



# Prospects of Public Sector Reform

A Policy Brief on the Implementation of the Oronsaye Committee Report | August 2020

## Background

In November 2011, the Federal Government of Nigeria established the Presidential Committee on the restructuring and rationalisation of Federal Government Parastatals, Commissions and Agencies headed by Mr. Stephen Oronsaye to create a roadmap for repositioning the federal civil service to make it more productive. The outcome of the Committee's work was an 800-page report popularly known as the Oronsaye Report released in April 2012 which emphasized the reduction of the cost of governance by eliminating the duplication of functions by several departments and agencies. It recommended the merger or outright abolition of 102 Federal Agencies.

## Introduction

In April 2020, the Federal Government announced its decision to implement the Oronsaye Report as a means of reducing the cost of governance and mainstreaming efficiency in the civil service. The implementation will serve as the cornerstone of broader Public Sector Reform efforts.

## Challenges:

The immediate difficulty that confronts this current effort is the fact that the government White Paper which was released in April 2014 took a more conservative approach and rejected about 90 % of the Oronsaye Committee's recommendations. Consequently, an implementation of the White Paper would have considerably limited results.

Secondly, the reduction of payroll and overhead costs through Public Sector rationalisation is unlikely to yield significant results in terms of savings and efficiency. This is because in the short term, downsizing the Public Sector carries corollary costs in the payment of huge severance entitlements. Given the current resource constraints, the scale of severance payments portended by lay-offs is an unaffordable burden. Non-payment of these entitlements would certainly trigger labour union agitation and industrial unrest.

If the government were to proceed with the mergers proposed by the Oronsaye Report but commit to not implementing job cuts, it would have to bear unsustainable costs in redundancy and the loss of efficiency and productivity.

## Possibilities

Notwithstanding these challenges, there are windows of opportunity for reform measures. The government has taken a significant step towards reducing payroll costs by establishing the Integrated Payroll and Personnel Information System (IPPIS) which has significantly addressed the pervasive incidence of payroll fraud and which by the end of the year would have been expanded to cover the entire Public Sector. Within the first few years of its deployment, the IPPIS eliminated 65, 000 ghost workers from the payroll and saved more than \$1 million. Ensuring the full capture of Public Sector personnel on this system is a major priority.

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## Timeframe

The implementation of the Oronsaye Report is best framed as part of a programme of Public Sector Reform conducted with a medium-term outlook and spread out over a period of no less than five years. It is a huge undertaking that needs to be adequately paced in order to effectively manage risks and expectations.

## Comparative Perspectives on Public Sector Reform: A Continental Outlook

It is worth noting that in terms of its aspirations towards restructuring the Public Sector, the Oronsaye Committee's recommendations have no parallel in Africa. While a number of African countries have implemented some degree of Public Sector Reform, none has attempted to execute a restructuring agenda as broad and ambitious as that envisaged by the Nigerian government. Most Public Sector Reform efforts on the continent are defined as strategies to "improve efficiency" and "ensure good governance" but the mass disestablishment and merging of agencies is very rarely an option.

Africa's two other large economies – Egypt and South Africa – have attempted Public Sector Reform with limited success. The Egyptian Government has sought to institute a "structural reform of the government" that will see "at least 35-38%" of Public Sector employees retired over the next 10 years. This will be implemented along with plans to move many government services online. Progress on these measures has been slowed by the government's awareness that it risks social discord if it reduces the Public Sector which employs thousands. While these reform measures would have curbed inefficiency and streamlined hiring, they faced mass protests from civil servants because they believed it weakened workers' rights.

In South Africa, the Public Sector Reform measures that emerged under the post-apartheid government of National Unity saw the creation of new national departments and provincial administrations – therefore the expansion of the public bureaucracy as against the streamlining of departments. However, in 2018, the government was reportedly planning to cut 30,000 jobs and redirect public spending to infrastructure and other growth-enhancing policies. These measures have stalled somewhat with the government having since foresworn forced retrenchments in its 1.3 million-strong public service. Instead, it has preferred the retraining of many civil servants as opposed to lay-offs.

