

MANAGEMENT IMPERATIVES FOR ECONOMIC REFORMS

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•INTRODUCTION

Nigeria gained independence in October, 1960 after many years of British dominance of her economic and political affairs. Britain safely gave birth to Nigeria with everything supposedly intact. I have no doubts in my mind that we all know how the child has fared. At independence, the economic and political prospects of Nigeria were very bright. Nigeria started with a modest take-off by depending on agricultural produce for its reputation and revenue.

With the emergence of oil on the scene in the 1970s, Nigeria embarked on the pursuance of expansionary fiscal and monetary policies. The policies led to persistent and high excess

demand. Since the domestic production could not meet the existing demand, the excess demand was transferred to high demand for imports. This worsened Nigeria's balance of payments position. With the balance of payments constraints, excessive dependence of the economy on oil and the lack of self-reliant growth and development, agricultural and particularly industrial production were adversely affected by the inability to import needed industrial and agricultural equipment, industrial raw materials, spare parts, etc. On the domestic scene were problems such as fiscal crisis, growing rate of unemployment, low capacity utilization in the manufacturing industries, high and rising rates of inflation, low purchasing power, shortage of industrial raw materials and a rapidly declining standard of living.

It is pertinent at this juncture to state that during this period, the government formulated policies, initiated and executed some programmes, particularly the 1982 economic stabilization programme so as to turn the economy around. However, quite a number of these policies and programmes did not yield the desired and expected results due to a host of reasons such as their inadequate and inappropriate nature, implementation approach, degree of commitment and political will, etc.

As a result, Nigeria put in place an adjustment programme (i.e. the Structural Adjustment Programme in (1986) which was designed to fit the standard IMF- World Bank structural adjustment package of getting national policies right. Perhaps it is important to mention that during this period, many African countries and in fact, the developing countries were also experiencing large external and fiscal imbalances, rapid growth of external debts, etc. Hence economists working on development in the late 1980s and early 1990s came to the consensus that whether it was landlocked Uganda, unstable Argentina, or transitioning Ukraine, the right policies meant lower fiscal deficits; lower import tariffs; fewer restrictions on international trade and capital flows; and a greater role for markets in allocating resources (Zagha, Nankani and Gill, 2006.)

A more concerted effort at reinventing the economy towards sustainable growth and development emerged in 1999 with the economic reforms of President Olusegun Obasanjo which culminated in the launching of the National Economic Empowerment

and Development Strategy (NEEDS) in 2004. In specific terms, these reforms are aimed at sustainable poverty reduction, employment generation, wealth creation, and value reorientation.

Arising from the foregoing, the key issue of interest in this paper is an examination of those immediate actions or considerations needed for the success of the reforms. The remaining part of this paper is divided into four sections. Section 2 briefly examines some of the notable economic reforms, while section 3 is an assessment of the impact of the reforms on the economy. Sections 4 and 5 are issues for consideration and conclusion respectively.

•SOME NOTABLE ECONOMIC REFORMS IN BRIEF.

Since 1986, there has been a tremendous focus on achieving growth in Nigeria so as to reduce poverty and boost living standards. To help achieve this goal, Nigeria has adopted policies known collectively as the Washington Consensus i.e. maintenance of macro-economic stability, integration with the world economy, creation of a sound business environment, etc. These policies which were translated into programmes and strategies such as the Structural Adjustment Programme (SAP) and the National Economic Empowerment and Development Strategy (NEEDS), focused on all the sectors of the economy.

Structural Adjustment Programme.

The term 'Structural adjustment' became widely used in the 1980s. It is associated with the structural adjustment loans (SALS) introduced by the World Bank in the early 1980s. It involved major policy changes such as devaluation of the currency, the conversion of import quotas into import tariffs (and then tariff reduction), the removal (liberalization) of market controls in agriculture and domestic trade, as well as the reform of public expenditures and taxation (Addison, 2002.) In order to find lasting solutions to problems such as excessive dependence of the economy on one commodity, chronic lack of self-reliant growth and development, serious balance of payments disequilibrium, growing government budget deficit, low productivity, the commencement of a Structural Adjustment Programme (SAP) was introduced on June 27, 1986 to cover the period July 1986 to June 30, 1988. Specifically, the main objectives of SAP were.

