400	498,027,600	9,476,900,000	47.45
2000	461,608.500	239,458,900	7,105,940,000	65.84
2001	579,329.100	438,696,500	1,180,256,000	56.91
2002	696,777.800	321,378,100	1,018,155,000	68.44

Source; Ekaette 2004 in NAPAS Lecture

No doubt this was a cause for concern, where recurrent expenditures of government were increasing as against a decrease in capital expenditures. For Nigeria to make any meaningful progress in terms of development, it was necessary to redirect its expenditure pattern to favour capital rather than recurrent expenditure. This was one of the objectives Monetization was expected to achieve.

The federal government thinking was that, all the aforementioned wastes were brought about by provision of benefits in kind and that if the benefits were converted to cash, then, it would lead to control of wasteful spending and optimum utilization of resources. It was

expected that the introduction of monetization of fringe benenfits would lead to huge reduction in government recurrent expenditure.

Be that as it may, if monetization was going to serve as panacea to waste in providing Fringe Benefits, experience showed that Nlgerian government had poor record of implementation of previous policies. Over the years Nigerian government had good policies but were rubbished due to poor implementation by the public bureaucracy. The Nigerian public bureaucracy has a way of frustrating policies that are not in their best intereset. Although this would depend on the commitment of the federal government. It was important to note that Monetization could increase the cost of governance if carelessly handled and rushed into, without due orientation and principled planning. A combination of factors could make Monetization to yield fruits that are not in its character. Beautiful and promising polices were usually treated with levity through unnecessary reversal, discarding or starving them of needed funds at critical stages of implementation.

1.3 Objective of the Study

This study aimed at evaluating the implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service within the context of the objectives of the policy itself. The general objective of this study was to evaluate the role of government and public bureaucracy on implementation of monetization to control waste in the Federal Public Service. The evaluation was done within the context of the following objectives of monetization policy itself:

i. efficiency in resource allocation.

ii. equity in the provision of amenities and encouragement of public servants to own personal houses and vehicles.

iii. elimination of waste, misuse and abuse of public utilities since maintenance of such utilities had over the years been avenues for diverting pubic funds through dubious and sharp practices like inflating cost of maintenance. Joshua (2003)

iv. promoting the observance of maintenance culture and discipline in the use of public utilities, where such individuals would pay for services hitherto paid for by government.

v. the monetization of medical treatment to curb the submission of spurious medical bills and delays in processing refunds of medical bills, which in some cases were used to dispense favour to favoured staff.

vi. to bring down rent, as those public servants that constituted a significant number of tenants in major cities would build their own houses and government pressure on housing would reduce.

vii. The money that would be saved could be used by government to prosecute more capital projects for development.

viii. it would enable the government to get the true picture of what it would costs to maintain a political office holder or public servant in office and therefore lead to a more realistic budgeting and implementation.

ix. It would also help to eliminate the trauma of transfer from public to private life, which sadly had resulted in many pensioners dying shortly after retirement.

On the whole, the objective of this study was to evaluate how monetization served as instrument of waste control in the Federal Public Service.

1.4 Research Questions

The study put forward the following research questions;

i. Were the incident of unethical conduct like corruption, abuse, misuse, fraud and waste associated with the provision of Fringe Benefits prevalent in the Nigerian Federal Public Service?

ii. Would monetization be able to address the problems of abuse, misuse, fraud and waste that characterised the provision of Fringe Benefits in the Nigerian Federal Public Service?

iii. Would the public bureaucracy effectively implememt the policy of monetization to a logical conclusion?

iv. Would the Federal Government show enough commitment in the implementation of Monetization of Fringe Benefits with its poor record of handling past policies?

1.5 Significance of the Study

There was no doubt the cost of governance had become a burden arising from the provision of benefits in kind as inherited from the colonial system. The conversion of benefits to cash was aimed at controlling waste through optimum utilization of available resources.

There existed a gap in knowledge in the area of monetization, where writers and scolars had not written much on it. Infact, there was huge problem of dearth or paucity of data. It was so serious that it took the researcher a lot of time and efforts to gather data for this research especially for the purpose of literature review. When the idea was first muted, many people revealed that the word "monetization" was strange to them. Therefore, monetization was an area that had escaped the attention of most writers prior to its adoption in the public service on 1st October, 2003. This perhaps, accounted for the obvious dearth of standard textbooks on this area. The major significance of this study was to fill a gap in knowledge in the area of monetization of fringe benefits. Infact. When the research started many people all thought it was an entirely new, but actually, it was not. However, the dearth of data was obvious. There

was obviously never a major study of this nature on monetization at this level.

In line with the above, it would compliment the recent government Publications, Newspapers, Magazines, Journal Articles, the Internet and Encarta 2003-2007.

It would contribute to existing knowledge and further stimulate research in the area of Monetization of Fringe Benefits with a view to improving the system of waste control in the Nigerian Federal Public Service..

Ekaette (2004), at a Symposium organized by the National Association of Public Administration Students (NAPAS), had challenged the academia to stimulate discussion on Monetization of Fringe Benefits with a view to offering useful suggestions that would improve the scheme. This was a response to such a “clarion call”. Ekaette (2003)

The research project was also justified by the fact that in the history of Nigeria, there had been no policy on Fringe Benefits that was as

capital intensive as Monetization . It was projected that in the first three years, it would gulp a sum of #650 billion. It was imperative to research on this policy to ensure huge resources of government were not misallocated in economic point of view.

1.6 Basic Assumptions

This study was carried out on the following basic assumptions;

i. the provision of fringe benefits in kind was wasteful.

ii. The public bureaucracy would only support the implementation of policies that would serve their interest.

iii. The government seemed to be committed to the policy of implementation.

iv. Monetization would bring about efficiency in resource allocation.

v. Monetization would ensure equity in the provision of amenities and encourage public servants to own personal houses and vehicles.

iii. Monetization would elimination waste, misuse and abuse of public utilities since maintenance of such utilities were

over the years avenues for diverting pubic funds through dubious and sharp practices.

iv. Monetization would promote the observance of maintenance culture and discipline in the handling public utilities.

v. Monetization of medical treatment would go a long way to curb the fraudulent activities associated with submission and processing medical bills.

vi. Monetization would bring down rent because those public servants that constituted a significant number of tenants in our major cities would build their own houses and government pressure on housing would reduce.

vii. Monetization would ensure waste control and the money saved would be used to prosecute more capital projects for the Benefits of the citizenry.

viii. Monetization would enable the government to get the true picture of what it would cost to maintain public servants in office and therefore, lead to a more realistic budgeting and implementation.

ix. Monetization would also help to eliminate the trauma of transfer from public to private life, which sadly had resulted in many dying shortly after retirement.

1.7 Hypotheses

This research formulated the following null and alternate hypotheses that would serve as guide to the researcher and which would be tested in the course of this study. On the basis of which they would either be accepted or rejected:

1. Ho Implementation of monetization of fringe benefits was frustrated by the public bureaucracy.

   Hi Implementation of monetization of fringe benefits was not frustrated by the public bureaucracy.

2. Ho Monetization was not an effective policy of waste control.

   Hi Monetization was an effective policy of waste control.

1.8 Scope and Limitation

This research focused on evaluation of implementation of Fringe Benefits in the Nigerian Federal Public Service. According to the

office of Establishment and Pension and Office of the Head of Service of the Federation (2003), "….the number of officers in the Federal Civil Service were 996,744. The break down showed Political Office holders constituted 1,448, the National Assembly staff and judicial officers accounted for 469 and 1152 respectively and Federal Legislators were 469. Ekaette (2003). Due to human weakness, the Researcher could not study the whole of this population, as it was practically impossible to do so. In view of the above, judgemental sampling was used to select the following five organizations from the Nigerian Federal Public Service;

a. Federal Ministries of Finance
b. Federal Ministry of Justice,
c. Federal Ministry of Interior,
d. Federal Capital Development Authority,
e. Tourism Development Corporation

It was believed that conclusions made from the sampled ministries could be generalized on other ministries since the implementation of the policy was based on uniform Guidelines as presented in Appendix III. The same with Tourism Development Corporation,

which was a sample representing other federal government parastatals. The period under study was from 1999 to 2007.

The limitations of the study was the inability of the researcher to use the Email to send out questionnaires and get faster response from the respondents from far and wide, within a very short time, due to the level of access, ownership and usage of computers in Nigeria, even among the educated Nigerians. In any case, the Internet was used for browsing and mass data downloaded. It was costly, but only the quantity that was affordable was downloaded. The number of hours had to be restricted for browsing in the Internet due to high cost of doing so.

Some respondents did not understand some of the questions on the questionnaires and had to be guided by the Research Assistants, who had earlier been briefed by the researcher on the Research objectives.

Above all, some data were classified as confidential and were not made readily available for the researcher, especially the one that

dealt with remuneration of public officers. They were classified as top secret, but after all efforts were frustrated, the researcher had to plead and make them understand the research was harmless to nobody's interest, with further assurance that data would strictly be used for the research only, before they accepted, but on condition not to disclose their identity. It was important to note that government was sensitive to the remuneration of political office holders that might trigger public outcry.

1.9 Definitions of Relevant Terms

The following concepts that appeared in this text were provided with working definitions that would aid readers perusing through this research work, to have clearer understanding of the concepts used here;

1.9.1 Monetization

Aluko (2003) defined Monetization as "…a systematic and immediate replacement of workers benefits with cash payment. When fully implemented, public servants would receive cash in lieu of Fringe Benefits and take home in one pay packet all their

entitlements". It also meant converting some or all Fringe Benefits to cash and paid either in bulk or in phases as appropriate to the organisation. Monetization simply meant to transform Fringe Benefits paid in kind to monetary equivalent value. For example public servants and political office holders were given specific sums of money according to their level of service to cater for their benefits

.

1.9.2 Fringe Benefits

Fringe Benefit was defined as: "Added favours or services given with a job besides wages". The Dictionary of Banking (1995) defines Fringe Benefits as benefits given to an employee in addition to wage or salary. This might include non-contributory pensions, private health arrangements, subsidised meals etc. Similarly according to the Encyclopaedia of Social Sciences: "Fringe Benefits is a variety of employee's benefits paid by employers and supplementing the workers basic wage or salary--"

There is no exact universally accepted definition of the term "Fringe Benefits ". Generally, Fringe Benefits must meet two tests:

i. it must provide a specific benefit to an employee, and

ii. it must represent a cost to the employer.

Myers (1964) observed “Fringe Benefits have been called: wage supplements, wage extras, the hidden payroll, job dividends, invisible labour cost and other names. But the most commonly use term “Fringe Benefits” is somewhat misleading today. Fringe Benefit today has become too large a portion of the total compensation of labour for the term to be adequately described. From this analysis, it was clear that Fringe Benefits encapsulated virtually every payment other than the basic salary of an employee and could therefore vary in its application from one country to the other.

1.9.3 Management

Breach (1975), recommended, the following definitions of management as the most appropriate for general usage: “A social process entailing responsibility for the operations of an enterprise, in fulfillment of a given purpose or task, such responsibilities involved:

i. Judgment and decision in determining plans and in using data to control performance and progress against plan.

ii. The guidance, integration, motivation and supervision of the personnel comprising the enterprise and carrying out its operations. The researcher saw management as the accomplishment of predetermined objectives through the efforts of other people.

iii. The performance of a person on a job was considered as a function of two different kinds of variables. One of these referred to the ability or skills of the individual to perform the job and the second referred to his motivation to use his ability or skills in the actual performance of the job. Increasing the motivation of person high in ability would lead to increase in performance than increase in the motivation of person whose ability is low.

1.9.4 **Productivity**

The word productivity, according to Nwachukwu (1988) “is often seen as total output/total input. Thus, the productivity of an employee was seen as the relationship between the units of labour input and units of output”. Also it is a “…… measure of how well resources are brought together in the organization and utilized for

accomplishment of set of result". In the same way, Saltonstall (1959) observed "productivity is the major factor accounting for the steady growth in the total output of goods and services.

The Researcher understood productivity to be generally seen as the measure of input to output i.e. how effective workers achieve goals, given available resources.

1.9.5 Efficiency

Efficiency is the power to accomplish, or achieve success in accomplishing the purpose intended. Efficiency, according to Adebayo (2000:168) was described as:

> ……sense of a ratio between input and output, effort and results, expenditure and income, cost and the resulting pleasure, is a relatively recent term. In this specific sense, it became current in engineering only during the better half of the century and in business and in economics, only since the beginning of the 20th century.

In p. 169 he went on to say efficiency, "… refers to an input-output relationship; that is maximum work achieved for a minimum input of energy or resources.

The researcher adopted once again Adebayo (2000) views on effeciency, which was "… generally used to refer to the achievement of some policy goals if possible at minimum cost without any doubt successfully.

1.9.6 Wages

According Pigors and Myers (1964:404) wages

> are regular payment for employee services at straight-time and at premium rate and in accordance with bonus and incentives plans. They included payments for time when the employee was available for work, for time allowed for personal preparation for work and clean up after work and for rest periods and special duties during schedules work hours. They were payments for services which primarily benefits the employee.

It simply referred to as a fair day's pay. Which involved a method of payments tied to productivity.

1.9.7 Incentives

Keith (1962) observed, Incentives are external to a person. They were something he perceived in his environments as helpful towards accomplishing goals. e.g. management offering salesmen bonus as

an incentive to boost their morale and confering recognition and enhancing their status.

1.9.8 Organization of the study

The Dissertation was organized in six chapters. Chapter one was generally regarded as the Introduction. It was subdivided into statement of the problem; where the research problem was examined bearing in mind the views of scholars and other commentators on the subject area. The other aspects were the objective of the study, research hypothesis, which is a conjectural answer to a research quaetion or an intellectual guess answer to a research problem aimed at guiding the researcher in unveiling the problem of the research. There was also the significance of the study aimed at finding out what is the unique contribution of the research to knowledge. The researcher wanted to fill a gap in knowledge and create a basis for further research. The scope and limitation of the study was meant to create a boundary on the research area, the period and the limitation encountered. The areas of focus were selected federal ministries and a federal government parastatals. The period of research is between 2003 and 2007.

Some technical terms used here were carefully selected and defined to make easy understanding of the work.

Chapter Two consisted of Literature Review and Theoretical Framework. In this chapter, relevant theories relevant to evaluation study were reviewed and one was adopted to serve as framework of analysis. The literature review essentially reviewed relevant literatures on the subject area so as to have in-depth knowledge of of the policy of monetization, the procedure adopted and the critique of the work.

Chapter Three, concerned with Research Methodology. The sources of data, the instrument of data collection, the reliability and validity of the instruments, the population and the choice of sample size were all clearly demonstrated.

Chapter four, dealt with the history and development of monetization of fringe benefits in the Nigerian federal public service. It gave a detail exposition of the concept of monetization generally in a global perspective and the Nigerian experience in particular.

Chapter five consisted of data presentation, data analysis and test of hypotheses. This chapter is the most important chapter of this dissertation. The raw data collected from the field were presented

and analysed. This analysis gave in-depth exposition of the problems and prospects of the subject matter. The hypotheses of the study were tested whether or not to accept on the basis of available facts and figures in that study.

Chapter six was the summary of findings of the research, the conclusion and the recommendations. , which are the views of the researcher on how best to overcome the problems unearthed in the research study aimed at examining the implementation of monetization of the policy of monetization within the context of waste control.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Introduction

The first part of this chapter reviewed relevant data written by scholars on Monetization of Fringe Benefits and other relevant areas. It essentially reviewed these works and a critique of the works were also presented. It also demonstrated the extent to which the researcher was able to expose his horizon on the subject matter. Infact monetization as practiced in other countries were also reviewed. The second aspect of this chapter gave an exposition of theories that are relevant to the work and one of the theory was adopted as the theoretical framework of the research.

2.1 Literature Review

Fringe Benefits and Allowances in the Nigerian Federal Public Service at different times and periods had undergone review in the past. Following the Harragin Report on the revision of Salaries in 1946, the Secretary of State, in a circular with Reference Number 11/1947 (MP00339), reviewed some allowances and benefits that were generally applicable in the service at that time and were

payable to officers in specific Ministries or Agencies because they performed specific tasks Ekaette (2003).

The Udoji Salaries and Wages Review Commission of 1974 comprehensively reviewed Fringe Benefits as they affected Annual Leave, Sick Leave, Housing, Motor Transport Allowance, Official Cars, Entertainment Allowance, Children Allowance, Duty Allowance for Teachers, Private Practice by Doctors in Government Service etc. The Commission in its recommendation advocated firm linkage of Salaries and Fringe Benefits and also recommended strong public service reforms. Most of these Fringe Benefits were applicable throughout the entire public service. Ekaette (2004)

Writing on monetization, Dlakwa (2003), observed in his paper "Implication of Monetization policy on good governance as the third tier of government". He defined monetization as the decision by the federal government to convert the prerequisites of office enjoyed by public officials into monetary Benefits. Instead of government to directly procure, provide, maintain facilities and utilities for public servants, it opted to providing the money equivalent to the deserving

officers. The public officer is at liberty to decide how, what and when to spend the cash for, when provided.

He recognised Monetization policy as a means by which government could curtail waste, fraud and abuse associated with it. He was of the opinion that monetization was so necessary that its role could not be over emphasized. He went further to explain that Monetization policy would prepare workers to plan for their post retirement life. According to him, the policy allowed a worker to own a house, vehicle and other facilities, which could make life better after retirement. He observed that some workers could never own a house, vehicle and other facilities, if Monetization had not been implemented, because the allowances they received earlier for those facilities were inadequate to acquire them. The worker, would have substantial amount of money as a result of the policy to invest in business after retirement, when the Fringe Benefits are paid lump sum. He did not however, evaluate the implementation, unlike what this study sought to do.

According to Abu (2003) in his paper “Mechanism for the implementation of the Monetization policy on government officials”

He observed "……for quite some time now, the revenue accruing to government has been expended mainly on recurrent expenditure with substantial part of it spent on overheads and provisions of amenities and fringe benefits to public servants, leaving very little for capital development". He went further to say that the resources of the nation were spent on a few servants of government and this was further worsened by wastage and abuse in the process. In other words, it was unfair to use the huge resources of government to provide for only approximately 3% public servants out of an approximately 140 million Nigerians, when majority of them were languishing in abject poverty. This concern coupled with the desire to eliminate waste and leakage in government expenditures, made monetization to be seen as panacea to the problems. This formed a part of the issues this research addressed but certainly not on the effectiveness of implementing monetization policy.

Joshua (2003) observed that monetization needs must, first of all be identified before the monetization process could be undertaken. The mere fact that government was experiencing high cost of governance and high level of corruption, was not enough to

monetize Fringe Benefits. This is true, because the policy might be expedient to address the problems of the moment, but what about its likely perversion during implementation? This observation took cognisance of Nigerian perennial experiences on policy implementation. There was nothing concrete actually to convince Nigerians that this particular policy would be treated differently. Of course Joshua's (2003) view on Monetization was in tandem with the focus of this study that though there was widespread corruption, leading to high cost of providing Fringe Benefits, Monetization according to this study could only addressed the problems if handled with utmost caution and commitment.

In the organized private sector, monetization was earlier practiced on components like company cars, furniture and fittings, medical allowances, housing accommodation and so on. There was also one related element that needed to be stressed further, which was the stock option, when an employee was allotted units of shares in place of cash. For employees to have a stake in organizations, some parts of their Fringe Benefits payment were converted into shares. The employees, whose benefits were so converted to

shares, had the option to reconvert shares to cash at any time they so desire afterward. Reports from the private sector showed according to Ashaye (2003) that monetization of workers benefits in the private sector has enabled private firms to reduce waste and improve workers standard of living.

Monetization policy was adopted when government realized the intolerable level which the overhead cost of government had reached due to over bloated expenses on Fringe Benefits, worsened by abuse and misuse of the benefits. Hence monetization became an attractive option. It was seen as an effective measure of controlling waste and putting more money into the pockets of workers as well as achieving development for the benefits of all Nigerians from the resources that would be saved. In fact Tukur (2003) of the Revenue Mobilization, Allocation and Fiscal Commission (RMFAC) alerted the nation that the blue print of monetization targeted only political office holders and did not capture workers of the public service. "….Civil servants are not captured by the policy except political officers such as ministers, advisers, special assistants and national assembly members…. ". In

the case of accommodation for instance, civil servants would have problems paying for the going rate recommended for political appointees. Guardian (2003). Obasanjo insisted otherwise, because of his firm belief on the policy as a cost saving device. He consequently set up various committees to look at the modality of extending it to workers in the Nigerian public service. This was further heightened by the remarkable successes it brought on waste control in the administration of Fringe Benefits in developed and other fast developing countries who share similar characteristics like Nigeria. In fact, Nigeria is more richly endowed in terms of human and natural resources than most of them, yet they are ahead in terms of development, owing to the fact that resources are prudently managed.

Workers in the public service were filled with a high sense of euphoria when monetization was adopted, largely due to the manner their counterparts in parastatals like NNPC, PAN, CBN, NITEL had benefited from it, when it was introduced much earlier. Their Fringe Benefits were usually paid lump sum and up-front. It was thought, workers in the public service would enjoy similar

benefits. It accounted to why they threatened to go on strike, pressing the federal government to implement the Monetization of Fringe Benefits in the public service. It was reported in Guardian Newspapers in a caption that read “Civil servants threatened to go on strike if Monetization is not implemented by the federal government”. Guardian (2003). They anticipated a lot of money to buy houses and vehicles and to prepare for a more comfortable post service life, different from the hitherto painful and traumatic experiences of pensioners.

2.1.1 Monetization of Fringe Benefits and Cost Reduction in the Nigerian Federal Public Service

Aluko (2003) defines Monetization as “…a systematic and immediate replacement of workers Benefits with cash payment. When fully implemented public servants would receive cash in lieu of Fringe Benefits and take home in one pay packet all their entitlements”(sic). It also meant converting some or all Fringe Benefits to cash and paid either in bulk or in phases as found appropriate by the organization concerned. To monetize, simply meant to transform Fringe Benefits to money or monetary value i.e. civil servants and political office holders were given specific sums of

money equivalent to the benefits in kind to take care of their needs themselves.

As earlier observed in the foregoing section, the policy of monetization, fashioned out by the Federal Government, was partly to reduce the cost of providing benefit to workers in kind as well as to encourage workers to own houses through building or buying. It was meant to equip the workers to overcome post retirement life that was characterised by traumatic experience. It was also meant to curtail unbridle waste of government resources by public servants, based on the usual flimsy excuses that government property was nobody's property and thus commanded nobody's care or attention.

Prior to the adoption of the policy of Monetization of Fringe Benefits, government provided residential accommodation to some categories of political office holders and public servants. In meeting this obligation, billions of Naira was spent in construction of staff quarters and furnishing. However, with the introduction of monetization, government quarters were sold and a proportionate

amount of money paid to public servants and political office holders to enable them build or buy houses of their choice. Thus, in comparative analysis, building houses for public servants by the government involved more huge financial commitment than giving them the money to build houses due to fraudulent practices associated with the practice.

Motor vehicle loans were no longer granted directly by the government, rather, government stood as guarantor and ensured that a single digit interest was charged. It was hoped, it would lead to effective cost reduction in governance. Previously, government granted these loans. Obasanjo Reforms (2003).

In the same vein, buying new vehicles by ministries was banned, extra-ministerial departments and Federal Government Agencies except with the approval of Mr. President. Likewise, Government was set free from spending much on vehicle maintenance and fuelling which were costly and fraudulent.