## Sequencing is Key

As with pacing, adequate sequencing of the implementation of the Oronsaye Report is vital. Given the variance between the initial report and the White Paper, it may be apt to break the implementation into a two-step process that commences with the implementation of the white paper's recommendations. Doing so offers an opportunity to gain traction, build momentum and move forward on a number of proposals on which there is considerable consensus. This first phase can also serve as a pilot for the larger implementation exercise. The second phase is necessitated by the fact that the government's size has actually increased since the Oronsaye Committee's findings were first released. It will therefore consist of a review to validate and update the report and a productivity audit to identify wastages in Ministries, Departments and Agencies.

## Delivering Quick Wins Early

A programme of this scale requires some immediate quick wins to set the tone and inspire confidence in the broader reform effort. Consequently, the first phase of implementation should commence with the execution of measures aimed at non-statutory bodies which can be delivered through executive action or administrative directives. This can be followed by the commercialization and privatization of entities that have the potential to thrive as profit making entities.

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## Legislative Action

A number of the entities reviewed by the Oronsaye Committee are statutory entities created by law. The recommended measures can only be carried out in tandem with legislative action either in terms of the amendment or outright repeal of their enabling statutes. For example, the Public Complaints Commission would require a constitutional amendment to implement the recommendations. This calls for sensitive engagement with the National Assembly which has long exhibited a predisposition towards expanding the public bureaucracy. Of the 311 bills introduced in the 8<sup>th</sup> Senate (2015 – 2019), 213 were establishment bills. The duplication of existing institutional mandates was the second most frequent reason that the President vetoed 53 bills from the National Assembly between 2017 and 2019. This trend has persisted since the inception of the 9<sup>th</sup> National Assembly. Of 190 bills introduced by the 9<sup>th</sup> Senate as at December 2019, 96 are establishment bills.

The current fiscal constraints have created a climate in which consensus between the legislature and the executive on trimming the size of government is attainable. The executive will have to develop a legislative agenda focused on the statutory bodies slated for either mergers or abolition.

## Mergers and Targeted Rationalization

The merging of Public Sector entities offers an opportunity to target rationalisation measures at the executive cadres through the consolidation and streamlining of boards. Such targeted rationalisation has two advantages. It addresses the top-heaviness that has paralysed many organisations and liberates resources from where they are most heavily concentrated in terms of wages, entitlements, and privileges.

In this regard, an ancillary measure proposed by the Oronsaye Committee that should be implemented is the mandatory eight-year tenure for Permanent Secretaries and Directors. The measure was designed to address the lack of dynamism in Public Sector leadership and the consequent stagnation of bureaucracies and demoralization of workers who see no prospects for career advancement and upward mobility within their organisations. The impact of such top heaviness on staff morale and organizational performance is demonstrably adverse. Implementing the tenure system which was approved in 2009 but discontinued in 2016 will rejuvenate bureaucracies and incentivise higher levels of performance by civil servants.

Targeted rationalisation of the executive cadre offers opportunities for positive policy communications because, to an extent it guarantees the preservation of more mid-level and low-level jobs. The government can portray the measure as a demonstration of its commitment to the wellbeing of more vulnerable class of workers at the expense of those that have already arguably maximised their potential in the Public Sector.

## Beyond Rightsizing

Although the primary impetus driving efforts to rationalize the Public Sector is the notion that it is bloated, a case can be made that the main challenge is not one of size. Government spending accounts for just 5.6% of Nigeria's Gross Domestic Product (GDP) – the second lowest on the continent behind Chad by the World Bank's reckoning – whereas across Sub-Saharan Africa, it accounts for between 12 to 20% of GDP. This indicates that government spending in Nigeria is below what obtains averagely across the continent.