- to restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and on imports;
- to achieve fiscal and balance of payments viability over the period;
- to lay the basis for a sustainable non-inflationary or minimal inflationary growth;
- to lesser the dominance of unproductive investments in the public sector, improve the sector's efficiency and intensify the growth potentials of the private sector.

Economic Reforms Since 1999

In recognition of the role of agriculture as the mainstay of Nigeria's economy, the government initiated policies to increase investment in food and agricultural production. Among government's main policy thrusts are the provision of the right policy environment and target incentives for private investment in the sector; fostering of effective linkages with industry to achieve maximum value-added and processing for export; modernization of production and creation of an agricultural sector that is responsive to the demands and realities of the Nigerian economy in order to create more agricultural and rural employment opportunities. To actualize the policy thrusts certain strategies are being employed. Some of these are the vigorous implementation of the presidential initiatives on cassava, rice, vegetable oil, sugar, livestock, cereals and tree crops. The strengthening of agricultural research and the revitalization and streamlining of agricultural training and extension delivery system respectively; adequate capitalization of the Nigerian Agricultural, Co-operative and Rural Development Bank (NACRDB) to provide soft agricultural and rural finance and the promotion of integrated rural development involving agricultural and non-agricultural activities.

It is important to state that cassava and rice initiatives are some of the key components of the reforms in the agricultural sector. Cassava initiative aims at producing more cassava to ensure its ready availability, affordability and accessibility to all Nigerians; as the nation's major stable food; encouraging foreign earning, through the export of its end-products like cassava pellets, cassava chips and cassava starch; developing cottage industries involved in the production of value added products like ethanol encouraging rural industrialization and rural job creation, leading to enhanced rural income and reduction in rural urban migration (Federal Ministry of Information and National Orientation, FMINO

2006a) The overall objective of rice initiative was to attain self-sufficiency in local production of rice by 2005 and to produce for export by the year 2007. The project was expected to produce six million tonnes of milled rice from 10.3 million tonnes of paddy by the year 2005. It is estimated that 15 million tonnes of paddy or 9 million tonnes of milled rice will be produced by the year 2007. (Federal Ministry of Information and National Orientation, 2006b).

The reform of the telecommunications sector was motivated by the inability of government to continue to fund public enterprises due to dwindling resources and the identification of the sector as a critical social driver and enhancer. It is recognized that the quality and density of the sector's network and the intensity of the use of its services are major indicators of social and economic development.

A four-phased reform programme was put in place to restructure the telecommunications sector, namely;

- a new telecommunications policy;
- design of new legal and regulatory framework;
- restructuring of the sector (including promotion of a strong and independent Regulator);
- and
- privatization of Nigeria Telecommunications Limited (NITEL.)

The platform on which the telecommunications reform has been executed is through liberalization, deregulation and privatization (Federal Ministry of Information and National Orientation 2006c.)

The reform of the electric power sector started in 2000 with the formulation of a new power policy. This policy was adopted by the National Council on Privatization (NCP) and approved by the Federal Executive Council in 2001. The Electric Power Sector Reform (EPSR) Act was signed into law in 2005. Among the major reform initiatives being undertaken are:

- Change in legal and regulatory framework with the signing into law the electric Power Sector Reform (EPSR) bill, which repealed NEPA Act and Electricity Act;
- Change in shape of the industry such as the:

- transformation of NEPA into an Initial Holding Company- i.e. The Power Holding Company of Nigeria (PHCN).
- subsequent creation from PHCN, six Generation companies, one Transmission Company and eleven Distribution companies.
- privatization of the Distribution and Generation companies as well as private sector participation in the Transmission Company.
- establishment of the Nigerian Electricity Regulatory Commission (NERC) to ensure a level playing field for all players and protect the rights of consumers.
- advent of Independent Power Producers (IPP) in electric power sector, etc.
(Federal Ministry of Information and National Orientation, 2006d)

In 1999, the Federal Government owned a total of 590 Public Enterprises (PEs). Estimates of the Vision 2010 committee indicate that the Federal Government's investment in public enterprises stood at over US\$100 billion in 1996. As a result of unproductive investments in and the inefficiency of these enterprises in terms of the quality of services rendered, privatization was initiated as the practical solution. The scope of the privatization programme anchored on competition, due process and transparency, which re-started in 1999, included the partial or total divestment of the shares owned by the Federal Government, its parastatals and other agencies. (Federal Ministry of Information and National Orientation, 2006e).

