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## **Monetisation policy under President Olusegun Obasanjo administration (1999- 2007)**

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### **Abstract**

The study examined the monetization policy under President Olusegun Obasanjo Administration its meaning, objectives, implementation and challenges. To reduce waist and enhance efficiency and effectiveness in service delivery for optimal benefit of government and workers through enhance pay package as a motivating factor gave rise to the monetization policy. The study adopted Elite theory and Frederick Taylor theories on scientific management principle were used as the theoretical framework for the study. The researcher made use of secondary data as data were collected from documented literature. These data were analyzed synthesized objectively. The expected benefits of the policy became a mirage as only few top cabal benefited, leaving the bulk majority civil and public servants in illusion and misery. Reason was that the policy was ill formulated and hastily implemented, paucity of funds and corruptions. The study made recommendations on how the policy can achieve its set gal, which includes sensitization and reorientation, revocation of all property sold at laughable prices and general overhauling and review of the policy.

**Keywords:** vernal keratoconjunctivitis, tacrolimus, immunomodulators, olopatadine

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### **Introduction**

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

Ekaette (2003) posited that it was observed that cost of governance has continued to escalate beyond imagination. Government spend much money on recurrent expenditure on payment of salaries, wages and other fringe benefits to civil servants and then nothing is left to carry out development projects. There was waste, mismanagement and non-chalant lackadaisical attitude to government property as it was erroneously believed that government property is no one's property.

The astronomical rate on wages, salaries and other fringe-benefits of workers lead to serious cogitation on how to reduce waste and make civil servants more productive, hence the policy of monetization was conceptualized, introduced and implemented under the leadership of Olusegun Obasanjo. The paper x-rays the concept of monetization, its effect to public service, individual and the economy. Elite theory and Fredric Taylors Theory of scientific management adopted as the theoretical frame work, after reviewing available related literature. Items or fringe benefits monetized stated, challenges were discussed and recommendations made on how the policy can achieve its aims and objectives.

### **Review of literature & conceptualization**

#### **The concept of monetization.**

The term monetization is one of the administrative reforms policy of Olusegun Obasanjo aimed reduce waist and enhance effective service delivery in public service. Mathur & Diesh (1981) defined administrative reforms as a deliberate and planned effort aimed at transforming administrative practices for attaining increased administrative effectiveness with ultimate objectives of improving the quality of human life. Chapman & Greenaway (1980) viewed administrative reforms as the process of making changes in administration structures or procedures within the public service because they have become out of time with expectations or value of the social and political environment. Monetization policy came into being on 27th June, 2003, via a circular from the office of the secretary General of the Federal (OSGF) 47/c/1/11/37/. There are so many definitions of the concept monetization by various authors according to how they view it but all points to one particular phenomenon. For instance, Fayomi (2013:107) defined monetization as same thing that gives the character of money to an economic policy. This simple means that monetization is replacement of work benefit with cash incentives to public servant. Abudrasaki (2011) defines monetization as a form of monetary policy which means benefits being enjoyed by public servants who would be paid in lung sum. Some of those benefits include leave grant, subsidy, entertainment allowance, duty tour allowance and domestic servant allowance. Bakare (2012:63) <sup>[4]</sup> views monetization of

fringe benefits in Nigeria as social worthwhile initiatives. He argues that cash payment for benefits will act as incentive to workers. Adekenye (2003) sees it as a withdrawal of direct funding of the basic amenities of public servant by the government. Ahmed (2004) views it as conversion of benefits previously made available in kind to public officers into cash payment. Onu (2006) in his views defines it as the process of converting fringe benefits attached to workers' salaries into cash incentives. Fasoranti (2008) <sup>[5]</sup> views monetization policy in Nigeria as a social worth initiatives, based on the fact that cash payment of benefits may act as an incentive to employee to work harder. For instance, the provision of a personal car for civil servant has implications on his social status that motivate him to work since there will be no need for him to go for loan to get a car.