Government properties or facilities in general which were provided for public servants as Fringe Benefits were often misused and wasted and government spent much in maintaining or replacing them. With Monetization, government was expected to henceforth desist from providing these facilities and maintaining them was unnecessary.

Monetization was seen as a cost saving device, in the sense that, it would be a very transparent avenue for the disbursement of public funds. More so, the disposal of the apparently excess vehicles owned by government at the approved book value was not only a reduction in the cost of governance but also a boost to revenue generating efforts. Eneobong (2003) observed that Monetization would enable government to

> …….save some money hitherto used in providing houses and cars….the beneficiaries would have the option of using the money given to them as they wish without anybody asking them to come forward to show proof of spending…..government would have saved a lot of money for the ordinary folks in the street ……use this money to provide them with amenities.

It was hoped Monetization would eventually make everyone in the society a beneficiary.

2.1.2 Monetization and Salary Administration

Although the focus of this research was on Fringe Benefits , it could not be separated from Salary Administration. For one, Fringe Benefits would only make sense, if it was related to salary. Basic Salary and Fringe Benefits constituted the quantum of a worker's pay.

Salary administration is a technique of determining financial rewards in such a way that equitable and adequate emoluments were given to workers. It served as motivation in an organizational setting, be it public or private.

According to Pigors and Myers (as cited in Ngu 1994) "if the general level of wages and salaries of workers within an organization was too low in relation to other comparative firms, it would be difficult to attract and retain qualified employees". It could breed corruption and unprofessional conduct. Disparity in salary payment within an

organisation should be de-emphasised. This was because, disparity in salary administration within an organisation would result to corruption and increase cost of production or of providing services. The face up between the government and RATAWU (Radio and Theatre Amalgamated Workers Union) and other trade unions, over non payment of Monetization Benefits to workers of parastatals, when workers of core ministries had earlier received theirs, should be understood within that context. RATAWU went on strike, because, they were unfairly treated. They argued that since they all drew their salaries from the same federal budget, paying some workers and leaving others in limbo was wrong. The strike action that followed compelled the federal government to extent the benefits to them with effect from 1st October 2005. The short period of strike was a needless loss in man hour in the public service in terms of service delivery.

Therefore, an effective salary administration must ensure equity among employees, if these were met, then compensation in form of salaries and monetized Fringe Benefits in pubic service would have a considerable value for achieving organizational goals.

They further went on to say;

> Monetization of remuneration… might be politically easy or difficult depending on the degree to which salaries compensate for loss on non wage benefits . The whole issue of monetization of fringe benefits are attempts geared towards removing the de-motivating distortions in government remuneration structure. It is aimed at reducing the proportion of pay from non-wage benefits. “It is politically difficult”, to dispense with non-wage mechanisms without redressing the inadequacies of the salary structure that stimulated the emergence of non-wage distortions in the first place.

This was the Nigeria’s experience with regards to the implementation of monetization policy by the federal government. It indeed generated a lot of reactions from many Nigeria Civil Servants.

According to Lindaver (1994) monetization had direct linkage with salary administration, viewed from different angles; salary erosion which denoted the precipitous fall in real salaries of government workers with severe “macroeconomic difficulties”. This occured mostly with revenues dwindling and government employment expanding or at least not falling, expressed earnings in real terms had to decline. It was this decline in real term’s earnings that called

for an administrative mechanism competent to handle these delicate issues. They maintained that pay adjustment could be realised by assembling high-level commissions to review government compensation. In other words, attempt was made at closing the gap in pay and benefits. So that it would serve as a necessary elimination of the economic rents that had accrued to government workers.

Although critics viewed the salary erosion system of administration as a poor indication of the true compensation for government work, it should be noted here that, poorly paid government workers do not simply abandon their duty posts; they reinforce rather than negate the proportion of the inadequacy of official compensation. The major official fringe benefit for some civil servants was housing, either in form of actual housing or a housing allowance. If, as it was often assumed, households spent 25% to 35% of their income on housing, then, for those who received housing allowance of 65% to 75 % of total compensation was still subjected to precipitous decline in purchasing power brought by the combination of frozen nominal salaries and rising consumer prices.

Salary compression on the other hand, was another adjustment mechanism to accommodate the growth in employment and the decline in revenue available to compensate the government's workforce. Salary compression, could be viewed from two alternate angles: when prices tended to move higher, government often adjusted Civil Service wages by granting across-the board increases in nominal pay. In the same vein, government also involved itself in granting large percentage increases to those at lower grades.

The view by Stevens (in Lindaver et'al 1994), suggested, "the civil service of my country should be compensated far above the other sector to enhance their efficiency and effectiveness. This is because the civil service is the bedrock of every government." It was argued that "it is relatively easy to understand why government reward its civil servants generously, but the difficulty arises in matters relating to government's ability to finance such expenditures." What the government was expected to do was to use excess amount paid to workers and divert it to expand government's services.

This argument could be refuted when one ventures to look at situations of some developing nations with particular reference to their employment. Lindaver (1994) further argued, the wage leadership model of government pay-setting had considerable appeal particularly where the public sector was a dominant employer of wage labour. This was particularly true in Nigeria where the major employers of wage labour remained the government. What needed to be done in government sector should have been adjusting more quickly to the decline in resources available to compensate the civil service. If this was not properly done, there would be an increase in a great number of redundant workers. Those workers would have been denied the necessary compensation to perform their duties even when not inclined to do so.

Fringe Benefits are part of what constitutes pay or salary. Salary administration is the technique of applying financial rewards in such a way that equitable and adequate emoluments are given to workers, which in most cases, served as a motivating factor in an organizational setting, be it public or private.

It should be understood that salary and fringe benefits constituted what is regarded as the quantum of workers pay, which are essentially the compensation for labour. This explained why they are integrated in this study. It was argued, that lack of equity and salary administration and low pay are the reasons behind the high incidents of corruption in the Nigerian public service. This was particulary true with the Nigerian situation, where low pay had partly made the anti corruption war by Economic and Financial Crime Commission futile.

2.1.3 Monetization and Fringe Benefits

According to Lindaver and Nunberg (1994), Monetization policy and Fringe Benefits was like rehabilitation by government in civil service. It entailed rationalising remuneration by reducing the proportion of pay from non wage benefits . These benefits such as housing, health and transportation allowances which civil servants enjoyed were different from their salaries.

In the same vein, other official benefits , including transport, health and family allowances are difficult to quantify. That made it difficult to carry out a successful monetization exercise, because officials could inflate the figures for their personal gains. That was quite true, because the 87 billion the government owes workers of parastatals, government feels it was inflated.

According to them, benefits both legal and illicit were not fully reflected in the official salary structure. Official allowances including housing, health benefits, transportation and travel privileges and the more nebulous 'access' of government officials to goods and services were often not monetized. What could be deduced from this was that distribution of non-wage benefits among different employees' levels was made difficult to implement.

2.1.4 Monetization in other Countries

Monetization of Fringe Benefits in the public service had worked perfectly well in other countries of the world. In countries such as U.S.A, Britain, France, Russia, Japan and even some African countries like, Ghana, Tanzania etc. workers in the public sector

enjoyed a comfortable welfare scheme, because most of their Fringe Benefits were calculated in monetary terms and paid to them in bulk. The successful implementation of the policy in these countries had enabled them adopted maintenance culture and minimised waste, misuse and abuse of facilities, since they are private properties.

According to Aluko (2003), Monetization policy as practiced in other countries like Britain, was quite different from that of Nigeria. In Britain, Public servants were employed and given cars, which were paid later. Britain does not provide its officers houses, cars and furniture using public funds. In some developed countries like America, only the President and Vice President are provided with housing accommodation.

Among all the components of monetization of Fringe Benefits monetized, the ones that vary greatly from one country to the other are medical and Health Benefits .

2.1.4.1 The United States of America

Monetization of health benefit in America authorised the value of "avoided morbidity" by determining the amount a person would need to be paid to avoid an illness. The estimate included the

i. value of an avoided pain and suffering, the
ii. value of time lost due to illness, and
iii. cost of medical treatment.

According to US Academy of Sciences (2003) the amount is expressed as "Willingness To Pay" (WTP). For certain illnesses such as bronchitis, it is economical to measure what a person would be willing to pay to be paid to reduce the risk of dying. The amount is expressed in terms of the Value of a Statistical Life (VSL). The VSL included the lost income associated with dying prematurely, by computing and incorporating such values in health, benefits the United States recorded high productivity. Aluko (2003).

2.1.4.2 Monetization of Fringe Benefits in Britain

Unlike the Nigerian benefit scheme, which aimed at ensuring efficiency in resource allocation, the British system encompassed

both efficiency and equity. It was a fringe benefit that the entire citizenry, regardless of whether or not one is in the public service, is expected to benefit. The British benefit scheme is covered by a National Insurance (NI) policy. Benefits accrual depended on ones contribution to the insurance scheme and allowance due to an individual. Example, a citizen might be able to get contribution on-based Job Seekers Allowance (BJSA) even if he or she was not paid enough National Insurance contributions. Aluko (2003)

Fringe Benefits existed in two (2) forms in Britain:

i. Benefits based on National Insurance
ii. Benefit not based on National Insurance. Aluko (2003)

i Benefits Based On National Insurance Contribution

These Benefits are:

a. Contribution- based job seekers allowance: you may be able to get contribution-based job seekers allowance even if you have not paid enough national insurance contribution, if you have been working abroad for an employer based in the United Kingdom (UK) and paid National contribution for the 52 weeks of that employment.

b. Maternity Allowance: This is for pregnant women who could not get statutory maternity payable for up to 18 weeks. This also was based on having been working for an employer based in U.K. and paid National Insurance Contributions for the 52 weeks of that employment. Aluko (2003)

c. Incapacity Allowance: This incapacity is meant to benefit incapacitated personnel like in the armed forces or those who are under 20 years or have been sick for 28 weeks or had worked in other European Union Countries.

d. Retirement Pension: This is for people who have reached state pension age. It is based on National Insurance (NI) contribution.

e. Statutory Maternity Pay (SMP): SMP is a weekly benefit paid to a pregnant woman by her employer, payable for up to 18 weeks.

f. Bereavement Allowance: This allowance is based on ones late spouse's National Insurance (NI) and paid for 52 weeks from the date of bereavement.

Widowed Parents Allowance (WPA): WPA is a regular payment for Widows bringing up children, based on their late husband's National Insurance Contribution. Aluko (2003)

ii **Benefits Not Based On National Insurance Contributions**

a. Disability Living Allowance (DLA): This is paid to people who need help looking after themselves. Persons must have been ill, disabled, before 65th birthday. This could also be for those aged five (5) or over and must have lived in Britain for 26 weeks and above before claim.

b. Housing Allowance: This allowance is paid to Local Councils to help them pay rent and must have a right of habitually resident in the U.K.

c. Income Support: The benefit is for people on low incomes who do not have to sign at the job centre and who do not have savings of more than £16,000 or those living in nursing homes. This started from April 2006.

d. Income-based Jobseekers Allowance –(JSA): This benefit is based on how much the law says you need to live on, just like living index and paid to people who are capable of working, available for work and actively seeking work. This benefit is also for those with the right to reside in the U.K, Ireland and Isle of Man.

e. Industrial Injuries Disablement Benefit (IIDB): This benefit is for people who are disabled by diseases or deafness caused by a job they have done. It is also for people who are disabled as a result of accident at work. This benefit accrued to those who were paying NI contribution or whose employers were paying NI contribution for them while they were working abroad. Aluko (2003)

f. Statutory Sick Pay (SSP): This benefit is for people who have been unable to work for at least 28 weeks in a row because of illness or disability. You might get it if you had never worked. This benefit is a kind of social security benefit.

g. Council Tax Benefit (CTB): Council Tax Benefits are paid by Local Councils to help staff to pay council tax. www@Workersworld.net (1984)

2.1.4.3 Monetization in Ghana

The Ghana Fringe Benefit system was only recently given renewed vigour. The new scheme is inculcated in the public sector reforms policy as announced in the 2006 budget. According to Nduom (2005) the main impact of the new policy would be the devolution of ownership or responsibilities from government o officers, thus

making the officers directly accountable and responsible for the use of yhose resources.

The new policy which came into effect in 2006, was intended to put more cash into the hands of public sector workers under the implementation of a new pay reform scheme. The scheme came in three phases:

a. Fringe Benefits and other allowances other wise provided directly for certain categories of workers and included utilities.

b. Maintenance: House help and security allowance was consolidated and the quantum paid in cash to the beneficiaries. In that circumstance, the decision to acquire or pay for these services rested on the individual worker.

c. The policy aimed at offering public servants enhanced salaries and also made the decisions to engage people to work in their houses or acquire some facilities discretionary.

Nduom (2005) further explained, progressive monetization of non-cash Benefits was implemented in phases:

- Phase 1 was the consolidation of all cash allowances, monetized and consolidate such benefits as fuel, house staff, driver and utilities (phone, electricity and water) while
- Phase 2 was monetized and consolidated benefits such as housing.

In using the Ghana scheme, public servants contributed larger amounts to the pension scheme, provident fund, which were investments aimed at supporting the worker on retirement. Nduom (2005)

The merits of the Ghanaian Benefits scheme was that it would ensure government controls its expenditure at the end of every month, since the new scheme would check inefficiency regarding the use of utilities, among others. The policy like in Nigeria targeted both higher and lower income earners.

2.1.4.4 Monetization in Japan

Japan like most developed economies has its Fringe Benefits rooted in Contributory Insurance Schemes. Employees in Japan through their employers paid in percentage certain amount to the insurance

scheme and which is remitted to the individual, upon demand or circumstance as they related to employees' benefits. Human Resource Management; Jethro (2005)

Japan has a universal insurance system whereby everybody residing in Japan must, in principle, take part in the public health insurance and pension insurance system. Japan's Fringe Benefits system was rooted in two different kinds of insurance system which employers or companies were legally obliged to participate. According to Human Resource Management; Jethro (2005).

These were:

a. Labour insurance

b. Social insurance

a. Labour Insurance

The following are types of labour Insurance:

i. Workers Accident Compensation: This covers any illness or accident incurred by workers as a result of work or while coming to or from work.

ii. Employment Insurance: This provided for workers that become unemployed and it helped to maintain stable employment by providing financial aid and subsidies. Human Resource Management; Jethro (2005)

b. Social Insurance

i. Health Insurance and Nursing Care: This covers medical and nursing care expenses incurred by workers.

ii. Employees pension: This provides for Benefits to workers in their old age or in the case of death or disability.

Special note must be taken that the social insurance was in principle for all residents in Japan regardless of any affiliation as it might concern work.

Broadly speaking, under the workers' accident compensation, all workers in Japan through their employers paid a premium from their wages depending on the nature of the job. Complex jobs like tunnel or hydro power plants paid a maximum rate of 12.9% while Financial and Retail outfits pay minimum rate of 0.5% for the insurance. Benefits were paid for any illness, injury, disability or death that

incurred in the course of work. Under the employment scheme, premiums were calculated based on percentage of a workers' wage from April 2005, Insurance premium rate was 1.95% the employer paid 1.15% and workers paid 0.8%, with the exception of few kinds of job. Fringe Benefits accrual to this scheme type were determined according to the reasons for leaving the job, the length of time for which the insured was covered, his or her age etc. Human Resource Management; Jethro (2005)

Then, there was the Health Insurance and Nursing Care Scheme. In March 2005 General Insurance Scheme, insured and paid 8.2% of standard monthly remuneration for nursing care. Premiums were 1.25% and were for those at 40 years and above.

The health scheme covered both part-time and full-time workers. Part-timers must have not less than 75% work hours of those full timers 70% of expenses incurred for medical treatment at designated insurance medical institution covered while 30% was paid by the insured party.

The last but not the least, the Employees Pension Insurance Scheme is designed for all full time workers employed at incorporated companies, as well as part time workers, who worked hours not less than 75% of full time workers. Premium was shared equally between the employer and employees at 7.14% for each. Benefits of this system are paid in old age, disability and death. There is the child welfare contribution, which is a contribution to a social welfare system for child benefit and differs totally from benefits offered to workers through employers. Human Resource Management; Jethro (2005). This is how Japan operates its Fringe Benefits system. Next is the Benefits system in Tanzania.

2.1.4.5 Monetization in Tanzania

Fringe Benefits system in Tanzania like most African countries is not so much embellished in the network of insurance. Unlike in Nigeria, that was a relatively new Pension Insurance System for Labour and National Health Insurance Scheme, which rubbed on workers. Tanzania for long has affiliated Insurance Procedure in its benefit system. Take for instance, the social security, which ensured workers pay 10% of basic wage bill towards a pension programme.

Benefits in Tanzania though sparsely remunerated came in variety of forms. . www@Workersworld.net Encarta (1984)

- The rent allowance
- The transport allowance
- Skill development levy allowance
- Sick allowance etc.

Under the workman compensation ordinance, employers are required to purchase insurance scheme for their employees. There is the benefit paid annually to employees including 28 days leave. Under sick allowance, workers paid three (3) months' salary as sick leave allowance after which half month salary was paid for another three months if the illness persisted. Maternity allowance is another benefit for female employees who are nursing mothers and are entitled to be paid maternity leave for 84 calendar days. . Encarta (1984).

2.2.0 Theoretical Framework

Theories are used to serve as guide or a framework to a researcher, while conducting a research. There were two theories examined in

this work, which are all on evaluation study by Edward Suchman and William Complain were all found relevant. However, this study adopted the evaluation study theory of William Complain, which provided that evaluation study should of any policy should be done on the basis of the objectives of the policy itself.

2.2.1 Edward Suchman Evaluation Theory

According to Edward Suchman, when one is assessing, appraising or judging the performance of an activity, one is conducting an evaluative research. Suchman evaluative research is meant to assess, appraise or judge the performance of an activity. As he puts it ;

> …when ever one asks such questions as. How good is the programme? Is the programme working as expected and uses such instruments as rating, appraisal forms, evaluations/guides or research designs which involves company accomplishments before or after in the presence of a particular action? One may be said to be conducting an evaluation study.

Suchman was the advocate of evaluation study. He was of the view that research evaluation study is used to ascertain the extent to which the success of a policy is determined on the basis of certain

recognized performance criteria. He identified these five different performance criteria that are used for evaluating a policy performance as the following;

i. effort,
ii. adequacy,
iii. efficiency,
iv. equity and
v. effectiveness

It would be important to examine what these performance criteria and relate them to the implementation of the policy of Monetization of Fringe Benefits in the Nigerian Federal Public Service:

Effort criterion

According to Suchman, every policy that is implemented, its success is determined by the quantity and quality of activity that takes place. This meant an assessment of input or energy regardless of output. It also addressed questions like “what did you do?” and “how well did you do it? To answer the question of “what did you do?” What readily comes to the mind of the researcher was

evaluating the implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service from 1999-2007. The next important question under effort is “how well did you do it?” It meant in this case how well the policy of Monetization of Fringe Benefits was implemented within the context of achieving its set objectives.

Adequacy criterion

This referred to the degree to which effective performance of a policy is adequate to the total amount of need. The measurement of performance at this level was meant to find out the impact of policy on the target group. The target groups here were workers, the public bureaucracy and the political office holders. The policy was meant to ensure that government is able to control waste which hitherto characterized provision of Fringe Benefits to public servants. It was also meant to meet the needs of public servants in terms of providing them with adequate money to build or buy houses and vehicles, to invest in business and have enough to save for the rainy day or the diffcult period of retirement. It was also meant to find out whether workers were paid adequately as provided in the blue print

of monetization policy. These were the pertinent questions answers must be sought for.

Efficiency critrion

Efficiency was concerned with the most efficient alternative paths or methods in terms of costs, time, personnel and public convenience that were put into the implementation of the programme. It represented a ratio between effort and effectiveness or when output is divided by input. Efficiency is defined as the capacity of an individual, organization, facility, operation or activity to produce the best results with the minimum effort.

Equity criterion

Equity implied that the programme should have equal treatment of people with similar circumstance that is the target group or the public servants in this case. In considering equity, there must be distributive justice and the impact of the benefits should also be fairly shared. The equity criterion implies that the benefits of monetization of fringe benefits among public servants should be able to ensure equitable benefits among workers which are fairly

distributed to the extent that none should gain at the expense of the other. Equity should be applied among public servants within an organization, across organizations and sectors irrespective of whether it is between core ministry and parastatals or between senior and junior.

Effectiveness criterion

Effectiveness essentially measures the results of an effort rather than the effort itself and this result should be in relation to how it impacted favourably on the target population. As already pointed out, the target groups were the government who needed to reduce the huge burden of providing fringe benefits to workers, so that money could be saved for other uses or development. It also sought to provide more money to workers to provide facilties for themselves and ensure the optimum utilization of those facilities, unlike what prevailed prior to the introduction of monetization. Essentially to ensure there was in the federal public service effective waste control. This was done with a view to identify the success or failure of a given public policy.

The Federal Government's main goal for implementing monetization of fringe benefits was to ensure waste control as well as to public servants to take control of their expenditure when government paid them cash instead of government to provide or buy for them. In this case the money paid to workers would be used to buy their own cars, houses and plan to cope with the trauma of transition from public to private life. At the end of recommendation would be proffered to address gaps that are noticeable while the policy was implemented.

2.2.2 William Complain (1974)

Another Theory of Evaluative Research was that of William Complain (1974) His theory of evaluation research, could be used to evaluate public policy. The framework of his treatise was the following;

Identify the formal objectives of the policy.

This involved determining which objectives are procedural (that is objectives associated with the administrative implementation of

policy) e.g how is the monetization scheme managed to improve its internal administrative performance. It also involved determining which policy are substantive (those related to the actual accomplishment or failures of a policy). For example, whether the implementation of Monetization of Fringe Benefits brought about waste control? Did it also provide adequate money for workers to buy houses, cars, invest in projects and save for comfortable transition from public to private life?

a) Evaluation of Policy Performance

In trying to operationalise an objective, the analyst should measure the performance criteria of **effectiveness**, **efficiency** and **effort** bearing in mind that the objectives which measure effectiveness are operationalise differently from those which measure efficiency and effort. This thesis fell under the effectiveness criterion.

There is a striking similarity between this theory and that put forward by Suchman. However, the researcher considered the framework by Edward Suchman more comprehensive and detail. From the two theories discussed above, they are all relevant here, but the

researcher used theory advocated by William Complain. The study analyzed data on the basis of the objectives of Monetization of Fringe Benefits, which was critical to determine its effective implementation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction:

Research design according to Kotler (1973) is a choice among many alternative ways to collect information that would satisfy the research objectives. The researcher must decide in the data collection method, the research instruments and sampling plan. In this study, the researcher adopted descriptive research, which describes and interprets the actual phenomena being studied. Ndagi (1984) explained that a descriptive research involved the collection of data for the purposes of describing and interpreting existing conditions, prevailing practices, beliefs, attitudes and on-going process. In the same vein, Akuezuilo (1993) further explained that descriptive research seeks to find out the conditions or relationships that exist, opinions that are held, processes that are on going, effects that are evident or trends that are developing. The major advantage of descriptive research was that if tends to be more accurate. This is because the researcher here is in control of the actual situation in the field. Osaze (1985) however opined that the accuracy of the information so collected would depend on the ability

and competence of the researcher, his honesty, integrity and capability to relate questions asked to the objective of the research. Therefore the researcher adopted the historical and descriptive research methods as the most suitable required for meeting the research objectives.