Before the present democratic dispensation, preceding administrations had successively instituted legal instruments, measures and policies designed to combat corruption in the country. Unfortunately, these remedial measures did not achieve the desired results to prohibit and prescribe punishment for corrupt practices, the Corrupt Practices and Other Related Offences Act 2000 was enacted while the Independent Corrupt Practices and Other Related Offences Commission (ICPC) was inaugurated on the 29th of September, 2000. There was also, the establishment of the Economic and Financial Crimes Commission (EFCC) charged with the responsibility for the enforcement of all economic and financial crimes laws, among other things.

In the pursuance of its primary objective of maintaining price and macro-economic

stability, the Central Bank of Nigeria (CBN) embarked on monetary targeting and the mopping up of excess liquidity to ensure a non-inflationary macro-economic environment. In the banking industry, the CBN in July 6, 2004 introduced a 13-point reform agenda, which is aimed at recapitalizing and consolidating the sector for efficient service delivery.

A major component of the reform programme was the Banking sector consolidation programme which mandated banks to achieve a minimum shareholders' funds of N25 billion by end- December, 2005. The process of restructuring/ reform in the Nigerian insurance industry necessitated an increase in the capital requirement. The reform which commenced in September 2005 raised the capitalization requirement to N 2billion for Life Insurance and N3 billion and N10 billion for General Insurance and Reinsurance respectively. Insurance Companies are expected to comply with the new capital requirement by end-February 2007.

3. AN ASSESSMENT OF THE IMPACT OF THE REFORMS ON THE ECONOMY

The performance of the Nigerian economy since 1986 has been relatively impressive. However, I must quickly add that we are still far from where we should have been judging by the abundance of resources in Nigeria.

The growth of Gross Domestic Product (GDP), measured in 1990 constant basic prices which was 2.5 percent in 1986 rose to 13.0 percent in 1990, declined as low as 0.4 percent in 1999 and then increased to 6.2 percent in 2005. The non-oil sector growth increased from 4.9 percent in 1986, through 4.4 percent in 1999 to 8.2 percent in 2005. Manufacturing capacity utilization which was 38.8 percent in 1986, declined to 34.6 percent in 1999 and increased to 45.9 percent in 2005, indicating increased domestic production of manufactured goods (Table 1). The main movers of growth in 2005 were agriculture, general commerce and services. A sectoral analysis for 2005 showed that agricultural output accounted for 41.2 percent of GDP, and the industrial sector was 28.4 percent. The share of the services sector was 15.2 percent, while general commerce, and building and construction accounted for 13.7 percent and 1.5 percent, respectively (CBN, 2005).

Inflation rate which had a fluctuating trend was as high as 57.0 percent in 1994, It declined to 6.9 percent in 1999 and increased to 14.5 percent in 2000. By the year 2005, it stood at 11.6 percent. The performance of the non-oil sector in exports was unimpressive. From 6.1 percent in 1996, it fluctuated with a downward trend to 1.6 percent and 1.5 percent in 1999 and 2005 respectively. The implication is that the oil sector was the dominant component of Nigeria's exports during the period (Table 1). An analysis of non-oil exports by product showed that agricultural produce's share has been the highest. The shares were 73.8 percent, 9.8 percent and 16.4 percent for agricultural produce, semi-manufactured goods and others, respectively. In 1998, their shares in the same order stood at 48.0 percent, 35.8 percent and 0.0 percent. As at 2005, agricultural produce, semi-manufactured goods and others accounted for 41.8 percent, 40.5 percent and 3.9 percent respectively. From the above analysis, it can be seen that the share of agricultural produce decreased while that of the semi-manufactured goods increased. An observation worth mentioning is the entrance of minerals and manufactured goods into the non-oil exports. In 1996, minerals and manufactured goods accounted for 0.7 percent and 3.1 percent of non-oil exports respectively. By 2005, their shares increased to 4.0 percent and 9.8 percent. (Table 2).

