

**THE ROLE OF BUREAU OF PUBLIC ENTERPRISES
(BPE) IN THE PRIVATIZATION OF NITEL PLC**

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ABSTRACT

All over the world, there has always been an economic ideology attributed to every given state. Based on this, the dissertation is aimed at exploring the role of Bureau of Public Enterprise (BPE) in the privatization of Nigeria telecommunication Company (NITEL) which is of paramount importance to Nigeria. The theoretical framework used in analyzing this research is Neo-liberalism theory which encompasses trade liberalization, deregulation and privatization. The role of BPE in the privatization of NITEL as captured in this research revealed some of the endemic factors responsible for the unsuccessful privatization of NITEL. These factors are corruption, political interference, administrative limitations of BPE, non-independence of BPE and National Council on Privatization (NCP), lack of transparency of the exercise, incompetency of the companies that won the bid in the failed privatization of NITEL, non evaluation of privatization exercise and non-adherence to corporate regulations and ethics. The research obtained its data via primary and secondary sources. The collected information were quantitatively and qualitatively analyzed. The result of this research work showed that BPE was not successful in the privatization of NITEL due to the interference of politicians. Hence, the study recommends that for privatization of NITEL to be achieved, the guiding principles should be strictly adhered to and political interference in privatization exercise reduced. Also, the research suggested that the course employed by BPE administrators could have succeeded in the privatization of NITEL if they were holistically pursued. Furthermore, it suggested that the factors affecting the failure of privatization of NITEL could have been avoided.

APPROVAL PAGE

This dissertation “Bureau of Public Enterprise (BPE) and Privatization of Public Enterprises in Nigeria; A case study of NITEL” by OLISAH NGOZI MAUREEN (SPS/10/MPS/00019) has thoroughly been examined and approved for the award of MASTER OF SCIENCE DEGREE (MSc.) in Political Science at Bayero University, Kano, considering its originality and significance and having met all the regulations governing the award of the higher Degree

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DECLARATION

I hereby declare that this dissertation is a product of my own research effort, undertaken under the supervision of Prof. Mahmoud Lawan and has not been presented for the award of a degree or certificate. All sources have been dully recognized and acknowledged

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DEDICATION

This work is dedicated to Almighty God the author and sustainer of our being and to my children, Princewill, Stephanie and Emmanuella for sacrificing their time to enable me carry out this research work.

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LIST OF ABBREVIATIONS USED

BPE	Bureau of Public Enterprises
NITEL	Nigeria telecommunication Company
NCP	National Council on Privatization
TCPC	Technical Committee on Privatization and Commercialization
SAP	Structural Adjustment Program
OECD	Organization for Economic Cooperation and Development
ITU	International telecommunications Union

CHAPTER ONE

INTRODUCTION

1.1 General Introduction

A central issue of development policy and strategy since the 1980s has been the desirability or otherwise of the privatization of the state owned public enterprises in developing countries due to the advantages associated with it. These advantages range from improved efficiency, increase in productivity, better service delivery, competition, strengthening the role of the private sector in the economy which will enhance and guarantee employment opportunities and improving the financial health of the public sector with savings from suspended subsidies (Nwoye M, 2000:21). The quest for privatization was necessitated by the problems that marred the operations of government owned enterprises such as the abuse of monopoly, defective capital structure resulting in heavy dependence on the government treasury for funding, bureaucratic bottleneck, mismanagement, corruption, nepotism and inefficient use of resources and dwindling of the country's economy. As such the resultant effect is the deterioration of these enterprises which poses a serious negative impact on the socio-economic and political system of such countries.

Nigeria as a country is not an exception to the problems associated with bad management of public enterprises. With the hybrid of state capitalism and socialism that emerged in the country from 1966 and the indigenization Decree of 1973, there were proliferations of over 1000 state owned enterprises in the various sectors of the economy. These enterprises operated as monopolies without competition from the private sector and they were funded by the federal

government without recourse to the profits from them. This fact was buttressed by the Adebo (1968) and Udoji (1973) reports which assessed and stated that the Public Enterprises are responsible for large waste of funds. More so, in 1998, a study based on data from various government departments showed that public enterprises (PE) consumed as much as ₦265 billion within one year (BPE Journal, 2002: 5).

With the crash in the oil price of the 80s, the federal government could no longer sustain the funding. Also the annual profits of these corporations had plummeted due primarily to inefficiency and all other problems as identified earlier. The resultant effect of the above was that privatization became imperative. Therefore, the military government of General Ibrahim Badamosi Babangida led the way by promulgating the Privatization and Commercialization Decree No 25 of 1988 which he introduced as part of the Structural Adjustment Programme (SAP). The Decree set up the Technical Committee on Privatization and Commercialization (TCPC). Based on the recommendations of the TCPC, the Privatization and Commercialization Decree 78 of 1993 was promulgated thereby repealing the 1988 Decree. In 1999, General Abdusalam Abubakar's regime promulgated Decree No 28 of 1999, setting up the Bureau of Public Enterprises (BPE) to implement the privatization policy in Nigeria while the National Council on Privatization (NCP) was established to make policy on privatization. The Decree was enacted into an Act by the civilian administration of President Obasanjo on assumption of office later the same year.

According to the provisions of the Act, BPE was charged with the responsibility of achieving successful privatization of all government owned enterprises slated for privatization and the Nigeria Telecommunication Company (NITEL) was one of such.

However, privatization and commercialization in Nigeria did not come without several arguments against it. Some of these arguments stated that there would be rise in prices of goods and services as a result of private sectors pursuits to meet up the government's demands and expectations through income tax, export tax, environmental tax and some other duties coupled with the cost of manufacturing goods and services for societal utilization. More so, the poverty problem in the society would be on the increase and the exploitation of Nigerian economy by the capitalist countries anticipated.

In contrast, the policy objectives seem justified by the inherent advantages associated with privatization. Therefore the federal government since 1999 has seem to be resolute about privatization of all its enterprises especially NITEL.

However, despite the mandate given to BPE, NITEL has not started functioning as a privatized company even after over a decade of six attempts; the attempted sale to Investors International Limited (IIL) in 2001, 2003 Pentascope three years contract to manage NITEL, 2005 bid that saw the emergence of ORASCOM as the highest bidder, the 2006 bid attempt where Trans-National Corporation of Nigeria (TRANSCORP) emerged as the core investor, 2008 attempt that saw New Age Nigeria as the preferred bidder, 2012 proposed liquidation strategy and January, 2015 sale to NATCOM Consortium.

1.2 Statement of the Research Problem

The Nigerian Telecommunication Limited (NITEL), the largest telecommunication company in the country with a huge backbone and infrastructural facility meant to contribute immensely to the nation's economic growth had gone through six unsuccessful

attempts at being privatized from 2001 to 2014. As a result, NITEL has failed to add value to service delivery and financial growth of Nigeria's economy.

Indeed, it is a matter of fact that all private telecommunications companies in Nigeria are apt to pronounce our market as one of the most lucrative markets in the world and most of them roll over each other in an attempt to stake a foothold in what is seen as the bedrock of profitability in the industry. Yet Nigeria do not have any functional national telecommunication company to compete in business with this private companies especially foreign owned which has dominated its market (Gamji N: 2011).

In addition, Nigeria possesses verse and lucrative market which estimates from the International Telecommunications Union (ITU) ranks Nigeria amongst Africa's fastest growing telecommunications market (ITU survey, 2013). Also, Nigeria was ranked the number one in mobile Telecommunication revolution and was said to have the resources and the brain to drive economic growth (Toure, ITU Secretary General's Address at 2013 Telecom world in Bangkok, Thailand). Beyond this, nearly 95 per cent of our telecommunication consumers are forced into a prepaid telephone system, thereby making the wireless telecommunication companies become the largest receivers of consumer deposits of funds for future use (prepaid services). These privately owned companies in Nigeria telecom market have enjoyed unabashed oligopolistic hold on the market with weak regulatory oversight from the National Communication Commission (NCC) (Eze N., 2011).

Furthermore, none of the companies have deemed it necessary to expand their ownership structures by floating their equities in Nigeria's stock market even when some of them by

their gross annual sales and receipts are larger than most of Nigeria's commercial banks. Nigeria has lost a lot from the capital flight to other countries whose companies have dominated the country's market. This was buttressed by Ogundele's statement in his Affidavit "How MTN, NCC, others cheated Nigeria", "NCC has been colluding with MTN to ensure massive capital flight from Nigeria to south Africa with severe debilitating effect on the exchange rate of the Naira and the Nigerian economy as a whole. (Ogundele cited by Lanre Adewole 2012).

In the light of the above, it is obvious that all classes of Nigerians currently patronize these privately owned companies even with their high tariffs, thereby depicting the fact that they can afford the cost. Thus, it is no longer necessary to argue against privatization of NITEL because of the fear of high cost of tariff as was anticipated during the early years of the proposed privatization. Instead Nigerians are enthusiastic to see a successful privatization of NITEL, where the company will become functional, and effectively taking over the control of the telecommunication market in the country.

It is against this backdrop that this study seeks to investigate the role of BPE in ensuring the privatization of NITEL and if otherwise, find out the factors responsible for the unsuccessful privatization of the company even with the ready telecom market in the country.

1.3 Research Questions

Following BPE's mandate to implement the privatization of government enterprises in Nigeria of which NITEL is one of them, it has made six unsuccessful attempts from 2001 to 2014. Thus the impact of NITEL's privatization could not be felt as the company

cannot be said to be efficiently functional. It is as a result of the problems associated with gross inefficiency in the functionality of NITEL that this study seeks to examine scientifically, the following research questions:

- a. To what extent was the Privatization of NITEL successful?
- b. What are the factors responsible for the failure of the privatization of NITEL?
- c. What role did BPE play in the privatization of NITEL?

1.4 Objectives of the Study

The objectives of this study are as follows:

1. To explore the factors responsible for BPE's failure in achieving successful privatization of NITEL from 2001 to 2014.
2. To verify the limitations of BPE in the privatization of NITEL and also chart the way forward by offering recommendations.

However, the success of the latest privatization of January, 2015 would be too early to be assessed.

1.5 Significance of the Study

The various studies conducted on the performance of public enterprises in Nigeria by public commissions, committees and study groups revealed the following as compelling reasons for privatization: Abuse of monopoly, defective capital structure resulting in heavy dependence on the government treasury for funding, bureaucratic bottleneck, mismanagement, corruption, nepotism and inefficient use of resources. Hence economic liberalization and privatization is necessary.

The Bureau of Public Enterprises (BPE), the body charged with the responsibility of privatization in Nigeria has made six unsuccessful attempts to privatize NITEL. However, considering Nigeria's large market for the telecommunication industry, one cannot fathom why NITEL, Nigeria's sole telecommunication company has remained irredeemable and unable to compete with the privately owned foreign companies even when these companies use NITEL's equipment to thrive in the business.

In view of the above, it is then justified to indulge in a research like this so as to find out what was responsible for the Bureau of Public Enterprise's failure to achieve the desired objective of privatization in NITEL.

The findings made in this research will add to the existing knowledge about privatization in Nigeria by contributing to the debate on privatization of NITEL among Scholars. It will also illustrate the factors that could mar any noble government policy if not properly implemented.

Further, it will offer some recommendations that may guide policy makers in formulating policy decisions in Nigeria.

1.6 Research Hypotheses

Hypotheses 1

H0: i Corruption and political interference are the endemic factors responsible for the unsuccessful privatization of NITEL.

To determine the Dependent and Independent Variables in H0;i.

“Corruption and political interference” are the independent variables while the phrase, “unsuccessful privatization of NITEL” is the dependent variable because the success or unsuccessfulness of the privatization is dependent on the presence or absence of corruption and political interference, while the presence of the later i.e. corruption and political interference do not rely or depend on success or unsuccessfulness of privatization. Instead they stand on their own and therefore referred to as “Independent Variable”.

Hypotheses 11

H1: i The Bureau of Public Enterprises (BPE) has not been successful in the privatization of NITEL due to corruption and political interference inherent in the process.

To determine the Dependent and Independent Variables in H1: i,

In the second Hypothesis H1:i, “Corruption and political interference” are also the “Independent variables” while the phrase, “BPE has not been successful” is the dependent variable because the success or unsuccessfulness of BPE as stated here is dependent upon the presence or absence of “corruption and political interference”.

1.7 The Methodology of the Study

1.7.1 Sources of Data Collection

This research utilized both primary and secondary sources of data collection: The primary sources comprised interviews in the form of structured questionnaires which were administered to some staff of Nigeria Tele-Communications Plc (NITEL), Bureau of

Public Enterprises (BPE) and the general public to elicit their knowledge and notions about the role of BPE in the privatization of NITEL.

The secondary sources from which data were derived includes text books, journals, magazines, official bulletins of NITEL and BPE, booklets and websites sources. All responses obtained from both methods were subjected to statistical analysis using percentage in testing the validity of the research work.

1.7.2 Method of Data Collection

The methods of data collection used in this research work are both the quantitative and qualitative data collection method.

The Quantitative Data Collection Method:

This involves obtaining data through interviews in the form of structured questionnaire and oral interview. The method used in the selection of respondents that were interviewed was the random sampling method. The data obtained from this method were subjected to statistical analysis.

Qualitative Data Collection Method:

The category of qualitative data collection method used in this work is the documents review which includes data obtained from text books, journals, magazines, official bulletins of NITEL, BPE booklets and websites sources. Most of the data obtained through this method were used mainly in the literature review.

1.7.3 Sample Size and Sampling Techniques

A random sampling method comprising one hundred and ten (110) respondents out of which forty (40) senior, sixty one (61) middle and nine (9) junior workers of BPE, NITEL and the public were used for considerations. The statistics used in testing the validity of the research was based on the percentage. However a total of 130 questionnaires were administered and 110 were collected from respondents. The distributions of the respondents are indicated in the tables below which show their number according to their organizations and ranks.

Table 1.1: Showing the number of respondents according to their organizations

Organization	No. of Respondents	Percentage
NITEL Staff	24	21.8%
BPE Staff	30	27.3%
The Public	56	50.9%
Total	110	100%

Source: Survey Research, 2013

Table 1.2: showing the No. of respondents according to their ranks in the various organizations

Rank of respondents	NITEL	BPE	Public
Senior staff	5	12	23

GL 15 & above			
Middle Staff GL 7-14	17	14	30
Junior Staff GL 1-6	2	4	3
Total	24	30	56
Percentage	21.8%	27.3%	50.9%

Source: Survey Research, 2013

The senior staff in the survey comprised of officers on Grade Level 15 and above while the middle staff are those on Grade level 7 to 14 and the Junior staff are officers on Grade Level 1 to 6. Out of the 40 senior staff, 5 of them are staff of NITEL, 12 are staff of BPE, while 23 of them are staff of the various government agencies. For the middle staff, out of the 61 respondents in this category, 17 of them are staff of NITEL, 14 are staff off BPE while 30 are staff of the various government agencies. For the junior staff, out of the 9 respondents, 2 of them are staff of NITEL, 4 are staff of BPE while 3 are from other agencies. Personal interviews were also conducted with the two (2) directors of BPE, the one (1) senior staff of NITEL and the general public so as to obtain further information on the subject of study. The details of the interviewees, the interviews granted and their responses are attached as Appendixes 1&11.