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

Mimiko (2003) sees monetization of fringe as a precipitate of government concern with the continue escalation of cost of running the machinery of government as a result of the huge bureaucracy with which the economy is delivered. Mobolaji (2003) <sup>[11]</sup> collaborated in his submission about monetization with the view of Mimiko (2003) and Amuwu (1991) as they views monetization policy as government initiative that involves systematic cash payment for benefits previously available in kind to public officers. Saka (2005) in his work on monetization deposited that the spirit behind monetization policy as far as Nigeria is concern are:

- a. To reduce the high cost of governance in views of the fact that past and present regimes are riddled with corruption, this makes the cost of administration of government affairs to be expensive.
- b. To make the public servant adopt a better productive approach to public property.
- c. The prevalent mismanagement of public property by public servants would be over as such persons would be offered money to acquire such property elsewhere.

The policy also offered the government the opportunity to renovate and add value to its property in order to generate income for the business of governance.

Ogugua (2009) opined that the challenges of monetization policy are how well the policy could be implemented. He suggested that resources meant for monetization policy should be judiciously used for effective implementation. Agba (2006) posited that the objectives of the monetization policy may appear laudable and splendid, the implementation impact of the policy are likely to be catastrophic, that the cushioning measures of the government to alleviate the adverse effect of the policy are questionable, insufficient, cosmetic and superficial in nature. In a similar view Ayapere (2015) posited that the motive behind the adoption of the monetization policy in Nigeria is not genuine and that monetization benefits are not in any way commensurate with the cost of providing civil servants basic and socio-economic needs. He concluded that monetization has no positive effect on workers job satisfaction and attitude toward job performance.

Punch (2003) <sup>[16]</sup> and Saturday Tribune (2003) <sup>[18]</sup> confirmed that monetization policy will remove the following:

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

The federal Government of Nigeria (FBN:2006) defines monetization as "the qualification in money terms of those fringe benefits which government used to provide for it's workers as part of their conditions of services: such benefits include residential accommodation, chauffeur driven cars, residential furniture, utility services etc. The federal government definition of monetization is the operational adopted definition in this paper. Monetization as a concept cannot be implemented or adopted without going through some processes, that is from formation of committee, reading and presentation of the committee work, before going to the National Assembly and finally to the president for his asset to be adopted as a public policy. What is public policy? Policy as a concept has so many definitions according to the author's perception. For instance, Chijioke Dike (1987) see policy as government program contained either in the nation laws or in public statement issued by the competent functions of government. Anderson, J. (2003) viewed public policy as a purposive cause of action followed by actors or set of actors in dealing with a problem or matter of concern. Friedrich as cited by Obi e tel (2008) defines public policy as a proposed course of action of government or one of its divisions. Prethus cited in Obi e tel (2008:16) sees it as a definite cause or method of action selected from alternative and in light of a given conditions to guide and usually determined present and future decision. Obikeze and Obi (2004:94) sees public policy as government action and program of actions towards solving societal problems. Thomas Dye cited in Obi etel (2008:16) views it as whatever the government chooses to do and not to do. Ikelegbe (1996:4) defines it as the integrated cause and program of action that government has set and the framework or guide it has designed to direct actions and practice in certain problems area.

From the definitions of policy given above it can be defined as government program of actions backup by the law to solve an existing problem in the society. Linking the two concepts monetization and policy, it simply means that monetization came on board because there was a pressing problem of high cost of government on recurrence expenses leaving noting or little for other developmental projects in the country. Monetization policy has a legal backing as it passed through the processes of legislation which finally converted it to be an Act. That came into law, (Salaries and Allowance etc.) Act (2002), this act was for certain political, public and judicial office holder, which was

extended to cover all federal civil servants through a circular. The monetization policy came on board on 27<sup>th</sup> June, 2003 with a circular relevance number S.G.F 19/S.47/C.I/11/371.

Monetization policy is one of administrative reforms of President Olusegun Obasanjo whereby fringe benefits enjoyed by workers previously apart from their salary are paid cash in order to reduce waist, cost of governance and enhance effective service delivery. Monetization policy was new in Nigeria in some ministries, parastatal and agencies while NNPC, CBN, NITEL has used the policy for years. The policy has been in existence in Ghana and Cameroon and worked in those countries..

**List of things monetised.**

A publication of the Federal Ministry of Information and National Orientation (2003 18-19) has the following fringe benefits monetized

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

**Table 1:** The monetized value will be stated here below according to grade levels.

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

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

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

**Thesis statement**

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

**Objectives of the study**

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

**Methodology**

This study made used of secondary data, from journals, newspapers, magazine, textbooks, seminar papers, government white papers, circular and gazettes. Data gotten from secondary

service as mentioned above were collected reviewed and analyzed, before drawing up inference base on validity rationality and objectivity.