Nigeria's total external reserves which was US\$ 2.8billion in 1986, stood at US\$5.4 billion in 1999. By the year 2005, it increased to US\$28.3 billion. The core welfare indicators were on the increase during the period. Life expectancy at birth which was 51years in 1986 rose to 54years in 1999, and remained at 54years in 2005. Adult literacy rate which was 54 percent in 1986, 57percent in 1999, rose to 62 percent in 2005 (Table 1) Nigeria's foreign debt which was US\$ 28.3billion in 1999 has been reduced to US\$5.3 billion through an US\$ 18 billion debt relief from the Paris club and repayments by government. The growth rate in solid minerals which was 3.8 percent in 1999 stood at 9.5 percent in 2006, telecommunications from 5.4percent to 29.0 percent and manufacturing from 3.4 percent to 9.4 percent. The agricultural sector's growth rate of 5.3 percent in 1999 rose to 7.0 percent in 2006. The growth recorded in agriculture can largely be attributed to Federal Government's strong support for the sector and the operationalization of the

presidential initiatives on rice, cassava, vegetable oil, etc. The government's agricultural policies can be said to be yielding the desired results. For example, Nigeria is becoming self-sufficient in poultry and poultry products, vegetable oil, juice and fruit drinks. Nigeria is almost self-sufficient in fish and fish products, and rice. The production of cassava has more than doubled. In terms of exports, Nigeria exports cassava to China (Obasanjo, 2006).

The banking sector reforms which commenced with the announcement of a 13- point reform agenda by the CBN on July 6, 2004, led to the emergence of twenty-five (25) banks as at the deadline of 31st December, 2005, from seventy-five (75) banks out of the existing eighty-nine (89) banks as at December, 2004. Fourteen (14) banks which were insolvent had their licences revoked by the CBN. The sum of N406.4 billion was raised by the banks from the capital market, out of which N360 billion was verified and accepted by the CBN as at December 2005. The reform programme has assisted in attracting new investments from abroad. With the reform programme, relatively well-capitalized banks have emerged with the deepening of the capital market. It has engendered public confidence in and greater public awareness of the banking system. The reform has produced fewer but stronger, more reliable and efficient banks.

4. ECONOMIC REFORMS: ISSUES FOR CONSIDERATION

The scope, breath and depth of Nigeria's economic reforms put in place since the late 1990s to reinvent its economy are unprecedented in recent economic history. The results however exceeded some optimistic forecasts in some cases and fell short of expectations in others. Since across-the-board reforms are politically difficult and have often failed to achieve growth, we shall in this section of this paper consider issues that target the most binding constraints.

(a) Financial Sector Policies.

Financial sector policies in Nigeria are important for two reasons. The first is the strong empirical evidence that the development of financial markets and institutions has a causal relationship with long-run economic growth. Most importantly, that inappropriate

financial sector policies are potentially very costly as evidenced by the 1997/98 East Asian financial crisis (World Bank, 1999).

Nigeria's economic crisis of the 1980s and 1990s assisted in exposing the enormous structural weaknesses in government-controlled financial system, such as the insolvency of government-owned banks and development financial institutions (DFIS.) This led to the implementation of the programme of financial liberalization, accompanied by structural and institutional financial (bank and non-bank) sector reforms. Financial liberalization has several components such as the deregulation of interest rates, the liberalization of entry into financial markets, the privatization of government-owned financial institution, etc. However, due to market imperfections, some form of government intervention may be advocated to improve access to financial services for the small scale enterprises and smallholder farmers that constitute important sectors of the economy.