The experimental research was rejected, because, the method of research is usually applied under laboratory situation either in the field or in the Science Laboratory. It also compared variables under examination in order to derive verified functional relationships among various phenomena under controlled conditions Osuala (1987). The major setback of this kind of research as observed by Osaze (1985) was that it is prone to various errors.

3.1 Population of Study:

As at January 2003, there were 996,744 workers in the Nigerian Federal Public Service. Out of this number, 1,448 were political office holders, 1,152, judicial officers and 469 federal legislators. This was less than 3% of the total population of Nigeria put at 140,000,000 by the 2006 National Population Census result.

Due to limitation of human capacity or human weakness, it was practically impossible to conduct research on the entire population of workers in the Nigerian Federal Public Service, therefore five (5) organizations were selected which gave us a total study population of 8,223 from the five organizations as presented on this Table below:

i. Federal Ministry of Finance. It was selected because it is one of the most critical ministries that was directly involved in the implementation of monetization of fringe benefits, atleast in terms of releasing money.
ii. Federal Ministry of Justice
iii. Ministry of Interior
iv. Tourism Development Corporation. (It represented federal government parastatals).
v. The Federal Capital Development Authority (FCDA). (It served as authority that was directly involved in the auction of government houses, which was crucial in the implementation of monetization in the public service).

For the avoidance of doubt, the selected organizations and other relevant statistics are presented in this table for for easy comprehension.

Table 3.1 Respondents According to organizations;

S/N	Selected Institutions	Population	Sample	% of Sample Population	Number of Questionnaire Returned	% of Questionnaire not Returned
1	Federal Ministry of Finance, Abuja	1,389	100	7.199	94	5
2	Federal Ministry of Justice (The Supreme Court)	1,278	100	7.82	85	15
3	Tourism Development Corporation, Abuja	359	100	27.85	80	20
4	Federal Ministry of Interior	3,212	200	6.22	170	30
5	Federal Capital Development Authority	1,985	100	5.05	81	19
	Total	8,223	600		510	

Source; Survey by the Researcher, March 2007

3.2 Sample and Sampling procedure

A sample is a representative of a population of a study. The idea of sampling is based on the fact that, it is not always possible to carry out a study on the entire population, because of human wealness. The importance of sampling was stressed by Luckier (1980) that there…."are many experiments which demonstrate that, where substantial number of products are made, the results from sampling inspection are more reliable than those from 100% inspection". This is very relevant in thos case and that was why sampling method was adopted,

Related to the above is the issue of sample size, which at all times must be a fair representative of the population we are using, such that whatever result we are able to get from the sample, could be used to generalize on the rest of the population. Judgemental sampling was used to purposefully select a proportioate sample of 100 from the selected five organizations except, Ministry of Interior, where 200 was used, because its population almost doubled or tripled that of other selected organizations. Out of the total of 600

questionnaires distributed, 510 were retrieved, while 90 could not be recovered or were improperly filled. 85% of retrieved questionnaires were recorded as indicated in the computation below;

$$\frac{510}{600} \times \frac{100}{1} = 85\%$$

This meant 85% Questionnaires were returned, which was an impressive percentage.

Key

1. 510 represented the returned questionnaires
2. 600 represented the sample from the selected five institutions in the Nigerian Federal Public Service.
3. 100 represented percentage used for computation in the selected organizations.
4. 85 represent the percentage of questionnaire returned.
5. 15% represented the percentage of unreturned questionnaire.

In consonance with the constraint stated above and the population under study, the researcher made use of random sampling as well as Cluster Sampling methods and rejected systematic and stratified

sampling. The size of the population and their geographical dispersion, made it very necessary to adopt the aforementioned method.

3.3 Instruments for Data Collection

Although there is no fast and hard rule as to what type of instrument one should use in collecting data for research, the type of research one is conducting, and the nature of population are vital on which one instruments to use.

For the purpose of this work, primary and secondary data were used in this study'. Osuala (2001) defined primary source as that "source which has been recorded by an actual eyewitness or participant in an event or the historical object itself, which is available for examination". Interview was also adopted to get respondents speak on some issues as well as to observe their emotions. It was also an opportunity for both the Interviewer and the Interviewee to get clarifications on issues that were hazy. The Questionnaires consisted of Likert scale model, where opinions were expressed and the respondents were required to choose among the options, the

ones that best suit his opinion or sentiment. For secondary source of data collection, Textbooks, Journals, News-dailies, Magazines, Government publications, Internet browsing (Google website etcetera) and Encarta 2003, 2004, 2005, 2006 and 2007, were all utilized.

3.4 Methods of Data Presentation and Analysis

The method of presenting data was by tabulation and the use of simple percentages. The data were sorted and tabulated to help ensure clarity and logical presentation of the data collected from the field. The simple percentage was found cogent for descriptive analysis, while the chi-square statistic was meant to consider for inferential analysis. The Statistical Package for the Social Sciences was meant to be used for the analysis of data because of the belief of the researcher that it would be convenient and relevant to the work. The Chi-Square is used to measure the level of discrepancy between observed and expected frequencies and the formula is presented as:

$$\sum X^2 = \frac{(O-E)^2}{E}$$

Where:

X = Chi-Square

O = Observed Frequencies

E = Expected Frequencies

$\sum$ = Sigma or Summation

The usual method of computing the chi-square is using expected frequency to calculate by multiplying the column total by the row total and dividing the result by the grand total for each cell.

$$E = \frac{CT \times RT}{GT}$$

Where;

E= Expected

CT=Column Total

RT=Row Total

GT=Grand Total

The Degree of Freedom is the number of freely varying scores within the sample. The difference is always one less than the sample size and is given as:

$$DF = N - 1$$

The level of significance refers to the maximum probability with which the researcher could be willing to risk: It could also be referred to as probability of making a type one error, which is designated as alpha; that is rejecting as false a hypothesis that is in fact true. For the purpose of this study, the level of significance the researcher wanted to consider was 0.05

However, after inputting data using the Statistical Package of the Social Sciences, it was clear that the Likert scale nature of the Questionnaires were not in tandem with the technique, because of the qualitative nature of the variables that were studied. Consequently the first method which was the use of tabulation and simple percentages was reverted to. That helped to ascertain the extent to which the policy of monetization was implemented and how effective the implementation was done.

3.5 Administration of the Instruments

The Interview survey was carried out on the respondents who were top government officials, middle level and Juniour staff. It was helpful because areas that were ambiguous, clarifications were sought and answers provided by both the questioner and the

respondents. The face-to-face interview survey was however, cumbersome and trying. It assisted in providing necessary information the researcher could not get because of the nature of the Questionnaires. Infact they methods were complimentary.

The Researcher co-opted five Research Assistants to assist in distribution and retrieval of the questionnaires. Their contributions and commitment were instrumental in keeping the percentage level of unreturned Questionnaires to a low level of 15%.

3.6 Validity and Reliability:

The Researcher made use of questionnaires and face-to-face interview method as well as documentary methods for this study. Pilot study was conducted to test the validity and reliability of the Questionnaires used for data collection. It allowed one to measure what he wanted to measure. Example, whether or not, it would give the researcher the required data, necessary for the study at hand. If one was using a car for example, the validity here was one should test the engine. While reliability could be that, the car could move,

but it might not be reliable. It could also mean, having a strong base of information that could be defended

In order to ensure validity and authenticity of this research work, some necessary guidelines were followed strictly. The questionnaire for instance was drafted in sequential simple English for easy understanding of respondents. Experts in the field in the person of my first and second supervisors, Associate Professor Sylva Manti Ngu and Professor Halidu Abubakar respectively, went through the questionnaires and made necessary corrections to ensure their validity and reliability. In fact, the options for the questions were initially made yes or no, but it was realized that they would it difficult for respondents to freely express themselves. Hence, a change to the Likert scale options of strongly agree, agree, Undecided, disagree and strongly disagree. They were used not only to know how they felt, but the degree to which the felt about the opinions expressed. Validity used here is a requirement in the process of information gathering, which is sound enough to adequately inform the researcher to approve or disapprove the hypotheses.

Reliability is the degree to which a scale yields consistent score when attitude is measured a number of times. This is achieved when the same questionnaires were administered in different organizations.

CHAPTER FOUR

HISTORY AND DEVELOPMENT OF MONETIZATION OF FRINGE BENEFITS

4.0 Introduction

The Nigerian civil service was created during colonialism with only few available british officials occupying topmost positions, leaving Nigerians who were mostly illiterates employed as clerks, cleaners and messengers. The conditions of service and remuneration packets were made attractive to encourage british officials to come and work in the colonies, which were then tagged “hostile territories”. Added to this, residential quarters were provided, furnished and maintained for them by the colonial government at minimal cost. The colonial government picked up utility bills for these quarters, including electricity, water and telephone services. Government facilitated procurement of vehicles for these officers at generous ineterst and were conveniently deducted from their allowances. Domestic servants were hired for them at government expense, while their medical bills as well as those of their spouses and children were also defrayed from public purse. Life was organized in such a way that from one colony to another, standard

of living was improved for those in the service of the british crown Aluko (2003).

The staff did not have to pay for these benefits from their salaries, which in any case were retained for them in Britain. All they collected in Nigeria was a hazard allowance for temporary workers in foreign territories. It was possible to pay these allowances because the colonial government was extracting substantial revenues from the Nigerian colony. The fear of hostility from the natives, the existence of a modern administrative structure which were the debris of Usman Danfodio Fulani Empire (the emirate system in the north) and the few available british personnel, all combined to make the system of indirect rule an attractive option.

As Nigerians gradually became literates and with vibrant nationalist movements, there was gradual move towards self determination. Conditions for entry into the senior service increasingly became relaxed, and more Nigerians found themselves in positions of responsibility and authority. On 1st October 1960, Nigeria gained independence from Britain. One of the cardinal policies of Nigerian

government after independence was the Nigerianization of the Nigerian Public Service, especially at the upper echelon. Unfortunately, the generous Fringe Benefits system inherited from the British colonial system was adopted with little or no modifications. In other words, the emerging Nigerians political and administrative leaders adopted hook, line and sinker, the compensation structure left behind by the colonial powers. They did not only inherit these generous Fringe Benefits, but adopted and subjected these privileges to substantial abuse. Talbat (2004}.

The Nigerian civil servants perhaps did not realize the fact that this generous benefits structure was not even obtainable in Britain itself. The British government does not provide quarters and cars for their civil servants nor hire domestic servants and pay utility bill for them, except of course the President and the Vice President, The parliamentary leaders. All others do not enjoy such privileges. Aluko (2003)

Apart from adopting these colonial generous provisions of Fringe Benefits for Nigerian workers, there was widespread abuse through

acts of dishonesty and corruption. This was further worsened by our cultural values such as polygamy and communal life where a typical Nigerian worker would struggle to cater for all shed of relations, hangers on and numerous children. Such abuses, included cases where in the service you find a civil servant with houses scattered around the major cities in the country like Kaduna, Abuja, Lagos, Kano, Ibadan, Onitsha Benin and so on. Instead of one car, like in some countries, some officers had up to seven cars of assorted brands, each with a driver. Ekaette (2002).

For instance, it cost much for government to construct, purchase or rent residential accommodation for public servants. Huge resources were occasionally spent on renovation, purchasing, fuelling and maintenance of official vehicles in a variety of brands including Cars, Jeeps, and Buses and even in some cases Trucks. Apart from this, they were liable to all manner of abuse and misuse. The same goes to utilities like telephone, water and electricity in the official Quarters of Public Servants.

For example, there were also fraudulent practices associated with the process of processing medical bills and claims for refund. Prior to the introduction of monetization, putting in claims for these refunds grew into an industry and became a cesspool of corruption that was actively facilitated by the claimants, the processing officials, the approving authorities as well as those making the payments. It was infact a mess, and all efforts to straighten out the mess were frustrated by the public bureaucracy, who were largely the benefiting syndicates, and government was put at best to effectively curb the menace Talbat (2004).

Nigerians had tended to take certain dubious steps for granted. In fact in all government ministries at federal, states and local government councils, these problems were obvious. It was done openly as if it were official and sanctioned practices. (Talbat 2004)

Indeed government became frustrated, as all previous attempts to check these fraudulent acts proved abortive. The tendency of lossing huge amount of money in this way was intolerable.

Monetization was seen as the panacea to those myriad of problems.

These were genuine public problems that resulted in monumental waste and denied government the funds necessary to embark on capital projects which are incidentally, the bedrocks of development.

Previous administrations had attempted to redress this worrisome situation by tinkering with the subsisting remuneration arrangement. These efforts however succeeded only in some key government parastatals such as Central Bank of Nigeria (CBN), Federal Mortgage Bank of Nigeria (FMBN), Nigerian National Petroleum Corporation (NNPC) etcetera. It helps to control waste in the conduct of government affairs and also put more money into the pockets of public servants to provide their benefits themselves. It was a strategy in which it was hoped both the workers and the government would all benefit simultaneously.

In a government circular issued on 27th June, 2003, titled "Monetization of Fringe Benefits in the Federal Public Service", the

Federal Government under President Obasanjo, formally introduced Monetization policy into the Nigerian federal public service. According to Mahmud Tukur, the Revenue Mobilisation, Income and Fiscal Commission (RMFC) on remuneration for political office holders, President Obasanjo became excited, approved and even extended it to the public service. All pleas by the Chairman of RMFC that the Monetization of Fringe Benefits proposed for political office holders did not capture the Nigerian public servants because of their meagre salaries, went on deaf ears. The RMFC was however, given the opportunity to tinker with it to include civil servants, even when it was clear their income was inadequate to meet the challenges of monetization. Specifically, the remuneration of public servants could not afford them to buy or build houses that were slated for auction. Following the submission of the committee's interim report to President Obasanjo and its subsequent adoption by government, a circular detailing the newly monetized Fringe Benefits and the modalities for its implementation was issued on 27th June, 2003, with 1st July, 2003 slated as the commencement date for the programme. It however, took off on 1st October 2003 anyway. This was because the National Salaries, Incomes and Wages

Commission issued another circular on 12th February 2003, to further fine-tune the implementation modalities to suit the present economic realities, particularly the revenue profile of government, as well as the 12½% salary increase by the federal government at that time. The salary increase was eventually implemented in proportion to workers salary grade levels, with the juniour workers getting higher percentage than their senior counterpart.

To sensitise the states on the implementation of the programme, an interactive session was organised on Tuesday 17th June, 2003 to enable both the Head of Civil Service of the Federation and the Secretary to the Federal Government to intimate Secretaries to State Governments (SSGS) and Head of Civil Service of the states (HCSS) in the 36 states of the federation with the modalities for the implementation of the Monetization of Fringe Benefits .

4.1 The implementation committee on the Monetization of Fringe-Benefits

The Committee was made up of the Head of Civil Service as Chairman, eleven Permanent Secretaries, the Accountant General of the Federation, the Auditor General of the Federation and

Secretary, Revenue Mobilisation and Fiscal Allocation Commission as members with a Director as Secretary. The terms of reference of the Committee were as follows:

To issue broad policies and directives on the collection and processing of data, relating to the implementation of the monetization policy.

To advice on the funding requirements for a successful implementation of Monetization policy;

To supervise and co-ordinate a transparent and judicial disposal and reallocation of government assets in line with subsisting guide lines.

To advice government on any matter(s) that may arise in the course of implementation of the Monetization policy. Talbat, (2004)

4.2 Objectives of Monetization Policy

The following were the highlights of the major objectives of monetization of Fringe Benefits in the Nigerian Public Service:

a) ensure efficiency in resource allocation since monies could properly be utilised for development purposes.

b) ensure equity in the provision of amenities and encouragement of public servants to own personal houses and vehicles which they would maintain as personal properties.

c) elimination of waste, misuse and abuse of public utilities. Maintenance of such utilities has over the years been avenues for diverting pubic funds through dubious and sharp practices like inflating cost of maintenance and reckless handling. Joshua (2003)

d) promotion of the observance of maintenance culture and discipline in the use of public utilities, where such individuals would now have to pay for such services hitherto paid for by government.

e) elimination of the misuse and waste of public funds. Example the monetization of medical treatment would go a long way to

curb the submission of spurious medical bills and delays in processing refunds of medical bills, which in some cases were used to dispense favour to favoured staff.

f) it would bring down rent, as those public servants that constituted a significant number of tenants in major cities would build their own houses and government pressure on housing would have reduced.

g) to enable government to prosecute more capital projects for the benefits of the citizenry from savings made from monetization .

h) the policy will also enable the government to get the true picture of what it costs to maintain a political office holder or public servant in office and therefore, lead to a more realistic budgeting and budget implementation.

i) it would also help to eliminate the trauma of transfer from public life to private life, which sadly had resulted in many dying shortly after retirement.

On the whole, it aimed at controlling waste, while providing Fringe Benefits to workers and money could be saved and used to advance the cause of development.

4.3.0 Components of Monetization

The Monetization of Fringe Benefits as introduced by Obasanjo on 1st October 2003 was applicable on specific Fringe Benefits . While some were in operation for years like Leave Grant, many were introduced for the very first time. Still some were abrogated like Entertainment Allowance. A brief highlight of the components of Monetization scheme is imperative at this juncture:

4.3.1 Domestic Servant Allowance

The domestic servant allowance was monetized for Public Servants and the rates were as follows:

G.L. 15	One domestic servant	149,586 per annum
G.L. 16	Two domestic servants	239,172 per annum
G.L. 17	Three domestic servants	358,758 PA
Per. Sec	Four domestic servants	478,344 PA
Head of Service	Four domestic servants	478,344 PA
Political &Judicial Office Holders		75% PA of Basic Salary

Source: Survey by the Researcher, 2007

4.3.2 Utility Allowances

An enhanced Utility Allowance at the rate of 15 – 20% of Annual Basic Salary was been introduced to enable officers' pay for their utility bills. These utilities are Electricity, Telephone and Water; the provisions with respect to these utility Benefits were monetized as follows:

GL. 01 – 06	N3600 per annum
GL. 07 – 10	N6000 per annum
GL. 12 –14	N7800 Per annum
GL. 15 – 17	N8400 per annum
Permanent Secretaries	N16800 for utilities
Head of Service	N16800 per annum
Political office holders	20% of their annual basic salary

Source: Handbook on NEEDS (2003)

4.3.3 Meal Subsidy:

The Allowance was monetized as contained in the Circular Nos. SWC.04/Vol.IV/991 of 5th May 2000 and SWC.04/S.I/Vol.IV/136 of 15th May, 2000, issued by the National Salaries, Incomes and Wages Commission and was applied as follows:

GL. 01 – 06	N6000 per annum
GL. 07 – 10	N8400 per annum
GL. 12 –14	N9600 Per annum
GL. 15 – 17	N10800 per annum
Permanent Secretaries	N16200 for utilities
Head of Service	N16200 per annum

Source: Handbook on NEEDS (2003)

4.3.4 Entertainment Allowance:

The Government had earlier earmarked Entertainment Allowance to continue to apply as contained in the Circulars Nos. SWC.04/Vol.IV/911 of 5th May, 2000 and SWC.04/S.1/Vol.IV of 15th May, 2000, issued by the National Salaries, Incomes and Wages Commission. Government later realized that Entertainment Allowance was introduced at a point in the service when the personal emoluments of civil servants, especially those in the senior cadre were very low vis-à-vis their responsibility and before the adjustments that took place in the administration of President Obasanjo. As that was no longer the case, the allowance was eventually cancelled for all categories of staff in the Nigerian Federal Public Service. Circular on Implementation of Monetization (2004).

4.3.5 Leave Grant

The provision of the Public Service Rule Number 13213 predated the introduction of Monetization in 2003. It has always been 10% of annual basic salary.

4.3.6 Personal Assistant Allowance:

Allowance of 25% of basic salary is paid to entitled officers as listed in the Certain Political, Public and Judicial Office Holders Salaries and Allowance Act (2002)

4.3.7 Furniture Allowances

Government had stopped bearing responsibility for furnishing and repairs of its quarters. Instead, taking a cue from the provision of the Certain Political, Public and Judicial office holders (Salaries & Allowances) Act, 2002, Furniture Allowance is 200% of annual basic salary, which is payable at once every five years. Considering the likely problem to be faced in paying huge furniture allowances lump sum, government was expected to pay these allowances yearly at the rate of 40%, which would eventually, amount to 200% in 5 years. For political office holders, furniture's allowance is 300% of their annual basic salary, which is also payable in four equal instalments at the rate of 75% of annual basic salary yearly for four years, Ekaette (2003)

4.3.8 Car/Motorcycle/Bicycle Loan

Vehicle loans were to be granted not directly by government, but by financial institutions, preferably on a single digit interest rate, with government guarantee, subject to the repayment capacity of the beneficiary. Where it is not possible for a single digit interest rate to be secured, government will intervene. Every public officer was expected to be provided with a car loan of 350% of their annual basic salary at an interest rate of 4% per annum for a period of 6 years. Act (2002)

In the meantime, government had sold its excess vehicles and reserved some for its efficient and effective conduct of its business. Government excess vehicles were disposed by public auction at 50% discount to the generality of Civil Servants and members of the public at pre-determined ratios. Serving Officers who made the purchase had a choice of either paying cash or having the cost deducted from their salaries over a period of three years. Talbat (2004)

The fate of existing Drivers on Government payroll, numbering about seven thousand (7,000), who were no longer needed were disengaged. Government planned to lessen the trauma of their sudden disengagement through prompt payment of retirement Benefits and the mounting of re-orientation programmes designed to expose the participants to various trades and job opportunities. Government allocated 30% of the excess vehicles disposed of exclusively to this category of Drivers to purchase.

Government directed that, ministries, extra-ministerial departments and federal government agencies to henceforth purchase no new vehicles. Each Ministry/Agency was allowed a specific number of utility vehicles, including buses, for essential services; Where there is the need to purchase (a) new vehicle(s) by any Ministry, Extra-Ministerial Department, Agency or Parastatals, a request would have to be made to Mr. President for approval;

Officers currently not entitled to government vehicles and those who even though were entitled, but were keeping a number above their entitlements, were made to return the vehicle to their respective

ministry/agency for disposal. National Economic Empowerment and Development Strategy Document (2003). The disposal exercise was done and some utility vehicles including buses were allowed each ministry. Entitled officers were allowed to purchase one or two cars each from the excess vehicles for personal use at approved discounted value.

4.3.9 Drivers Benefits

Provision of drivers to entitled officers was monetized as follows:

SGF/Minister/HOS	2 Drivers	N239, 172 Per annum
Permanent Secretary	1 driver	N119, 586 Per annum
Director	1 driver	N119, 586 Per annum

Source: Handbook on NEEDS (2003)

Staff members who utilised pooled staff buses paid at a rate equivalent to their transport allowance and the funds generated, used for the maintenance of the vehicles until this facility is withdrawn and when public transport improves. Government and private individuals were to assist in the provision of urban mass transit at commercial rate.