Research Instrument: The appropriate instruments used to carry out this research work were questionnaires and oral interview responses. Other instruments include textbooks, newspaper publications, internet and journals. All of the above instruments were used to obtain factual information for the research in order to make it more scientific.

1.7.4 Method of Data Analysis

For the data analysis, the statistics used was based on percentage to verify the validity of the research. In analyzing the data, responses to each question was analyzed in relation to the number of the sample size supporting a particular response.

1.7.5 Yard Stick For Measurement Of The Independent Variables

In order to find out whether corruption and political interference are the endemic factors inherent in the procedure and processes employed by BPE, responses that seeks to find out whether the rules and corporate ethics of BPE were strictly adhered to in the process would be evaluated. Also, on questions of transparency of the exercise, the level of competence of the preferred bidders and what was responsible for the selection of those companies would be analyzed and evaluated. Further, responses from questions that sought to find out the limit to which BPE was independent would be used to evaluate BPE's level of involvement in taking decisions about Privatization of NITEL.

On the other hand, to find out whether political interference played a role in the success or unsuccessfulness of the privatization of NITEL, responses from the following questions would be analyzed and inference made from them. The questions are

1. BPE has not been successful in the Privatization of NITEL? Yes or NO
2. If yes, what do you think is responsible?
3. If no in (1) above, why is NITEL not functional?
4. Whose responsibility is it to make decisions about the privatization of NITEL?
5. What is the composition of NCP and its leadership?
6. What is the composition of BPE leadership?
7. Who directs the affairs of BPE and what influences their choice of decisions?
8. Who approved the selection of the companies that bided in those unsuccessful attempts?
9. When the preferred bidders failed to meet up with the contract agreement, were they sanctioned and if so, what form of sanction?

In view of the above questions raised as a yardstick, If BPE were administratively Independent, without the interference of politicians, with its cooperate rules and ethics strictly adhered to, and if the process of privatization of NITEL was transparent with the competence of the bided companies properly assessed through their track records, the right companies would have been chosen and the process would have been considered to be successful otherwise, if the response to the above questions were on the reverse (NO), it will then infer that corruption was responsible for the unsuccessful privatization of NITEL since non compliance to corporate rules and ethics, non transparency, non

assessment or inadequate assessment of the selected companies for NITEL privatization etc. points out as characteristics of corruption.

On the second independent variable, which is “political interference” response to questions like ‘who takes decisions about privatization and which class of Nigerians constitute the Board and Executive Management positions of BPE and NCP would be used to ascertain those who are responsible for the unsuccessfulness of the exercise. If they are politicians, it then shows that it was their interference that was responsible for the unsuccessful Privatization of NITEL. Therefore it would be obvious that these are the people behind the selection of the companies that further declined the fortune of NITEL. If the majority of response from the interview shows that BPE has not been successful due to corruption and Political interference inherent in the process, then the hypothesis would be proven.

Also, if the response to question 3,4,5 and 6 above have Politicians as the answer, it then implies that politicians are responsible for policy formulation, approval and directs the implementation of privatization processes in NITEL. By this, it would then imply that political interference is one of the endemic factors that contributed to the unsuccessful privatization of NITEL.

Based on the above, the validity of both hypotheses would be tested. That is if there is corruption and political interference in the process of privatization of NITEL, it would lead to unsuccessful privatization but if otherwise, the process would be successful. Therefore, first hypothetical statement (corruption and political interference are endemic factors responsible for unsuccessful privatization of NITEL) would be proven.

1.8 Scope and Limitations of the Study

The scope of this study was on the subject matter of privatization with specific interest in NITEL. It covered the period from 1999 till 2015. The choice of the period was informed by the establishment of NCP and BPE, following Decree No. 28 of 1999 which was enacted into law by the administration of President Obasanjo. The two bodies were mandated to formulate the policies and implement the privatization programme in Nigeria. Arising from this, six unsuccessful attempts were made to privatize NITEL from 2001 to 2015. It is against this backdrop that this study chose the aforementioned period as its scope because it was the period during which those attempts were made. This is with a view to examine why the attempts were unsuccessful. However, the research could not dwell much on 2015 privatization due to time constraints.

Indeed, there were limitations to this research work. The first was difficulty in accessing some of the people to be interviewed due to the threat posed by insecurity in the country. It has also become difficult for offices to accept people freely without proper scrutiny and interrogation especially for the first time. In some cases they refuse visitors entry.

Secondly, time constraints also constituted a limitation as it took the researcher a long time to gather information for this research.

Further, some of the staff of NITEL and BPE attempted to decline answers to some of the interview questions in an attempt to hide information which they consider secret to their office. However, to attain the feat of making this research a reality, the above listed challenges were all surmounted.

1.9 Organization of the Study

This study is divided into five chapters. The first chapter consists of General introduction to the study, Statement of Research Problem, Research Questions, Objectives of the Study, Significance of the Study, Research Hypotheses, Methodology of the study, Scope and Limitations of the Study and Organization of the Study. The second chapter reviews the relevant related literature; Conceptual meaning of the term Neo-liberalism, Origin of Neo-liberalism, Characteristics of Neo-liberalism, Policy implications of Neo-liberalism, General conceptualization of privatization, Advantages and disadvantages of privatization, Reasons for privatization in Nigeria, Debates for and against privatization in Nigeria and the theoretical framework. The third chapter presented the historical background of privatization in Nigeria, the history of NITEL, history of Bureau of Public Enterprises and various stages in the privatization of NITEL. Chapter Four comprised of the data presentation, Data Analysis, Characteristics of the Respondents, Corruption and privatization of NITEL, Political Interference and BPE's failure in NITEL privatization, Test of Hypotheses, Challenges in the NITEL Privatization Process and Summary of Research Findings. The fifth chapter discussed the summary, conclusions, recommendations and suggestions for further studies.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

In this chapter, the views of scholars on privatization were discussed under the following sub-themes; Conceptual meaning of the term Neo-liberalism, Origin of Neo-liberalism, Characteristics of Neo-liberalism, Policy implications of Neo-liberalism, General conceptualization of privatization, Advantages and disadvantages of privatization, Reasons for privatization in Nigeria, Debates for and against privatization in Nigeria and the theoretical framework. The theory adopted for this research is the Neoliberal theory.

2.2 Conceptual Meaning of the Term Neo-liberalism

The word "Neo" means New. Thus, Neo-liberalism can be defined as a new kind of liberalism which implies that there was an old liberalism. So what was the old kind?

The liberal school of economics became famous in Europe when Adam Smith, a Scottish economist, published a book in 1776 called THE WEALTH OF NATIONS. He and others advocated the abolition of government intervention in economic matters. No restrictions on manufacturing, no barriers to commerce, no tariffs, he said; free trade was the best way for a nation's economy to develop. Such ideas were "liberal" in the sense of no controls. This application of individualism encouraged "free" enterprise," "free" competition -- which came to mean, free for the capitalists to make huge profits as they wished.

Economic liberalism prevailed in the United States through the 1800s and early 1900s. Then the Great Depression of the 1930s led an economist named John Maynard Keynes

to a theory that challenged liberalism as the best policy for capitalists. He said, “in essence, that full employment is necessary for capitalism to grow and it can be achieved only if governments and central banks intervene to increase employment”. These ideas had much influence on President Roosevelt's New Deal -- which did improve life for many people. The belief that government should advance the common good became widely accepted.

But the capitalist crisis of the 1930's, with its shrinking profit rates, inspired the corporate elite to revive economic liberalism. That's what made it "neo" or new. Now, with the rapid globalization of the capitalist economy, we are seeing neo-liberalism on a global scale.

2.3 Origin of Neo-liberalism

Originally neo-liberalism was an economic philosophy that emerged among European Scholars in the 1930s who were attempting to trace a third way between the conflicting philosophies of Classical Liberalism (Capitalism) and Collectivist central Planning (Socialism). This development arose from a desire to avoid repeating the economic failure of the early 1930s, which were mostly blamed on the failure of economic policy of Capitalism. This worldwide great depression brought about high unemployment and widespread poverty. It was at this time that John Maynard Keynes theory emerged. To renew liberalism, a group of 25 Liberal Scholars organized the Walter Lippmann Colloquium, an international meeting which took place in Paris in August, 1938. Among them were Louis Rougier, Walter Lippman, Friedrich Von Hayek, Ludwig Erhard, Miss, Wilhelm Ropke and Alexander Rustow. Lippman, Rustow and Rougier, tagged the good society Participants agreed that old liberalism of Laissez faire had failed and that a new

liberalism needed to take its place. To them, it was a farewell to classical liberalism which they believed had failed. Other participants like Mises and Hayek were not convinced to condemn the old liberalism of Laissez faire but all participants were united in their call for a new liberal project. Following Rustow recommendation, they called the project “neo-liberalism”. This neo-liberalism was generally in line with Rustow theories of turning away from conceptions of the Laissez-faire towards a market economy under the guidance and the rules of a strong state. It was an attempt to formulate an anti-capitalist, anti – communist third way. It was originally established as something quite different from the free market radicalism with which it is usually associated today. They agreed upon to turn the Colloque Walter Lippmann meeting into a permanent think tank. However, the fundamental difference between true (third way) neo-liberals around Rustow and Lippman on one hand and old school liberals around Mises and Hayek on the other, is that true liberals demand state intervention to correct undesirable market structures while mises and etal insisted that the only legitimate role of the state was to abolish barriers to market entry. Meanwhile similar differences of opinion also existed in other questions like social policies and the scope for interventionism. This informed the support or criticism towards the application of the theory by Germany, the first country that applied neo-liberalism in the late 40s, after the Second World War. According to the David Harvey, (The enigma of capital and the crises of Capitalism 2010:256)

“Mises became critical of the German neoliberals. He complained that ordo-liberalism really meant ordo-interventionism.”

In 1947, Friedrich Hayek found the Mont pelerin society to bring together the widely scared neoliberal thinkers and political figures to withdraw into an intensive discussion

group in order to diagnose and rectify conceptual flaws which they thought, contributed to the failed classical liberalism.

However, around the world, neo-liberalism has been imposed by powerful financial institutions like the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank. It is raging all over the world. The first clear example of neo-liberalism at work came in Chile after the CIA-supported coup against the popularly elected Allende regime in 1973. Other countries followed.

2.4 Characteristics of Neo-liberalism

The main points of neo-liberalism include:

THE RULE OF THE MARKET: That is liberating or "freeing" enterprise or private enterprises from any bonds imposed by the government (the state) no matter how much social damage this causes. Greater openness to international trade and investment. Reduce wages by de-unionizing workers and eliminating workers' rights that had been won over many years of struggle. No more price controls. All in all, total freedom of movement for capital, goods and services.

To convince us that this is good for us, they say "an unregulated market is the best way to increase economic growth, which will ultimately benefit everyone.

CUTTING PUBLIC EXPENDITURE FOR SOCIAL SERVICES: This entails reduction in public expenditures for social services like education, health care, reducing the safety-net for the poor, maintenance of roads, bridges and water supply- all in the name of reducing government's role.

DEREGULATION: Reduce government regulation of everything that could diminish profits, including protecting the environment and safety on the job.

PRIVATIZATION: Sell state-owned enterprises, goods and services to private investors. This includes banks, key industries, railroads, toll highways, electricity, schools, hospitals and even fresh water. Although usually done in the name of greater efficiency, which is often needed, privatization has mainly had the effect of concentrating wealth even more in a few hands and making the public pay even more for its needs.

ELIMINATING THE CONCEPT OF "THE PUBLIC GOOD" or "COMMUNITY" and replacing it with "individual responsibility.

2.5 Policy Implications of Neo-liberalism

The definite statement of the concrete policies advocated by neo liberalism is often taken to be John Williams “Washington consensus, a policy proposal that appeared to have gained consensus approval from the Washington based international economic organizations like the International Monetary Fund (IMF) and World Bank. Williams List has 10 points which are (1) Fiscal policy; on this, Government should not run large deficits that have to be paid back by future citizens (2) Redirection of public spending from subsidies. (3) Tax reform; increasing the tax base and adopting moderate marginal tax rates to encourage innovation. (4) Interest rates that are market determined.(5) Floating exchange rates.(6) Trade liberalization.(7) Liberalization of capital account; Allowing people the opportunity to invest funds overseas and allowing foreign funds to be invested in the home country. (8) Privatization of state enterprises. (9) Deregulation. (10) Legal security for property rights.

Since neo liberalism supports the above mentioned points and Nigerian idea of privatization appeared to have towed that line, it therefore became necessary to use neo

liberalist approach in carrying out this research since the privatization of NITEL was informed by that ideology.

2.6 General Conceptualization of Privatization

Generally, the conceptualization of the term privatization has long been ideologically, culturally, politically and intellectually defined all over the world thereby making its implementation as a policy differ from place to place. Consequently, the implementation of the policy has continued to be shrouded by value preferences and differences. This, to some extent has constituted the core of the conceptual difficulty regarding the analysis of the subject of privatization. These conceptual difficulties are attributable to many factors. (Dagdeviren, 2006 revitalizing Privatization in the context of poverty alleviation, the case of Sudan: 19).

Substantial number of literatures on economic crisis, the problems that mar the public enterprises and the general reform programmes that led to the pursuit of privatization have been examined over the years. There are many definitions of privatization as there are analysts. The concept of privatization has generated ideological controversy which has attracted a lot of contending views among scholars, resulting in different definitions of the concept. It is therefore worthwhile to review some of these views.

According to Nigerian Privatization and Commercialization Act (1988) and the Bureau of Public Enterprise Act (1993), privatization is the relinquishment of part or all of the

equity and other interests held by the Federal government or any of its agencies in an enterprise whether wholly or partly owned by the Federal Government.

At the annual meeting of American Political Science Association Panel on creating market, held in August 27-31, 2003, there was a discussion on whether, and to what extent, and in what ways the welfare state is retrenching or otherwise shrinking. Paul Pierson (1994), argued that even the most ardent proponent of retrenchment, Margaret Thatcher and Ronald Reagan, had been unable to make substantial “inroads” or “out roads” as the case may be with respect to shrinking the welfare state. He demonstrated that both Reagan and Thatcher did far less damage than their oppositions feared. When they left office, the welfare state was alive and healthy. Indeed, by some measures, it was healthier than ever. To Pierson, the welfare state has a conglomeration of programmes ranging from housing subsidies to pensions. Therefore, all the programmes cannot be added up to a single meaningful measure with which to assess the size of a welfare state. Thus, he focused on a few programmes; housing, income support and pensions. In his analysis, he compiled mixed records in both countries. The same programme fared differently in each country. In United States, pension and housing survived while in Britain, it did not. Pierson’s discussion on the different application of housing programmes in the United States and Britain illustrate exactly how the success of implementation of privatization programmes, differs from place to place. Further, Francis Castles (2002) examined 12 different social protection components in 21 Organization for Economic Cooperation and Development (OECD) countries over a period of 13 years. Francis included not only aggregates of spending but also the degrees of structural transformation, downsizing tendencies and shift between programme share designs to

mask cutbacks in some programmes by increases in others. His conclusions reinforced Pierson's. He too found no systematic retrenchment or shrinking of a welfare state on basis of several different operational measures. (Measuring shrinkage in a welfare state cited in Canadian Journal of Political Science; 13).