Many of the adverse effects of financial liberalization are traceable to inappropriate sequencing of liberalization with other reforms. In other words, the appropriate sequencing of financial liberalization with other reforms is a key policy issue. Evidences abound in the literature that, to avoid potential financial instability and banking crisis, financial liberalization should be implemented after macroeconomic stability has been achieved. For example, liberalizing interest rates in conditions of high inflation would force nominal interest rates to high levels. An implication of this will be the inability of borrowers to service their loans.

Financial liberalization should also not be implemented before real sector reforms. For example, liberalizing financial markets before liberalizing goods markets could worsen distortions in the allocation of resources, and possibly with more credit allocated to inefficient but protected sectors. Financial liberalization may make the vulnerability of the financial system to financial distress more apparent unless an effective system of prudential regulation and supervision is put in place. Since the consequences of banking crisis are devastating to an economy, the strengthening of prudential systems should be of paramount interest in Nigeria's financial sector policy reforms.

•Privatization

The term 'privatization' is used to refer to a shift from public to private involvement in economic activities, leading to private sector development and growth of the market economy. The main component of privatization is the transfer of government-owned enterprises to private ownership (Kirkpatrick, 2002.) Privatization was a key element in Nigeria's structural adjustment programme. A variety of objectives including achieving gains in economic efficiency, improving the fiscal position, raising foreign capital, and extending the size of the private sector informed the implementation of privatization.

There have been arguments for and against privatization as public enterprise reform strategy. Evidence supports the view that privatization will produce superior results in competitive markets. However, the effect of ownership in monopoly markets is less conclusive. The evidence at the aggregate level suggests that privatization has not been linked to large-scale job losses. However, even if privatization does not have a major adverse impact on total employment over time, there will definitely be short-term job losses and labour adjustment costs. Hence the need to consider the measures needed to reduce the unpleasant social impact of privatization.

Privatization should not be seen as the only policy option for dealing with the inefficiencies of the public enterprise sector. It is worth considering alternative reform methods which do not transfer ownership from public to private sector. This has become of necessity because of the failure of privatization in Russia and the success of the process of government-owned enterprise reform in China.

Public enterprise reform examines two main issues namely corporate governance and the external market environment. Corporate governance reform involves changing the autonomy-accountability relationship for public enterprise managers. In other words, managers should be given greater autonomy to run the enterprise as a business, but accountable to government in terms of objectives set by government. This type of contractual relationship between the public enterprises and government can be made effective through measures such as the performance contracts or management contracts. Performance contract involves the setting of specific performance targets for managers and the putting in place of reward systems for managers and employees directly involved

in the achievement of the targets. In the case of management contract, management of the public enterprise is contracted out to the private sector with the ownership still retained in the public sector. The issue of external market environment in public enterprise reform can be considered from two perspectives. First, the need for government to apply a 'hard budget' policy to the public enterprise sector. In other words, public enterprise deficits should not automatically be met by transfers from the government. Furthermore, there should be threat of closure if performance is below expectation. The second is the relevance of competition, i.e. easing market entry and removing preferential treatment of the public enterprise sector. Privatization needs to be part of a broader strategy fashioned at improving the performance of the public enterprise sector, with other types of enterprise reforms.

(c) Anti-Corruption Crusade

According to Caiden (1997, pp 2, 3&5):

Corruption rules and it is a way of life --- it corrodes the democratic ethos; ----- will spread its filth and eventually imperil democracy, ----- if left alone, corruption will spread, multiply, intensify, systemize and eventually, institutionalize it, thereby becoming the norm and no longer the exception.

Corruption consists of overpricing, illegally expediting payments, facilitating contracts, rigging public bidding for contracts manipulating regulations and selling information, and illegal fund raising. Three major causes of corruption have been identified namely; low salaries, ample opportunities for corruption and low risk of detection and punishment.

Workers generally supplement low salaries by holding a second job, practising their profession during office hours, vending within the office and resorting to petty corrupt practices. Public bureaucracy in national development has resulted in opportunities for corruption. In Indonesia, civil servants refer to their duties as either 'wet' or 'dry'. Wet is when one has access to the fee-paying public while dry is not to have access to the fee-paying public. Corruption thrives when it is seen by the public to be a 'low risk, high reward' activity, that is where corrupt offenders are not likely to be detected and punished.

