

GOVERNANCE ENVIRONMENT AND PUBLIC POLICY IMPLEMENTATION:

An Assessment of the National Economic Empowerment and Development Strategy (NEEDS) Policy in Nigeria

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Introduction

The issue of governance has dominated public management debate in the last two decades. This is because of the general contention that governance to a large extent determines not only the level of development of a society, but also the institutional reforms that have taken place in such societies and the impact of such reforms on the citizenry. In fact, it has been argued that governance environment is also a source of motivation for Foreign Direct Investment as countries where good governance subsists have attracted more investments than where the opposite strives.

In Nigeria, the Federal Government since 2003 has put in place a National Economic Empowerment and Development Strategy (NEEDS), an economic blueprint, that is supposed to be the beginning of "a Nigeria with a new set of values and principles, which will facilitate the achievements of national goals of wealth creation, employment generation and poverty reduction." (Nigeria Direct, 2006). The policy in itself is well designed as it has received the acclaim of international bodies like the United Nations

comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interest, exercise their legal rights, meet their obligations and mediate their differences.

The World Bank (1989) while defining governance as "the exercise of political power to manage a nation's affairs" identified three distinct aspects of governance to include;

- the form of political regime;
- the process by which authority is exercised for managing a country's economic and social resources for development;
- the capacity of governance to design, formulate and implement policies and discharge functions.

The myriad of definitions given above may have prompted Olowu (2000) to excise two popular groups of definitions

The exercise of economic, political and administrative authority to manage a country's affairs at all levels.

of governance. The first group which aligns with the views of the World Bank and many other United Nations institutions, sees governance in terms of "leadership--the manner in which (state) political leaders manage, use (or misuse) power --whether to promote social and economic development or to pursue agendas that undermine such goals." The other group of definitions see governance as more of "sharing of authority for public management between state and non-state organizations ... (and so governance is seen) as forms of multi-organizational action rather than involving only state institutions."

Many governments in the attempt to strengthen their management capacity have evolved institutions, social, economic, legal and historical to improve the governance environment. Governance environments vary widely from one country to the other. It depends on the extent to which the country is able to put in place credible institutional arrangements for:

- Ensuring accountability of public agencies and officials through formal transparent process for monitoring and reporting;
- Fostering transparency at all levels of government and public administration, including Budgetary transparency;
- Combating corruption;

Development Programme (UNDP), the World Bank, International Monetary Funds (IMF) Department For International Development (DFID) and other international agencies. It is rather disturbing that at the implementation stage, there have been snags which have not allowed the intended outcome of the policy to be visible on ground.

The article intends to understand the reasons why the policy has not fulfilled its policy objective. It contends that the governance environment was not taken into consideration in the formulation of the policy and consequently the likelihood of its being squeezed to death is high. While what constitutes governance remains contestable, there is sufficient literature on what is poor governance and its impact on policy implementation. Poor governance, according to African Development Bank, manifests itself through the following: (i) failure to make a clear separation between public and private resources; (ii) failure to establish a predictable framework of law and government behaviour conducive to development; (iii) excessive rules and regulations, which impede the functioning of markets and encourage rent-seeking; (iv) priorities inconsistent with development, resulting in a reallocation of resources; (v) and narrowly based or non-transparent decision-making (ADB, 1999).

The paper begins by attempting to define the concept of governance and governance environment. In section two, it proceeds to examine what constitutes policy implementation and its attendant problems. Then the background and contents of the National Economic Empowerment and Development Strategy (NEEDS) is presented in section three. In the last part, attempt is made to review the impact of governance environment on the success or the failure of the policy.

Section I - The Concept of Governance and Governance Environment

There is no general agreement as to the definition of governance. *The Oxford Dictionary*, defines governance as "the act or manner of governing, of exercising control or authority over the actions of subjects; a system of regulations". United Nations Economic and Social Commission for Africa and the Pacific (UNESCAP) defines it as "the process of decision-making and the process by which decisions are implemented (or not implemented)".

Governance according to the UNDP is

...the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It

- Fostering greater participation, and freedom of speech and association to enable the beneficiaries of government programs to participate effectively in determining and Meeting their needs;
- Nurturing an objective and efficient judiciary; and
- Enhancing efficiency within public institutions by building technical and management capacities (ADB, 1999).