Paul Starr, in his analysis, perceived privatization as corresponding with withdrawal from public spheres, that which applies to the whole people. Albert Hirschman also, described Privatization as a swing in a public-private cycle of individual action. In this sort of public to private transition, the swing is not from sociability to intimacy but from civic concern to the pursuit of self interest. (Hirschman 2002; Shifting involvements, private interest and public action; 4) Privatization can also signify another kind of withdrawal from the whole to the part: an appropriation by an individual or a group from some amenities or goods formerly available to the entire public or community. (Starr1988; The meaning of privatization; 8) In this kind of private appropriation, there are obvious implications for the distribution of welfare. From these meanings, it is but a short step to the sense of privatization as a withdrawal from the state, not of individual involvements, but of asset functions and the entire institutions. However, the two forms of privatization, that of individual involvements and the privatization of social functions and assets are related but their application differs from society to society. For instance, in Weber's description of patrimonial domination and modern bureaucracies, public and private roles were mixed while in the latter, the roles are more clearly distinguished, it distinguishes offices and persons (J.I Bakker; 2010).

In liberal democratic thought, public and private are the central terms in the language of claims/making. Here, the claims making are of two kinds, first is the concept of a public

government which implies an elaborate structure of rules limiting the exercise of state power in the hands of those who wield state power. That is holding those who wield power, publicly accountable, therefore answerable to the citizens for their performance. In this case, government decisions and deliberations must be open to general participation. The second concept is when members of a liberal society think of their homes, businesses, churches and myriad of other forms of association as lying in a private sphere. They claim limits to the power of the democratic state. The limits are however not absolute but they want private property rights. (Stephen Holmes cited by Sheila and Khan; Privatization and the welfare state; 19)

Stephen Holmes argues further that the liberal effort to privatize which otherwise causes rancorous ideological and religious differences, promotes a civilized public order. To him, some kinds of privatization are not the enemy of the public realm but it is necessary support. (Holmes; 21)

According to (Chowdhury, 2006: 17), privatization is the incidence or process of transferring ownership of a business, enterprise, agency or public service from the public sector (government) to the private sector (private business). In other words, privatization refers to transfer of any government function to private sector – including governmental functions like revenue collection and law enforcement. For instance, West Germany's government embarked on large-scale privatization, including selling its majority stake in Volkswagen to small investors in a public share offering in 1961. In the 1970s General Pinochet implemented a significant privatization programme in Chile.

However, it was in the 1980s under the leaderships of Margaret Thatcher's in UK and Reagan in USA, that privatization gained worldwide momentum. This culminated in the privatization of the British Rail in UK. The British Rail having been formed by prior nationalization of private rail companies was privatized in 1993 under Thatcher's successor, John Major.

Lawrence (2002: 29) stated that privatization bid in Nigeria has become sheer madness and an utter gold rush. Who says privatization has succeeded in the world? What happened to education, transportation, health care and shelter after Margaret Thatcher landed Britain in extreme capitalism? Did not Britain cease to be a manufacturer? Did not every social life of that country namely, education, health, transport, sports, even industries suffered, grossing millions into a few private pockets? That was a re-creation of feudalism. Thatcher's rule brought armed robbery to Britain because homeless people started to live in cardboard shanties.

However, Dagdeviren, in his analysis of the benefits and challenges associated with privatization acknowledged that, there are winners and losers with privatization, the number of losers which may add up to the size and severity of poverty can be unexpectedly large if the method and process of privatization and how it is implemented are seriously flawed. For instance, lack of transparency leading to state-owned assets being appropriated at minuscule amount to those with political connections, absence of regulatory institutions leading to transfer of monopoly rents from public to private sector, improper design and inadequate control of the privatization process leading to asset stripping.

He added that job loss due to the additional financial burden placed on privatized companies to succeed without any government help increases the level of unemployment. (Dagdeviren 2006; 32-33)

John Nellis and Sunita Kikeri (2002), found that in competitive industries with well-informed consumers, privatization consistently improves efficiency. Such efficiency gains means increase in GDP, though improved incentives to innovate and reduce costs also tend to raise the rate of economic growth. The type of industries to which this generally applies includes manufacturing and retailing. Although, typically, there are social costs associated with these efficiency gains, many economists argue that these can be dealt with by appropriate government support through redistribution and perhaps retailing.

Regarding political corruption, Nellis and Kikeri (2002), stated that it is a controversial issue whether the size of the public sector per se results in corruption. The Nordic countries have low corruption but large public sectors. However, these countries score high on the Ease of Doing Business Index, due to good and often simple regulations with political rights and civil liberties, showing high government accountability in restructuring of government enterprises in their countries. For instance, dismantling telecommunications monopolies has resulted in several new players entering the market and intense competition with price and service.

Also regarding corruption, the process of the sale of public companies and assets, curtail or give a large opportunity for grand corruption. Privatizations in Russia and Latin America were accompanied with large scale corruption during the sale of the state owned

companies. Those with political connections unfairly gained, which has discredited privatization in other regions. (Shleifer and Treisman 2003: 27-28)

On the other hand, scholars have argued that despite increased operating efficiency encouraged by competition in privatized companies, daily petty corruption is, or would be large without privatization, and such corruption is more prevalent in non-privatized sectors. Furthermore, studies have suggested that illegal and unofficial activities are more prevalent in countries that privatized less.

Privatization, with its attendant benefits thus justifies the choice of such policy by leaders who intend to reform their economy. The former Prime Minister of Japan, Junichiro Koizumi (2001-2006) wanted to privatize because it was thought to be efficient and a source for competition. In September 2003, Koizumi's cabinet proposed the privatization of Japan post which resulted to splitting the post into four separate companies: a bank, an insurance company, a postal service company, and a fourth company to handle the post office as retail storefront of other three. After the Upper House rejected privatization, Koizumi scheduled nationwide election for September 11, 2005. He declared the election to be a referendum on postal privatization. Koizumi subsequently won this election, gaining the necessary majority and a mandate for reform, and in October, 2005, the bill was passed to privatize Japan Post in 2007.

In the United Kingdom, between 1984-1987, the largest public share offerings were privatization of British telecoms and Gas. The largest public share offerings in France were the France telecoms. Privatization in Europe has led to genuine competition: the

former state owned enterprises lost their monopolies due to legislation and technological change competitors, who entered the market to change the prices of goods and services.

Privatization proposals in key public service sectors such as water and electricity in many cases meet strong resistance from opposition political parties and from civil societies groups. Many of which regard them as natural monopolies. Campaigns typically involved demonstrations and democratic political activities. Sometimes, the authorities attempt to suppress opposition using violence (e.g. Cochabamba protest of 2000 in Bolivia and protest in Arequipa, Peru in June, 2002). Oppositions are often strongly supported by trade unions. They are usually the strongest against water privatization as well. Recent examples include Haiti and Uruguay (2004). In the latter's case, civil society initiated referendum in October, 2004, proposing constitutional amendment on the ban of water privatization. This gave way for the passage of the law banning water privatization in the country.

According to the Director General of BPE, Dr. Christopher Uloneme Anyanwu, (2009), the purpose of government is not to sell enterprises to people and let them stagnate or die; it is not the purpose in any part of the world. In places like Ukraine, Russia or China, the purpose was to get these enterprises to work again, employ the people who were there and make money for government. So, it is not for government to make money for them. It is a very wrong idea to sell enterprises in order to put money in the pocket of the government and send workers away. What do government need money in its pocket for if the workers are sent away to the street? It is not proper. There is the need to refocus the entire privatization process, so that, when you privatize any enterprise, the workers are re-trained in order to find relevance. By so doing, their career continues. In Russia and

Ukraine, they give you the whole enterprise, perhaps for one dollar, you invest in it, get it working, employ workers and pay the government its own dividend.

However, in many cases, national security concern may be the source of reverse actions when the most likely providers are non domestic or International Corporations or entities. For instance, in 2001, in response to the September 11 attacks, the then private security industry in the United States was nationalized and put under the authority of the transportation security.

2.7 Advantages and Problems of Privatization

Privatization involves selling state owned assets to the private sector. This is often achieved through listing the new private company on the stock market. (Tejvan Pettinger 2011: A look at the arguments for and against privatization: 52)

Tejvan viewed the advantages and disadvantages of privatization as follows:

Potential Benefits of Privatization

1. Improved Efficiency.

The main argument for privatization is that private companies have a profit incentive to cut costs and be more efficient. In a government run industry, managers do not usually share in any profits. However, a private firm is interested in making profit and so it is

more likely to cut costs and be efficient. Since privatized, companies such as British Airways have shown degrees of improved efficiency and higher profitability.

2. Minimal Political Interference.

It is argued that governments make poor economic managers. They are motivated by political pressures rather than sound economic and business considerations. For example a state enterprise may employ surplus workers which are inefficient. The government may be reluctant to get rid of the workers because of the negative publicity involved in job losses. Therefore, state owned enterprises often employ too many workers increasing inefficiency.

3. Short Term view.

A government may think only in terms of next election. Therefore, they may be unwilling to invest in infrastructure improvements which will benefit the firm in the long term because they are more concerned about projects that give a benefit before the election.

4. Pressure From Shareholders To Perform Efficiently

It is argued that a private firm has pressure from shareholders to perform efficiently. If the firm is inefficient then the firm could be subject to a takeover. A state owned firm doesn't have this pressure and so it is easier for them to be inefficient.

5. Increased Competition.

Often privatization of state owned monopolies occurs alongside deregulation – i.e. policies to allow more firms to enter the industry and increase the competitiveness of the market. It is this increase in competition that can be the greatest drive to improvements in

efficiency. For example, there is now more competition in telecoms and distribution of gas and electricity.

6. Government will raise revenue from the sale

Selling state owned assets to the private sector raised significant sums for the UK government in the 1980s. However, this is a one off benefit.

Disadvantages of Privatization

1. Natural Monopoly

A natural monopoly occurs when the most efficient number of firms in an industry is one. For example tap water has very significant fixed costs; therefore there is no scope for having competition amongst several firms. Therefore, in this case, privatization would just create a private monopoly which might seek to set higher prices which exploit consumers. Therefore it is better to have a public monopoly rather than a private monopoly which will exploit the consumers.

2. Public Interest

There are many industries which perform an important public service, e.g. health care, education and public transport. In these industries, the profit motive shouldn't be the primary objective of firms and the industry. For example, in the case of health care, it is feared privatizing health care would mean a greater priority is given to profit rather than patient care. Also, in an industry like health care, arguably we don't need a profit motive to improve standards. When doctors treat patients they are unlikely to try harder if they get a bonus.

3. Government loses out on potential dividends.

Many of the privatized companies in the UK are quite profitable. This means the government misses out on their dividends; instead it goes to wealthy shareholders.

4. Problem of regulating private monopolies.

Privatization creates private monopolies, such as the water companies and rail companies. These need regulating to prevent abuse of monopoly power. Therefore, there is still need for government regulation, similar to state ownership.

5. Fragmentation of industries.

In the UK, rail privatization led to breaking up the rail network into infrastructure and train operating companies. This led to areas where it was unclear who had responsibility. For example, the Hatfield rail crash was blamed on no one taking responsibility for safety.

6. Short-Term nature of Firms.

In as much as the government ownership is being motivated by short term pressures, this is something private firms may do as well. To please shareholders they may seek to increase short term profits and avoid investing in long term projects. For example, the UK is suffering from a lack of investment in new energy sources; the privatized companies are trying to make use of existing plants rather than invest in new ones.

Evaluation of Privatization:

It depends on the industry in question. An industry like telecoms is a typical industry where the incentive of profit can help increase efficiency. However, if you apply it to industries like health care or public transport the profit motive is less important. It

depends on the quality of regulation. Do regulators make the privatized firms meet certain standards of service and keep prices low? Is the market contestable and competitive? Creating a private monopoly may harm consumer interests, but if the market is highly competitive, there is greater scope for efficiency savings.

2.8 Reasons for Privatization in Nigeria

Government participation in business enterprises in most colonial Africa and the predominance of state-owned enterprises reflected a desire to control the economy after wrestling political control from the colonialists.

Nigeria found that, in the absence of local enterprises and viable indigenous private sector, the government had to move into the large empty space left by society to take over the building of the economy.

Harvey and Henning perceive privatization exercise to include any initiative that increases the role of the market in areas previously considered the province of the state; this include not only the sale of the state assets, but deregulation and contracting out of public services to private providers. (Harvey and Henig, 1997:77)

However, full privatization simply means the divestment of government shares in enterprises thereby allowing the ownership, management and control to be in private hands. (Privatization Act 1999)

According to Uzor Onyeso (2012: 18) the reasons why Nigerian government wants to divest some of its companies are:

- i. Economic recession
- ii. Structural adjustment

iii. Inefficiency of government enterprises.

iv. Restructuring the economy

i. Economic recession: The Nigeria economy has been in a very poor state for quite some time now. The level of unemployment is simply unacceptable. Apparently, the economy can no longer sustain the level of wastages associated with public enterprises. As a way to get out of this malaise, privatization became one of such solution.

ii. Structural adjustment: Following the down turn in the Nigerian economy in the early eighties, the General Babangida's Military Administration of 1985 – 1993 introduced Structural Adjustment programme (SAP), one of the World Bank and IMF conditionalities for ailing countries which were aimed at a reduction in government expenditure in the provision of social services.

iii. Inefficiency of government enterprises: Over the years, government enterprises have become very inefficient as characterized by the services they render to the public. Despite the fact that the government has and still continues to pump in a lot of money into these enterprises.

iv. Restructuring the economy: Anyanwu (1993:10) argues that privatization will help public fund to be efficiently used, create a self sustaining culture, attract foreign investors, and services will reflect real values.

2.9 Debates for and against Privatization in Nigeria

According to Nwoye, Privatization can be defined as the transfer of ownership and control of enterprises from the state to the private sector. (Nwoye, 2000: 2). Based on this definition, it denotes that privatization promotes the philosophy of divesting the state of its enormous responsibility in the areas of social provisioning and transferring this burden to the private sector particularly the market. The implication of this transfer of role is that the provision of public goods will be at the mercy and dictates of the market principles. In as much as it is known that the public sector emerged in Nigeria as a result of the need to harness rationally the scarce resources to produce goods and services for economic improvement as well as for promotion of the welfare of the citizens. The aim for which these enterprises were established was defeated as a result of the problems that marred the public enterprises, thus ushering in privatization. Though privatization was introduced in Nigeria to curb the problems associated with the public enterprises yet it has come with its own criticisms. Some of these criticisms are embedded in the fear of abuse of the privatization process. This has raised several arguments against privatization, some of which were inherent in Nwoye's statement:

Given the fact that the initial impetus for privatization in Africa came from creditor institutions, especially IMF and the world bank, as part of the push for structural adjustment, many believed that there must be a hidden agenda in the form of economic exploitation. It is principally the conditionality that was attached to privatization vis-à-vis debt relief and financial assistance that provoked resentment from the public view, especially labour, which views privatization as creditors' initiative. As in some of the other African countries,

resentment is intensified because a good number of the larger enterprises being privatized are bought over by foreign interest (Nwoye, 2000: 7).