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

**Theoretical framework**

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

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

through training to specialization that will enhance effective service delivery in an organization.

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

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

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

### Data analysis

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

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

government to civil servants.

- j. The policy will encourage civil servant to own private property.

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

1. The formulation of the policy was purely on Elite Theory. Only the rich top political office holders and civil servant were consulted. The interest of the middle class and lower cadre were totally neglected. Poor consultation and hastily implementation, nothing was put on ground.
2. Monetization policy led to inflation, there was rumor and news everywhere that salaries and wages of workers will be increased. This led to the rise of price of goods and services in the market without corresponding rise of salaries and wages.
3. Federal Government was not reasonable enough to study the direct and indirect effect of the policy to the economy. Federal Government was not ready for the policy, it was implemented to favor the few cabal in the political arena and top civil servants. The few bought government property at a very laughable price to the detriment of the popular majority masses of low level and middle class civil servants. Federal Government did not put state government and local government into consideration before it implemented the policy. Stakeholders in the country were not consulted such as labor force, Manufacturers and Employer Association.
4. Monetization led to unemployment in the nation. Those rendered redundant were not trained or paid, no capacity building programs for them. How can you lay someone off without providing an alternative for him/her. This in turn will lead to unemployment and increase in crime rate in the society.
5. Monetization policy aided and institutionalized corruption in the civil service. Government property were sold but not accounted for.
6. Monetization brought untold hardship to low and middle cadre civil servants. Many public servants were rendered homeless as they were evicted out from their formal apartment sold by government bought by the same cabal at a very ridiculous price.
7. Monetization created more gaps between the poor and the rich.
8. Monetization policy base on Elite Theory on policy formulation was geared for the rich/elite to buy as many government properties as they can within strategies location in the towns and cities.
9. Government could not pay the monetized money en bloc as planned. This reduced the moral tone workers, they were demoralized. As they get a dash to their expectation this reduced productivity.

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

## Conclusion and recommendation

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

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

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

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

1. The policy was lastly adopted without proper education, consultation and consideration. These involve, mean the beneficiary should be educated consulted to make their input before its implementation. Since it has taken up, those rendered redundant should be invited to dialogue with them, while those still in service should be reoriented and educated.
2. Those government property sold should be repealed government should make proper evaluation of the properties and then give preference to civil servant of all cadre not only political office holder or top civil service.
3. Those rendered redundant as a result of the program should be invited. For dialogue. I suggest a program of capacity building development and entrepreneurship skill be organized for them. Government to foot the bill for such program.
4. Those redundant staff whose entitlements were not paid till date should be paid immediately to ameliorate their condition. Many of them have not received their pension having work for so many numbers of years some are few days to retirement before they were laid off. This is crime against humanity and against International Labor Organization (ILO) and (NLC).
5. Government should set up a fresh neutral committee to revisit the monetization policy. You will be surprised to see and hear shocking revelations mostly from people you never engage. So many government estates were converted to personal property. Till new may government houses are not paid for by the so called buyers.
6. There should be another committee to monitor the monetization policy implementation and report back to government. This supervision and inspection should be boasted by a feedback mechanism from the beneficiary. This will lead to efficiency and accountability.
7. Money raised from the sale of government property should be judiciously used and plough back to other development projects. This will reduce corruption.

8. High cost of governance is not on fringe benefits of low and middle cadre, it is from the top political office holders.
9. I suggest their allowances be reduced, imagine a senator or house of representative member how much they are paid.
10. Government should have all what it takes before starting monetization; the monetized money should be paid en bloc, spreading it over 12 months is not to the interest of any civil servants.
11. Government should ensure that the economy is stable before its implementation. To control inflation and other adverse effect of the policy to the economy.
12. All level should be included in future allowance. All human no matter how little it is, let all grade be captured.
13. Since better remuneration is tagged and tied to better productivity and civil delivery based on motivation.
14. I suggest workers salary be increased in line with monetization policy.
15. Public service should declare their assets puberty every year.
16. Let there be transparency, accountability to reduced corruption.
17. Let corrupt officers be jailed or sanctioned
18. Monetization Policy was perfectly implemented with full payment in some ministries department and agencies. if was selectiv SOME MDAs didn't benefit from the policy.

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

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