Drivers with relevant and adequate qualifications were to be retained and redeployed appropriately under Keke NAPEP programme. Ekaette (2003)

4.3.10 Fuel/Maintenance of official vehicles

In line with current economic realities, an allowance of 25% of annual basic salary was paid to public servants as fuel/maintenance of their vehicles. Political office holders would be paid 30% of annual basic salary as provided for in the certain political, public and judicial office holders (Salaries and Allowances Act 2002)

4.3.11 Residential Accommodation

Before the advent of the monetization policy, only about 25% of Civil Servants were living in government-owned quarters or had government-rented quarters for them, while the remaining 75% were paid housing allowances for their accommodation. However, with the Monetization of Fringe Benefits, every single Civil Servant in the Federal Civil Service would provide for his own accommodation and be paid, between 50% and 75% of Annual Basic Salary as Accommodation Allowance, depending on rank. Meanwhile the existed government quarters was sold to the highest bidder by

public auction, with the present occupants (civil servants) given the first option to purchase, but at the price of the highest bidder. NEEDS Publication (2003)

4.4 Guidelines For The Sale of Federal Government Houses

Approval was granted for the sale of all residential facilities (houses, flats, etc.) built; acquired or otherwise owned by the Federal Government and all its ministries, departments and agencies to public servants only except those listed below; Approved Guidelines for Sale Government Houses(2004).

The residents occupied by:

a) President of the Federal Republic of Nigeria;

b) Vice-President of the Federal Republic of Nigeria;

c) Senate President;

d) Speaker of the House of Representatives;

e) Chief Justice of the Federation;

f) Minister of the Federal Capital Territory;

g) Presidential Guest Houses and Safe Houses of the Intelligence Community;

h) Houses within the Security Zone of the State House;

i) Justices of the Supreme Court and Court of Appeal;

j) Barracks of the Military, Police, Para-Military and approved uniformed Services;

k) Justices of the Supreme Court and Court of Appeal;

l) Institutional residences within schools, hospitals, power plants, dams and Universities, etcetera.

The valuation of the houses was based on current replacement of the building as determined by FCDA or its appointed Professional Valuers, excluding the cost of land and infrastructure;

The houses were sold on “as is, where his” basis at the evaluated price with the current occupants having the first right of refusal to purchase within thirty days of offer. The said right to purchase was neither transferable, assignable nor alienable in any way or form;

Adherence to strict compliance with development control standards was made mandatory by all purchasers; no additional structures were built without permission of the Development Control Department of the Federal Capital Development Area (FCDA);

Sale of houses was advertised and application fees of N10,000.00 (Ten thousand Naira only) accompanied each fee application form, payable at designated banks. The banks remitted all proceeds to a dedicated account in the name of the Federal Government of Nigeria with the Central Bank of Nigeria;

All houses whose rights to purchase were not exercised, were sold in an open auction whereby all Nigerian citizens were given equal opportunity. A simple Auction System by way of competitive bidding was employed. All bids were submitted with a bid bond by way of bank draft from designated banks equal to 10% of bid value. All bids without bid bonds were disqualified. The highest bidder was automatically declared the winner, along with the second highest bidder as the reserve bidder, with the bid bond retained and treated as non-refundable 10% deposit. All other bid bonds were returned to unsuccessful bidder(s);

Each and every public servant was entitled to purchase only one residential unit, while people allocated or occupying government

houses in Lagos were specifically excluded from purchasing houses in the Federal Capital Territory;

Uncompleted houses were sold under the same Guidelines on “as is, where is” basis. No government funds were utilized to complete, renovate or repair any residential facilities and no allocation or allotment thereof was recognized. All uncompleted houses were sold to the general public in an open auction as in (8) above;

All purchasers were compelled to complete Application forms with receipt of payment of N10,000 in favour of the Federal Capital Territory Administration, along with the following:

> Letter of employment into the Public Service of the Federation;

> Letter of Allocation of quarters by an appropriate Authority;

> 4 number of high resolution colour Passport Photographs;

25% of purchase price (including non refundable deposit of 10%), up to a maximum of N5 million (National Housing Fund lending limit), were paid to the Federal Government of Nigeria within 90 days.

Balance of 75% was to be paid by all purchasers within an additional 90 days. Thus, all purchasers must have payment effected within 180 days of contract.

The transactions were expected to conclude within 210 days of an offer to the allottee, occupant or successful bidder as was applicable.

Each purchaser was given custody of the original Certificate of Occupancy issued by the FCT with his or her picture scanned thereon, unless paragraph 16 below applied.

Lender(s) had immediate custody of original Certificate of Occupancy with Minister's consent and legal mortgage executed in their favour by the FCT Administration.

All transactions charges were from the account of the purchaser. In the event that a purchaser failed to comply with the payment terms, the non-refundable deposit (being 10% of the purchase

price) was forfeited to the Federal Government, the contract of sale was rendered null and void, and the house declared unsold. Paragraph 8 of the Guidelines thereafter applied.

In the case of houses offered to public servants in occupation, failure to accept offer and or comply with the payment terms led to immediate eviction and the forfeiture of deposit (if applicable), and the application of paragraph 8 above.

In the case of unsold houses offered for open auction, and where the highest bidder failed to comply with the terms of sale, the bid bond of highest bidder was forfeited, and the second highest bidder (“reserve bidder”) was qualify to bid, and if he failed to comply with the terms of sale, the bid bond was forfeited and he forfeited his bond too.

Application Forms were free and downloadable from the internet, and were made available throughout the FCT, in all Ministries, Departments and Agencies, Bank Branches, Post Offices, and

Agencies of the Federal Capital Territory Administration as from April 1, 2005.

Applicants were expected to provide all information requested for in the Application form to avoid delays in processing or rejecting offer to purchase the residential facilities they occupy.

This above was how the auctioning of government houses was carried out based on the Guideline released by the federal government.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.0 Introduction

This study evaluated the implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service within the context of the objectives of Monetization itself. In other words, this study evaluated the implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service from the point of view of controlling wastes among others. This was in tandem with the theoretical postulation of William Complain. Data were presented in tables and simple percentages. It was followed by analysis of variables that were thematically classified. The final aspect was the testing of the various hypotheses formulated earlier in this study, with a view to accepting or rejecting them.

5.1 Data Presentation

Six hundred questionnaires (600) were administered using judgemental sampling to five selected organizations except FCDA that was served with 200 questionnaires, due to its numerical superiority. Out of the 600 Questionnaires administered, 510 were

returned, while 90 could not be accounted for or were improperly completed or left blank. In other words it showed that 85% of the Questionnaires were returned, while 15% could not be accounted for.

The bio data of the respondents were investigated to see how the implementation of Monetization of Fringe Benefits affected people of diverse backgrounds such as age, marital status, educational qualification, sex, rank, years of service et cetera as illustrated below:

Section A

Table 5.1.1 Respondents Personal Data

Age	**Frequency**	**Percent**	**Cummulative Percent**
20----------40	151	29.6	29.6
41----------60	230	45.1	74.7
61----------70	129	25.3	100.0
Total	510	100	
Marital status	**Frequency**	**Percent**	**Cummulative Percent**
Married	406	79.6	79.6
Single	104	20.4	100.0
Total	510	100	
Educational Qualification	**Frequency**	**Percent**	**Cummulative Percent**
Primary Certificate	6	1.2	1.2
SSCE/GCE/Grade II	74	14.5	15.7
Diploma/NCE	98	19.2	34.9

B.Sc./BA/HND	211	41.5	76.4
PGD	71	13.9	90.3
Masters.	46	9.0	99.3
Ph. D.	4	. 0.7	100.0
Total	510	100	
Rank	**Frequency**	**Percent**	**Cummulative Percent**
Junior	195	38.2	38.2
Middle level	235	46.1	84.3
Senior	80	15.7	100.0
Total	510	100	
Years of working Experience	**Frequency**	**Percent**	**Cummulative Percent**
1-5 years	55	10.8	10.8
6-10 years	172	33.7	44.5
11-15 years	119	23.3	67.8
16-20 years	87	17.1	84.9
21-30years	42	8.2	93.1
31 and above	35	6.9	100.0
Total	510	100	

Source; Survey by the Researcher, 2007

The above table indicated the frequency of respondents between the ages of 41 and 60 were in the majority, followed by those within the age brackets of 20 -40 and lastly those within the age brackets of 61-70 in that order. The significance of considering age hinged on the fact that, responses from the aged, are usually regarded as more experience, responsible and frank on issues than their younger counterpart.

The next variable on the table was marital status. It showed that 406 (79.6%) were married, while 104 (20.4%) were not. The sex distribution of the respondents was predominantly married. By implication, this category of workers would need every money to meet the challenges of family life. Their views were crucial in terms of evaluating the effectiveness of the implementation of monetization of fringe benefits in the Nigerian Federal Public Service against its objectives.

In terms of educational qualification among respondents, it ranged from Primary Certificate to Ph. D. It showed those with first degree were in the majority with 211 (41.4%) respondents. Others were primary school holders that were 6 (1.2%), SSCE/GCE and Grade II had 74 (14.5%), PGD were 71 (13.9%), Masters had 46 (9.0%) and Ph.d had 4(0.7%). What this meant was that, the respondents were largely literate workers, with ability to easily comprehend and fill appropriately the questionnaires with little or no guidance.

According to Rank, the middle level officers were 235 (46.1%), junior had 195 (38.2%), while Seniors had 80 (15.7%). From the

levels of ranking among the respondents, it enabled the researcher to find out the extent implementation of monetization policy had affected them viz a viz other categories of staff. Example it was discovered that, junior staff members were very angry because they were exempted from benefiting from furniture allowance in all the organizations investigated.

Years of experience were also considered here because those who had worked longest, could tell more about fringe benefit as it was, prior to, and after monetization. This was largely because they have experienced both situations in the work place.

Table 5.1.2 Implementation of Monetization of Fringe Benefits was not satisfactory

Responses	Frequency	Percent	Cummulative Percent
Strongly Agree	219	42.9	42.9
Agree	60	11.8	54.7
Undecided	21	4.1	58.8
Disagree	159	31.2	90.0
Strongly disagree	51	10.0	100.0
Total	510	100.0	

Source; Questionnaire Survey by the Researcher, 2007

The above table above showed 219 (42.9%) respondents strongly agreed that implementation of Monetization of Fringe Benefits was not satisfactory. 60 (11.8%) agreed, while 21(4.1%) were

undecided. On the other hand, 159 (31.2%) respondents disagreed and 51 (10%) strongly disagreed that implementation of Monetization of Fringe Benefits was not satisfactory.

Table 5.1.3 Monetization empowered beneficiaries to build houses

Responses	Frequency	Percent	Cummulative Percent
Strongly Agree	91	17.8	17.8
Agree	66	12.9	30.8
Undecided	01	0.2	31.0
Disagree	201	39.4	70.4
Strongly disagree	151	29.6	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table showed that 91 (17.8%) respondents strongly agreed that monetization had empowered them to either build or buy houses. 66 respondents representing (12.9%) agreed, while 01 (0.2%) were undecided. On the other hand, 201 (39.4%) respondents and 151 (29.6%) respondents disagreed and strongly disagreed respectively that Monetization had empowered them to buy or build houses. In other words, about 30% agreed that monetization had empowered them to acquire houses, while just about 70% disgreed or strongly disagreed.

Table 5.1.4 Rent on houses dropped after the implementation of Monetization of Fringe Benefits

Responses	Frequency	Percent	Cummulative Percent
Strongly Agree	105	20.6	20.6
Agree	64	12.5	33.1
Undecided	19	3.7	36.9
Disagree	166	32.5	69.4
Strongly disagree	156	30.6	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table illustrated that 105 (20.6%) strongly agreed, 64 (12.5%) agreed, 19 (3.7%) were undecided. 166 (32.5%) disagreed, while 156 (30.6%) strongly disagreed that rent on houses dropped after the implementation of Monetization of Fringe Benefits. It meant, while about 33% respondents strongly agreed or agreed that rent had dropped after monetization of was adopted. However, about 77 disagreed or strongly disagreed with this view. In other words, the rent expected to drop did not, when monetization was implemented.

Table 5.1.5 Auction of government houses was inappropriate

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	155	30.4	30.4
Agree	190	37.3	67.6
Undecided	1	0.2	67.8
Disagree	101	19.8	87.6
Strongly disagree	63	12.4	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table demonstrated the views of respondents on the appropriateness or otherwise of the auction of government houses. 155 (30.4%) strongly agreed, 190 (37.3%) respondents agreed that auctioning of government houses was inappropriate. I (0.2%) was undecided. Conversely, 101 (19.8%) and 63 (12.4%) disagreed and strongly disagreed respectively that auction of government houses was inappropriate. In fact about 67.8% of the respondents either strongly agreed or agreed that auction of government houses were inappropriate. Workers in the selected organizations were not happy, partly because of the fact that monetized benefits paid to them were inadequate to buy houses. In fact, even with the opportunity of loans from Aso Savings to buy houses, the poor salaries of workers made it impossible to take the loans as the salaries were inadequate to service the loans required to buy

houses. In other words, their monthly salaries were inadequate to service the monthly deductions.

Table 5.1.6 Monetization did not empower the beneficiaries to buy cars

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	165	32.4	32.4
Agree	180	35.3	67.6
Undecided	2	0.4	68.0
Disagree	86	16.9	84.9
Strongly disagree	77	15.1	100.0
Total	510	100	

Source; Survey by the Researcher, 2007

The table above indicated that 165 respondents representing (32.4%) strongly agreed monetization did not empower them to buy cars. 180 (35.3%) agreed with the above view, while 2 (0.4%) were undecided. On the other hand, 86 (16.9%) and 77 (15.1%) respondents disagreed and strongly disagreed respectively that monetization did not empower them to buy cars. In short, 68% strongly agreed or agreed that monetization did not empower beneficiaries to buy cars.

Table 5.1.7 Monetization of official vehicles did not bring about waste control

Responses	Frequency	Percent	Cummulative Percent

Strongly agree	70	13.7	13.7
Agree	101	19.8	33.5
Undecided	23	4.5	38.0
Disagree	202	39.6	77.6
Strongly disagree	114	22.4	100.6
Total	510	100.0	

Source: Survey by the Researcher, 2007

The table above showed 70 (13.7%) respondents strongly agreed, 101 (19.8%) respondents agreed that monetization of official cars did not bring about waste control. 23 (4.5%) respondents were undecided. On the other hand, 202 (39.6%) and 114 (22.4%) disagreed and strongly disagreed respectively that monetization did not bring about waste control. In other words 38% strongly agreed or agreed that monetization of official vehicles did not bring about waste control, while 62% either disagreed or strongly agreed with the above view point.

Table 5.1.8 The embargo placed on purchase of new vehicles was effective

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	78	15.3	15.3
Agree	41	8.0	23.3
I don't know	62	12.2	35.5
Disagree	259	50.8	86.3
Strongly disagree	70	13.7	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

Table 5.1.8 above showed that 78 (15.3%) respondents strongly agreed with the above statement. 41 (8.0%), agreed, while 62 (12.2%) respondents said they “don’t know”. On the other hand, 259 (50.8%) disagreed and 70 (13.7%) strongly disagreed that the embargo placed on purchased of new vehicles was effective. It meant government was still buying vehicles despite the embargo, thereby undermining the objective of waste control.

Table 5.1.9 Monetization should not be scrapped

Responses	Frequency	Percent	Cummulative Percent
Agree	186	36.5	36.5
Strongly agree	161	31.6	68.0
Undecided	88	17.3	85.3
Disagree	52	10.2	95.5
Strongly disagree	23	15.7	100.0
Total	510	100	

Source; Survey by the Researcher, 2007

On the above table 5.1.9, the researcher wanted to determine whether or not monetization should be scrapped in view of the fact that, there was massive discontent on how it was implemented. Their responses were startling. 186 (36.5%) strongly agreed that it should not be scrapped. 161 (31.6%) also agreed, while 88 (17.3%) were undecided. On the other hand 52 (10.2%) and 23 (4.5%) disagreed and strongly disagreed respectively with the opinion that

monetization should not be scrapped. That meant 68.1% respondents did not want monetization to be scrapped, inspite of its poor implementation, it was still seen as the best available option to address the myriad of problems associated with control of waste or profligacy in government business. In other words, the misuse, abuse of public facilities, the reckless spending and handling and use of government money and facilities respectively, the corruption and fraud associated with government expenditures, the huge money that would be saved and be directed to further the cause of development, were cogent reasons to sustain the policy, according to respondents.

Table 5.1.10 Monetization had empowered public servants to cope with the usual trauma of transition from public to private life

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	105	20.6	20.6
Agree	44	8.6	29.2
Undecided	9	1.8	31.0
Disagree	276	54.1	85.1
Strongly disagree	76	14.9	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table showed that 105 (20.6%) of respondents strongly agreed that monetization had empowered them enough to cope with

the trauma of post service life. 44 (8.6%) respondents agreed, while 9 (1.8%) were undecided. Meanwhile, 276 (54.1%) disagreed, while 76 (14.9%) respondents strongly disagreed on the above view. In a nutshell, 69% of respondents strongly disagreed and disagreed that monetization had empowered public servants to cope with the trauma of transition from public to private life, while 29.2% either agreed or strongly agreed with the above opinion.

Table 5.1.11 Mode of payment of monetized benefits was inappropriate

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	198	38.8	38.8
Agree	141	27.6	66.5
Undecided	18	3.5	70.0
Disagree	82	16.1	86.1
Strongly disagree	71	13.9	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The Table above showed that 198 (38.8%) strongly agreed, 141 (27.6%) agreed and 18 (3.5%) were undecided. Meanwhile, 82 (16.1%) respondents disagreed and strongly disagreed. On the other hand, 71 (13.9%) strongly disagreed respectively that mode of payment of monetized benefits was inappropriate. The respondents had expected Housing and Furniture Allowances and Vehicles

Loans and other benefits to be paid in bulk, but as it turned out to be, only the Directors, Permanent Secretaries, Heads of Departments and other management staff and political office holders were receiving their benefits in bulk, while the middle level and junior staff were paid instalmentally.

5.1.12 The spate of retrenchment in the Public Service was a result of monetization

Responses	Frequency	Percent	Cummulative Percent
Strongly Agree	155	30.4	30.4
Agree	160	31.4	61.8
Undecided	1	2	63.0
Disagree	101	19.8	81.8
Strongly disagree	93	18.2	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The table above indicated that 155 (30.4%) respondents strongly agreed, 160 (31.4%) agreed, while 1 (.2%) was undecided that the spate of retrenchment in the public service was a result of monetization. On the other hand, 101 (19.8%) disagreed and 93 (18.2%) strongly disagreed, that the spate of retrenchment in the public service was a result of monetization.

Table 5.1.13 Monetization had curbed fraudulent practices associated with processing of medical claims

Responses	Frequency	Percent	Cummulative Percent
Strongly Agree	168	32.9	32.9
Agree	121	23.7	56.7
Undecided	38	7.5	64.1
Disagree	112	22.0	86.1
Strongly disagree	71	13.9	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

According to the above table, 168 (32.9%) respondents strongly agreed and 121 (23.7%) agreed that monetization had curbed fraudulent practices associated with processing of medical claims. 38 (7.5%) were undecided. Conversely, 112 (22.0%) of the respondents disagreed and 71 (13.9%) strongly disagreed respectively that monetization had curbed fraudulent practices associated with processing of medical claims.

Table 5.1.14 The Federal Government is not owing Public servants any monetized benefits

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	102	20.0	20.0
Agree	81	15.9	37.6
Undecided	62	12.2	49.8
Disagree	175	34.3	84.1
Strongly disagree	90	17.6	100.0
Total	510	100	

Source; Survey by the Researcher, 2007

The table above showed that 102 (20.0%) strongly agreed, 81 (15.9%) agreed and 62 (12.2%) were undecided. Meanwhile, 175 (34.3%) respondents disagreed and 90 (17.6%) respondents strongly disagreed respectively that government owed beneficiaries nothing. In other words 51.9% indicated that government owed workers of federal government parastatals about 87 billion naira, being unpaid benefits of the period between 1st October, 2003 and 1st October, 2005, that was a period of two years.

Table 5.1.15 Corruption, the bane of our society undermined the control of waste.

Responses	Frequency	Percent	Cummulative Percent
Strongly Agree	186	36.5	36.5
Agree	161	31.6	68.0
Undecided	88	17.3	85.3
Disagree	52	10.2	95.5
Strongly disagree	23	4.5	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table showed 186 (36.5%) strongly agreed with the opinion expressed, 161 (31.6%) agreed and 88 (17.3%) were undecided. 52 (10.2%) disagreed and 23 (4.5%) strongly disagreed. On the whole, about 68.1% of the respondents either strongly

agreed or agreed that corruption, the bane of our society, had undermined waste control.

Table 5.1.16 Monetization of Public utilities had inculcated maintenance culture

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	178	34.9	34.9
Agree	163	32.0	66.9
Undecided	6	1.2	68.0
Disagree	92	18	86.1
Strongly disagree	71	13.9	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The table above showed that 178 (34.9%) respondents strongly agreed. 163 (32.0%) agreed, while 6 (1.2%) respondents were undecided. Conversely, 92 (18.0%) and 71 (13.9%) disagreed and strongly disagreed respectively that monetization of public utilities had inculcated maintenance culture among public servants.

Table 5.1.17 Houses were furnished and Furniture replaced not necessarily because of need

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	146	28.6	28.6
Agree	201	39.4	68.0
Undecided	9	1.8	69.8
Disagree	80	15.7	85.5
Strongly disagree	74	14.5	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above tables showed that 146 (28.6%) strongly agreed, 201 (39.4%) agreed, while 9 (1.8%) were undecided. On the other hand, 80 (15.7%) disagreed and 74 (14.5%) strongly disagreed that houses were furnished and furniture replaced not necessarily because of need, but simply because of mere change of leadership or officers wanted to create avenue of making money in the process of purchase of these items.

Table 5.1.18 Monetization brought about Inflation

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	179	35.1	35.1
Agree	183	35.9	71.0
Undecided	66	12.9	83.9
Disagree	40	7.8	91.8
Strongly disagree	42	8.2	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table indicated that 179 (35.1%) strongly agreed, 183 (35.9%) agreed and 66 (12.9%) were undecided that monetization has brought about inflation in the Nigerian economy. On the other hand, 40 (7.8%) and 42 (8.2%) respondents disagreed and strong disagreed that monetization brought about inflation in the economy. On the whole, 71% either strongly agreed or agreed that monetization brought about inflation in the economy

Table 5.1.19 Most times substandard Furniture were supplied at higher cost.

Responses	Frequency	Percent	Cummulative Percents
Strongly agree	181	35.5	35.5
Agree	153	30.0	65.5
Undecided	3	.6	66.1
Disagree	102	20.0	86.1
Strongly Disagree	71	13.9	100.0
Total	510	100	

Source; Survey by the Researcher, 2007

In the above table, the researcher sought to find out the opinions of workers, in yrtme of the supply of substandard furnitures and their correwponding cost. The responses showed that 181 (35.5%) strongly agreed, 153 (30.0%) agreed with this view. 3 (0.6%) respondents were undecided. Conversely, 102 (20%) and 71 (13.9%) disagreed and strongly disagreed respectively, that most times substandard furnitures were supplied at high cost, due mainly

to dubious activities of suppliers who were only out to make huge profit with the active collaboration of public servants, without due concern for quality of the facilities they supply. But with monetization, that attitude had changed, as benefificiaries were paid benefits directly to buy their furnitures. They did the buying directly, where they insisted on the best quality at the least cost.

Table 5.1.20 Beneficiaries of monetized benefits were not treated equitably

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	162	31.8	31.8
Agree	172	33.7	65.5
Undecided	94	18.4	83.9
Disagree	1	.2	84.1
Strongly disagree	81	15.9	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

Table 5.18 illustrated that 162 (31.8%) strongly agreed, 172 (33.7%) agreed and 94 (18.4%) were undecided on whther beneficiaries of monetized benefits were not equitably treated. On the other hand, 1 (.2%) and 81 (15.9%) respondents disagreed and strongly disagreed respectively that beneficiaries of monetized benefits were not equitably treated.