It is this perception that informed Nwoye's view further in her presentation where She said "That the effectiveness of public versus private service delivery shows no clear evidence that private service delivery is inherently more effective or less effective than public service delivery but rather that each sector has its own strengths and weaknesses" (Nwoye M.I. 2000:2). This implies that the efficacy of each privatization of state owned enterprises, depends on the managerial ability and the sincerity of purpose of those handling it.

Nwoye further posits some of the arguments against privatization as follows.

Rising prices – Where there is monopoly or oligopoly power, opponents fear that the private sector will exploit consumers by raising the prices of goods.

Creating poverty-At the heart of Critics of privatization is the perception that it has not been fair, hurting the poor and the vulnerable workforce, while benefiting the rich, the powerful, and the privileged thereby perpetrating poverty.

Breaking of unions- Workers dismissed as a result of privatization have great difficulty finding other work. The large number of people out of job are forced to accept jobs with lower pay, less security and fewer benefits with labour union not tolerated. They therefore believe that the aims of privatization are to reduce labour costs, numbers and to break union power.

Corruption- There is this argument that even if privatization contributes to improved efficiency and financial performance it has a negative effect on the distribution of wealth perhaps arising from corruption.

Public Enterprises should stay - Supporters of this view believe that privatization is not necessary, public enterprises need not run at a loss; all they require is good managers, less political interference, competent boards of directors, and more rational pricing policies.

Injustice- There is an assertion that it is the politicians and bureaucrats that caused the public enterprises to perform poorly but labour is always asked to carry the burden of these reforms. Critics view this as injustice against the poor.

Exploitation by capitalist countries- As earlier mentioned, this is seen as an imposition by foreign capitalists and agencies like the IMF and the world bank; therefore they believe that privatization must be meant to exploit the developing countries.

Privatization is foreign- Some critics have argued that privatization is neo-colonialism since the policy is being pushed by IMF/ World Bank and their agencies. They believe that it is not indigenous therefore will not work.

Labour's demand for job protection. From the onset, the most publicly persisted and organized opposition to privatization in Nigeria has come from the labour movement. There have always been strikes and counter strikes against any decision to privatize government agency. It is obvious that workers are reacting against threatened jobs or

the possibility that benefits might be jeopardized under new management. (Nwoye, 2000: 10-12). The fears about privatization are not only Nigerian-made apprehension. Worldwide, proponents of labour have been the most vigorous and persistent critics of privatization and they've always been portraying its negative effects on income distribution and workers welfare.

However, it may be improper to judge privatization from a limited perspective. The set of objectives that privatization programs are meant to achieve is broad that it has many fundamental components that can act together for the enhancement and increased efficiency in the economy.

There are indeed some long run objectives to be achieved through privatization. According to Sylvester (2003), these are:

- a. Increasing productive efficiency
- b. Strengthening the role of the private sector in the economy which will guarantee employment and higher capacity utilization ;
- c. Improving the financial health of the state with savings from suspended subsidies
- d. Freeing more resources for allocation to other needy areas of governmental activities (for example, finances that should have been applied for subsidies should now be channeled to the development of rural communities).

- e. Reduction in corruption because interference by politicians will be minimally reduced.

However, a privatization program ought to be judged and assessed by the extent to which the stated objectives have been met. (Sylvester, 2003: 3). Pat Utomi Seems to support Sylvester's view in his book , Critical Perspective on Nigerian Political Economy and Management (2000). He has this to say "In 1920, Argentina was one of the 10 most developed economies of the world. In the ensuing years, the populist political culture drove a policy regime that encouraged widespread nationalization. By the 1970's Argentina's fortunes had plummeted to the level of GDP growth comparable to the stagnated levels of West African economies. Argentina that had become one of the world's poorer countries began by the late 1980's to react with passion to its condition. A massive privatization programme that many even the world bank considered too much too quickly was embarked upon. It privatized virtually all state-owned companies including its national energy company and national airline from 1990 onward. One result is that it has gone from being one of the typical examples of the failure of state-run closed economies to being one of ten big emerging markets (BEMS) identified by the Clinton's administration as market of the future in which it needs to support American companies playing mutually beneficial roles in the expected rapid growth. Clearly the case of Argentina begins to suggest to us that future prosperity and becoming an emerging market should be related to privatization of the economies of many countries who because of State domination of economic activity have some how not managed to raise productivity to improve the quality of life of the people considerably" (Utomi, 2000: 170).

Considering Utomi's view and the various perceptions of Nigerians towards privatization, one can actually understand that even for those who are opposed to privatization in Nigeria, they stood to their ground because of the negative attitude of the key players in the privatization process. These fear, were obvious in the several attempts to privatize NITEL. Possibly if the causes of these fears were curbed by a government policy that is reasonably sincere to itself, the issue of privatization of most of the Nigerian public enterprises will be a noble idea to help boost the Nigerian economy and also increase consumer satisfaction derived from better services by the privatized enterprises.

Further, Utomi stressed the need for privatization. In his view about the implications of outlook on privatization, he asserts, "our love-hated relationship with privatization has many implications". First in a world that increasingly believes that there is no alternative to such a move, we will become more isolated if we reject privatization. Then there is the implication of capital flows. Nigerian economy will be affected negatively as our potentials to become a significant emerging market will be drastically low with capital flows likely to come to nothing" (Utomi, 2000: 174).

The consequences of the implication for capital flows are evident in the case of NITEL. Solomon Ogundele, former NITEL's principal liaison officer to NCC between 1994 and 2000 made his claims and allegations on oath by deposing to a 62-paragraph affidavit filed at the Abuja Federal High Court's registry on May 9th, 2012. Ogundele disclosed that the alleged corruptive tendency of MTN got to a point in 2005 that former President, Chief Olusegun Obasanjo had to make official complaint to his South African counterpart, Thambo Mbeki.

According to Ogundele (cited by Lanre Adewole in his Affidavit “How MTN, NCC, others cheated Nigeria”, “NCC has been colluding with MTN to ensure massive capital flight from Nigeria to south Africa with severe debilitating effect on the exchange rate of the Naira and the Nigerian economy as a whole. Its imposed, fraudulent Interconnection Agreement did divert the huge revenues that NITEL would have made on its telecommunications highways to MTN and others. The only legal license MTN is holding in Nigeria is the GSM license, which it paid for in 2001. Other operational licenses held by it in Nigeria, including the 3G frequency spectrum and communications backbone licenses are illegal by virtue of illicit exemptions. Also, violation of the relevant provisions of the public procurement Act and fraudulent encroachment on the National Carrier Licenses legally and validly issued to NITEL and Globacom Limited (GLO) are unlawful. NCC has accorded MTN the status of a national Carrier, through the backdoor. To a large extent, MTN has been involved in some illicit activities in Nigeria and NCC has failed to exercise its statutory and regulatory control over it”.

Still on the imperatives of privatization, Utomi is of the view that the world is operating in the age of corporate globalization. The convergence of telecommunication and computer has effectively changed the way companies operate around the world. Firms used to externalize local competition thereby internationalizing their operation. In this new global order, the economy that does not fit a global framework will be ignored (Utomi 2000; 175). The current de-industrialization of Nigeria according to him is not unrelated to such. If we bear in mind that most of our smaller neighbors have restructured and have better reputations than Nigeria. It is

easy to see why some Multinationals who had Nigeria as their target are relocating to Ghana and elsewhere in the region to produce and ship to Nigeria for sale.

From the aforementioned, the consequences of leaving the public enterprises unprivatized could lead to serious economic stagnation which comes with exacerbation of chronic poverty, making our national life worse by serious problems of income distributions. Instead of waiting for the worse to befall the economy, Nigeria can still live up to its potentials by attempting to become one of the Big emerging markets by privatizing.

However, there are opposing views to privatization in Nigeria. In his 2011, New Year Message to Nigerian workers, President of Nigeria Labor Congress (NLC) comrade Abdulwaheed Omar reiterated his opposition to the privatization of public establishments. To Omar, privatization failed to improve the condition of Nigerian workers and the population at large due to persistent corruption, insincerity and lack of political will to do what is right, these economic ideas will continue to sink the country into a normless state of detachment and perilous disorder. Yet, some contended that deregulation and privatization are neutral policy ideas that several countries across the globe have benefited from, such that Nigeria, given the right political atmosphere also stands to gain from them. In fact, this group argued that the future of socio-infrastructure development of Nigeria may actually be dependent on freeing the government of responsibilities that can be competently handled by private entrepreneurs (Zayyad, 2007; Akinrele, 2002). Therefore, there is no hard and fast way of viewing privatization since in countries where privatization have been introduced, the reasons for pursuing these ideas differ.

2.10 Theoretical Framework

Although, there are a lot of theories in relation to privatization which encompasses neo liberalism, liberalism, free trade and some others. This study chooses to utilize the Neo-liberalist approach because it is suitable and relevant to privatization which is the crux of this research topic.

Originally, Neo liberalism was formulated in an attempt to find an anti-capitalist, anti – communist third way. It was originally established as something quite different from the free market radicalism with which it is usually associated today.

However, in modern usage Neo liberalism is an economic theory which advocates economic liberalization, free trade and open market mechanism, deregulation and privatization with the state voluntarily reducing its role in the economy (Handel man, Contemporary interdisciplinary studies and the ideology of neo liberalism; 2006:292). The whole idea about this ideology is that market mechanisms be allowed to direct the fate of human beings. The central doctrine of neo liberalism is the notion of competition between nations, regions, firms, etc. and of course between individuals which is equally crucial to the practice of market mechanism. It is also aimed at creating efficiency through appropriate allocation of resources, whether physical, natural, human or financial (see Friedman and Rose D.Friedman; Capitalism and freedom to choose; 1980: 54-55). The theory support the notion that the good of society is advanced most effectively when individual actors (business people, workers) seek to maximize their economic advantage (Handelman, 2006: 291). In such an environment, the individualistic desires of consumers for goods and services, combined with the self interested drive to maximize

profits by the producers of these goods and services, will tend toward determinant levels of production and prices.

Neo liberalism was an economic philosophy that emerged among European liberal scholars in the 1930's who attempted to trace the way out of the conflicting philosophies of classical liberalism and collectivist central planning. In the 1940's, the theory promoted a market economy under the guidance and rules of a strong state, a model which came to be known as the social market economy. In 1960s there was a decline in its usage. Theoretically, the assumptions of neo-liberalism are in line with the principles of classical economics such as the work of Adam Smith, who propounded the "invisible hand" theory which refers to the forces of supply and demand working to attain equilibrium in a perfectly or nearly competitive economy. However, Slight disparity exists between the two on what role the state should play in the economy. To differentiate the liberalism of Adam Smith from the new liberal orthodoxy that gained ascendancy in the 1980s, some scholars have used the term "neo-liberalism" (Cohn, 2004:100). The new meaning of neo liberalism was established as a common usage among Spanish speaking scholars. It diffused directly into the English language study of political economy which is the aspect of political science on which this research work dwells on.

2.11 Privatization in Nigeria

Historically the provision of social welfare services has been a state responsibility in both developed and developing countries. At independence in Nigeria, colonialism left behind a legacy of a social welfare system irrelevant to the social needs of the masses as it was

structured for profit maximization and essentially designed to meet not the needs of the colony but those of the colonial masters. (Claude Ake 1981: Political Integration and the Challenges of Nationhood in Africa: 31)

During the 1970's when widespread problems of stagnation were deemed beyond the reach of Keynesian fiscal policy, nineteenth century liberalism was revived as a rightwing version of Neo-liberalism which emerged as monetarism. Monetarism is essentially about ascendancy of the market and "peripheralization" of the state, which in the monetarists' view had become too large, unfit, inefficient and excessively interventionist. As part of the effort to reduce the size and role of the state, they called for the withdrawal of a host of subsidies that were introduced at the height of the Keynesian revolution, the elimination of subventions to public enterprises and privatization of those enterprises. The globalization of the monetarist agenda was skillfully assisted with the coming to power in the early 1980s of conservative governments dedicated to the cause of monetarism in the leading western countries that dominated the world capitalist economy. The most prominent of these governments were those of Margaret Thatcher in Britain and Ronald Reagan in the United States. The resultant effect of the emergence of these rightwing governments was the reorientation of the International Monetary Fund (IMF) and World Bank. These two key institutions discarded their Keynesian policies and embraced monetarist principles. The Western countries that dominated them also encouraged them to make the acceptance and implementation of market reforms a pre-condition for financial assistance to debtor nations. (Elaine Hartwick and Richard Peet, "Rethinking Sustainable Development: Neo-liberalism and Nature: The case of the WTO," *Annals of American Academy of Political and Social Science* 590 (November, 2003): 188-211).