Foreign Direct Investment, an international magazine on foreign direct investments, concludes appropriately that, the level of enforcement of the above principles determines the level of the country's governance environment. According to it,

At one end of the scale, there are countries where legal rules are transparent and fair, enforcement is impartial and the people predominantly rely on public rules to govern their social and economic activities. This is known as a rule-based governance system. At the other end of the scale, there are countries where laws are opaque and unfair, the government

Governance environments vary widely from one country to the other. It depends on the extent to which the country is able to put in place credible institutional arrangements.

cannot enforce rules impartially and the people predominately rely on private relations to govern social and economic transactions. This is known as a relation-based governance system (2004).

Section II - Policy Implementation and its Attendant Problems

Three important stages are usually identified in the policy process. The stages are the formulation stage, the implementation stage and the evaluation stage. According to Dunn (2003) policy implementation occurs when an adopted policy is carried out by administrative or support units to comply or achieve the policy objectives. It involves the putting in place of all activities that must be undertaken to carry out an intention from its conception to realisation (Akindele and Olaopa, 1997).

These activities have been well highlighted in the report of a

Problems of infrastructure, power especially, but still also telecommunication, roads, and railroads make Nigeria increasingly less competitive in a globalizing economy.

Sensitisation Workshop for Senior Policy Makers from East African Countries organised by the Development Policy Management Forum (DPMF). They essentially involve:

- Specification of the time frame
 - Specification of the inputs needed
 - Specification of the expected outputs
 - Specification of the benchmarks for success.
- There is also need for
- Putting in place the institutional framework for effective coordination (e.g., the Steering Committee for K/CSRP)
 - Prioritisation and sequencing of activities
 - Putting in place sensitisation and feedback mechanism.
 - Putting in place an action plan and adherence to the plan
 - Getting appropriate human resources and finally
 - Execution of the policy

There are many factors that can frustrate implementation of public policies. The most notable ones that have affected government policies in African countries as identified by participants in the conference referred to above include:

- Externally-driven policies;
- lack of capacity in terms of skills, finances and institutional frameworks;
- disharmony with African culture;
- inadequate consultation and co-ordination;
- inadequate research and analysis;
- partisan interference and conflict of interests;
- poor policy dissemination leading to lack of public awareness and ownership;
- absence of or poor implementation framework;
- poor resource allocation;
- poor or lack of performance indicators;
- poor or lack of adequate implementation institutions;
- unrealistic targets;
- delayed implementation due to low political support and poor interpretation;

- inadequate mechanisms for inspection and impact assessment;
- poor feedback;
- mismanagement of resources (Corruption);
- lack of capacity to contain calamities both man-made and natural.

Most of the problems stated above have frustrated the Federal governments attempt at implementing the NEEDS policy. Teriba (2006:112) in this direction contends that:

"The response of the present government to the economic crunch it met in 1999 took about five years to fashion: there was a four year *recognition lag*, as the regime only accepted the need for an economic team by mid-2003; and then another full year *action lag*, as the economic team only began to announce reform measures by mid-2004. *Implementation lag* is still underway, and so is the *impact lag*".

Section III - National Economic Empowerment and Development Strategy (NEEDS): Background and Contents

In March 2004, the Federal Government launched a new economic reform program termed the National Economic Empowerment and Development Strategy (NEEDS). The intention of President Obasanjo and his economic team is that NEEDS will revamp the national development through a process of economic growth, public sector reform, poverty reduction and value re-orientation in Nigeria.

The NEEDS policy is different from previous economic policies for several reasons (Akpobasah, 2004):

It is Nigeria's Poverty Reduction Strategy and gains inspiration from the poverty reduction strategy paper (PRSP) which had been under preparation since 2001;

- It is a reform programme aimed at re-engineering the growth process
- Its formulation process has been largely participatory
- The President has expressed his commitment to the programme and has set up an economic team to drive it
- The States have also broadly agreed to design the States Economic Empowerment and Development Strategy (SEEDS) to complement the NEEDS. The local governments are also expected to prepare local government components "LEEDS" There is of course no information yet on the degree of compliance, the NEEDS having been launched only on May 29, 2004
- The NEEDS focuses on strategy and policy

directions rather than programmes and projects. It signals a shift in the direction of decentralised project planning and execution

- Implementation of aspects of the NEEDS began even before the formal launching of the document.