Table 5.1.21 Guidelines for the implementation of Monetization of Fringe Benefits were not strictly adhered to

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	155	30.4	30.4
Agree	160	31.4	61.8
Undecided	3	.6	62.4
Disagree	101	19.8	82.2
Strongly disagree	91	17.8	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

From the above table, it demonstrated that 155 (30.4%) respondents strongly agreed, 160 (31.4%) agreed and 3 (.6%) respondents were undecided. On the other hand, 101 (19.8%) and 92 (17.8%) respondents disagreed and strongly disagreed respectively, that the Guidelines for implementation of Monetization of Fringe Benefits were not strictly adhered to.

Table 5.1.22 The federal government handling of monetization of Fringe Benefits was inconsistent

Responses	Frequency	Percent	Cummulative Percent
Agree	170	33.3	33.3
Strongly agree	134	26.3	59.6
Undecided	4	0.8	60.4
Disagree	122	23.9	84.3
Strongly disagree	80	15.7	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

Table 5.1.22 above indicated that 170 (33.3%) respondents strongly agreed that federal government handling of monetization of Fringe Benefits was inconsistent, 134 (26.3%) respondents also agreed, while 4 (0.8%) respondents were undecided. On the other hand, 122 (23.9%), disagreed, while 80 (15.7%) strongly disagreed with the above statement.

Table 5.1.23 There was thorough cost benefit analysis before monetization policy was adopted

Responses	Frequency	Percent	Cummulative Percent
Strongly agree	105	20.6	20.6
Agree	44	8.6	29.2
Undecided	9	1.8	31.0
Disagree	276	54.1	85.1
Strongly disagree	76	14.9	100.0
Total	510	100.0	

Source; Survey by the Researcher, 2007

The above table showed that 105 (20.6%) strongly agreed, 44 (8.6%) agreed, while 9 (1.8%) were undecided. On the other hand 276 (54.1%) disagreed and 76 (14.9%) strongly disagreed that there was thorough cost benefit analysis before monetization policy was adopted.

5. 2.0 Data Analysis

Nigeria's Economic Reform Programme, among which was Monetization of Fringe Benefits was conceived with the benefit of the best international practice in economic restructuring. Finance Minster, Okonjo-Iweala (2005), said in Abuja during an Executive Session of the ruling Peoples' Democratic Party (PDP) caucus in the House of Representatives. She said "What we have proposed here is considered in every place I know and I have worked in all regions of the world, East Asia, Middle East. Every country I know, this package of reforms put forward is regarded as restructuring". The government was determined to address the problems of waste associated with the provision of Monetization of Fringe Benefits among other issues.

This part of the study evaluated the implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service within the context of the objectives the policy sought to achieve. This was in tandem with William Complain evaluation theory, where he argued, that evaluation of any policy should essentially be done within the context of the policy objectives. It was in view of this fact, that the

theory was used as a theoretical framework in this study. This was done to ensure that at the end of the research study, the researcher should know the extent to which the objectives had been achieved during implementation.

For the avoidance of any doubt, some of the objectives of monetization among others included:

i. to achieve reduction in the cost of governance and conserve funds that would be needed for other uses, especially to advance the cause of development;
ii. ensuring more money would be put into the pockets of workers, that would enable them build or buy their own houses and cars:
iii. ensure equitable utilization and distribution of resources,
iv. prepare retirees to cope with the trauma of transition from public to private life,
v. as well as ensure the optimum utilization of resources.

5.2.1 Hypothesis One

It was on this basis, the researcher formulated the first null hypothesis as it affected implementation of the policy thus: The null hypothesis was that “Implementation of monetization of fringe benefits was frustrated by public bureaucracy and the government did not help matters”. Conversely, an alternate hypothesis was that “Implementation of monetization of fringe benefits was not frustrated by public bureaucracy and government helped matters”.

In view of the foregoing, the following opinions were expressed to ascertain the role of public bureaucracy in the implementation of the policy of monetization and the Federal Government issued the necessary directives on how it should be done.

5.2.1.1 Public bureaucracy frustrated monetization and government did not help matters during implementation

1. Implementation of monetization of Fringe Benefits in the Nigerian Federal Public Service was not satisfactory
2. Monetization of Fringe Benefits had empowered beneficiaries to buy or build houses

3. Rent dropped after the implementation of Monetization of Fringe Benefits
4. There was lack of transparency in auctioning government houses.
5. Beneficiaries of monetized benefits were satisfied with the mode of disbursement.
6. Monetization of official vehicles did not bring about waste control.
7. Monetization did not empower the beneficiaries to buy their own cars.
8. Government owed beneficiaries nothing
9. Monetization should be scrapped.
10. The guidelines for the auction of houses was not strictly followed.
11. The spate of retrenchment in the public service was caused by monetization.
12. There was thorough Cost Benefits Analysis before Monetization policy was adopted.
13. Monetization of Fringe Benefits caused inflation in the Nigerian economy.
14. Embargo placed on buying new vehicles to control waste was not respected.
15. Mode of payment of monetized Benefits to workers was inappropriate.
16. The National Health Insurance Scheme which replaced free medical treatment did not cost government less.

The reactions of respondents were to reflect any of these sentiments:

i. agree
ii. strongly agree
iii. Undecided
iv. Disagree
v. strongly disagree

It was hoped, it would generate the necessary information that would help the researcher to determine whether or not public bureaucracy frustrated the implementation of monetization policy and government did not help matters.

Monetization was essentially meant to control waste, ensure optimum utilization of resources and improve living conditions of public servants. Before the introduction of monetization in the Nigerian Federal Public Service in October 2003 by President Obasanjo, there were some government parastatals that had enjoyed it earlier. These parastatals included NNPC, PAN, CBN,

NITEL and a host of others. Housing Allowances, Furniture Allowance, Car loans, Children Allowance and many others were paid to the workers of these organizations in bulk and upfront in January or any specified time every year as Fringe Benefits. The loans are repayable between four and six years. Such monies actually helped them to build houses, buy cars of their own, and made them able to invest and save to cope with the trauma of post service life. This was the expectation of workers in the federal public service, when monetization was conceived. Infact, they were eager for the policy to be introduced immediately. They even went as far as embarking on a strike, because government delayed implementing the policy. The question was, when it was eventuatlly implemented, was it satisfactory? In otherwords, did it meet their expectations? The following were the impirical evidence presented by the respondents when some specific opinions were expressed in the questionnaires distributed.

5.2.2.2 Implementation of monetization of Fringe Benefits was not satisfactory

In view of the euphoria that greeted the introduction of monetization of fringe benefits, it was assumed when monetization was implemented, every worker in the public service would be better of. It was on that basis, that an opinion which stated that "Implementation of monetization of Fringe Benefits was not satisfactory". Respondents were asked to react to the opinion appropriately. 54.7% of Respondents either agreed or strongly agreed that monetization of fringe benfits was not satisfactory, while 4.1%. said they were undecided. On the other hand, 31.2% and 10.0% respondents either disagreed or strongly disagreed that it was not satisfactory. Therefore, an overwhelming majority said the implementation of monetization policy was unsatisfactory, which meant their expectations were dashed. This was a general conclusion, but the researcher felt the need to go to specifics to further confirm, if their conclusion was still going to be valid, hence the other issues below were also considered.

5.2.2.3 Workers were unable to buy or build houses

One of the objectives of monetization of Fringe Benefits was that workers would be empowered to buy or build their own houses. In the first instance, government residential houses across the country were sold by public auction at the end of the first year of monetization. Public officers occupying such houses were offered the first option to purchase, but at the price of the highest bidder. To maintain the houses, occupant were to pay 10% of their basic salary as service charge into a Trust Fund to be managed by a Board of Trustees.

In the first year of monetization, those who were not staying in government houses, were expected to be paid 100% housing allowance for them to rent a place. Those occupying government houses were paid 100% of the annual basic salary, which was converted to rent for the quarters they occupy.

In view of this, an opinion was expressed that “workers were unable to buy or build houses” even when monetization payments were made. Respondents views were presented as follows; 30.8%

agreed or strongly agreed that the benefits paid them were adequate to buy or built houses. While about 69.2% said monetized benefits were inadequate to enable them buy or build houses. This contravened the earlier requirements of monetization of fringe benefits, which required benefits to be paid in bulk. It further undermined the ability of workers to buy or build houses. In other words, given the generally high cost of landed property in our major cities especially Abuja and Lagos and the under-developed nature of the mortgage sector in the country, it was impossible for any civil servant who depended solely on his salary to be able to buy government house that were auction, especially when the benefits are paid piecemeal and not in bulk. It was further revealed that, the houses were unnecessarily costly. One of the respondents argued, "…… it is an act of wickedness for government to exploit the people, it was meant to serve. Imagine a two bedroom flat built in 1982 with about #45,000, the government turned around and sold the same apartment at about #2.8 million, without even renovating the house". This was against the backdrop that housing, furniture allowance, car and housing loans were paid piecemeal and not in bulk to middle

level and juniour workers, except Permanent Secretaries, Heads of Departments and Directorate cadre.

5.2.2.3 Monetization failed to empower public servants to cope with the trauma of transition from public to private life

Another objective of monetization of Fring Benefits was to enable public servants to cope with the transition from public to private life, which over the years led many of retirees, dying prematurely. In other words, it was meant to ensure comfortable transition from public to private life among retirees devoid of the erstwhile trauma of pain, deprivation, suffering and premature death, due to lack of payment of benefits or delay in doing so. It was assumed that, when so much monies were paid to public servants as monetized benefits, it would prepare them adequately when they retire. It was expected, the monetized benefits would enable them have eough to meet their personal needs, for investment and for them to save for the rainy day, when they might have retired. In view of the foregoing, public servants were asked, if monetization had served as panacea to the trauma of transition from public to private life. Their responses showed that 69% of respondents argued that monetization did not allay fear of post service trauma. Infact, they opined that, most of

what they expected from monetization fell short of their expectation, when it was implemented. Specifically, the respondents were of the view that monetization did not empower them to plan for a more comfortable post service life. Majority of the workers in the federal government ministries and parastatals showed a clear similarity in their answers. While, workers of parastatals felt that if anything, monetization had created more apprehension on their post service life and worsened an already bad situation. For example, some workers were retrenched on account of monetization and their entitlements were yet to be paid.

5.2.2.4 Monetization brought about uptimum utilization of public utilities and inculcated maintenance culture

The government before monetization provided public utilities for public servants and the cost was defrayed by the government. However, there was misused, abused and wasteful handling of these utilities and even perception of public servants on utilities. In other words, Telephone, Electricity and Water services in the official quarters of public servants were provided and maintained by government, were open to various forms of abuse and misuse.

Obasanjo Reforms (2003). Infact, it was reported that in some cases, wives of some top government functionaries were allegedly using official telephone lines in their homes for commercial purpose, only for government to settle the accumulated bills. Water gushed out from broken pipes and many would not care to put it in order, nor report to the appropriate authorities for action, on the simple fact that, they were government property which commanded nobody's respect and care.

With the implementation of Monetization of Fringe Benefits, the researcher wanted to find out what changes had taken place, especially as regards control of waste in handling public utilities. 66.9% were of the view that monetization of public utilities had inculcated maintenance culture. Since government had divorced itself from providing or paying for these utilities and now paying beneficiaries to pay for or acquire them directly, they are exercising more care in handling them. This would certainly increase their life span. They would pay for them just like Global System Mobile Network method of "pay as you go" credit system. Although its conversion to this method had just started in our major cities. It had,

changed the perception of workers in recklessly handling such public utilities and had inculacated in them maintenance culture.

5.2.2.5 Monetization of Furniture Allowance widened income inequality in the public service

Prior to the implementation of monetization of fringe benefits, top civil servants were provided Furniture in their Quarters, while juniour staff were not included. With the introduction of monetization policy, instead of government providing benefits in kind, government provided the money equivalent to public servants in cash to buy furniture of their choice as personal property.

However, the arrangement created problems of wide gap in income inequality between the top public servants on the one hand and the middle level and Junior staff on the other. When the benefits were hitherto in kind, it did not create any wide gap in salary differentials, between the top public servants on the one hand and the middle level and juniour workers on the other hand. With the implementation of Monetization of Fringe Benefits, it brought to the fore the problem of huge salary differentials between these two groups. Junior workers were very bitter that equity which was one of

the policy thrust of monetization was being called to question or rather not given a pride of place. They argued further that, the conversion of benefits from cash to kind had created a problem of income inequality among workers in the public service. This wide income inequality was certainly not what the government bargained for.

5.2.2.6 Monetization could afford workers to buy cars

All public servants were to return all vehicles at their disposal to the central pool. All staff were to to buy one or two vehicles. The officers concern were to buy one or two of the vehicles. The other vehicles were declared excess vehicles were to be sold to other members of staff and disengaged drivers and other members of the public. The vehicles sold ceased to be government vehicles but personal property of the officer that bought that vehicles. In that case, the cost of fuelling, maintenance, drivers expenses, the fraudulent activities associated with the motor and buying vehicles were to be stopped forwith except with the permission of Mr. president. It was believed, it would go a long way to reduce the cost of providing fringe benefits. The question was, were public servants able to buy their own cars? The reactions of the respondents were as follows:

According to the respondents, 67.7% agreed or strongly agreed that monetization did not empower public servants to buy vehicles or cars of their own. 0.4 was undecided, while 32% either strongly disagreed or disagreed that monetization of Fringe Benefits did not afford workers to buy cars of their own.

Workers were expected to buy vehicles of their own either through buying from the excess vehicles that were auctioned from the 350% car loans they would be provided. Besides, benefits were expected to be paid in bulk at the end or beginning of the year or any other specified time. The consequence of this was that, a lot of money would be paid to public servants, which should be enough to meet most of their needs among which was ability to buy a car.

However, the disposal or auction of such government vehicles was not transparent in both ministries and parastatals. In other words, while the auction of official vehicles was not transparent in the headquarters, it was worse in the zonal offices. In some cases, the vehicles were stolen by staff. Unfettered access to information about

the auction in some cases was not guaranteed, so that some workers did not know before hand, when the auction took place. This denied some people the opportunity to buy, if they had wanted. In the final analysis, there was apparently no level playing ground for all to compete. The disposal of excess vehicles by government at the approved book value was meant to save cost and boost the revenue of government. One of the respondents, who wanted to buy, but could not, had this to say about the auction of official vehicles, ”….the sale of government vehicles was done to favour those in the good books of the sitting Pharaoh” In other words, those who benefited had godfathers who stood for them. It was alleged, those at the top, used their positions to favour themselves and their cronies. They allotted good cars to themselves and paid a token, while scraps were sold to others.

Another dimension revealed by respondents was that some vehicles were deliberately bought by the management staff few months to auction and sold the vehicles back to themselves at give away prices. These negative tendencies undermined the attempt by

government to ensure waste control, because the process of ensuring waste control was in itself wasteful.

Without prejudice to the above, monetization of motor vehicle was one of the most cost effective measures of waste control in the monetization regime. It would have been better, if it was handled more transparently.

5.2.2.7 **Workers Did'nt Want Monetization Scrapped Despites Its Flaw**

Respondents were asked that since there was apparent poor implementation of Monetization which gave rise to general dissatisfaction among workers, should the policy be scrapped? Their responses were startling. Respondents, representing 68% said it should not be scrapped despite it flaw, but rather be modified to serve as a potent tool for cost reduction in the public service. Many respondents believed that monetization was panacea to many of the problems bedevilling the public service today. The misuse, abuse of public facilities, the reckless spending, the corruption and fraud associated with government expenditures, the huge money that would be saved and directed to further the cause of development,

were strong reasons to sustain the policy according to them. Infact, if anything, it should be implementing the policy in the spirit of the blue print or guidelines especially making sure that monetized benefits should be paid in bulk.

5.2.2.8 **Government owed workers of parastatals N87 billion arrears**

Monetization was officially introduced on 1st October, 2003. Workers of core ministries received their benefits in full from 1st October, 2003, while not until two solid years later, from 1st October, 2005 before the federal government started paying workers of parastatals. This gave the impression that government did not want workers of parastatals to benefit or did not adequately plan well, before monetization was adopted. In any case it, favoured workers of core ministries and discriminated against workers of federal government Parastatals, Commissions and Agencies. Upto the time of filing this report, the federal government was yet to settle arrears of monetization of fringe benfits to workers of federal government parastatals. The arrears was put at the region of N87 to N88 billion. It was a surprised that government was finding it difficult to settle this arrears after it had sold government quarters all over the

federation and cut cost in many aspects of providing fringe benfits. During their last strike, the Minister of Finance Mrs. Nenadi E. Usman went on air and promised the settlement of all the outstanding arrears within two weeks, but that was the last time they heard anything from the government of President Obasanjo until they handed over. There was therefore a clear case of levity in the disbursement of benefits to workers of government parastatals. It is actually a characteristic of Nigerian successive governments, who would always put up beautiful policies, but lacking the political will or commitment to execute them.

5.2.2.9 **Guidelines on monetization was either not adhered to or was harsh to public servants**

The federal government provided Guidelines for the implementation of monetization of Fringe Benefits, but some organizations did not follow strictly the guidelines for selfish reasons. This was more acute in zonal offices, as attention was concentrated more in the headquarters. This showed that, while the auction of official vehicles was not transparent in the headquarters, it was worse in the zonal offices. In some cases, some vehicles were not listed for public

auction but merely presented to some favoured staff. Some vehicles were out rightly stolen. Unfettered access to information about the auction in some case was not guaranteed, so that some many did not know before hand, the date the auction took place. This denied some people the opportunity to participate in the auction.

Also, the bidding exercise for the auction of government houses was far from transparent, as some workers were not allowed level playing ground during the process. Many civil servants were forced to relocate to less conducive, distant and sub-standard accommodations in under-developed locations in the countryside or satellite towns like Masaka, Keffi, Kubwa, Durumi, Madalla et cetera. The sites government promised to make available for workers to built houses, were not provided after all. Best (2003). The public servants did not care either as they did not have the money to build any house in the first place.

Another dimension to the Guidelines was the fact that it was harshed or stringent mostly on aspect of auction of government house as indicated here. The provision in the Guidelines that all bids

must be submitted with a bid bond equal to ten percent of bid value be paid to designated banks. All bids without a bid bond stood disqualified. The highest bidder was automatically declared the winner, along with the second highest bidder as the reserve bidder, with the bid bond retained and treated as non-refundable 10% deposit. The salary of some workers was so low that they could not be granted loan. Assuming they were granted, the whole salary of a month would not be enough to pay the premium. What they eventually did was to sale their apartments to ready buyers and the profit they made, was used to buy or built substandard houses in the satellite towns far from the city. This was partly to avoid loosing the 10% bid bond simply because they were unable to raise the balance. That was understandable, if a bid bond of 10% for a house of #3.m was 10/100 *3000000=300,000. What is the justification of loosing 300,000 if one was unable to raise the balance of #2,700,000 for a house of #3,000,000.00? It did not make sense if those targeted to benefit were actually public servants.

The Guidelines also stipulated that 25% of purchase price (including non refundable deposit of 10%), up to a maximum of N5 million

(National Housing Fund lending limit), was expected to be paid to the Federal Government of Nigeria within 90 days. Balance of 75% must be paid by all purchasers within an additional 90 days. Thus, all purchasers must effect full payment within 180 days of contract. It was found to be a superfluous requirement which many public servants could not afford.

The requirement to make full payment of money for buying a house in 180 days was unrealistic to civil servants whose salary could not afford such huge payment within such a short time and bearing in mind that government was paying public servants piece meal and not in bulk.

Another repulsive provision of the Guideline was that all transaction charges were borne from the account of the purchaser. All manner of sales involved two parties who would mutually benefit from the transaction. The seller wants to sale his merchandise to get money and the buyer wants to have the merchandize because he wants to use it and so would have to pay for it. Why should one party bear

the entire cost of transaction, especially, the weaker party for that matter in that situation?

Worse still, in the event that a purchaser failed to comply with the payment terms, the non-refundable deposit bond (being 10% of the purchase price) was forfeited to the Federal Government and the contract of sale rendered null and void, and the house declared unsold.

5.2.2.10 Furniture Allowance, Car Loans and Housing Allowance payment favoured top management than their junior counterpart

Prior to the introduction of Monetization Policy, only about 25% of Civil Servants were living in government-owned quarters or had government-rented quarters for them, while the remaining 75% were paid housing allowances for their accommodation. However, with the Monetization of Fringe Benefits, every Civil Servant in the Federal Civil Service would supposed to provide for his own accommodation and be paid, between 50% and 75% of Annual Basic Salary as Accommodation Allowance, depending on rank. As for Furniture Allowances, Government had stopped bearing responsibility for furnishing and repairs of its quarters. Instead, they

would be paid Furniture Allowance of 200% of annual basic salary. Also Vehicle loans were to be granted. Every public officer was supposed to be provided with a car loan of 350% of their annual basic salary at an interest rate of 4% per annum for a period of 6 years. In view of the above, an opinion was expressed to the effect that Furniture Allowance, Car Loans and Housing Allowance payment favoured top management than their junior counterpart. From the responses, the workers expressed bitterness that the Federal Government through the Secretary to the Federal Government of the Federation and the Head of Service, directed in a Circular, that middle and junior staff be exempted from receiving their Housing and Furniture Allowances and car loan in bulk contrary to the earlier circular on monetization, but the same allowances directed that Directors, Permanent Secretaries and other management staff, should be paid in bulk. These appeared as a conspiracy by the top public bureaucracy to ensure that since they controlled the public service, their interest was considered higher and above others. How could the middle level and junior workers be ble to pay the exhorbitant rent in FCT or be able to build or buy their own homes, if such benefits were paid piecemeal?. This was

certainly not the way it was earlier arranged in other organizations practicing monetization like KRPC, CBN etc. As soon as the circular to this effect was released, public servants embarked on a spontaneous demonstration in Abuja capital city and called for the sacking of the Secretary to the Federal Government (Ekaette) and Head of Service of the Federation (Yayele) for releasing such a circular. The workers accused the government of Obasanjo of insensitivity to the plight of the poor. One of the angry workers accused the Permanent Secretaries of failing to return government cars in their possession and went further to say “I even know one of them, who gave a Pajeero Jeep to his girl friend”. One of the Directors confirmed the lack of fairness in that case and blamed the federal government for lack of consistency in implementing to the policy of monetization. Tribune, September 14, (2003:6)

5.2.2.11 Monetization resulted in retrenchment of workers

The fate of existing Drivers on Government payroll, numbering about seven thousand (7,000), who were no longer needed were disengaged. Government planned to lessen the trauma of their sudden disengagement through prompt payment of retirement

benefits and the mounting of re-orientation programmes designed to expose the participants to various trades and job opportunities. Government allocated 30% of the excess vehicles disposed of exclusively to this category of drivers to purchase. Assumming the first retrenchment was dully planned and executed, what about another 33,000 workers recently retrenched from the public service? These were all indirect consequences of the failure of government to embark on in-depth cost/benefits analysis of the policy of monetization, before embarking on it. The government suddenly became overwhelmed when the real challenges and the financial burden of monetization became clearer. For one, it denied many workers of their means of livelihood without any palliative measures to aid them. This created a high level of insecurity through breeding an army of armed robbers from these retrenched workers.

Any policy of government that would bring about retrenchment of workers without efforts to cushion the effect of the loss of means of livelihood like the provision of social security is an unfortunate one. According to the respondents, till now some were yet to be paid their entitlements.