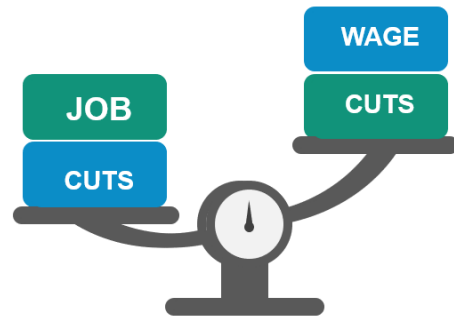
The conviction that the Public Sector is bloated may stem from the inability of the public to reconcile vastly diminished public service delivery with the apparently increasing size of government. A more accurate summation is that rather than size being the problem, the Public Sector's weight is concentrated in the wrong places thereby making it ungainly. For example, in a given ministry, department or agency, administrative staffers may outnumber the core professionals whose technical expertise actually drives service delivery. In this situation, the organisation's staff strength is often at variance with its capacity to deliver services. Anecdotal evidence suggests that redundancy in the

Public Sector inheres in such imbalances. A productivity audit will highlight these redundancies for elimination.

Critiques of the government size and governance costs must be reconciled with the realisation that the Public Sector does, in fact, need more health workers, teachers and social workers among other professionals. While a degree of staff rationalisation is inevitable, the challenge is to retrain, repurpose and re-task available human resources and deploy them to areas of critical need to mitigate human resource deficits.

### Job Cuts vs. Wage Cuts

The trade-off for foreswearing sweeping job cuts would be wage cuts. The government may also explore options such as expanding health insurance coverage for Public Sector workers and ensuring that they are indemnified against occupational hazards under the Employee Compensation Act. These measures may help mitigate the impact of wage cuts on workers' spending power. The government may also consider instituting a scheme that provides generous incentives for voluntary resignation with the aim of accelerating the process of disengaging the targeted staff.

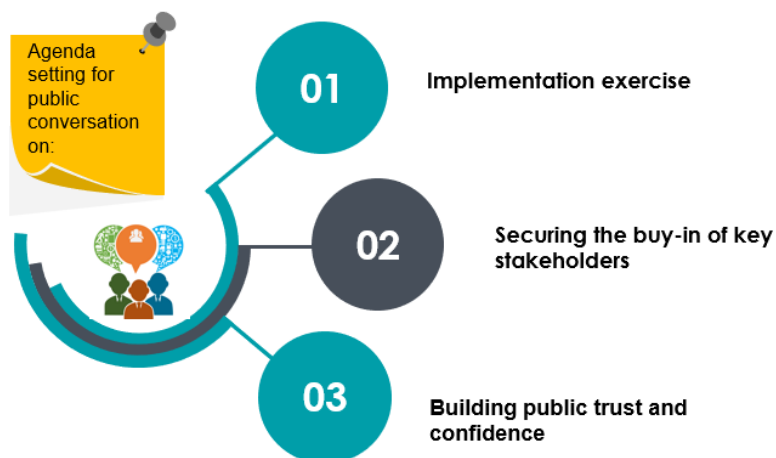


### Strategic Communications

Most Public Sector Reform policies in comparable African contexts are typically only carried out in compliance with conditionalities stipulated by donor agencies and multilateral institutions for accessing development assistance. Because they often emerge as donor-prescribed solutions to donor-diagnosed issues, their implementation is unsustainable and fails to outlast the term of the political leadership of the time due to a lack of broad political and public buy-in.

Public Sector Reform with its intimations of job cuts is an issue fraught with controversy. Resistance from organised labour and a measure of public and political opposition are to be expected. These make engagement with labour highly critical and strategic communications around the implementation of the Oronsaye Report vital. An effective strategic communications campaign would be proactive rather than reactive and would aim to set the agenda for public conversation on the implementation exercise, securing the buy-in of key stakeholders and building public trust and confidence.

### Strategic Communication



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Part of the agenda-setting could involve the commissioning of studies and surveys by selected research institutions around some of the issues highlighted by the implementation exercise to pre-empt conversation on these issues. It would also involve sustained consultative engagement with stakeholders ranging from organised labour and civil society at large to the media and to the legislature. Public Sector Reform must be cast as a pathway for effective and efficient delivery of public goods and a programme to advance national interest and the common good rather than as a policy merely designed to trim the bureaucracy.

In other words, the strategic communications campaign should project the desired ends as much as the means. The role of communications in the implementation of Public Sector Reform cannot be overstated. The history of public policy making shows that the ultimate fate of such policies is determined not just by how the policies are implemented but how they are perceived.