The specific reform programmes of the policy are presented in four key strategies:

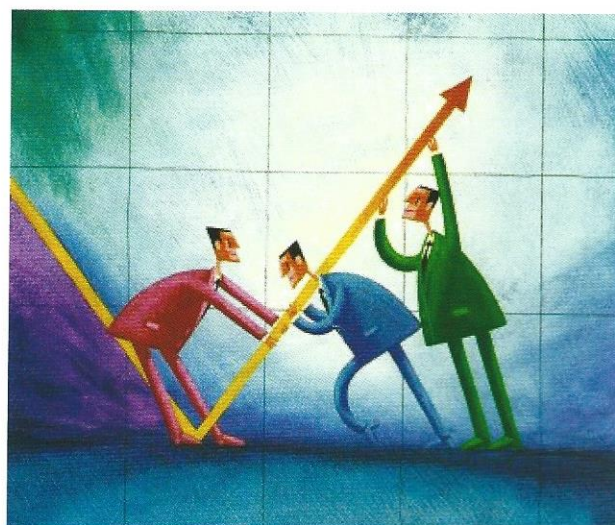
One, reforming government institutions in order to restructure and strengthen government.

Two, growing the private sector by reducing the influence of government in the economy and accelerating the privatisation, deregulation and liberalisation programme.

Three, implementing a social charter to improve people's access to health, education, welfare, employment, security and participation.

Four, value re-orientation which will include transparency and anti-corruption, freedom of information and giving more role to civil society in governance (See Figure 1) and the institutional framework for the implementation is shown in Figure 2.

the level of enforcement determines the level of the country's governance environment.