The outcome of this reorientation in the IMF and World Bank had fundamental and colossal consequences for developing countries. By 1983/1984, the African debt crisis was serious as debt servicing alone consumed about a third of all their foreign receipts and moved them into severe depression. Thus, the World Bank and IMF were able to use the debt crisis in Africa to gain substantial leverage over their economic policies which hitherto was limited. (J. Arowosegbe 2011: Political Theory and the history of Ideas: 42)

In their attempt to come to terms with the crisis of their local economies, African countries approached the World Bank and IMF for financial aid, giving the United States the chance to sell them the neoliberals' ideology. Given the exhausted state of most post-colonial third world economies, they embraced the new policies and conditions. Nigeria which enjoyed almost a decade of unprecedented revenue boom arising from the petroleum price increases of the 1970's with remarkable characteristic of "welfare's" orientated expenditure was not left out of the economic crisis that led to the ascendancy of Neo-liberalism. This was because the period coincided with the post civil war era when the nation was recuperating from the debilitated effects of the war epoch. Also, the character of the Military Administrations of General Yakubu Gowon: 1966-1975 and Olusegun Obasanjo: 1976-1979 that managed the nations resources during the era of the oil boom were rippant with federal funds and so was the politicians that succeeded them. There were endemic corruption and gross mismanagement of the national treasury. (Claude Ake 1981: 37)

The Shehu Shagari regime (1979-1983) systematized the subsidized sale and distribution of specific commodities known as essential commodities to Nigerians. These included rice, milk, beef, among other items. These products were imported by the Nigerian government through the Nigerian National Supply Company

and sold to Nigerians at rates below prevailing market prices and no effort was made to diversify the economy. The international crisis of economic decline that started in the early 1980s which was caused by the dramatic lagging of the oil markets in the first half of the 1980s made the country's financial position deteriorate. Export revenues plunged by 53 percent between 1980 and 1982, from US\$27.1 billion to US\$12.7 billion. At the same time, the value of internal public debt increased by 72 percent from US\$8.5 billion in 1979 to \$26.9 billion in 1983 while external debt was estimated at \$14.13 billion during this period. (J. Arowosegbe 2011, "Claude Ake: Political Integration and the Challenges of Nationhood in Africa," *Development and Change*: 43). As commitments accumulated, short-term borrowing increased, and interest rates escalated. The crisis raised questions of sustainability of state subsidy as social services suffered due to underfunding. The industrial sector shut down 50 percent of its firms and thousands of its workers were laid off. These multifaceted crises provided the immediate domestic context for the adoption by the Nigerian state of an orthodox program of structural adjustment sponsored by the Bretton Woods institutions. The first serious attempt to examine the role of the state in the Nigerian economy came in 1981 when the Shagari regime appointed a presidential commission of inquiry to examine the parastatals. The commission's report recommended an increased role for the private sector in administering the partially government-owned organizations. This recommendation was to cut government expenditure at the expense of the masses. In the context of the debt problems, the Shagari administration in April 1982 introduced the Economic Stabilization Act to control imports, introduce more discipline into the monetary system, and narrowed the gap between public expenditure and income through

cuts in government expenditure. The stabilization program failed because the regime was reluctant to remove subsidies and commercialize public enterprises. Many stalwarts of the National Party of Nigeria (NPN) owed their enormous wealth to their direct control over the parastatals, marketing of rice, fertilizer, and petroleum products. Consequently, the Shagari government approached the IMF for an extended fund facility between N1.9 and N2.4 billion. The IMF insisted on certain conditions including privatization, a curb on government spending, trade liberalization, and introduction of sales tax. No concrete agreement was reached with the IMF before the government was overthrown on December 31, 1983. The successive regime of General Muhammadu Buhari agreed with the IMF on the need for fundamental reforms in the Nigerian economy but was unwilling to accept part of the IMF's recommendations such as currency devaluation, privatization, liberalization of trade, and withdrawal of the petroleum subsidy. It nevertheless embraced the policy of commercialization but insisted on state regulations. This resulted in a stalemate and the outcome was the tightening of the boycott of Nigeria by western banks and export credit guarantee agencies. The leading financial institutions insisted that the government had to obtain a clean bill of health from the IMF before the country's debt, put at about \$20 billion in 1984, could be rescheduled and fresh capital injections authorized. The second approach adopted by Buhari's administration, in its bid to mitigate the effects of the pressing demands by the IMF and Nigerians on the economy, was the introduction of the policy of counter trade, a modern day variant of trade by barter, with Brazil and some West European states. The scale of the counter trade deals was however too small and costly relative to the magnitude of the country's economic problems. Thus, the regime introduced a comprehensive package of austerity measures as

part of its own stabilization efforts with severe restrictions on imports. This made it difficult for local industries to procure essential imported raw materials forcing many of them to close shops. Subsequently, many workers were laid off and the government itself retrenched many employees to increase its “cost effectiveness.” All of these actions were accompanied by high inflation. The price of basic food items rose, and life became increasingly difficult for the masses and even the affluent. The total health expenditure in real terms declined sharply from a total of N825.5 million in 1980 to N128.3 million in 1984. The education sector also worsened and with it came employees’ inability to benefit from educational policy. In addition, the government imposed heavy levies, indiscriminately on parents of school children. Buhari’s legitimacy was soon dissipated by his authoritarian nature and he was deposed by General Ibrahim Babangida in August, 1985. Then, Nigeria was still reeling under a heavy debt burden with declining oil revenues. Babangida opened a national debate on whether Nigeria should take the IMF loan or not and the role the government should play in managing the economic crisis. His premeditated decision prevailed as he, despite the people’s protests, adopted a supposedly homegrown adjustment program akin to the IMF prescriptions called Structural Adjustment Programme (SAP). Privatization in Nigeria was officially introduced by the Privatization and Commercialization Decree of 1988 as part of the Structural Adjustment Programme (SAP) of the Babangida’s Administration (1985-1993). Hence, one of the main objectives of SAP was therefore to pursue deregulation and privatization leading to general subsidy reduction and wage bills cutback. The Privatization and Commercialization Decree no 25 of 1988 set up the Technical Committee on Privatization and Commercialization (TCPC) for which DR Hamza Zayyad was the

Chairman. TCPC concluded its assignment in 1993 and submitted a final report having privatized 88 out of the 111 enterprises listed for privatization either partially or wholly. (The presidency, TCPC final Report on commercialization volume III, page 178)

Based on the recommendation of the TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises Decree No 78 of 1993 which repealed the 1988 Decree and set up the Bureau for Public Enterprises (BPE). In 1999, the Federal military Administration of General Abdusalaam Abubakar promulgated the Bureau for public enterprise (BPE) Decree no 28, on 10th May, 1999 to implement the privatization programme in Nigeria. The Decree was enacted into an act by the civilian regime of President Obasanjo to provide the enabling legislation. It therefore repealed the BPE Decree of 1993, established a restructured Bureau of Public Enterprises (BPE) and also created the National Council on Privatization under the Chairmanship of the then Vice President.

The downside of privatization in Nigeria played out with the dynamics of the privatization of Nigerian Telecommunications Limited (NITEL) a key item in the second phase. In 2000/2001, the Obasanjo's regime embarked on the deregulation of the telecommunications sector. This resulted in the licensing of companies for the provision of Global System Mobile (GSM) telecommunication. In the process the Management of NITEL got a license to operate NITEL as a mobile network operator. It would appear that allowing the same Management to operate NITEL is a patriotic (or political) decision but given its state at the time, it was not likely to go far as it could not compete effectively with nimble private telecommunications operators. So in 2001, the first attempt to privatize NITEL/MTEL took place. In the privatization process, Investors international

Limited (IIL), London emerged as the preferred bidder with a bid price of 1.317 billion USD while Telnet was chosen as the reserved bidder with a bid price of USD 1.310 billion. IIL was unable to pay the full bid price at the due date though it paid the 10% initial deposit. The transaction was thus cancelled. Pentascope International was engaged in April 2003 as a third party entity to manage NITEL/MTEL for a 3 years period though the company had access to enormous NITEL funds at the time of take over. In two (2) years, the company incurred debts estimated at about N53 billion. The next attempt to privatize NITEL was in 2005 which saw the emergence of ORASCOM Telecoms of Egypt emerging as the highest bidder in the sum of USD 260.5 million. Though Pentascope had devalued the company, the federal Government rejected the bid as being too low. The transaction was subsequently aborted because ORASCOM refused to increase its bid price. In November 2006, NITEL was hastily sold to Transcorp which rationalized NITEL staff by 70 percent. In February 2012, following the series of unsuccessful attempts to privatize NITEL, the National Council on Privatization attempted using the liquidation strategy which they believe will lead to the sale of the company as a single entity. In January 2015, the Federal government of Nigeria in its bid to liquidate NITEL/ MTEL, sold it to NATCOM Consortium, the preferred bidder at 252,521 million dollars bid price for the acquisition of the assets and business units of the two enterprises.

CHAPTER THREE

BACKGROUND PREVIEW OF PRIVATIZATION IN NIGERIA

3.1 Introduction

This chapter analyzed the historical background of privatization in Nigeria, history of BPE, history of NITEL and various stages in the privatization of NITEL. Actually, privatization in Nigeria was officially introduced by the privatization and commercialization Decree of 1988 as part of the Structural Adjustment Programme (SAP) of the General Babangida's Military Administration (1985-1993). Hence, one of the main objectives of SAP was therefore to pursue deregulation and privatization leading to general subsidy reduction and wage bills. The privatization and commercialization Decree No. 25 of 1988 set up the Technical Committee on Privatization and Commercialization (TCPC) of which DR Hamza Zayyad was the chairman. The privatization exercise touches practically every industry at the federal level, except defense. In all, a total of 111 public enterprises were slated for privatization either partially or wholly (Zayyad, 1989).

Based on the recommendations given by the TCPC, the same Military Administration promulgated the Bureau for Public Enterprises Decree No 78 of 1993 which repealed the 1988 Decree and set up the Bureau for Public Enterprises (BPE). In 1999, the Federal military Administration of General Abdusalaam Abubakar promulgated the Decree No. 28, on 10th may, 1999 to implement the privatization programme in Nigeria. The Decree

was enacted into an Act by the civilian administration of President Olusegun Obasanjo to provide the enabling legislation.

At independence in 1960 Nigeria's political economy was an adopted form of colonial capitalism alongside the British model of parliamentary system of Government. The private sector was at its infancy. By the first military coup in 1966, a new form of political economy emerged in the polity in the form of hybrid of state capitalism and socialism. All Government functions and responsibilities were delegated to Government Ministries, Departments, and Agencies. The Federal Government also became a major player in the economy by establishing statutory corporations and private investment companies. It also invested significantly in other private companies. By 1973 the Indigenization Decree of 1973 ensured the conversion of private controlled international corporations in Nigeria into state owned corporations. The consequence was the proliferation of over 1000 state owned corporations in virtually all sectors of the economy operating as monopolies without competition from the private sector. These corporations were funded by Nigeria's new found oil wealth. Their scope of operation covered oil and gas, agriculture, steel plants, banks, defense, tourism, mass transit, housing, Medicare, power, security, education, manufacturing, local and international trade etc (Aboyade, 1974: 14).

By the early eighties, the crash of international oil prices ensured that the usual billions of Naira pumped into these corporations annually could no longer be sustained by the Federal Government. At the same time, annual profits of these corporations plummeted due primarily to state corruption and inefficiency. There were also the operational problems of excessive bureaucracy, defective ownership structures, gross incompetence

in management, complacency, defective capital structures, lack of effective control and supervision by the Government, outdated technology, nepotism, lack of international competition etc. By the late eighties, these factors exacerbated the already stunted and stretched Nigeria private sector market. It became imperative to encourage private participation in the national economy and expand the Nigerian economy by direct deregulation. The alternative option was the collapse of the entire Nigerian economy.

It became imperative to establish and build a private sector driven market, ensure provision of efficient and quality services to the citizenry, improve infrastructure, improve local manpower development while freeing up the already stretched Government revenue for core public services such as defense and security. Privatization of public corporations, firms, companies and services became the most viable economic solution.

3.2 Introduction of SAP

The Structural Adjustment Programme (SAP) was introduced as the panacea to economic recovery by General Ibrahim Badamosi Babangida's administration of 1985 to 1993. One of the main objectives of SAP was to pursue deregulation and privatization leading to removal of subsidies, reduction in wage bills and the retrenchment of the public sector perceived to trim the state down to size. It was basically an International Monetary Fund (IMF) World Bank Package, for ailing economies in sub-Saharan Africa. One of the major components of SAP was the commercialization and privatization of public enterprises to make them profit making (or commercially viable) or sell them to private individuals and firms. NITEL was one of the enterprises that were to be commercialized with a view over time, to prepare it for privatization. It is to be noted that this strategy

was encapsulated in the privatization and commercialization Decree of 1988 under General Ibrahim Babangida's regime.

3.3 The Setting Up of the TCPC

On July 27th 1988, the General Ibrahim Babangida's Administration introduced the Privatization and Commercialization Decree No. 25 of 1988 as part of the Structural Adjustment Programme (SAP). The Decree set up the Technical Committee on Privatization and Commercialization, popularly called (TCPC). It was headed by the renowned technocrat, Dr. Hamza Zayyad as its first Chairman. Its assignments and targets were the disposal of Government equities in the Nigerian capital market, the privatization of commercial and merchant banks, cement companies etc. The TCPC was set up to privatize 111 public enterprises and commercialize 34 others. In 1993, it concluded its assignment and submitted a final report having privatized 88 out of the 111 enterprises listed in the Decree. Based on the recommendations of the TCPC, the same Military Administration promulgated the Bureau for Public Enterprises Act 1993 which repealed the 1988 Act and set up the Bureau for Public Enterprises (BPE) to implement the privatization programme in Nigeria. On 10th May 1999, the General Abdusalam Abubakar's administration promulgated a reviewed Bureau for Public Enterprises (BPE) Decree No. 28. Latter in the year, the civilian regime of President Olusegun Obasanjo enacted the Decree into an Act in order to provide an enabling legislation. It therefore repealed the BPE Decree of 1993, established a restructured Bureau of Public Enterprises (BPE) and also created the National Council on Privatization (NCP) under the Chairmanship of the then Vice President. NCP is the supervising body while the BPE is the Secretariat of the NCP.

The function of NCP includes:

- a. Making policies on privatization and commercialization.
- b. Determining the modalities for privatization and advising the government accordingly
- c. Determining the timing of privatization of particular enterprises
- d. Approving the prices for shares and the appointment of privatization advisers
- e. Ensuring that the commercialized public enterprises are managed in accordance with sound commercial principles and prudent financial practices.
- f. Interfacing with the public enterprises, together with the supervising Ministries, in order to ensure effective monitoring and safeguard of the managerial autonomy of the public enterprises.

3.4 Statutory and Policy Mandate of BPE and NCP

The statutory mandate of the BPE and NCP are specifically spelt out in the Public Enterprises Privatization and Commercialization Act 1999. The specific mode, structures and timetable for privatization of Nigerian public enterprises were also spelt out in the 1999 Act. All designated Nigerian state enterprises were categorized into broad sector groups with the name of the enterprise, shareholding structure, expected level of ownership to be sold out, privatization policy outline, and time schedules. For example, Telecoms and postal services group comprised NITEL, MTEL and NIPOST while State

power agencies group contained NEPA and its subsidiaries. Airlines and airports were grouped into Nigeria Airways, FAAN, NEMA etc.

3.5 Technical Complications in the Privatization Process in Nigeria

Strict compliance of both regulators and participants to the rules of the 1999 Privatization and Commercialization Act and customary international privatization practices would have ensured the evolution and development of a near perfect policy and the economic reformation and restructuring of Nigeria's political economy. However, the expected path of the entire privatization exercise immediately took a dangerous derailment after the first five years of implementation. The final balkanization and contamination of the exercise was cemented by key players in the entire privatization process carried out under President Obasanjo's administration (1999-2007). (Onjefu, 2008: 13).

By the twilight of President Olusegun Obasanjo's administration in 2006, a plethora of discontentment on the exercise had reached fever pitch. A panoply of privatization controversies in Nigeria includes the entangled privatization exercises of NITEL by Pent scope, NEPA or PHCN, the power sector reforms, the oil sector reforms particularly NNPC and Nigerian LNG, the ports reforms, the inability of 18 successor companies to Power Holding Company of Nigeria (PHCN) to function, etc. Also the draconian sale of Federal Government properties in Lagos and Abuja considered by patriotic civil servants to be the greatest economic heist of the 21st century in Africa, the revocation of 18 private refineries licenses, the proposed and ill advised privatization of Unity Schools, the sale of the Trade Fair Complex, the controversial auction sale of African Petroleum, the sale of Stallion House, the hastened and obscurantist sale of national refineries etc. (Onjefu, 2008: 14).