5.2.2.12 The federal government consistently violated the embargo placed on buying new cars

To ensure waste control government directed that, ministries, extra-ministerial departments and federal government agencies to henceforth purchase no new vehicles. Each Ministry/Agency was allowed a specific number of utility vehicles, including buses, for essential services; Where there is the need to purchase any new vehicle(s) by any Ministry, Extra-Ministerial Department, Agency or Parastatals, a request would have to be made to Mr. President for approval. Officers currently not entitled to government vehicles and those who even though were entitled but were keeping a number above their entitlements, were made to return the vehicle to their respective ministry/agency for disposal. Staff were also expected to be paid 350% of annual basic salary as vehicle loan, although as already indicated, only top bureaucrats were receiving their own in bulk, other were paid piecemeal. Since it was a major plank of the policy that all ministries and extra ministerial department and agencies would not purchase new vehicles, numerous government vehicles were disposed of, at discounted rate to public servants and members of the public. In line with the policy of monetization, a new

salary structure was immediately approved for all categories of civil servants with 25% of basic salary as transport allowance. There was no doubt this, was one of the components of monetization that served as a major source of cost reduction in provision of Fringe Benefits.

In view of the above opinion was expressed that the federal government consistently violated embargo placed on buying new cars. The responses was that majority agreed that the public bureaucracy had in conjunction with government consistently violated the embargo. In other words the implementation of monetization was too poor handled as some aspects of the policy were executed in variance with what the policy was originally supposed to do.

During Obasanjo administration, it was reported in the Daily Trust editorial of April 27, 2006 of government violation of the embargo placed on buying new vehicles or look the other way when the violation was taking place. It was reported that the;

> …… Senate has ordered for 109 Peugeot 407 to assist Senators in their committee

> assignments. This is again indicative of the contradictions inherent in the policies of the government of President Olusegun Obasanjo. The cars, according to the story are a part of 257 vehicles that the National Assembly would shortly take delivery of, for committees,

Unfortunately, each of the car would cost a whooping sum of #6,07 million. The researcher was puzzled that a government pursuing the policy of monetization with the reduction in the cost of providing benefits as its major objective, would turn around and embarked on measures that undermined the objective of the same policy the government seemed to hold very dear. This was incomprehensible.

Similarly The Punch of 5th November, 2007 reported that the federal government in a surprise move had announced a review of the policy on Monetization of fringe benefit as it affected motor vehicles:

> In what looks like a major policy somersault, vehicles are now to be provided to certain categories of public officers…….Yaradu'a is said to have approved the provision of one dedicated official vehicle to each of the ministers, special advisers and permanent secretaries. The Chief of staff to the President and some categories of public officers are also to benefit from the monetization exemptions.

In other words, the Federal Government under President Yar'adu'a had actually granted a waiver to ministers and other presidential aids on embargo placed on purchase of vehicles. A circular was even released to that effect that ministers and their aid, presidential advisers, special assistants etce'tera were to be provided with official cars. This was corroborated by the Secretary to the Federal Government, when he appeared before a senate committee. This was happening after they had earlier paid 350% of the basic salary of these top public servants as transport allowances. The reason advanced by government for the costly waiver was to enable top public officers carry out their responsibility efficiently and effectively to uphold the dignity of their offices. What dignity? When majority of Nigerians were living in abject poverty. That would have translated to mean providing two vehicles to each of the forty five ministers, ten Special Advisers/Assistants and twenty two Permanent Secretaries.

This was the initial fear expressed by many Nigerians that government might not be committed to monetization policy or any policy for that matter. Many Nigerians believed that a change in government is in tandem with a change in existing policies. The

sensational announcement of change in policy seemed to carry more weight than what the policy aimed to achieve. It was against that background that during the military era, almost every time there was a change of government, there was demonstrations of support irrespective of the philosophy of the new government.

It was important to note that the public bureaucracy was badly affected under this provision. The flambuoyance and paraphernalia which characterised their offices, where some of them had at their disposal between three to ten vehicles of various brands was actually not in their interest. Incidentally they were responsible for policy implementation. Infact they did a lot of things to frustrate the efforts of government, through outright stealing of vehicles, ensuring only their favoured staff benefited and so on.

All the same, despite the frustration of monetization by public bureaucrats, the vote on purchase of motor vehicles and maintenance were knocked off from the provision of the budget. Ordinarily this was to take care of frugality in public finance. Payments of salaries of drivers was no longer necessary since

exces drivers were laid off, and top public officers could only retain them as personal staff and pay them their salaries. Infact all the fraudulent activities associated with fuelling, maintemance and what have you, were effectively addressed.

5.2.2.13 Monetization was adopted before evaluating its Cost and benefits

Monetization policy was capital intensive and it appeared the government did not embark on cost benefit analysis before adopting the policy. From every indication, government seemed not to have realized the enormity of the financial implication prior to its adoption. In the midst of the implementation in 2006, government had to lay off about 33,000 public servants. Workers of government parastatals are still being owed two years arrears amounting to N87 billion naira. The benefits public servant were paid were not in bulk as realier planned but disbursed piece-meal or instalmentally. Infact, when the naked reality of the policy started becoming clearer and the way it impacted on public servants, the federal government wanted to tinker with it, it was the national assembly that aborted move.

One of the points critics of monetization made was that government lacked the money to implement the policy. From every indication, government could not raise enough money to implement the policy or lacked the political will to do so. This was not a surprise in view of the fact that previous policies were always treated with levity no matter the potential benefits the nation stood to gain.

The Implementation Committee came up with an estimate of N650b of cost for Monetization in about three years with shock absorbers. Infact this figure compared to what government eventually spent was not realistic. When data like that were not reliable they could misdirect efforts. Even the widespread budget indiscipline in Nigeria was another major problem. More often than not, budget releases always fell short of what was budgeted. Most times just about 50% of what is required to finance a projects and programmes. This was apart from the problem of virement or transfer of money from one head or vote to another. Sometimes they embark on rush spending of unpent fund at the end of the budget year not necessarily on viable project but to exhaust the money irrespective of whether the expenditure was budgeted or not.

5.2.2.14 Mere rumour of monetization triggered inflation

When the government announced its intention to implement monetization in 2003, in anticipation of the money that would accrue to workers, prices of goods and services skyrocketed. Manufacturers, producers and businessmen, who were not public servants or beneficiaries of the policy unwittingly increased the prices of goods and services. That was the only way they thought, they could benefit.

Unfortunately the monetized benefits did not come lump-sum as expected; the government was paying the benefits piecemeal. Government also failed to put any measure to cushion the effect of this inflationary trend on the population like the South African Institutional Support Programme.

5.2.2.14 Monetization Impact On Government Expenditure Was Insignificant

With the introduction of monetization of fringe benefits, it was assumed, it would ensure waste control and cut government expenditure drastically, when corruption, misuse and abuse of government facilities were regulated. According to the CBN Annual Reports (2003, 2004 and 2005), it was clear has been increasing.

Example an aggregate expenditure of the Federal Government increased by 20.4 per cent to #1,226.0 billion from the level in 2002 and surpassed the 2003 budget estimate of #1,189.6 billion by 3.1 per cent. In the recurrent aspect of expenditure at #984.3 billion, the current expenditure increased by 41.3 per cent over the level in 2002, reflecting largely increases outlays on goods and services and external debt service payments. (CBN ANNUAL Report, 2003). Also the aggregate expenditure of the federal government rose from 12.3 per cent to #1,377.3 billion from the level in 2003. As a proportion of GDP, total expenditure was 16.7 per cent in 2004, compared with 17.6 per cent in 2003. On the recurrent expenditure side at #1,062.7 billion, the recurrent expenditure rose by 8.0 per cent over the level of total expenditure. The high recurrent expenditure reflected largely higher personnel costs functions, showed that the outlay on administration rose by 4.8 per cent above the level in 2003 to #322.8 billion and accounted for approximately 30.5 per cent of total recurrent expenditure. (CBN ANNUAL Report 2004)

Similarly, aggregate expenditure of the federal government rose by 27.8 per cent to N1,822.1 billion from the level in 2004. As a

propotion of GDP total expenditure remained unchanged at 12.2 per cent as in 2004. non debt expenditure rose by 36,9 per cent above the level in 2004 and was 3.3 per cent below the #1,477.2 billion budget estimate for 2005.

At #1,223.7 billion, the recurrent expenditure rose by 18.5 per cent over the level in 2004 and accounted for 67.2 per cent of total expenditure was distributable largely to personnel overhead costs. Analysis of the components of recurrent expenditure showed that government consumption, comprising purchases of goods and services accounted to #829.8 billion or 68 per cent. A functional classification of recurrent expenditure showed that the outlay on administration rose by 41.7 per cent over the level in 2004 to #434.7 billion and accounted for 35.4 per cent of the total. As a propotion of tax revenue, personnel cost was 35.5 per cent target …on administration accounted for 33.0 per cent over the level of in 2004. (CBN ANNUAL Report, 2005). Form the foregoing, it showed the impact of monetization on government expenditure was insignificant.

5.3.0 HYPOTHESIS TWO

Ho Monetization is not an effective policy of waste control.

Hi Monetization is an effective policy of waste control.

The researcher assumed that corruption in the Nigerian society had reached an intolerable level and that meant a well intended policy like Monetization to control waste was desirable.

To prove or disprove the above hypotheses, the following opinions were presented for public servants or bureaucrats to identify the option that suited their views such as “strongly agree”, “disagree”, “undecided” and “disagree” and “strongly agree”.

5.3.1 Monetization was an effective policy of waste control.

The following are the opinions expressed with a view to getting reactions from public servants who were both the beneficiaries and the implementers of the policy.

i. The auction of government houses/quarters had reduced government spending

ii. Monetization had curbed fraudulent practices associated with processing of medical claims.

iii. There was a drastic reduction in government spending on fuelling of official vehicles.

iv. Government Houses were furnished and furniture replaced not necessarily because of need.

v. Most times substandard Furniture was supplied at high cost.

vi. Government was consistent in implementing Monetization policy.

vii. Monetization brought about maintenance culture in the use of public utilities

viii. There were wide spread incidents of corruption during implementation of Fringe Benefits which undermined the efforts at waste control.

ix. Auction of government houses was inappropriate.

5.3.3.1 Monetization of Residential Accommodation though necessary, was inappropriate

Before the introduction of monetization, it was costing government huge amount of money to construct, purchase or rent residential

accommodation for public servants. Furthermore, large amount of resources were occasionally spent on renovation, maintenance and furnishing of these residential accommodation. To worsen matters, government officials usually escalated building and maintenance costs, so much so that in most cases, the cost of painting a house, more often than not cost more than the actual amount spent in erecting it. The case of the fomer Speaker of the House of Representatives Mrs Etteh, accused of using N628million dollars to renovate her official residence, is a case in point.

It was assumed with monetization of fring benefits, government would no longer rent or build residential apartments for any category of public servants. Monetization would ensure that the erstwhile billions of naira deployed for construction, renovation and furnishing would be reserved for other needs begging for attention. There was an allegation from one of the respondents, but which could not be substantiated because of respondents not wanting to be quoted that "…..one of the consultants used for the auction of government houses transferred a huge amount of money, being part of the proceeds into his foreign account and fled to a foreign country".

Though it was difficult to believe, it was not unlikely in a country where people entrusted with leadership positions, divert public funds into private accounts. The case of former Governors Dariye of Plateau State, Alameighsia of Bayelsa State, and Saminu Turaki of Jigawa State etcetera lend credence to thie view, to the extent that, such allegation could not be wished away.

However, the sale of government houses and vehicles were not transparent according to respondents, the outright sale of the houses itself was inappropriate. Many were of the opinion that the sale of government quarters should not have been done in the first place. Besides, in 2004 after the inauguaration of members of the National Assembly, there were problems of accomodation that were very emabarassing. They were stranded, because Apo Legislative Qurters had earlier been sold out to outgoing legislators, due to monetization. The problems called to question the sale of Apo legislative quarters that was built purposely for law makers in the Federal Capital Territory. In 2004 the Obasanjo administration sold the quarters to past law makers under monetization of Fringe Benefits in the Nigerian Federal Public Service. Each member of the

lawmakers (House of Representatives) paid N11 million for the official residence he/she occupied, while Senators paid N15 million each for their own. The immediate impct was that the new sets of law makers were rendered homeless in Abuja. The National Assembly had to adjourn to allow its members time to sort out accommodation problems. What a pity? Monetization that was meant to help government save cost, turned out to become a major source of waste and a symbol of abuse. As a face saving device, the National Assembly had to immediately swing to action to disburse what was regarded in some quarters as Jumbo Allowances to its members. The money among other things was partly meant to enable legislators secure accommodation in the Federal Capital Territory to avert a national embarrassment. The following were the Allowances paid to senators and members of House of Representatives, respectively;

1. Housing, Furniture and Car Allowance
   - Senators #53.7million
   - House of Reps. #47.9million
2. Car Maintenance-
   - Senators- - #126,000
   - Reps.- - #124,000
3. Wardrobe Allowance
   - Senator- - #500,000
   - House of Reps- #500,000
4. Constituency Allowance

Senator- - #5 million
Reps- - #2 million

5. Utility Allowance
   Senator- - #400,000
   Reps- - #400,000
6. Entertainment Allowance
   Senator- - #6 million
   Reps- - #6 million

Source: Revenue Mobilization, Allocation and Fiscal Commission, Publication, 2007

What was the need to sale government houses to safe cost only to find out that you were spending almost an equivalent sum if not more to settled those who were stranded because of accommodation problems caused by the houses that were sold.

Official accommodation of Judges, Ministers, Special Advisers, Inspector-General of Police and so on were all sold in violation of the guidelines. With the blanket sale of these houses, many of these officers in charged of sensitive assignment were rendered homeless and their security compromised. The same with other categories of civil servants who could not afford to pay for their accommodation, as a consequence, they sold their houses to the money bags and used the proceed to buy or built houses in satellite towns of Abuja, far from their working places, with the attendant discomfort and

frustration. The situation was so bad, that calls were made in some quarters that the monetization policy should be scrapped. Where then was the cost reduction that was the major thrust of the policy of monetization? If this were to be the case, then the aim of monetization policy, which was essentially to ensure cost reduction, would have been defeated.

Government Reserved Areas (GRA) and other government houses were built in close proximity to government secretariats at state and federal levels, where civil servants could drive or walk leisurely to work without the hustle and bustle of traffic congestion in most urban centres of the federation. All the GRAs had been sold out and new government officials would have to find alternative perhaps far from the seat of power. Would they not be exposed to security risk and inconveniences? In other words, would it not pose difficulty in getting to their offices, given the level of insecurity in the country and the fact that most government businesses were usually carried out sometime upto late at night. It would become difficult for the civil servants involved to get home after such meetings. Sadly enough,

Government Houses even within the the Presidential Villa (Asso Rock) were sold.

It was heart warming that the Guidelines for the sale of government houses took note of that and restricted their sale, but it appeared the Implementation Committee failed to comply with the Guidelines. That is why Apo Legislative Quarters and Quarters within the vicinity of Aso Rock and other places had no doubt triggered problems of monumental proportion that were threatening the policy itself. It appeared the bureaucracy was anxious to sale government houses, because being privileged to be in government and the implementors of the policy of monetization, they allocated and bought choiced houses for themselves and flagarantly violated the guidelines with impunity. Example was the tussle in buying Vice President Atiku's house by both Atiku and El Rufai the erstwhile, Minister of the Federal Capital Territory, the tussle to buy the House of the Inspector General of Police by Tafa Balogun and his successor Ekundaro. The massive purchase of Government houses in Lagos by Government officials and families of the first lady before it was revoked by Obasanjo.

It is true that Monetization was a laudable scheme that could affect workers in a positive way and control waste, but certain aspects like auction of residential accommodation were objectionable. There was also the moral question on whether the present generation of Nigerians had the right to sale government houses that belong to all Nigerians to just a few public servants who constituted a mere 3% of the total population? What about future generations, the unemployed and the newly employed or elected political holders etcetera?

5.3.3.2 Monetization of official vehicles brought cost reduction

Prior to the introduction of monetization of Fringe Benefits, top public servants were provided with official vehicles. The fueling, maintenance and provision of drivers were all the responsibilities of government. Apart from this huge spending, there was massive fraud and abuse associated with these benefits. Cost of fueling and maintenance was more often than not inflated, so that the cost of maintenance within months were often more than the cost of buying the vehicles themselves. Some public servants maintained many

official vehicles in a variety of brands ranging from Cars, Jeeps, Buses and even Trucks. Beside keeping more than the required number of vehicles by officers, the vehicles were recklessly handled and used for private purposes and not necessarily during office hours. Similarly, an official vehicle maintenance bill could cost more than the price of the vehicle itself. You could only imagine what government was loosing, when one considered the number of vehicles provided by governments at all levels (Federal, states, parastatals, local governments etcetera) for bureaucrats and political office holders. No doubt, it was a clear case of not paying due respect to frugality in government expenditure.

At the point of buying the vehicles, the costs were also inflated. Infact the situation was so bad, that the government decided to use monetization as panacea to these abuse and waste. With monetization, government was expected not to buy vehicles for top civil servants again. Also, vehicles of government were to be withdrawn from public servants so that they would not have more than one or two. The remaining vehicles were declared excess

vehicles and sold to public servants or members of the public at a 50% discount bearing in mind the rate of depreciation.

More so, the discontinuation of government provision of chauffer – driven cars to public servants and the use of pilot vehicles and siren by political office holders was necessary considering the cost of these facilities. Moreover, fund generation through the use of service – wide staff-buses, with the fund realized being used to fuel and maintain these government owned staff – buses was a reduction in the cost of governance. It was realized that even though the federal Government violated the embargo on buying new vehicles, which actually undermined the objective of cost reduction, it was still one of the components of monetization that really reduced effectively cost of providing Fringe Benefits in the public service.

5.3.3.3 Fraudulent Practices Associated With Processing Medical Claims Were Curbed

Prior to monetization government provided free medical attention to workers. They could go to any government medical centre for medical attention and the receipts of all the paid were presented for the cost to be paid. In such situations, fake receipts were often

presented and the processing officers connived with the claimants to defraud government. In fact, millions of naira had been saved due to monetization. Many were happy that at least these syndicates were effectively smashed, with the implementation of monetization policy. It was also realized that current practice of getting medical attention using National Health Insurance Scheme (NHIS), where government pays 90% to Primary Health Centers after they had treated officers in the service was more cost effective. It also included at most four children of the staff concerned who must not be above 18 years of age. Instead of government granting free medical services and most of which were fictitious as in the past, it would ensure that the officer had actually gone for treatment and had paid 10% and then the federal government would pay the remaining 90% of bill. Ordinarily if one had not gone to the hospitial, he would not pay 10% as medical bill to any health center. However, the federal governemt should monitor claims of primary health centres and the public servant to ensure that there was no undue collaboration to ensure that the right thing is done at all times.

5.3.3.4 Auction of excess vehicles was fraudulent

Though monetization of official vehicles was somewhat effective in terms of waste control, but the abuse or corruption in the process, threatened its ability to save cost. Example, respondents revealed that some excess vehicles meant for auction disappeared through direct stealing, prompting the federal government to set up a committee to take inventory of the entire vehicles. Refusal by management staff to list some vehicles for auction and merely allocated them to some selected staff for them to pay just a token was inappropriate and another major source of waste. Respondents disclosed that some management staff at the dawn of monetization deliberately rushed to buy brand new vehicles and only to resale same to themselves within few months at ridiculously low prices. They were also instances where top government functionaries were still using drivers whose salaries are paid by the government.

5.3.3.5 Monetization of Furniture encourage maintenance culture

The researcher wanted to find out if monetization of Furniture Allowance was appropriate to control waste. It was realized that provision of these Furnitures were not done on the basis of need, but simply because someone wanted to be favoured or one was

going to gain. Usually when an officer is moved to a new house, even if the Furniture in the new house were a month's old, they would replace them and the old ones were hardly accounted for. Also the Furniture supplied were at government expense and were not handled with care and respect due to our poor maintenance culture and attitude to government property. They handled them recklessly, and within a short time, they would be in bad shape. The question was, if the users had paid for them and if they were private property of the users, the handling would have been different and the life span of such Furnitures would have been longer. Besides, one could carefully select the designed and colour of his choice of furniture and pay the least cost. One of the respondents during Interview was happy that monetization of furniture had succeeded in curbing what some workers called "…corrupt, wicked and selfish officers, who use the names of some other staff members to apply for repairs and replacement of Furniture and defraud government in the process". Fortunately, with monetization, that was no longer the case. Their uses and handling would also be with more care as they are no longer government property, but personal ones.

5.3.3.6 Corruption undermine control of waste

Monetization, though good, but because of the abuse or corruption in the process, it threatened its ability to save cost. Example respondents revealed that some excess vehicles meant for auction disappeared through direct stealing prompting the federal government to set up a committee to take inventory of the entire vehicles. Refusal by management staff to list some vehicles for auction and merely allocated them to some selected staff for them to pay just a token was inappropriate. Respondents disclosed that some management staff at the dawn of monetization deliberately rushed to buy brand new vehicles and only to sale same to themselves within few months at ridiculously low prices. They also revealed that there were instances where top government functionaries were still using drivers whose salary was paid by the government. In fact, government spending spree on vehicle only reduced, because there was structural leakage that was threatening its success.

5.3.3.7 Waste associated with public utilities

Telephone, electricity and other utility services in the official quarters of public servants, provided and maintained by government were similarly open to various forms of abuse and misuse. Obasanjo Reforms (2003). Wives of some top government functionaries were using official telephones lines in their homes for commercial purpose, only for government to settle the accumulated bills. Water would gushed out from broken pipes and many would not care to put them to order nor bothered to report to the appropriate authorities for action.

5.3.3.8 The social cost of retrenchment

The massive retrenchment that took place in the public service, was told of how some Police Recruits, who were trained and deployed to their respective stations, were issued retrenchment letters, some weeks or months after training. The researcher was also informed that many of them in frustration left their duty posts with their service riffles and ammunition without proper handing over. Some of them threatened to go into armed robbery instead of returning without any means to provide for their beloved ones. With the spade of armed

robbery operations all over the country stretching the police to a breaking point and over powering them in many instances, there was nothing more the government could watch out for, than these unfortunate incidents. In 2007, a Lecturer in Ahmadu Bello University Zaria, who was on Sabbatical Leave in South Africa came back to Zaria on leave, was gunned down at Mr. Biggs on the eve of his departure to South Africa. On 1st of September, 2007 dare devil armed robbers went on rampage at UBA Samaru Zaria and carted away over two million naira and gunned down about 7 innocent passers by. (Daily Trust 1 September, 2007). Indeed the government was paying dearly for it and there is no way these incidents could be divorced from the problems partly created by poor implementation of monetization policy, which resulted in retrenchment. Our highways, homes and streets are no longer safe. They Armed Robbers were becoming more desperate and bloody, perhaps, because of government not doing enough in terms of ensuring job security and creating more job opportunities. On the contrary, it was declaring workers excess and retrenching them in their numbers.