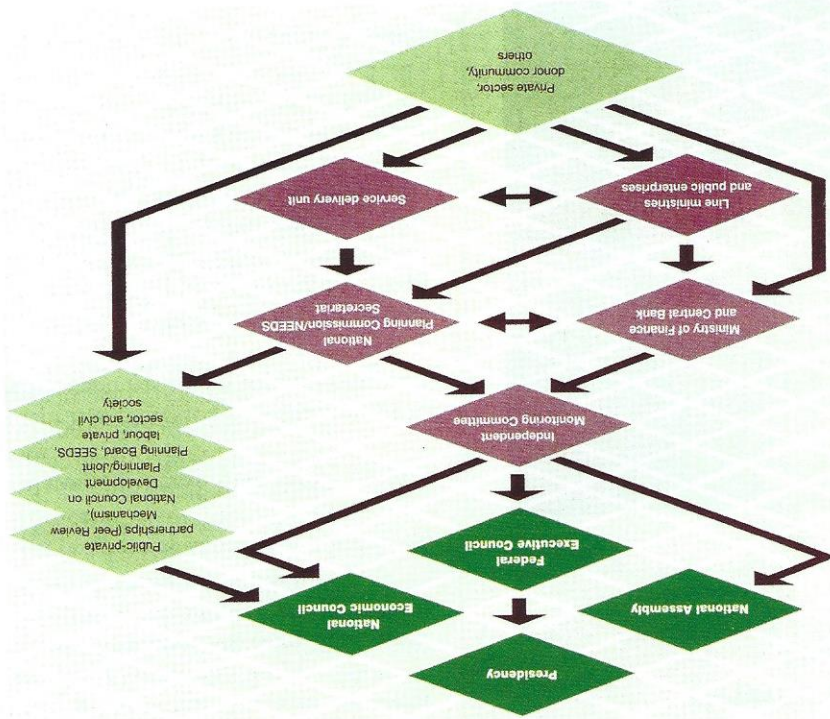


Figure 2: Institutional Framework for the Implementation of NEEDS

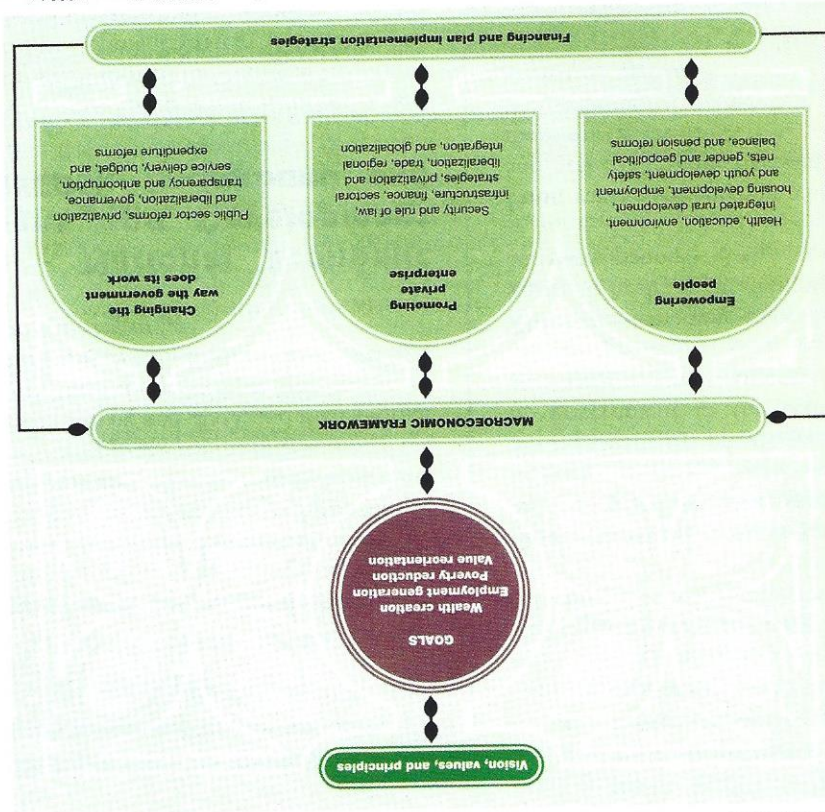


Figure 1: The NEEDS at a Glance

Table I - Selected Targets under NEEDS

	2003	2004	2005	2006	2007
MACROECONOMIC TARGETS					
Real GDP Growth (Growth Rates %)	8.6	5.00	6.00	6.00	7.00
Oil Sector (% growth)	15	0.00	0.00	0.00	0.00
Non-oil Sector (% growth)	5.83	7.27	8.54	8.34	9.52
Percentage reduction in poverty incidence (%)	5	5	5	5	5
Minimum number of new jobs created (millions)	-	1	2	2	2
Growth in real private consumption expenditure (%)	-	4.83	4.83	4.83	4.83
Growth in real per capita consumption (5)	-	2	2	2	2
Inflation Rate (%)	11.00	10.00	9.50	9.50	9.00
SECTORAL TARGETS					
Growth in Agriculture (%)	7	6	6	6	6
Manufacturing Sector Growth (%)	-	7	7	7	7
Manufacturing capacity utilization (%)	53	-	-	-	70
Tourist visitors to Nigeria (annual growth rate %)	-	10	10	10	10
Communication	Teledensity from 1:40 in 2003 to 1:25 in 2007 and improve access especially in the rural areas				
Solid Minerals	to provide self-employment for at least 500,000 Nigerians				
Agricultural Exports	earn at least \$3 billion from exports of cassava and related products by 2007				
Federal Government Budget					
Maximum public deficits as a ratio of GDP (%)		3	3	3	3
Maximum ways and means (% of previous revenue)	2.5	10	10	10	10
Recurrent expenditure (% of total Budget)	70	65	60	60	60
Capital expenditure (% of total Budget)	30	35	40	40	40
EXTERNAL SECTOR (BOP)					
External reserves (US \$ million)	7,186.7	7,686.7	8,686.7	9,686.7	10,686.7
Import growth rate (%)		15%	18%	25%	30%
Non-oil exports earnings	to grow from less than 5% of total exports in 2003 to more than 10% in 2007.				
Food as a percentage of total Imports (%)	14.5				
Reserves (Months of import cover)	At least from less than a year from remittances				
Unrequired transfers					
BANKING AND CREDIT					
Credit to private Sector (%) growth	30.00	30.00	30.00	30.00	30.00