The specifics of this discontentment can be attributed to several technical complications inherent in the gamut of the exercise. It all begins with lopsided asset acquisition and share purchase agreements, non enforceable clauses and breach of share purchase agreements, due diligence of large corporation conducted at the data room of the BPE instead of a full financial and physical audit, under valuation of state assets, asset stripping by the private sector firm acquiring the state firm, trade and competition interest between the acquired Government enterprise and the acquiring firm operating and competing in the same market, lack of capacity of the acquiring private firm, lack of technical knowledge or experience of the particular industry by the acquiring firm, inability of bidding firms to meet financial benchmarks, creation of an industry monopoly, unnecessary retrenchments of public officers by the acquiring firm, unexplainable or unfair assignment of the properties of state agencies to subsidiaries or vice versa, favoritism in the selection of core investors, disproportionate size of sector regulatory agencies as compared to the size of agencies under its supervision, etc.

These technical complications are direct consequences of several structural defects in the legal, policy and implementation frameworks of the exercise. As the accumulation of these complications continues to scupper the lofty objectives of the exercise, the obvious solution is for regulators to re-evaluate, re-engineer and enforce improved policies and implementation models, enhance legislative advocacy, regulations and compliances etc. The consensus among several stakeholders is that Nigerian privatization program requires several fundamental restructuring and improvements to augment and maximize its impact on Nigerians.

3.6 History of Bureau of Public Enterprises (BPE)

The history of BPE was rooted in the introduction of Structural Adjustment programme (SAP) in the 80's as the panacea to economic recovery. It was basically an International Monetary Fund (IMF) World Bank Package, for ailing economies in sub-Saharan Africa. One of the major components of SAP was the commercialization and privatization of public enterprises to make them profit making (or commercially viable) or sell them to private individuals and firms. In order to achieve the objective of privatization and commercialization, General Ibrahim Babangida's regime promulgated the Decree No 25 of 1988 thereby set up the Technical Committee on Privatization and Commercialization (TCPC). The late Hamza Zayyad was its Chairman for many years. The policy generated a lot of debates among the economists, political elites and the general public. In a general sense, many Nigerians seemed opposed to the SAP and its strategies including Privatization and Commercialization because in the eyes of the ordinary people, this is nothing more than handing over the "commonwealth" (public enterprises) to a few individuals. It is like giving the national heritage to some privileged members of the family. The implication of this is that the policy appeared not to have the necessary national consensus to facilitate its acceptance and guarantee its success. The commercialization and privatization policy endured beyond the military era.

In 1993, the TCPC concluded its assignment and submitted a final report having privatized 88 out of the 111 enterprises listed in the Decree.(The presidency, Technical Committee on Privatization and commercialization, final Report commercialization volume three : 178).

Based on the recommendation of the TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises Decree No 78 of 1993 which repealed the

1988 Decree and set up the Bureau for Public Enterprises (BPE) to implement the privatization programme in Nigeria. In 1999, the Federal Government enacted the Public Enterprises (Privatization and Commercialization) Act of 1999 which repealed the BPE Decree of 1993, established a restructured Bureau of Public Enterprises (BPE) and also created the National Council on Privatization (NCP).

BPE was also established to serve as the secretariat of the NCP. Its functions includes:

- a. Implementing the NCP's policy on privatization and commercialization.
- b. Preparing public enterprises approved by the council for privatization and commercialization.
- c. Advising council on further public enterprises that may be privatized or commercialized.
- d. Advising council on capital restructuring needs of the public enterprises to be privatized.
- e. Ensuring the update of accounts of all commercialized enterprises for financial discipline.
- f. Making recommendations to the council in the appointment of consultants, advisers, investment bankers, issuing houses, stockbrokers, solicitors, trustees, accountants and other professionals required for the purpose of either privatization or commercialization.
- g. Ensuring the success of the privatization and commercialization exercise through effective post transactional performance monitoring and evaluation.
- h. Providing secretarial support to the council. The Bureau has remained a key player in the privatization of Public Enterprises in Nigeria to date.

3.7 History of NITEL

Telecommunication facilities in Nigeria were first established in 1886 by the colonial administration. At independence in 1960, with almost a population of 40 million people, the nation had about 18,724 phone lines in use. This translated to about 0.5 Telephone lines per 1000 people. The Telephone network consisted of about 121 exchanges which 116 were manually manned and only 5 were automatic.

However between 1970 and 1985, the Telecom sector consisted of the Department of post and Telecommunications otherwise known as the (P&T). P&T was in-charge of the internal network and was a limited liability company. The Nigeria external Telecommunications limited (NET) was responsible for the external telecommunication services. The net provided the gateway to the outside world.

The installed switched capacity at the end of 1985 was about 200,000 lines as against the planned target of about 460,000. All the exchanges were analogue. However the Telephone penetration remained poor equaling 1 Telephone line to 440 inhabitants, well below the target of 1 telephone line to 100 inhabitants which was recommended by International Telecommunication Union (ITU) for developing countries. (National Telecommunications Policy, 2000: 12) The quality of service was largely unsatisfactory. The Telephone system was unreliable, congested, expensive and customer unfriendly.

Arising from the foregoing, in January 1985, the erstwhile Post and Telecommunication Department was split into Postal and Telecommunications Divisions. The later was merged with NET to form Nigeria Telecommunications limited (NITEL), a limited liability company.

The main objective of establishing NITEL was to harmonize the planning and co-ordination of the internal and external telecommunication services, rationalize investments in the telecommunications development and provide accessible, efficient, reliable and affordable services to all. There were modest developments in the telecommunications industry since the inception of NITEL in 1985. As at the year 2000, Nigeria had a public network of about 700,000 lines capacity out of which 400,000 lines were connected. Nigeria lagged behind compared to even less endowed African countries, let alone advanced countries. The process of deregulating the industry was initiated to tackle these observed short comings. This began in 1992 when the Government initiated the Liberalization of the telecommunications industry with the establishment of the Nigerian Communications Commission (NCC) by Decree 75 of 1992, whose main objective include:

- a. Creating a regulatory environment to facilitate the supply of telecommunications services and facilities.
- b. Facilitating the entry of private entrepreneurs into the telecommunications market; and Promoting fair competition and efficient market conduct among all players in the industry.

Since the inauguration of NCC in July 1993, it has set out guidelines for private sector participation and issued licenses to a number of companies for the following telecommunications undertakings.

- i. Installation and operation of public switch telephony;

- ii. Installation of terminal and other equipment;
- iii. Provision and operation of public payphones;
- iv. Provision and operation of private network links employing cable, radio communications or satellite within Nigeria;
- v. Provision and operation of public mobile communications;
- vi. Provision and operation of value-added network services;
- vii. Repair and maintenance of telecommunications facilities;
- viii. Provision and operation of telephones; and Cabling

As at the year 2000, the telecommunication services provided by NITEL were Telephony, Telex, Cellular Mobile Telephony, Facsimile, Radio/Television Carrier, Gentex (Extension of Telex Terminal to rural areas), voice cast / Press receipt, Private leased circuit, Alternate leased circuit, Maritime Mobile service, Global Mobile Personal Communications Services (GMPCS), Data communications, High Speed Data Transmission, Telegraphy, public payphones, Value Added Services, Business network services, computer networking, Internet services, Telecommunications consultancy services, Paging Services, Mobile Radio Trucking Services, Satellite Communications, Internet Services and Cellular Mobile Network. (National Telecommunications Policy, 2000: 21).

In 1993, the Mobile cellular services made their debut on the Nigerian market with a national service operated by NITEL and a smaller Lagos service operated by Mobile

Telecommunications Service (MTS). The two companies with a joint subscriber base of 12,500, offered voice services over an analogue E-TACS network, as well as basic value added services such as voicemail from three switches in Lagos, Enugu and Abuja. In 1995, MTS closed its operation due to failure to pay interconnection charges to NITEL. M-TEL subsequently emerged as NITEL's mobile service provider.

NITEL, the only national carrier had monopoly on the sector and was infamous with epileptic services and bad management. Nevertheless, on assumption of office in May 29, 1999, President Olusegun Obasanjo's administration made a drastic move to make privatization of the sector a reality especially by the much touted granting of licenses to GSM services providers and setting in motion the privatization of NITEL. The GSM licensing process was cancelled early in 2000 and reopened in December of the same year. After soliciting for credible bidders, the four winners that emerged out of the process agreed to pay 285 million US dollars each as license fee. The license fees were settled within the mandatory 14 days period by Econet wireless Nigeria and Mobile Telephone Networks (MTN). The other two companies failed to make the deposit into NCC's bank account, forfeiting its license and were forbidden from participating in NCC's organized auctions for a period of five years. This eventually ushered in the emergence of GSM operations in Nigeria with Econet Wireless being the first to roll out in August 2001.

This proactive approach by the government to the telecommunication sector has made it possible for over 2.5 million Nigerians to clutch GSM phones today. NITEL has a difficult privatization process that made the attempted divestment prove abortive.

However, this is worrisome because of the long-winded road to privatization that it had taken.

3.8 BPE and the NITEL Privatization Process

The First Attempt

In 2000/2001, the Obasanjo regime embarked on the deregulation of the telecommunications sector. This resulted in the licensing of companies for the provision of Global System Mobile (GSM) telecommunication. In the process NITEL got a license to operate as a mobile network operator. It would appear that allowing NITEL to operate is a patriotic (or political) decision but given its state at the time, it was not likely to go far as it could not compete effectively with nimble private telecommunications operators. So in 2001, the first attempt to privatize NITEL/MTEL took place.

In the privatization process, Investors international Limited (Ill), London emerged as the preferred bidder with a bid price of 1.317 billion USD while Telnet was chosen as the reserved bidder with a bid price of USD 1.310 billion. Ill was unable to pay the full bid price at the due date though it paid the 10% initial deposit. The transaction was thus cancelled. It is surprising however that the reserved bidder did not take up its right. This shows that there were more things in the process that meets the eye. The failure of this attempt negatively impacted on the privatization of NITEL. Hence the Government decided to engage an “International management contractor” The inconclusiveness of Ill transaction according to the BPE was blamed on

- a. Global down turn in the telecoms industry
- b. Financial weakness in several leading international telecoms operators due to over bidding for 3G licenses;
- c. Weak domestic environment,
- d. Lack of established benchmarks and precedents in terms of Nigerian telecoms investment,
- e. New and uncertain regulatory environment. (Statement issued by Chigbo Anichebe, Head, Public Communications, BPE, September 29, 2006).

This statement actually showed that there are some technical lapses in the process of privatization especially in the case of NITEL/MTEL. The points mentioned in © (d), and (e) above lend credence to this. There should not have been any reason to “rush” into privatizing NITEL/MTEL if we admit the weakness of the local economy and the fact that there were no benchmarks and best practices to facilitate an effective and successful privatization process.

The Second Attempt

Pentascop International was engaged in April 2003 as a third party entity to manage NITEL/MTEL for a 3 years period though the company had access to enormous NITEL funds at the time of take over. In two (2) years, the company incurred debts estimated at about N53 billion. This was stated by Senator Sylvester Anyanwu, the then Chairman of Senate Committee on Communications. The performance of Pentascop during the

period raised doubts as to the company's capacity and credibility. It was therefore not surprising that the contract was terminated in 2004 barely eighteen (18) months into the 3 years contract. There was no evidence of sanctions against the Pentascope for further declining the fortunes of NITEL.

The Third Attempt

The next attempt to privatize NITEL was in 2005 which saw the emergence of ORASCOM Telecoms of Egypt emerging as the highest bidder in the sum of USD 260.5 million. Though Pentascope had devalued the company, the federal Government rejected the bid as being too low. The transaction was subsequently aborted because ORASCOM refused to increase its bid price. It is unfortunate that the NITEL privatization exercises could not attract reputable and well-meaning investors.

The Fourth Attempt

In November 2006, yet another attempt to privatize NITEL was undertaken. The federal Government "handed over" NITEL to Trans-National Corporation Of Nigeria (TRANSCORP) plc which emerged as the core investor in NITEL through a bid process that was largely negotiated. The shares of NITEL were sold to TRANSCORP. This transaction raised a lot of arguments in the public domain for many reasons. Some of which are (a) that TRANSCORP has no demonstrable track record in the telecoms industry or capable of being a national telecoms carrier and (b) the promoters of TRANSCORP were largely people holding political appointments and perceived to be

friends/ relations of people in government. (Onifu Adoga, 2008: 27) The BPE had to issue a statement on 29th September 2006 after a lot of issues about the impropriety of the transaction and for lack of due process. In the statement, the key goals of the NITEL transaction strategy were:

- a. To attract a world-class strategic investor with a proven capacity to develop NITEL and its services in both fixed and mobile telecommunications.
- b. To maximize the transaction value for the Nigerian people, and
- c. To make the transaction a landmark in Nigerians effort to modernize its economy and build an image of efficiency.

The transaction arrangement with TRANSCORP could not achieve these laudable goals. So, following the non-performance of TRANSCORP, the Government again revoked the contract and returned NITEL to Government ownership. It seems the privatization of NITEL has become a political adventure. In 2008, another exercise took place. This led to the emergence of New Age Nigeria as the preferred bidder in the sum of 2.5 billion US Dollars. The reserved bidder was OMEN Consortium which bided about 900 million US Dollars. This bid was for the whole of NITEL comprising (a) NITEL fixed wire telecoms, (b) NITEL mobile lines and (c) NITEL satellite facility. The transaction was enmeshed in controversy even in its earlier days. One of such controversies was that the major partners of New Age Nigeria, G I cell wireless limited had little technical competence and experience in Code Division Multiple Access (CDMA) lines management. Its technical partner, China Unicom limited denied any partnership agreement with New Age Nigeria. New Age Nigeria could not pay its bid prize and the reserved bidder also could not pay leading to the process being abandoned.

The Fifth Attempt

As at February 2012, following the series of unsuccessful attempts to privatize NITEL, the National Council on Privatization decided to use a liquidation strategy which will lead to the sale of the company as a single entity. The propriety of this option is yet to be seen. However, we cannot lose sight of some of the realities in NITEL. Some of the current realities in NITEL include the fact that the organization has physical and capital assets which seem to be a major attraction for some of the bidders. However, over the years, these assets have been significantly devalued in the light of modern telecommunications technology. This is in addition to arrears of wage bill of some staff that are retained to watch over the assets and serve as a bridge between the company and would be investors. The company is crippled by huge medical claims\benefits and arrears of pension liabilities. In 2003, the liabilities were put at about 73.8 Billion naira and by October 2005, NITELs liabilities had reached 130 billion naira and it is still growing in the negative.

It is true that NITEL services were poor. At the onset of the GSM in Nigeria, MTELs mobile telecommunications arm had 11% of the market and by 2005; it had dropped to 5%. (Onjefu Adoga, 2008: 28) But we cannot lose sight of the fact that services provided by private telecommunication companies are also poor in spite of the high tariffs.