5.4.0 Test of Hypotheses

This study evaluated the implementation of monetization of Fringe Bennefits in the Nigerian Federal Public Service, 1999-2007. The theoretical framework adopted in this study was that of William Complain, which provided that effective evaluation of any policy must be done in the light of the objectives of the policy itself. The major thrust of the policy of monetization was for government to divorce itself from the responsibility of providing Fringe Benfits to workers, which had proven to be wasteful and unsafisfactory. In the light of the foregoing, hypotheses were presented in pairs of null and alternate to ascertain the role of the government and public bureaucracy in the implementation of monetization of Fringe Benefits. It was important to restate the null and alternate hypostheses that the “Implementation of monetization of fringe benefits was frustrated by Public Bureaucracy and the Federal Government did not help matters either” and the alternate hypothesis stated that “the Implementation of monetization of Fringe Benefits was not frustrated by the Public Bureaucracy and the Federal Government helped matters” respectively.

To test the null and alternate hypotheses, the respondents opinions indicated 54% strongly agreed or agreed that the Implementation of monetization of Fringe Benefits in the Nigerian Federal Public Service was not satisfactory, while 41.2% said they either disagreed or strongly disagreed with the opinion. 4% were undecided. Respondents were also required to agreed or disagreed whether Monetization of Fringe Benefits had empowered beneficiaries to buy or build houses. 30.7% respondents either agreed or strongly agreed. 0.2% were undecided, while a whooping 69% either strongly disagreed or agreed with the above opinion. In other words majority believe that monetization did not empowered public servants to buy or build houses. Respondents were also asked, if rent dropped after the implementation of Monetization of Fringe Benefits. The responses were that 23.1% agreed or strongly agreed that it dropped. 3.7% were undecided, while 63.1% either strongly disagreed or agreed that rent dropped after monetization was implemented. It meant that rent did not drop after monetization was introduced. An opinion was expressed that monetization of official vehicles did not bring about waste control. Their reaction showed that 33.5% either agreed or strongly agreed with the opinion, 4.5%

were undecided, while 62% either strongly disgreed or disagreed with the opinion. On whether monetization did not empower the beneficiaries to buy their own cars. The responses were that 67.7% either agreed or strongly agreed. 0.4% could not decide, while 32% either strongly disagreed or disagreed with the opinion. Therefore majority felt monetization did not empower them to buy their their own cars. Another view was expressed that the Federal Government owed beneficiaries nothing. The respondents reacted that 35.9% either agreed or strongly agreed. 12.2% could not decide, while 51.9% either strongly disagreed or disagreed that the Federal Government owed beneficiaries nothing. The responses showed that the federal government owed staff of parastatals, agencies and commissions arrears upto the tune of about N87 billion. Respondents were also asked if the Guideline for the auction of houses was not strictly followed. Their reactions were that 61.8% either strongly agreed or agreed. However, 0.6% could not decide, while 37.6% either strongly disagreed or disagreed. Hence, majority believed that, the guidelines were not trictly adhered to. When the opinion was expressed that the spate of retrenchment in the public service was caused by monetization. 61.8% either strongly agreed

or agreed. 2% were undecided, while 38% either strongly disagreed or disagreed with the opinion. As regards the embargo on buying new vehicles, it was stated that the embargo placed on buying new vehicles to control waste was not respected and the views of respondents sought, were that 23.3% either agreed or strongly agree. 12.2% were undecided, while 63% strongly disagreed or disagreed that the embargo placed on buying new vehicles to control waste was not respected. The mode of payment of monetized benefits to workers was inappropriate. Respondents were as follows; 66.4% either agreed or strongly agreed with the inappropriate mode of payment. 3.5% could decide, while 30% either disgreed or strongly disagreed with the above view point. Another opinion was expressed that in view of the problems that bedevilled the policy of monetization, it was said that there was apparently thorough Cost Benefits Analysis before Monetization policy was adopted. 29.2% either agreed or strongly agreed. 1.8 could not decide. However, 69% either strongly disagreed or disagreed with the above opinion. It was overwhelming agreed that there was no thorough cost benefits analysis before monetization was adopted, which accounted to the near failure of the policy. In

view of the above negative response on monetization policy, the researcher wanted to know if they do not would want monetization to be scrapped. The responses were startling. 68.1% either strongly agreed or agreed. 17.3 were undecided. 25.9% either strongly disagreed or disagreed that monetization should not be scrapped.

In view of the above views expressed by respondents or public bureaucrats, who were both the beneficiaries and the implementors, it was clear the the null hypothesis which stated that the “Implementation of monetization of fringe benefits was frustrated by the Public Bureaucracy and the Federal Government did not help matters” was hereby accepted. On the other hand, the alternate hypothesis which stated that “Implementation of monetization of fringe benefits was not frustrated by the Public bureaucracy and the Federal Government helped matters” was thereby rejected”. This was because, all the responses of the respondents were largely negative on monetization, except some few which was that monetization should not be scrapped and the aspect that border on government vehicles.

The main objective of monetization was to ensure that waste control is achieved while providing fringe benefits. It was generally realized the provision of Fringe benefits by the government to public servants was flawed and the huge cost was unacceptable. Government decided to divorce itself from providing these benefits, on the contrary, public servants were given the money equivalent to so that they acquire those things by themselves. This the corner stone of monetization of Fringe Benefits in the Public Service. The second hypothesis was formulated to find out whether or not monetization of Fringe Benefits was an effective policy of waste control. For the avoidance of doubt, the hypotheses which were stated as null and alternate were as follows; “Monetization was not an effective policy of waste control” and “Monetization was an effective policy of waste control” respectively.

To test these hypotheses, respondents were required to agree, strongly agree, could not decide, disagree or strongly disagree on the opinion expressed. The following were the views expressed:

The major policy thrust of monetization was to ensure waste control. In view of the foregoing an opinion was expressed that “Monetization of government houses did not control waste”, respondents views on this opinion were that 67.7% either agreed or strongly agreed, 0.2% was undecided. Conversely, 32.28% either disagreed or strongly disagreed respectively that auction of government houses did not control waste. On the aspect of auction of government houses, 67.8% of the respondents either strongly agreed or agreed that auction of government houses did not control waste. Another opinion was that “Monetization of official vehicles did not bring about waste control” 33.5% either respondents strongly agreed or agreed. 4.5% respondents were undecided. On the other hand, 62% either disagreed or strongly disagreed respectively that monetization did not bring about waste control. In another development 38% strongly agreed or agreed that monetization of official vehicles did not bring about waste control, while 62% either disagreed or strongly disagreed with the above view point. It was also observed that monetization curbed fraudulent practices associated with processing of medical claims. 56.6% respondents either strongly agreed or agreed, while 7.5% were undecided.

Conversely, 34.9% of the respondents either disagreed or strongly disagreed respectively that monetization curbed fraudulent practices associated with processing medical claims. It was also observed that Corruption as the bane of our society undermined the control of waste. The respondents showed 68.1% respondents strongly agreed or agreed with the above view, 17.3% were undecided. 14.7% either disagreed or strongly disagreed. It showed a majority of 68.1% respondents agreed that corruption as the bane of our society had undermined waste control. When their views were sought on whether Monetization of Public utilities had inculcated maintenance culture, 66.9% respondents strongly agreed or agreed, while 1.2% respondents were undecided. Conversely, 31.9% respondents disagreed or strongly disagreed respectively that monetization of public utilities had inculcated maintenance culture among public servants. When their opinions were sought whether Houses were furnished and Furniture replaced not necessarily because of need. The responses were that 68% either strongly agreed or agreed, while 1.8% were undecided. On the other hand 30.2% either disagreed or strongly disagreed that houses were furnished and furniture replaced not necessarily because of need,

but simply because of mere change of leadership or officers wanted to create avenue for making money in the process of purchase of these items. When asked to react to the suggestion that most times substandard Furniture were supplied at higher cost. The responses showed that 75.5% either agreed or strongly agreed with this view. 0.6% respondents was undecided. Conversely, 33.9% disagreed and strongly disagreed respectively that most times substandard furnitures were supplied at higher cost, due mainly to dubious activities of suppliers who were only out to make huge profit with the active collaboration of public bureaucrats, without due concern for quality of the facilities they supply. But with monetization, that attitude had changed, as benefificiaries were paid benefits directly to buy their furnitures. They did the buying directly, where they insisted on the best quality at the least cost.

Respondents were also asked to react on whether the federal government handling of monetization of Fringe Benefits was inconsistent. 59.6% respondents either strongly agreed that federal government handling of monetization of Fringe Benefits was inconsistent or merely agreed, while 0.8%) respondent was

undecided. On the other hand, 39.6%) respondents either disagreed or strongly disagreed with the above statement.

In view of the above facts, the second null hypothesis which stated that “Monetization was not an effective policy of waste control” was hereby rejected. Concversely, the alternate hypothesis which stated that “Monetization was an effective policy of waste control” was hereby accepted. However, the effectiveness was undermined by the manner the implementation of the policy was poorly handled. If it were effectively handled during implementation, it would have been better.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

The study revealed that Monetization of Fringe Benefits was not an entirely new policy in Nigeria as earlier thought. Several government parastatals and private firms like KRPC, CBN, NITEL and PAN had earlier applied it. The major thrust of monetization of fringe benefits was converting benefits in kind to cash and these benefits are largely paid in bulk and upfront annually. In the core government ministries, Leave Grant, Duty Tour Allowance etcetera were also in operation but at a limited scale. In the Nigerian Federal Public Service, there were widespread cases of corruption, abuse and misuse in the art of governance. There was scorn and disdain in handling government facilities. Consequently, it was costing the Federal Government huge amount of money. The World Bank recognised monetization as the international best practice of controlling waste in most countries of the world. The study revealed that the workers were very excited about monetization, because it was going to put huge amount of money into their pockets in place of benefits in kind hitherto enjoyed. The government having realized

the costly way it was providing the benefits was also very anxious to diviorce itself from that responsibility so that benefits would be provided in the most cost effective manner and the money saved could be used for the purpose of development. However, as promising as the policy appeared, the government commitments in the implementation was weak. The public bureaucrats who were badly affected frustrated the policy and the expectations of the workers were dashed. All the same it was still able to serve as waste control measure. It would have been more, if the policy had received the cooperation and commitment of all stake holders (The political office holders, the top public bureaucrats and the middle level and junior workers).

6.1 Summary of Findings

The sale of government houses was not entirely transparent and costly. Many workers could not afford because it was exorbitant. The sale of the houses compromised the security of some key top government officials like judges and some political appointees who were supposed to be within secured zones, which was the pihilosophy behind building Government Reservation Areas then.

Besides, the sale of the houses made previous occupants and new workers stranded. Its ability to serve as waste control in this case was doubtful.

The scorn and disdain associated with public perception of government utilities such as telephone, electricity etc, had been corrected by the implementation of the policy in the public service as the workers paid for these utilities directly.

The monetization policy had stopped the practice where in renovating official quarters and changing furniture items were in many cases not accounted for, giving room for abuse. The cost of Furnitures supplied were often exhorbitant

Monetization had curbed excesses of public servants. For example in the past ministers, commissioners and top civil servants in government were driven to office and back in official personal cars with drivers, whose salaries were paid by the government. With monetization every officer could hire his personal car or cars and the

drivers personal to him too. All his benefits are paid to him and he decides what and how much to pay them.

The federal government delayed paying workers of federal government parastatals their fringe when it started on 1st October 2003 until 1st October 2005. Sadly enough, the two years arrears are still pending. Workers of Agencies and Commissions were bitter, that while workers of core ministries were paid their benefits in full, workers of federal government parastatals, Commission and Agencies are still owed arrears of two years (between 1st October 2003 - 1st October 2005) amounting to about N87billion.

Government was paying middle level and juniour workers' Housing, Furniture and Car loans piecemeal, while Permanent Secretaries, Directors and other management staff were collecting theirs in bulk. Consequently it weakened their ability to buy the houses that were auctioned or build for themselves.

Monetization also brought about inflation in the economy, without any corresponding government measure to cushion the effect. This

became evident in July 2003 after the government made its intention on monetization of fringe benefit known to the public. This further worsened the condition of the workers and non workers as the benefits they thought would come lump-sum, were built into their monthly salary.

The huge cost of implementing the monetization policy led partly to retrenchment. There was an initial disengagement of excess Drivers, Cleaners, and Personal Assistants of about 7,000. In early 2007, the government went ahead to disengage another 33,000 workers from the public service, which no doubt was a fall out of the monetization policy. Unfortunately, some of them were not paid their benefits promptly and outrightly. The exercises led to increase in crime rate in the society like armed robbery, drug addiction, and other social vices. These were products of government failure to live to its responsibility.

Monetization was able to eliminate the widespread corruption associated with the submission of spurious medical bills and delay in processing refund of medical claims. It minimised waste, misuse

and abuse of public facilities and promoted efficiency in resource allocation. This was achieved through the National Health Insurance scheme, where the government paid 90% of medical bill, while staff concern paid 10% as against the old practice of free medical bill.

The implementation Committee that was meant to ensure that it was done according to the guidelines and to advise government appropriately, found that some bureaucrats were not transparent in implementing the policy. Some of the Directors were caught ourughtly stealing government vehicles that were returned to the pool. The embargo placed on buying new vehicles except with the permission of Mr. President, was flagarantly violated by the bureaucrats. Infact some management staff or directors did not live above board in auctioning houses and cars, as they exhibited glaring cases of selfishness and encouraging activities where some gained at the expense of others.

Government lack of commitment and inconsistency was glaring when the embargo placed on buying new vehicles were violated with impunity and its attempt at reversing monetization on the flimsy

excuse of trying to ensure top public servants and political office holders discharge their responsibilities with dignity. If the National Assembly had not stopped president Yar'adua, top public servants who had earlier been paid N350% of annual basic salary as vehicle loans would have turned round and receive motor vehicles again. That would have been a double loss. This is the tragedy of policy somersault that successive government in Nigeria are very famous with.

Monetization had enabled government to have a true picture of what it cost to maintain a political office holder or public servant in office since benefits in kind had been monetized and therefore with cash payment it was easier and could also lead to a more realistic budgeting and budget implementation.

The conversion of benefits from cash to kind had created a problem of income inequality in society. When the benefits were in kind it was easier to tolerate, because the basic pay differentials were somewhat minimal, but when the benefits got monetized, the percentage difference became very conspicuous.

Monetization when it was implemented failed to ensure waste control in government spending as the expenditures of government in terms of capital and recurrent kept on increasingly. Example, according to the CBN Annual Reports (2003, 2004 and 2005), an aggregate expenditure of the Federal Government increased by 20.4 per cent to #1,226.0 billion from the level in 2002 and surpassed the 2003 budget estimate of #1,189.6 billion by 3.1 per cent. In the recurrent aspect of expenditure at #984.3 billion, the current expenditure increased by 41.3 per cent over the level in 2002, reflecting largely increases outlays on goods and services. (CBN ANNUAL Report, 2003). Also the aggregate expenditure of the federal government rose from 12.3 per cent to #1,377.3 billion from the level in 2003. As a proportion of GDP, total expenditure was 16.7 per cent in 2004, compared with 17.6 per cent in 2003. On the recurrent expenditure side at #1,062.7 billion, the recurrent expenditure rose by 8.0 per cent over the level of total expenditure. The high recurrent expenditure reflected largely higher personnel costs functions, showed that the outlay on administration rose by 4.8 per cent above the level in 2003 to #322.8 billion and accounted for

approximately 30.5 per cent of total recurrent expenditure. (CBN ANNUAL Report 2004)

Similarly, aggregate expenditure of the federal government rose by 27.8 per cent to N1,822.1 billion from the level in 2004. As a propotion of GDP total expenditure remained unchanged at 12.2 per cent as in 2004.

At #1,223.7 billion, the recurrent expenditure rose by 18.5 per cent over the level in 2004 and accounted for 67.2 per cent of total expenditure was distributable largely to personnel overhead costs. Analysis of the components of recurrent expenditure showed that government consumption, comprising purchases of goods and services accounted to #829.8 billion or 68 per cent. A functional classification of recurrent expenditure showed that the outlay on administration rose by 41.7 per cent over the level in 2004 to #434.7 billion and accounted for 35.4 per cent of the total. As a propotion of tax revenue, personnel cost was 35.5 per cent target …on administration accounted for 33.0 per cent over the level of in 2004. (CBN ANNUAL Report, 2005). From the foregoing, it showed the impact of monetization on government expenditure was insignificant.

6.2 Conclusion

Monetization of fringe was evidently a good policy of waste control, but its implementation was poorly handled. The consequence of this was the failure of Monetization of Fringe Benefits to serve as an effective policy of waste control, especially with the experience of organizations that had adopted it long before it was introduced in the Nigerian Federal Public Service. In those organizations Fringe Benefits especially car loans, housing allowance and furniture allowance were periodically paid to workers in bulk and a convenient period of between four to six years of repayment was considered. It enabled workers to buy houses and cars of their choice, invest in lucrative ventures, and prepare adequately for comfortable post service life.

Indeed cost reduction was recorded in areas of official vehicles, but corruption substantially reduced the effectiveness of the policy. For example outright stealing of government vehicles and other sharp practices tended to undermined the main objective of waste control.

Public Servants expectations were very high mainly because of how monetization raised the standard of living of those who were enjoying it earlier. However, when Monetization was eventually implemented their hope was dashed. However, they still prfer it was improved that scrapping it.

The government did not show fairness or equity while implementing monetization. Housing Allowance, Furniture Allowance and Vehicle loans were only paid to Permanent Secretaries and Directors in bulk, while middle level and junior staff were paid piecemeal. Besides, workers of core ministries were paid their monetized allowances in full, while workers of parastatals, commissions and agencies are still owed two years arrears (1st October, 2003 -1st October 2005 up to the tune of N87 billion, though the said figured was still controversial. The federal government felt, it was inflated.

The federal government payment of benefits to middle level and junior staff were paid piecemeal. It was no surprised that many of them were unable to build or buy houses and cars. In also attempting to review Monetization of official vehicles and the

flagrantly violation of the embargo placed on buying new vehicles and so on. These were specific incidents that undermined monetization from becoming an effective tool for cost reduction.

The sale of excess vehicles and the purchase of houses were replete with favouritism, nepotism and selfishness, where level playing ground was not available for all to compete. Only about 20% of workers were able to buy houses and cars.

The rent government predicted was going to fall due to less pressure from the part of the government and workers who would have built their own houses, did not fall after all.

Monetization of Fringe Benefits has widened the income inequality in the public service, as Benefits in kind in Domestic Servants, Furniture Allowance when they were converted, created a substantial gap in the salary differential of those at the top and bottom in the public service.

It appeared the government did not embark on cost benefits analysis before implementing monetization of fringe benefits in the

public service. This was because the challenges of the policy of monetization eventually overwhelmed government. Example retrenchment of workers, inability to pay two years arrears (87 billion) owed workers of parastatals and attempting to reverse a critical aspect of monetization which is motor vehicles were indeed panic measures, that could have been taken care of, if a thorough cost benefit analysis had taken place.

On the whole, monetization failed to bring about waste control in government expenditure, as bot the capital and recurrent expenditures of government continued to rise in geometrical progression.

6.3 Recommendations

Monetization policy was a good policy, but was evidently poorly handled during implementation with damaging consequences. It was hoped, the following recommendations could go along way to redress the situation.

Housing Allowance, Car loans and Furniture Allowance were paid in bulk to top management staff like Permanent Secretaries and

Directorate cadre and other management staff, while middle level and juniour officers benefits were paid piecemeal. The government should pay the middle level and juniour staff relevant benefits in bulk. It was wrong for top management staff, who are more endowed to collect their benefits in bulk, while their weaker counterpart were paid piecemeal.

Payment of allowances like furniture allowance only to top public bureaucrats created wider income inequality between the top management and middle level and junior staff. When it was provided in kind, it was not obvious, but with the conversion of the benefits to cash, the income inequality became too glaring. One of the functions of government is to ensure income inequality in the society. Government should endeavour to ensure income inequality created by monetization should be reduced to the barest minimum.

The challenges of the policy of monetization were enormous and many; The Federal Government carried too many policies at a time and soon became overwhelmed by the problems of finance and the threat of inflation, as well as retrenchment of workers, inability to

settle two years arrears owed workers of parastatals and attempting to reverse a critical aspect of monetization of motor vehicles were essentially because of lack of thorough cost benefits analysis to know the full implications of the policy. Government should have adopted a gradual phase by phase implementation of the scheme. This would have taken say five consecutive years of adopting two aspects of the monetization every year like it was done in Ghana, than trying to implement everything at the same without the capacity to so. Unfortunately a very good and promising policy was made to appear unpopular, because of the rush. Government should always embark on thorough cost/benefit analysis and do things systematically to avoid taking panic measures.

Government had settled the allowances of workers of core ministries from 1st October 2003 upto the time of filing this report, but workers of federal government pararastatals were paid between 1st October 2005 to date. That meant that the monetized benefits of workers of parastatals from 1st October 2003 to 1st October, 2005 which meant the federal Government owed workers of parastatals exactly two years arrears, which was put in the region of N87 or N88 billion. All

attempts by the workers using strikes, appeals and other measures had fallen on deaf ears. This was repulsive and frustrating to some sections of the workforce. Nothing could easily make the respect of government to nosedive than when it is pursing discriminatory policy measures that favour some workers, while discriminating against others. The government should as a matter of urgency pay workers of parastatatls their entitlements as there was no justification for denying them.

From every indication, the Implementation Committee went beyond its terms of reference. Houses within security zones (Presidential Villa) were sold out to outgoing government officials including the Residence of the Chief Justice of the federation, the Inspector General of Police and so on. The sale of those houses and even the others not listed were ill advised.

Corruption had become the bane of meaningful development in Nigeria today. The federal government was advised to first tackle the issue of corruption first, which had made it difficult for good policies to be pursued to logical conclusion in the past. Agencies

fighting corruption should have been drafted to monitor the implementation stage which was the most critical to ensure that the right thing was done. These agencies like Economic and Financial Crimes Commission (EFCC), Independent and Corrupt Practices Commission (ICPC) as well as the police should have drafted to ensure close monitoring. The documents of code of conduct and discipline like Public Service Rules and Guidelines of implementation etcetera were weak to ensure compliance. Hence, the implementation became the weak link of the policy, because it was not transparent.

Lack of thorough cost benefit analysis, made it difficult for monetization to serve as a measure of controlling waste. Infact the impact of monetization of fringe benefits on increasing government expenditure was insignificant. Government should only commit resources in a venture that is effective and useful and not just wasting money on policy that would achieve nothing.

The benefits and functions of monetization as a cost reduction process cannot be over emphasised given the fact that several

strategies of siphoning public treasures by public officials were taken care of by the policy. Monetization should therefore be improved in order to entrench prudence in the management of public finance.

The auction of government houses should as a matter of urgent national importance be reversed and the houses commercialized as is done in KRPC. The rents that would accrue to those houses should be used to maintain them. In that case, government workers or legislators would not be scandalously stranded and huge money that would cost the same or almost more than houses themselves. There was also the moral question whether the present generation had the right to sell government property that impliedly were the peoples property to mostly public servants, while about 97% of the the Nigerian population and the future generations almost left out. Infact about 25 per cent of workers were able to buy house. After all, the whole public Servants, Judicial officers and public office holders constitute less than 3% of the entire population of Nigeria, which presently stands at 140 million according to the 2006 census.

The valuation of the houses for sale which was based on current replacement cost of the building as determined by FCDA or its appointed professional valuers, excluding the cost of land and infrastructure was too exhorbitant, bearing in mind the economic capability of the target group (poorly remunerated public servants) as well as bearing in mind that the their benefits of the middle level and junior ones were not being paid lump sum.