Section IV - Impact of Governance Environment on NEEDS

There is no doubt that NEEDS as a policy is better than its forerunners. The reasons for this being the acceptance of the programme by certain sections of the international community. A cursory look at the specific targets set by the policy shows an implementation lag which can better be explained by unfavourable governance environment. Sustainable governance, according to the United Nations (1997), can only emerge where there is strong leadership capabilities, civil society empowerment, capable government institutions and machinery to stimulate economic development, widespread citizen participation in policy dialogue, implementation strategies that involve not only the private sector but also non-governmental organizations and community-based organizations.

"The response of the present government to the economic crunch it met in 1999 took about five years to fashion: there was a four year recognition lag, as the regime only accepted the need for an economic team by mid-2003; and then another full year action lag, as the economic team only began to announce reform measures by mid-2004. Implementation lag is still underway, and so is the impact lag".

The impact of this weak governance environment is also stressed by Lyman (2004) while discussing the prospects of Obasanjo's economic policy. He contends that:

Problems of infrastructure, power especially, but still also telecommunication, roads, and railroads make Nigeria increasingly less competitive in a globalizing economy. Above all ... poverty remains the overriding fact of life for most Nigerians. ... Then there is the state of justice. To reduce corruption, achieve transparency, and strengthen accountability, there must be justice.

The idea that the judicial system is in order and can successfully prosecute the anti-corruption war becomes hard to sustain when all the anti-corruption agencies point accusing fingers at how the judiciary handles those cases that are referred to it. Nnaemeka Agu, a Justice Emeritus of the Supreme Court, noted: "It is accepted all through the democratic world that no Nation can have a Judiciary better

than the one it can pay for. This is because an impecunious Judiciary cannot attract the best legal brains that the country can afford; an ill-equipped Judiciary will lack the necessary Law books, periodicals and Library which are the tools of trade of a good judge; a poorly paid and ill-equipped Judge can be susceptible to corruption and bound to be a worker with low morale." (THE GUARDIAN, Tuesday, April 25, 2006, p.68) This is reflected in the number of cases that are pending in several courts in the country.

NEEDS has failed in its entirety to tackle poverty. *Constitutional Rights Project* (2006:11) a Nongovernmental organisation, appropriately describes the result of governments economic reforms thus: "Despite President Obasanjo's economic revival and pro-poor programmes, the social well being and the economic fortunes of the populace seems to be on a steady decline, and the desired investment-friendly environment is lacking, due largely to corruption in the system. The teeming masses are today complaining more of economic downturn and decreasing purchasing power, basic necessities of life: food, clothing and shelter are becoming increasingly expensive and luxury items. Government officials are unashamedly telling the masses that basic ingredients, such as kerosene, are no longer for the poor but the rich."

It is rather unfortunate that government has not accepted that its Poverty Alleviation Programme has yielded no benefit to the common man. In a seminar organised by the government to discuss poverty problem in Nigeria, the Executive Director of National Poverty Eradication Programme, Dr Magnus Kpakol, claimed that its agency had been able to reduce poverty level from 70% in 1999 to 54% in 2005. In a swift reaction, the Speaker of the House of Representatives contested the figures and submitted that instead of reducing, poverty rate in Nigeria had actually increased (*Nigerian Tribune*, Thursday 4th May, 2006).

Conclusion

At the launch of NEEDS, the enthusiasm was much that it would change the course of policy implementation in Nigeria. Three years on, the fears expressed at the launch was that of implementation challenges. As at today these challenges still persist. Akpobasah (2004) and Ogbonna, (2004) appropriately identified these challenges in their various articles. To get the reform back on track will require a new approach which will put governance ahead. By this I mean a system of government where participation by both men and women will be encouraged, where the rule of law will reign, where transparency and accountability will be the watchword of government, where administrative and political responsiveness will take pre-eminence, where

Decision making will be based on consensus and where every citizen will feel that he has a stake in the future of the country.

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