The condition of NITEL was further worsened by the Government agencies and the private telecommunications operators who use NITELs satellite facilities including its interconnect exchange in Lagos. It is even alleged by some former NITEL staff that the private mobile telecommunications companies are systematically damaging and

devaluing NITEL infrastructure including its fiber optic network. (Albert Mashi, the then MD. Of NITEL, at a press conference reported by this day newspaper of 30th March, 2006). These realities may have contributed in no small measure to the various unsuccessful attempts to privatize NITEL. The government and its agents in both the telecommunication sector including the BPE seem to have orphaned the organization, hence the decision of liquidating it. It is a matter of concern that such a public institution is almost irredeemable. It is a manifestation of the crisis in the management of national politics and economics in Nigeria.

The Latest Attempt

In January 2015, the Federal government of Nigeria in its bid to liquidate NITEL/ MTEL sold it to NATCOM Consortium, the preferred bidder at 252,521 million dollars bid price for the acquisition of the assets and business units of the two enterprises. On the 9th Of January, 2015, NATCOM paid 75,756,300 dollars (about N12,727,058,400) being 30% of the bid price, within 14 days on receipt of the offer letter while the balance of 70% is expected to be paid within 90 days. (Vanguard Newspaper, Friday, February 13th, 2015)

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the result of the data collected. This is possible by collecting and analyzing data relevant to this research and the statistics that was used to test the hypothesis is based on percentage. The researcher designed some questionnaires and granted personal interviews to two (2) Directors of BPE, one (1) senior staff of NITEL and the general public to investigate whether and how Corruption and political interference were the endemic factor responsible for BPE's failure in achieving successful Privatization of NITEL and also to investigate whether BPE's limitations in achieving successful Privatization in NITEL was due to political interference and corruption inherent in the process with a view to find out the challenges in that privatization process in order to offer positive recommendations. In analyzing the data, responses to each question is analyzed in relation to the number of the sample size supporting a particular

response. The research then attempted to find justification to the conclusion arrived at by the consensus. The chapter is subdivided into seven (7) sub-themes: Data presentation and analysis, characteristics of the respondents, corruption and political interference in the privatization of NITEL, BPE's failure and political interference in NITEL privatization, test for hypotheses, challenges in NITEL privatization process and summary of research findings.

Sample Size: A random sampling of one hundred and ten (110) respondents comprising lower middle and senior staff from NITEL, BPE and the public were used for consideration.

Research Instrument: The appropriate instruments used to carry out this research work were questionnaires. Other instruments used are textbooks, newspaper publications, interviews from the staff of NITEL, BPE and the public, internet, journals, etc.

Data Analysis of the sample size

In totality, 130 questionnaires were issued out of which a total of 110 completed questionnaires were returned.

Table 4.1: Returned rate of Questionnaires.

No. of Questionnaire	Frequency	Percentage
Administered	130	100%
Returned	110	84.6%
Un Returned	20	15.4%
Total of sample size	110	84.6%

Source: Survey Research, July, 2013

This gives a response rate of 84.6% i.e. response rate

$$= \frac{110 \times 100}{130} \frac{1}{1}$$

$$= 84.6\%$$

The above table shows that the total number of questionnaires administered were 130 which represent 100% but, out of which a total of 110 completed questionnaires were returned. This represents a response rate of 84.6% which was the sample size and the unreturned were 20 representing 15.4% of the total No. of questionnaires administered. This signifies that people are interested and kin to know what happened in the privatization of NITEL.

4.2 Characteristics of the Respondents

This section highlights the characteristics of the respondents by age, sex, educational qualification and profession. The tables below indicates the aforementioned.

Table 4.2: Frequency Distribution of Respondents by Age

Age Range	Frequency	Percentage
20 – 30	40	36.4%
31 – 40	40	36.4%
41 – 50	25	22.7%
51 and Above	5	4.5%
Total	110	100%

Source: Survey Research, July, 2013

From the table above, the result shows that the largest numbers of respondents were found within the age group of 20 to 30 and 31 to 40 which has about 36.4% each, while 41 – 50 has about 22.7% and 51 and above has 4.5%. This represents that ages from 20 to 40 are more vibrant and knowledgeable in the society.

Table 4.3: Frequency Distribution of Respondents by Sex

Sex	Frequency	Percentage
Male	69	62.7%
Female	41	37.2%
Total	110	100%

Source: Survey Research, July, 2013

Table 4.3 shows the distribution of respondents by sex. Majority of the respondents 69 (62.7%) are male, while female constitutes 41(37.2 %) of the total respondents. This implies that there are more male participants than the female. It also, signifies that men are more knowledgeable about the privatization exercise in Nigeria.

Table 4.4: Frequency Distribution of Respondents by Educational Qualification

Educational Qualification	Frequency	Percentage
Primary school	-	-
Secondary school	9	8.2%
Polytechnic (HND)	41	37.3%
University	60	54.5%
Total	110	100

Source: Survey Research, July, 2013

The table above shows that 60 respondents representing 54.5% were University graduates, 41 respondents representing 37.3% were polytechnic graduates and 9 respondents representing (8.2%) were secondary school leavers. This invariably implies that the respondents are literate enough to understand what transpired in the purported privatization of NITEL. Therefore, their responses were considered good enough to be used in carrying out this research.

Table 4.5: Frequency Distribution of Respondents by Profession.

Position	Frequency	Percentage
BPE staff	30	27.3%
The Public	56	50.9%
NITEL Staff	24	21.8%
Total	110	100%

Source: Survey Research, July, 2013

As seen in table 4.5 above, respondents from BPE were 30 which represent 27.3%, those from the public are 56 respondents which were 50.9% while 24 respondents representing 21.8% were NITEL Staff. Going by this analysis, respondents from the public are more in numbered than those from BPE and NITEL put together. This was so because, it is only these set of Nigerians that can make their opinion known without fear or favor especially where they do not support the government's decision.

4.3 Corruption and Political Interference in the Privatization of NITEL

The first hypotheses tested in this study states that:

Corruption and political interference are the endemic factors responsible for unsuccessful privatization of NITEL

Therefore, respondents' responses to the questions in the questionnaire that relates to the first hypotheses were analyzed below using the following tables and oral interview responses.

Table 4.6: Q.11. Corruption and political interference could be said to be the endemic factors responsible for the unsuccessful privatization of NITEL

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	37	3	0
31-40	39	1	0
41-50	23	2	0
51 and above	5	0	0
Total	104	6	0
% Total	94.5%	5.5%	0%

Source: Survey Research, July, 2013

Table 4.6 shows that 94.5% of the respondents agree with the statement that corruption and political interference could be said to be the endemic factors responsible for the unsuccessful privatization of NITEL, 5.5% disagree while 0% are undecided. Going by this analysis, it is evidenced that corruption and political interference are the endemic factors responsible for the unsuccessful privatization of NITEL.

Further, Mr. Akinola's response to the following questions also support the above;
(Interview July 18, 2013)

1. What do you think that was responsible for five unsuccessful attempts to privatize NITEL?

Response; “Personal interest of the Politicians involved in the privatization process were placed against the national interest of Nigeria. Therefore, they employ every corrupt means to ensure that they have a stake in the ownership of the purported privatized NITEL”.

2. Even with politicians’ involvement in the process, do you think that BPE as the implementation agency in the privatization process ensured strict adherence to rules in the selection of companies that bided for NITEL?

Response; “BPE cannot achieve strict adherence to whatever rule because decisions of the agency are made by the politicians who head the agency. As you know, the tenure of these politicians are uncertain so they employ all possible means to ensure that they amass wealth once they are opportuned to be in position. Therefore, they would not give BPE such room to operate but will compel them to abide by their own rule.

3. Based on your knowledge, do you think that the privatization processes employed by BPE were transparent?

Response; “ Not at all, most Nigerians are not aware of what happened during the process instead, you would only hear the name of the company that is chosen as the preferred bidder and what happens afterwards, would not be made known to the public. So there is no transparency neither are they accountable to Nigerians”.

4. So, to what extent can you say that corruption and political interference are factors responsible for the unsuccessful privatization of NITEL?

Response; “In fact all other factors that contributed to such failure are rooted in the two (corruption and political interference)”.

From the above responses, it shows that there was no transparency in the exercise neither were there strict adherence to corporate rules of BPE, no accountability of the exercise, non assessment of the competency of the bided companies, (All characteristics of corruption) instead decisions on privatization of NITEL were formulated by politicians and directives on its implementation given to BPE public servant by their bosses who are politicians as well. Invariably all the processes in the privatization process of NITEL were directed and controlled by politicians through the above listed corrupt means.

Table 4.7: Q.12. The Politicians' interference in the privatization process of NITEL has rendered BPE helpless in the privatization of NITEL

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	40	0	0
31-40	39	1	0
41-50	22	3	0
51 and above	5	0	0
Total	106	4	0
% Total	96.4%	3.6%	0%

Source: Survey Research, July, 2013

As shown on table 4.7, 96.4% of the respondents agree that the politician's interference in the privatization process of NITEL has rendered BPE helpless in the privatization of NITEL, 3.6% disagree while 0% are undecided. It can be inferred that the interference of politicians in the process of privatization of NITEL contributed to ineffective and helpless state of BPE.

Further, Mr. Gana's response to the following questions also supports the above;
(Interview July 12, 2013)

1. Do you think that Politicians' interference in the privatization process of NITEL in any way affected BPE's role in the privatization of NITEL?

Response; "It was a determining factor, the success or failure of the exercise is dependent on that. In fact it has rendered BPE helpless in the privatization of NITEL".

2. Based on experiences of the attempted privatization of NITEL, is it enough to say that reputable companies were not selected to achieve the aim of that privatization?

Response; "of course yes".

Based on the above response, and the response given so far on the preceding interviews, it can be deduced that the politicians appointed to drive the process of privatization of NITEL were responsible for the selection of the companies that further declined the fortune of NITEL. Therefore, the interference of the politicians has rendered BPE helpless in achieving successful privatization in NITEL.

Table 4.8:Q.13. Based on experiences of the attempted privatization of NITEL, one can say that reputable companies were not selected to achieve the aim of privatization.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	35	5	0
31-40	38	1	1
41-50	22	2	1
51 and above	5	0	0

Total	100	8	2
% Total	90.9%	7.3%	1.8%

Source: Survey Research, July, 2013

On the above, 90.9 % agree that based on the experiences of the attempted privatization of NITEL one can say that reputable companies were not selected to achieve the aim of privatization, 7.3% disagree while 1.8% were undecided. From the response, it can be deduced that lack of competency and reputation on the part of the companies selected for the privatization of NITEL contributed immensely to the failed attempts of the privatization.

Beyond this, Mr. Gana's response in 2 above, further support the above view.

Table 4.9: Q.14. If you agree with 13 above, one can possibly say that the criteria for selection of bidders in the failed privatization of NITEL are wrong or the competences of the preferred bidders were in doubt.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	35	5	0
31-40	38	1	1
41-50	22	2	1
51 and above	5	0	0
Total	100	8	2
% Total	90.9%	7.3%	1.8%

Source: Survey Research, July, 2013

From the table above, 90.9% who agree with the previous question also agree that one can possibly say that the criteria for the selection of bidders were wrong or the competence of the companies that emerged as preferred bidders were in doubt. Also 7.3% disagree while 1.8 was still undecided. This indicated that there was no proper selection of the reputable and competent companies in the selection exercise therefore; it portrayed the fact that some companies were simply favored during the selection process.

Table 4.10: Q.15. BPE have been very fair and transparent in the selection of the companies that won the bid in the failed attempts to privatize NITEL.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	2	38	0
31-40	5	35	0
41-50	0	25	0
51 and above	0	5	0
Total	7	103	0
% Total	6.4%	93.6%	0%

Source: Survey Research, July, 2013

Figures on the above table depict that, 93.6% disagree that the BPE has been very fair and transparent in the selection of the companies that won the bid in the failed attempts to privatize NITEL, 6.4% agree that they were transparent while none was undecided. Therefore, majority of the respondents believe that BPE was not transparent in the selection of the companies that won the bid in the failed attempts to privatize NITEL.

Further, Mr. Gana and Malo's responses to the following questions also support the above;

1. Mr. Gana; Based on your knowledge, do you think that the privatization processes employed by BPE were transparent?

Response; “ Not at all, most Nigerians are not aware of what happened during the process instead, you would only hear the name of the company that is chosen as the preferred bidder and what happens afterwards, would not be made known to the public. So there is no transparency neither are they accountable to Nigerians”.

2. Mr. Malo; To what extent was BPE transparent in the process of privatization of NITEL?

Response; “BPE’s degree of transparency in the exercise was within the limits of what was approved for it to do”. On this, it then implies that the degree of transparency of the exercise was determined by the instruction given to the Officer handling the schedule. When asked to explain more on this he said, “for instance, an Officer in charge of media and publicity cannot make publications about BPE on his own without getting approval to air such publications or disclose such information on behalf of the office even when it falls within his schedule” (Interview July 9, 2013). It then implies that BPE staff discloses information about the transparency of the exercise only when they are instructed to do so by the politicians who are their bosses.

Table 4.11: Q.16.The fact that the companies that won the bids in the failed privatization of NITEL had problems with payment of the complete bid prize or fund management further buttress the fact that these companies were incompetent.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	32	8	0
31-40	37	3	0
41-50	22	2	1
51 and above	5	0	0
Total	96	13	1

% Total	87.3%	11.8%	0.9%
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Source: Survey Research, July, 2013

As shown on table 4.11, 87.3% agree with the statement, while 11.8% disagree and 0.9% was undecided. This further buttress the fact that, the failed and incompetent companies were simply favored but not selected on merit. Therefore, issues of competency and previous track records of companies needs to be checked while selecting companies for bidding in order to achieve the aims of privatization in NITEL.

Table 4.12: Q.17. Based on the above, do you then agree or disagree that these companies that were selected was selected possibly because some people hid behind NCP and BPE to favor these companies not minding their competencies.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	35	5	0
31-40	38	2	0
41-50	22	3	0
51 and above	5	0	0
Total	100	10	0
% Total	90.9%	9.1%	0%

Source: Survey Research, July, 2013

Table 4.12 has shown that, 90.9% of the respondents agree with the statement that the companies that were selected were selected because some people hid behind the NCP and BPE to favor these companies not minding their competences while only 9.1% disagree and 0% undecided. It can be deduced that, there was lack of transparency in the selection process of the companies. Therefore, the competencies of the companies were not taken into consideration.

Mr. Akinola's response to the question below also supports the above;

1. What do you think that was responsible for five unsuccessful attempts to privatize NITEL?

Response; "Personal interests of the Politicians involved in the privatization process were placed against the national interest of Nigeria. Therefore, they employ every corrupt means to ensure that they have a stake in the ownership of the proposed privatized NITEL". Therefore if the personal interest of the politicians are the overriding principle behind NITEL privatization, it can then be deduced that these politicians hide behind the incompetent companies that marred the process.

Table 4.13: Q.18. Bearing in mind the fact that politicians occupy the apex positions in BPE, and NCP, do you agree or disagree that these politicians are responsible for the selection of those incompetent companies that participated in the failed NITEL privatization.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	36	4	0
31-40	38	2	0
41-50	22	2	1
51 and above	5	0	0
Total	101	8	1
% Total	91.8%	7.3%	0.9%

Source: Survey Research, July, 2013

From the table above, 91.8% agree with the statement that the politicians who also occupy the apex positions in NCP and BPE were responsible for the selection of those incompetent companies that were selected during the NITEL bid process. 7.3% disagree while 0.9% was undecided. From the analysis, it was obvious that the involvement of top

politicians who occupy the apex positions in NCP and BPE, thereby take decisions about the selection of companies during the NITEL bid process was improper, thus they influenced the selection of the wrong companies instead of it being based on competence and good track records.