Public bureaucrats were adversely affected by monetization, because it cut down the paraphernalia of their offices to size. It was not a surprise that they were not relenting in their efforts to frustrate monetization scheme, especially the one on official vehicles and were endlessly pressurising government to revert to the era of ostentatious living, corrupt and wasteful life style or the era of “business as usual”. The government should not yield to this selfish and unpopular pressure, but should be guided at all times by public ineterst.

They process of auctioning government property was far from transparent. The government should investigate these allegations

and those found to be involved, the culprits should be brought to book.

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APPENDIX I

QUESTIONNAIRE

Dears sir/madam

This Questionnaire was designed for the purpose of obtaining information to facilitate Ph.d research study on the topic, titled "Implementation of Monetization of Fringe Benefits in the Federal Public Service: An evaluation 1999-2007".

You are requested to provide frank and objective information in this questionnaire to assist in making valid analysis and conclusions. You are assured, that the information you provide would be treated with utmost confidence and be used strictly only for the purpose of this research

Thank you for your anticipated cooperation.

(Signed)

John D. Ndan

(Ph.d Research Student)

QUESTIONNAIRES

S/N	COMMENTS ON MONETIZATION OF FRINGE BENEFITS	SA	A	U	D	SD
1	Implementation of Monetization of Fringe Benefits in the Nigerian Federal Public Service was not satisfactory					
2	Monetization of Fringe Benefits has empowered beneficiaries to buy or build houses					
3	Rent on houses has dropped after the implementation of Monetization of Fringe Benefits					
4	The auction of government houses/quarters has reduced government spending					
5	Lack of transparency in auction of government houses was a source of waste					
6	Monetization has empowered the public servants to cope with the usual trauma of post service life.					
7	The National Health Insurance Scheme which replaced free medical treatment is costing government less					
8	Monetization has curbed fraudulent practices associated with processing of medical claims.					
9	Beneficiaries of monetized Benefits are satisfied					

	with the mode of disbursement.					
10	Monetization of official vehicles has not ensured waste control					
11	Monetization has not empowered the beneficiaries to buy their own cars.					
12	There has been a drastic reduction in government spending on fuelling of official vehicles					
13	Embargo placed on the purchase of new vehicles has been effective					
14	The spate of retrenchment in the Federal Public Service was a result of Monetization .					
15	Government Houses were furnished and furniture replaced not necessarily because of need.					
16	Most times substandard Furniture were supplied at high cost.					
17	Monetization of furniture allowance has inculcated the habit of maintenance culture.					
18	Government has been consistent in implementing Monetization policy					
19	Monetization has ensured the optimal utilization of resources in the Nigerian public Service.					
20	The spate of retrenchments in the Public Service was brought about by Monetization					
21	There was thorough cost Benefits analysis					

	before Monetization policy was adopted					
22	The guideline for the auction of houses was not strictly followed					
23	Monetization of water bills has reduced waste					
24	Monetization of fringe caused inflation in the economy					
25	Monetization has brought about maintenance culture in the use of public utilities					
26	Monetization should be scrapped					
27	Government is not owing public servants any monetized benefits					
28	There were wide spread incidents of corruption during implementation of Fringe Benefits which undermined the efforts at waste control.					

Key

SA---------- Strongly Agree

A---------- Agree

U---------- Undecided

D---------- Disagree

SD---------- Strongly Disagree

APPENDIX II

Ref.No. SGF 19/S.47/c.1/11/371
Office of the Secretary to the
Government of the Federation,
The Presidency,
Federal Secretariat, Abuja.
27th June, 2007

Chief of Staff to the President,
Deputy Chief of Staff to the Vice-President,
All Honourable Ministers,
Head of the Civil Service of the Federation,
Special Advisers/Senior Special Assistants
Service Chief/ Inspected- General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
Chairman, Police Service Commission,
All Permanent Secretaries
Clerk of the National Assembly,
Chief Registrar, Supreme Court Of Nigeria,
Accountant- General of the Federation,
Auditor- General for the Federation,
Directors-General/ Chief Executives of Parastatals,
Agencies and Government-Owned Companies.

MONETIZATION OF FRINGE BENEFITS IN THE FEDERAL PUBLIC SERVICE

Over the years, the cost of governance has continues to escalate. The burden of providing basic amenities for public officers has contributed significantly to the continuous increase in government recurrent expenditure, leaving very little for capital development. For more efficient allocation of resources and equity in the provision of amenities for public officers, government, has approved the Monetization of Fringe Benefits of public officers, in line with the provisions of Certain Political, Public and Judicial Office Holders (Salaries, Allowances, etc) Act, 2002. The Fringe Benefits in clude: Residential Accommodation, Furniture, Utility, Domestic Servants, Motor Vehicles, Fuelling, Maintenance of Transport Facilities, Medical Treatment, Leave Grant, meal subsidy and entertainment, which were hitherto provided for entitled officers at huge cost to government.

RESIDENTIAL ACCOMMODATION:

Provision of residential accommodation for political, public and judicial officers has been monetized at 100% of Annual Basic Salary to be paid en bloc, annually to enable the officers to rent houses of their choice. However, in order to avoid exerting severe strain on officers presently occupying government Quarters, in the first year of the Monetization exercise, their residential accommodation allowance (100% of Annual Basic Salary) will be converted to rent for the quarters they occupy. Government residential houses across the country will be sold by public auction at the end of the end of the first year of Monetization after proper valuation. Public officers

occupying such houses would be given the first option to purchase the houses, but at the price of the highest bidder. To ensure that government quarters are properly maintained during the one year transition period, all residents will pay 10% of their basic salary as service charge into a Trust Fund which will be managed by a Board of Trustees made up of representatives of residents, facility managers appointed to manage each estate/group of property and the federal government.

i. FURNITURE ALLOWANCE:

A furniture allowance of 300% of Annual Basic Salary will be paid to political, public and judicial office holders once in every four years. This allowance will be paid annually at the rate of 75% of annual basic salary.

ii. UTILITY ALLOWANCE:

The allowance had already been monetized and shall continue to apply as follows:

G.L. 01 -06 - 3,600 per annum
G.L. 07-10 - 6,000 per annum
G.L. 12 -14 - 7,800 per annum
G.L. 15 – 17 - 9,600 per annum

Permanent Secretary – 16,800 per annum

Head of the Civil Service of the Federation - 16,800 per annum

Political, Public & Judicial office holders -20% of Annual Basic Salary.

iv. DOMESTIC SERVANT ALLOWANCE:

The domestic servant allowance has already been monetized for public servants and the rates still apply as follows:

G.L. 15 – One domestic servant -119,586 per annum

G.L. 16 – two domestic servants – 239,172 per annum

G.L. 17 – Three domestic servants - 358,758 per annum

Perm. Sec. – Four domestic servants – 478,344 per annum

HOS – Four domestic servants – 478,344 per annum

Political, Public and Judicial office holders – 75% of annual Basic Salary.

v. MOTOR VEHICLE LOAN AND TRANSPORT

The provision of motor vehicles to public officers is now monetized. Government will no longer provide chauffeur driven vehicles to hitherto entitled officers. Officers will be granted motor vehicle loan at the rate of 350% of their annual basic salary. The loan will be recovered within six years at 4% rate of interest as contained in extant regulation on motor vehicles advance. As regards the use of government vehicles; government has directed as follows:

(a) No new vehicle would be purchased by any ministry, extra-ministerial department, federal government agency or parastatals;

(b) Each ministry/ agency will be allowed a specific number of utility vehicles, including buses for essential services;

(c) Where there is the need to purchase (a) new vehicle (s) by any ministry, extra- ministerial department, agency or parastatals, a request shall be made to Mr. President for approval;

(d) A committee has been set up to work out details of the disposal of the vehicles;

(e) Service-wide staff buses will be pooled under the management of the office of the Head of the civil service of the federation to convey staff to and from office at an approved rate.

vi. FUELLING/MAINTENANCE AND TRANSPORT ALLOWANCE:

An allowance of 10% of annual basic salary will be paid to public servants and 30% of annual basic salary will be paid to political, public and judicial office holders as contained in the Act.

vii. MEDICAL TREATMENT:

The provision in chapter nine of public service rules shall continue to apply until further notice.

viii. MEAL SUBSIDY:

The allowance has already been monetized as contained in the circular Nos. SWC. 04/Vol. IV/991 of 5th May, 2000 and SWC. 04/S.I/Vol.IV/ 136 OF 15th May, 2000, issued by the National salaries, incomes and wages commission and will continue to apply as follows:

G.L. 01 -06 -6,000 per annum

G.L 07 -10 -8,400 per annum

G.L. 12 -14 -9,600 per annum

G.L. 15 -17 -10,800 per annum

Permanent Secretary – 16,200 per annum

Head of the Civil Service of the Federation – 16,200 per annum

ix. ENTERTAINMENT ALLOWANCE:

Entertainment allowance for entitled civil servants has already been monetized and shall continue to apply as contained in the circulars Nos. SWC. 04/Vol.IV/911 of 5th May, 2000 and SWC. 04/S.1/Vol.IV

of 15th May, 2000, issued by the national salaries incomes and wages commission as follows:

G.L. 15 - 8,400 per annum

G.L. 16-17 - 10,800 per annum

Permanent Secretary – 27,000 per annum

Head of the civil service of the federation – 27,000 per annum

Political, Public and Judicial Office Holders- 10% of annual basic salary

x. LEAVE GRANT:

The provision of the public service rule number 13213 shall continue to apply, which states that: “leave allowance shall be 10% of annual basic salary.”

(xi) PERSONAL ASSISTANT ALLOWANCE:

An allowance of 25% of basic salary will be paid to entitled officers as listed in the certain political, public and judicial office holders (Salaries and Allowance, etc) Act, 2002.

2) To facilitate the implementation of the policy on the Monetization of Fringe Benefits for public officers, the Budget office of the federal ministry of finance will issue a call circular to all supplementary budgets for the remaining part of the year 2003 to take account of the Monetization exercise.

3) This circular takes effect from 1st July, 2003.

Chief U.J. Ekaette, CFR, MNI Secretary to the Government of the Federation.

APPENDIX III

Ref: No. SWC/S/04/S.167/216

The Presidency,
National Salaries, Incomes and
Wages Commission,
Wing B, Third Floor,
Federal Secretariat Complex,
Shehu Shagari Way,
P.M.B. 346,
Garki- Abuja
12th February, 2004.

The Chief of Staff to the President,
The Deputy chief of staff to the Vice President,
Honourable Ministers,
The Secretary to the Government of the Federation,
The Head of the Civil Service of the Federation,
Chairmen, Federal Commission
Permanent Secretaries and Heads of Extra- Ministerial Department,
Directors- General & Chief Executives of Parastatal/Agencies,
The Clerk of the National Assembly,
The Auditor- General of the Federation,
The Accountant – General of the Federation,
The Secretary, National Judicial Council:

APPROVED RATES FOR MONETISATION OF FRINGE BENEFITS IN THE FEDERAL PUBLIC SERVICE, WITH EFFECT FROM 1ST OCTOBER, 2003

The President, Commander –in- Chief of the Armed Forces of the Federal Republic of Nigeria, has approved the rates for the Monetization of Fringe Benefits in the federal public service. The new rates which took effect from 1st October, 2003, are applicable to federal ministries, Parastatals, commission, Extra- Ministerial departments and agencies that are funded from the annual federal budget. The rates affect the following: Accommodation, Transport, Meal subsidy, Utility, domestic servant, leave grant, medical allowance, furniture allowance, vehicle loan and drive.

2) In order to make the implementation of the new rates easy for the affected organisations, a separate table of the allowances has been prepared for each of the existing harmonized salary structure in the federal public service. The table of the rates application to the **Harmonised Public Service Salary Structure (HAPSSS)** is herewith attached as an annex to this circular.

3) All federal government owned bodies mentioned above should note as follows:

(a) ENTERTAINMENT ALLOWANACE

Entertainment allowance was introduced at a point in the service when the personal emoluments of civil servants, especially those in the senior cadre were very low vis-à-vis their responsibility and before the adjustments that have come in the life of the present administration. As this is no longer the case, this allowance is

hereby cancelled for all staff in any of the organisations mentioned in paragraph (2)

(b) MEDICAL ALLOWANCE

Medical allowance has been re-introduced to reduce he tendency for public servants to abuse the current arrangement of allowing sick staff to claim medical refunds after treating themselves. Henceforth, all staff are to receive 10% of their basic salary monthly as medical allowance. Consequently, it is only in cases diagnosed as life threatening that government will pay the bills for treatment. However, while such payment is being undertaken by government, the officer will cease to receive the 10% of basic salary as medical allowance.

(c) CAR/MOTORCYCLE/BECYCLE LOAN

Vehicle loans are not to be granted directly by the government. They are to be granted by financial institutions, preferably on a single digit interest rate and with government guarantee, subject to the repayment capacity of the beneficiary. Where it is not possible for a single digit interest rate to be secured, government will intervene. Negotiation will soon commence with interested banks to actualize this plan.

(d) PAYMENT OF ACCOMMODATION AND FURNITURE ALLOWANCE. Payment of Accommodation Allowance and Furniture Allowance shall be made to all entitled officers at the approved rates.

(i) This circular supersedes all other previous circular dealing with the Fringe Benefits /allowances listed in paragraph one above.

(ii)All organisations and agencies in the federal public service which are funded from the annual federal budget, but which operate salary structures other than the harmonized salary structures should implement the monetized rtes in consultation with the national salaries, incomes and wages commission to avoid misapplication of the rates.

(iii) As usual, all self- funded federal parastatals and agencies which wish to monetize their Fringe Benefits should always submit the proposed package to the national salaries, incomes and wages commission for necessary evaluation and approval before implementation.

(iv) All enquiries relating to this circular should be forwarded to the commission.

(Signed)

J.O. Ogunleye (Mrs)

Permanent Secretary.

APPROVED RATES FOR MONETIZATION OF FRINGE BENEFITS IN THE FEDERAL PUBLIC SERVICE (SCHEDULE FOR HAPSS) WITH EFFECT FROM 1ST OCTOBER, 2003

S/No	Type of Allowance	HAPSS	Rates Per Annum
1.	Accommodation	01.06	50% of Annual Basic Salary
		07—14	60% of Annual Basic Salary
		15-17`	75% of Annual Basic Salary
2.	Transport	1-17	25% of Annual Basic Salary
3.	Meal Subsidy	01-06	6,000.00
		07 -10	8,400.00
		12-14	9,6000.00
		15-17	10,800.00
4.	Utility	01-16-17	15% of Annual Basic Salary
			20% of Annual Basic Salary
5.	Domestic Servant	15-16-17	1. Dom, Servant on HAPSS 03 step 8
			2. Dom. Servant on

			HAPSS 03 STEP 8
6	Leave Grant	1-17	10% of Annual Basic Salary
7.	Medical	1-17	10% of Annual Basic Salary
8.	Furniture	01-06	NIL
		07-17	200% of Annual Basic Salary in 5 years (i.e. 40% per year)
9.	Vehicle Loan	01-05	100% of Annual Basic Salary
		06-07	150% of Annual Basic Salary
		08-17	200% of Annual Basic Salary
10.	Driver	17	1 Driver on HAPSS 03 STEP 8

Harmonised Public Service Salary Structure.

APPENDIX IV

Office of the Head of Civil Service of the Federation
The President
Federal Secretariat at Phase II
Abuja.

28th June 2004

The Chief Of Staff To The President.
The Deputy Chief Of Staff To The Vice President,
Honourable Ministers,
The Secretary To The Government Of The Federation,
Chairman, Federal Civil Service Commission,
Permanent Secretary and Heads Of Extra-Ministerial Department,
Directors- General and Chief Executive Of Parastatals,
The Clerk to the National Assembly,
The Secretary, National Judicial Council
The Auditor- General for the Federation,
The Accountant General of the Federation.

IMPLEMENTATION OF THE CONTRIBUTORY PENSION SCHEME IN THE PUBLIC SERVICE OF THE FEDERATION

Following the enactment of the Pension Reform Act of 2004, the President Commander- in- Chief of the Armed Force of the Federal Republic of Nigeria, Chief Olusegun Obasanjo, GCFR has approved the implementation of the contributory by pension scheme for the public service of the federation with effect from 1st July 2004

(2) The scheme is intended to, among others, ensure that every person who has worked in either the public or private sector receive his retirement Benefits as and when due. The new pension scheme will be contributory, fully funded, based on individual accounts that are privately managed by Pension Fund Administrators with the pension funds assets held by pension fund custodians to be licensed and supervised by the National Pension Commission.

(3) For ministries and agencies which are funded from the annual federal budget, government shall contribute seven and half percent of employees' basic salary, housing allowance and transport allowance on a monthly basis, while employees shall contribute seven and half percent of the same base. In the case of the military employees shall contribute twelve and half percent and the employee shall contribute two and half percent of the basic salary and housing and transport allowances. All self funded federal parastatals and agencies are advised to comply with the provisions of the act relating to the minimum contributions by the employer and the employee.

(4) However, employees who are entitled to retirement Benefits before the commencement of the Act but have three (3) or less years to retire are exampled from the scheme. Similar categories of person mentioned in section 291 of the constitution of the federal republic of Nigeria 1999 shall, be exempted from the scheme.

(5) The National Pension Commission will, in due course, issue a circular on the details and transitional arrangements of the scheme.

(6) All enquiries relating to this circular should be directed to the Ag. Director-General of the National Pension Commission at the Federal

Secretariat, Phase 1, Block ‘A’, fourth floor, room, 4.34. Shehu Shagari way, Abuja, Tel. Nos: 09-5232893 and 5236594.

SIGNED

M. Yayale Ahmed, CFR

Head of Civil Service of the Federation

APPENDIX V

FEDERAL CAPITAL TERRITORY ADMINISTRATION
OFFICE OF THE PRESIDENT OF THE FEDERAL REPUBLIC OF NIGERIA
CONSTITUTION OF THE FEDERAL REPUBLIC OF NIGERIA 1999
FEDERAL CAPITAL TERRITORY ACT CAP F6, LFN 2004S

PUBLIC NOTICE 1

APPROVED GUIDELINES FOR THE SALE OF FEDERAL GOVERNMENT HOUSES IN THE FCT TO PUBLIC SERVANTS (NON-POLITICAL HOLDERS)

Preamble:

1. The Federal Executive Council has approved guidelines for the sale of ALL RESIDENTIAL FACILITIES (houses, flats, etc.) built; acquired or otherwise owned by the Federal Government and ALL its ministries, departments and agencies except those listed in paragraph 3 below.

2. The guidelines issued hereunder are applicable to the sale of houses to ALL public officers that are not political office holders appointed or elected within the express or implied meaning and intention of the Constitution of the Federal republic of Nigeria, 1999.

Exemptions:

3. The following residential facilities owned by the Federal Government of Nigeria will not be sold for constitutional, statutory or

administrative reasons, and are accordingly exempted from the sale programme, that is the residences occupied by:

a) President of the Federal Republic of Nigeria;
b) Vice-President of the Federal Republic of Nigeria;
c) Senate President;
d) Speaker of the House of Representatives;
e) Chief Justice of Nigeria;
f) Minister of the Federal Capital Territory;
g) Presidential Guest Houses and Safe houses of the Intelligence Community;
h) Houses within the Security Zone of the State House;
i) Justices of the Supreme Court and Court of Appeal;
j) Barracks of the Military, Police, Para-Military and approved uniformed services, and;
k) Justices of the Supreme Court and Court of Appeal;
l) Institutional residences within schools, hospitals, power plants, dams and universities, etc.

Valuation and Pricing of Houses:

4. The valuation of the houses will be based on current replacement most of the building as determined by FCDA or its appointed professional Valuers, excluding the cost of land and infrastructure.

Conditions of Sale:

5. The houses will be sold on “as is, where his” basis at the evaluated price with the current occupants having the first sight of

refusal to purchase within thirty days of offer. The said right to purchase is neither transferable, assignable nor alienable, in any way or form.

6. Strict compliance with development control standards must be adhered to by all purchasers; no additional structures can be built without permission of the Development Control Department of the FCDA.

7. Sale of houses will be advertised and application fees of N10, 000.00 (Ten thousand Naira only) must accompany each FEE application form, payable at designated banks. The banks will remit all proceeds to a dedicated account in the name of the Federal Government of Nigeria with the Central Bank of Nigeria.

8. All houses whose rights to purchase are not exercised will be sold in an open auction whereby all Nigerian citizens shall be given equal opportunity. A simple Auction System by way of competitive bidding shall be employed. All bids must be submitted with a bid bond by way of bank draft from designated bank equal to ten percent of bid value. All bids without a bid bond stand disqualified. The highest bidder shall be automatically declared the winner, along with the second highest bidder as the reserve bidder, with the bid bond being retained and treated as non-refundable 10% deposit. All other bid bonds shall be returned to unsuccessful bidder(s)

9. Each and every public servant shall be entitled to purchase only one residential unit whilst any and all allocated or occupying government houses in Lagos are specifically excluded from purchasing houses in the Federal Capital Territory.

Uncompleted Residential Facilities:

10. Uncompleted houses will be sold under the same Guidelines on “as is, where is” basis. No government funds shall be utilized to complete, renovate or repair any residential facilities and no allocation or allotment thereof shall be recognized. All uncompleted houses shall be sold to the general public in an open auction as in (8) above.

Payment Terms and Conditions:

11. All purchasers must complete Application forms with receipt of payment of N10,000 in favour of the Federal Capital Territory Administration, along with the following:

> Letter of employment into the Public service of the Federation;

> Letter of Allocation of quarters by an appropriate Authority;

> 4 number of high resolution colour Passport Photographs.

12. 25% of purchase price (including non refundable deposit of 10%), up to a maximum of N5 million (National Housing Fund lending limit), must be paid to the Federal Government of Nigeria within 90 days.

13. Balance of 75% must be paid by all purchasers within an additional 90 days, thus, all purchasers must effect full payment within 180 days of contract.

14. The transaction shall be concluded within 210 days of an offer to the allottee, occupant or successful bidder as applicable.

15. Each purchaser will be given custody of the original C-of-O issued by the FCT with his or her picture scanned thereon, unless paragraph 16 below applies.

16. Lender(s) will have immediate custody of original C of O with Minister's consent and legal mortgage executed in their favour by the FCT Administration.

17. All transaction charges shall be from the account of the purchaser.

18. In the event that a purchaser fails to comply with the payment terms, the non-refundable deposit (being 10% of the purchase price) will be forfeited to the Federal Government, the contract of sale shall be rendered null and void, and the house declared unsold. Paragraph 8 of the Guidelines will thereafter apply.

19. In the case of houses offered to public servants in occupation, failure to accept offer and or comply with the payment terms will lead to immediate eviction and the forfeiture of deposit (if applicable), and the application of paragraph 8 above.

20. In the case of unsold houses offered for open auction, and where the highest bidder fails to comply with the terms of sale, the bid bond of highest bidder will be forfeited, and the second highest bidder ("reserve bidder") shall be invited to complete the transaction.

21. If the reserve bidder fails to comply with the terms of sale, the bid bond shall also be forfeited and paragraph 8 above shall apply thereafter.

Application Forms:

22. Application Forms will be available throughout the FCT, in all Ministries, Departments and Agencies, Bank Branches, Post

Offices, and Agencies of the Federal Capital Territory Administration as from April 1, 2005.

23. The Application Forms are FREE and downloadable on the Internet on qqq.abujagis.cont or www. Fmf.gov.ng.

24. Applicants must provide all information requested for in the Application form to avoid delays in proceeding or rejection of offer to purchase the residential facilities they occupy.

ABUJA.NIGERIA