What then the issues for consideration here? The first is to make corruption 'high risk, low

reward' activity by punishing those found guilty. For the people in a country to see corruption as a high risk, low reward activity, the government must continue to publicize through the mass media (print and electronic) the detection of corrupt practices, those involved and their punishment according to the law if they are found guilty. The agencies which are 'wet' or vulnerable to corrupt practices must be identified by the government and their procedures periodically reviewed to reduce opportunities for corruption. Unnecessary regulations and administrative procedures have to be streamlined to remove opportunities for corruption.

A major question is who will guard the guardians? In other words, how do we ensure that the anti-corruption agencies (ACAs) such as the ICPC and EFCC are incorruptible? In other words, the ACA's legitimacy and public image will be undermined if its members are corrupt. To achieve incorruptibility on the part of these agencies, we must continue to ensure their control by honest political leaders or made accountable to independent committees. The agencies must not only be staffed by honest and competent personnel, they should also not be overstaffed. A member of staff found guilty of corruption should be punished, and the details of the punishment widely publicized in the mass media.

Political will is the most important factor for controlling corruption. A comprehensive anti-corruption strategy will not be successful if not supported by the political leadership in a country. At this juncture, let us ask ourselves what we understand by political will. According to Kpundeh (1998, p.92), political will is the demonstration of credible intent of political leaders (elected or appointed leaders, stakeholder groups, etc) to attack perceived causes or effects of corruption at a systemic level. Political leaders must be sincere in their commitment to eradicating corruption by demonstrating exemplary conduct. They must adopt modest lifestyle and those found guilty of corruption punished. Since low salaries is a cause of corruption, there is the need to consider adequate pay to prevent officials from being tempted into corruption. It will be difficult to minimize corruption by increasing salaries alone if the government does not have the political will to curb corruption, ensure that the ACAs are not corrupt, punish corrupt officials or reduce opportunities for corruption in vulnerable parastatals.

(d) Bureaucracy and Administrative Reform.

Administrative reforms cover a wide range of issues, goals and interventions including public sector reforms, decentralization, governance, privatization, civil service reform, etc.

Bureaucracy means different things to different people in time and space. To the ordinary person, it is concerned with a range of organizational pathologies such as narrow outlook, red tape, high handedness, rigid rules, buck-passing, duplication, wastefulness, blundering officials, excessive centralization, inflexibility and insensitivity to clients or citizens (Bendix, 1968.)

In the Weberian model of bureaucracy, it is characterized by: a relationship between legally installed authorities and their respective subordinate officials; defined rights and duties; written rules and regulations; a hierarchy of authority with systematically ordered positions; strict separation of office and incumbent; full-time administrative work; etc.

Over the years, bureaucracy in the Weberian sense has been the major organizing platform on which modern complex organizations and institutions are structured, sustained and redesigned as the changing task environment dictates. This has relied on the norms of bureaucratic behaviour (NBB). Norms of bureaucratic behaviour refer to the process of bringing about sustaining changes in individual, group and institutional mindset and behaviour consistent with the principles of Weberian bureaucracy (Kinggundu, 1989). Bureaucracy or lack thereof, provides the explanation for the different experiences with reform initiatives between industrialized and developing countries. The implications for administrative reform policy and initiatives are quite clear. For Nigeria to achieve successful administrative reform, the government must focus on those interventions which help to put in place and sustain NBB. These interventions are rules and regulations, professionalism, ethics, etc.

(e) The New Public Management

New Public Management (NPM) refers to the use of market-type or contractual arrangements in an effort to improve public management, such as performance contracts, the creation of agencies, contracting out, etc. Also associated with this are measures such as privatization and retrenchment popularly referred to as 'right-sizing'.

It provides a menu of choices rather than a single option. One of such NPM choices is the

creation of semi-autonomous agencies for service delivery. The NPM argument for this choice is that service providers should concentrate on efficient production of quality services, with the removal of the distractions of evaluating alternative policies.

(f) International Finance for Development.

The debt crisis of the 1980s illustrates the dangers of relying heavily on international finance. This does not mean that these sources of finance are always anti-developmental. The lesson to be learnt is that the government needs to regulate and control such inflows. Foreign direct investment (FDI) which will bring long-term investment interest and foreign aid in the form of grant have a greater potential to promote development. Foreign finance should not be used as substitute for domestic savings mobilization effort needed for the development process. Finance of any type should be made to generate investment and growth. This will help to close the domestic savings / investment gap and the foreign exchange gap so as to actualize self-sustaining growth.

CONCLUSION

Since 1986, there has been a tremendous focus on achieving growth and development in Nigeria. A more concerted effort at reinventing the economy towards sustainable growth and development emerged in 1999 with the economic reforms of the present government.

There is no doubt that some of the reforms have achieved some impressive result. However the economy is still far from where it should have been judging by the abundance of resources in Nigeria.

Financial liberalization should be implemented after macroeconomic stability and the real sector reforms. Privatization should not be seen as the only option for dealing with the inefficiencies of the public enterprise sector. It needs to be part of a broader strategy with other types of enterprise reforms. Minimizing corruption only by increasing salaries will be difficult if the government does not have the political will to curb corruption, punish corrupt officials, reduce opportunities for corruption and ensure that anti-corruption agencies are not corrupt. For Nigeria to achieve successful administrative reform, the

government must ensure that the norms of bureaucratic behaviour are not only properly focused but also sustained. Foreign finance should not be used as substitute for domestic savings needed for the development process.

Table 1
Selected Macroeconomic and Social Indicators for Selected Years

	1986	1988	1990	1992	1994	1996	1998	1999	2000	2002	2004	2005
Real GDP Growth (%)	2.5	7.4	13.0	2.3	0.2	4.4	2.9	0.4	5.3	3.5	6.6	6.2
Non-Oil Sector Growth (%)	4.9	9.8	6.3	2.1	1.7	3.0	3.3	4.4	2.9	8.0	7.8	8.2
Share of Non-Oil Sector in Exports (%)	6.1	8.8	3.0	2.1	0.2	1.8	4.5	1.6	1.3	5.4	2.5	1.5
Manufacturing Capacity Utilization (%)	38.8	42.4	40.3	38.1	30.4	32.5	32.4	34.6	36.1	44.3	45.0	45.9
Inflation Rate (%)	5.4	56.0	7.5	44.5	57.0	29.1	10.0	6.9	14.5	12.9	10.0	11.6
Total External Reserves (US \$m)	2,836.6	5,229.1	4,541.5	1,554.6	9,009.1	4,074.7	7,100.0	5,440.7	9,910.4	7,681.1	16,955.0	28,279.1
Life Expectancy at Birth (Yrs)	51	51	51	51	52	52	54	54	54	54	54	54
Adult Literacy Rate (%)	54	54	54	54	55	57	57	57	57	57	62	62

1. Revised
2. Provisional

SOURCES: (i) Central Bank of Nigeria (2004) *Statistical Bulletin*, Vol.15, December
(ii) Central Bank of Nigeria, *Annual Report and Statement of Account* (Various Issues)

Table 2**Non-Oil Exports by Products in Percentage.**

S/NO	Agric. Produce	Minerals	Semi Manufactured Goods	Manufactured Goods	Others	Total
1986	73.8	na	9.8	-	16.4	100
1988	92.8	na	3.8	1.8	1.6	100
1990	74.5	na	12.2	10.0	3.3	100
1996	73.8	0.7	18.7	3.1	3.7	100.0
1998	48.0	14.4	35.8	1.8	-	100.0
2004	33.0	2.0	48.9	5.0	11.1	100.0
2005	41.8	4.0	40.5	9.8	3.9	100.0

1. Revised

2. Provisional

Source: (1) Central Bank of Nigeria (2004) *Statistical Bulletin*; Vol.4, December

(2) Central Bank of Nigeria; *Annual Report and Statement of Accounts*,
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