Mr. Dikki and Malo's response to the question below further buttress the above response; (Interview July 8 & 9, 2013 respectively)

When asked whether BPE assessed the competencies of the companies that bided in the failed privatization of NITEL before selecting such companies?

Both responded; "You could recall that BPE's mandate was to ensure the implementation of the privatization policy as made by NCP". Further he said that "what this implies is that in terms of privatization, NCP is the apex body charged with the responsibility of formulating and approving policies. The companies that were selected for bidding were considered at that level".

From the above, one can deduce that the incompetent companies were approved by NCP.

Table 4.14: Q.19. Based on the experiences of the attempted privatization of NITEL, one can say that political interference in the privatization process has contributed greatly in BPE's ineffectiveness in achieving successful privatization in NITEL.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	34	6	0
31-40	37	3	0
41-50	22	2	1
51 and above	5	0	0
Total	98	11	1

% Total	89.1%	10%	0.9%
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Source: Survey Research, July, 2013

Table 4.14 reveals that 89.1% of the respondents agree with the statement that political interference in the privatization process has rendered BPE ineffective in achieving successful privatization of NITEL. 10% disagree with the statement while 0.9% was undecided. Therefore, ineffectiveness of BPE in achieving successful privatization of NITEL were mostly caused by the interference of the politicians who invariably did not allow BPE to adhere fully to its cooperate regulations and ethics.

Table 4.15: Q.20. Post privatization regulatory bodies are very necessary to nurture and regulate the newly privatized firms especially the case of NITEL.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	36	4	0
31-40	34	6	0
41-50	22	2	1
51 and above	5	0	0
Total	97	12	1
% Total	88.2%	10.9%	0.9%

Source: Survey Research, July, 2013

In the table shown above, 88.2% agree with the statement that post privatization regulatory bodies are needed to nurture and regulate the newly privatized firms while 10.9% disagree and 0.9% was undecided. This signifies that the presence of post

privatization regulatory agencies will help the newly privatized firms in achieving the aims and objectives for which they were privatized.

Table 4.16: q. 8. BPE has been Successful in the Privatization of NITEL due to corruption and political interference inherent in the process.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	0	40	0
31-40	0	38	2
41-50	0	23	2
51 and above	0	5	0
Total	0	106	4
% Total	0%	96.4%	3.6%

Source: Survey Research, July, 2013

The above table depicts that, 96.4% of the respondents disagree with the statement while 0% respondent agreed and 3.6% undecided. From this analysis, it is evidenced that BPE has not achieved its objectives of privatizing NITEL.

4.4 BPE's failure and political interference in NITEL privatization

To examine the second hypotheses in this study as stated in table 4.17 below, respondents' responses to the questionnaires as it relates to the hypothetical statement

were illustrated in the subsequent tables. Their analyses were made supported with the oral interview responses.

Table 4.17 Q. 9 BPE has not been Successful in the Privatization of NITEL due to political interference and corruption inherent in the process.

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	37	0	3
31-40	39	0	1
41-50	25	0	0
51 and above	5	0	0
Total	106	0	4
% Total	96.4%	0%	3.6%

Source: Survey Research, July, 2013

The table above shows that 96.4% agree that the BPE has not been successful in the privatization of NITEL due to political interference and corruption inherent in the process. None disagreed while 3.6% were undecided. This denotes that the unsuccessfulness of BPE in the privatization of NITEL was attributed to political interference and corruption.

Also, the responses given by Mr. Akinola during the oral interview further support the above view. When asked, Do you think that Politicians' interference in the privatization process of NITEL in any way affected BPE's role in the privatization of NITEL?

Response; "It was a determining factor, The success or failure of the exercise is dependent on that, in fact it has rendered BPE helpless in the privatization of NITEL".

Subsequently, in response to the question; To what extent can you say that corruption and political interference are factors responsible for the unsuccessful privatization of NITEL? He said that; “In fact all other factors that contributed to such failure are rooted in the two (corruption and political interference)”.

Table 4.18 Q. 10. The privatization of NITEL was marred with so many lapses associated with administrative limitations of BPE

Age Range	No of Agree	No of Disagree	No of Undecided
20-30	40	0	0
31-40	39	0	1
41-50	22	0	3
51 and above	5	0	0
Total	106	0	4
% Total	96.4%	0%	3.6%

Source: Survey Research, July, 2013

From the table above, 96.4% agree with the statement, 3.6% were undecided while none disagreed. Based on this, it can be deduced that the privatization of NITEL was marred with so many lapses associated with administrative limitations of BPE. These include bureaucratic bottleneck, political influence, favoritism, incompetency and some others.

The responses given by Mr. Gana during the oral interview further support the above view. On the question; Do you think that BPE as the implementation agency in the privatization process ensured strict adherence to rule in the selection of companies that bided for NITEL all these while?

He responded; “BPE cannot achieve strict adherence to whatever rule because decisions of the agency are made by the politicians who head the agency. As you know, the tenure of these politicians are uncertain so they employ all possible means to ensure that they amass wealth once they are opportune to be in position. Therefore, they would not give BPE such room to operate but will compel them to abide by their own rule.

Also the following responses from Mr. Malo and Mr Dikki both from BPE further buttress the above view. When asked;

1. To what extent were the BPE corporate ethics and rules strictly adhered to in the process of privatization of NITEL?

Response; “It is true that BPE’s corporate ethics and rules exist but as public servants BPE staff are always required to act as directed. So the issue of following strictly corporate ethics and rules does not arise since part of the rule which a public servant must abide by is obedience to their bosses that is acting as directed”.

2. To what extent was BPE transparent in the process of privatization of NITEL?

Response; “BPE’s degree of transparency in the exercise was within the limits of what was approved for it to do”. On this, it then implies that the degree of transparency of the exercise was determined by the instruction given to the officer handling the schedule. When asked to explain more on this he said, “for instance, an officer whose schedule is media and publicity cannot make publications about BPE on his own without getting approval to air such publications or disclose such information on behalf of the office even when it falls within his schedule”.

3. When asked whether BPE assessed the competency of the companies that bided in the failed privatization of NITEL before selecting such companies?

Both responded; “You could recall that BPE’s mandate was to ensure the implementation of the privatization policy as made by NCP”. Further Malo said that “what this implies is that in terms of privatization, NCP is the apex body charged with the responsibility of formulating and approving policies. The companies that were selected for bidding were considered at that level”.

From the above, one can deduce that the incompetent companies were approved by NCP.

4. When asked what the membership of NCP is composed of?

Response; “NCP has the Vice President as its Chairman, the Minister of Finance as its Vice Chairman, the Director General of BPE as the secretary, the Attorney General of the Federation and Minister of Justice, Minister of industry while the supervising Minister of the affected public enterprise may be co-opted to attend relevant meetings of the council”.

From the response to question 4 above, it can be deduced that politicians either through election or by virtue of their appointments to such offices, occupy this apex position at NCP where policies on privatization are formulated and approved. Therefore, it implies that the choice of the incompetent companies that bided in the five unsuccessful attempts at privatizing NITEL were approved by these politicians.

5. When asked, whether it was possible that some of these politicians (NCP leadership) in one way or the other brought the companies based on their personal interest?

They declined the answer based on the reason that they are not members of the Council so would not know what transpired there.

6. When asked, what is the composition of BPE’s leadership at the Board and Executive Management level?

Response, the Board members are political appointees of the Federal government of Nigeria, likewise the Director General of BPE”.

From the above, it was deduced that the composition of BPE leadership are equally politicians who are appointed for a specific number of years and in most cases are rarely punished for misdeeds instead they would be relieved of their duty while the consequences of their action are left for all Nigerians to bear. Therefore, it is obvious that from the composition of the NCP and BPE leadership, politicians are responsible for the policy formulation, approval and implementation in privatization of public enterprises in Nigeria especially NITEL. The public servants who are not chief executives are more or less regarded as mere servants whose duties must be carried out as directed. Consequently, the above substantiate the fact that non independence of BPE has posed a big threat to the success of privatization of NITEL.

7. When asked, what do you think could be responsible for the choice of companies approved by NCP? Both staff of BPE responded that they do not know but the same question was asked Mr. Akinola, a Nigerian self employed Computer Engineer.

He responded that “it is the personal interest of the politicians involved in the privatization process that is responsible for such choice of companies. Each wants to have a stake in the deal”. He lamented that “These politicians has robbed the country of all of its treasured assets”

from (7) above, since the politicians makes and approves decisions on privatization for BPE to implement and even at the Board and Executive Management level, politicians still drive the implementation process with the remaining staff of BPE (Public servants) as mere errand boys. It therefore implies that the decision at that level must have been

driven by the personal interest of the various politicians involved in the privatization of NITEL while the incompetency shown by the selected companies depicts that due process were not followed else there would be no reason to have embarked on five attempt that all ended in a failure without anybody being held responsible or sanctioned.

4.5 Test of Hypotheses

Ho: i Corruption and political interference are the endemic factors responsible for the unsuccessful privatization of NITEL.

Table 4.I9: Showing the Response Rate to the Questions that Tested the 1st Hypothesis, HO: i

Number of Respondents	Corruption and political interference are the endemic factors responsible for unsuccessful privatization of NITEL. HO: i
Agreed	94.5%
Disagree	5.5%
Undecided	0%
Total Respondents for Agree, Disagree or Undecided	100%

Source: Survey Research, July, 2013

The above table shows that in the statement that tested the hypotheses H0:i, which was shown in table 19, 94.5% agreed that corruption and political interference are the endemic factors responsible for the unsuccessful privatization of NITEL while 5.5% disagreed and 0% undecided. Therefore, the number of respondents that agreed = $94.5/100 \times 110 = 104$. This then implied that 104 respondents out of 110 agreed that corruption and political

interference are the endemic factors responsible for unsuccessful privatization of NITEL.

While $5.5/100 \times 110 = 6$ disagreed and none was undecided.

Table 4.20: Showing the Response Rate to the Questions that Tested the 2nd Hypothesis,

H1: i

H1: i The Bureau of Public Enterprises has not been successful in the privatization of NITEL due to corruption and political interference inherent in the process.

Number of Respondents	The Bureau of Public Enterprises has not been successful in the Privatization of NITEL due to political interference inherent in the process. HI: i
Agreed	96.4%
Disagree	0%
Undecided	3.6%
Total Respondents for Agree, Disagree or Undecided	100%

Source: Survey Research, July, 2013

The above table shows that in the statement that tested the hypotheses H1:i, 96.4% agreed that BPE has not been successful in the privatization of NITEL due to corruption and political interference inherent in the process, while 0% disagreed and 3.6% were undecided.

Therefore, number of respondents that agreed = $96.4/100 \times 110 = 106$. This implied that, 106 respondents out of 110 agree that The Bureau of Public Enterprises has not been successful in the privatization of NITEL due to corruption and political interference

inherent in the process. However, $3.6\% = 3.6/100 \times 110 = 4$ were undecided while none disagreed.

Conclusively, going by the two hypothetical statements above, and from the responses given, it can be deduced that in the test for hypothesis, hypothesis $H_{0:i}$ and $H_{1:i}$ are widely accepted by the highest percentage of the respondents. Therefore, the greater majority of the respondents are of the opinion that BPE has not been successful in the privatization of NITEL due to corruption and political interference inherent in the process, while corruption and political interference are the endemic factors responsible for unsuccessful privatization of NITEL. (Questionnaire, July, 2013).

4.6 Challenges in the NITEL Privatization Process

In Nigeria, the implementation of government policies has always been bedeviled by a lot of challenges. These challenges, as we shall briefly look at have actually hindered the successful implementation of some of BPE policies on privatization especially as it concerns NITEL.

1. **Corruption:** Corruption has remained the omnipresent obstacle that has eroded the very essence of the exercise that is, providing efficient public service to the Nigerian public through the private sector at subsidized and competitive rates. The fundamental components of corruption is that the very basics of privatization laws and rules are often partially relegated or entirely discarded for expediency or self interest in the conduct of the exercise. In addition, genuine privatization consultants are out of favor from the exercise for those who are incompetent.

The consensus among privatization consultants is that Nigerian privatization exercise is riddled with corruption. (Onjefu Adoga, 2008: 25) It is more shocking that from 1999 till date, the EFCC and ICPC has never audited, investigated or prosecuted any public officer or Government official for economic sabotage or crime arising out of privatization. The form of corruption is ever dynamic and all conquering. Superior technical bids most times do not decide the successful bid for a firm. Selected core investors are suddenly incapable of paying for firms after being certified as technically and financially sound. Companies with small asset turnover are concessioner to handle larger public agencies, bigger than their capacities. Financial records of privatized firms are often not audited or at best incoherent. Due diligence is conducted at the data room of the BPE instead of a full physical and financial audit of the Government firm creating room for manipulations and distortions. Landed Assets of principal Government corporations are manipulated and converted as those of subsidiaries. Asset acquisition agreements or share purchase agreements are often lopsided leading to unnecessary court litigations. (Onjefu, 2008: 29). Example of this was seen when NITEL suffered a N53 Billion deficit during the Pentascope management contract.

2. Lack of Transparency of the Exercise

Various stakeholders have expressed their reservations about the level of transparency in the entire exercise. Besides all the euphemisms of transparency, there exists a challenge of illiberalism. Advertised criteria for selection of bidders and consultants are different from those used for selection, there are non responses or acknowledgments to expression of interest sent in by bidders and consultants, surreptitious and unadvertised sales, lack of consultation with stakeholders, hidden fees or charges, undervaluation, extension and re-extension of payment deadlines, sudden changes of preferred bidders to alternative bidders,

undue political interference, due diligence conducted by non professionals instead of external independent auditing and law firms, etc. Service delivery standards certainly need to be enhanced through strict internal control mechanisms to best global standards.

3. Lack of Public Accountability

Since all the faulty or controversial decisions are made by Government officials in the exercise, the question arises as to who owes the responsibility and accountability to whom in the several privatization scandals that have unfolded in recent years. Can a Regulator regulate itself and can one be a Judge in one's own court? The National Assembly that ought to check the excesses of our Privatization Czars all seem compromised in their functions or don't have enough information. The Judiciary is doing its best but still lacks the basic information required to sweep the entire process clean of corruption.

4. Non-audit or evaluation of the exercise.

Since 1999 when the Privatization Act became law and with the BPE having privatized a good number of public enterprises slated for privatization, Nigerians has never been privileged to experience a full audit or probe of all privatization exercises to determine who sold what public enterprise, to whom was it sold, at what price, and what is the performance record of the privatized firms. This non audit or evaluation of the exercise has only encouraged certain Government officials to sabotage the exercise, grow in confidence and statute while majority of the privatized public enterprises remain prostrate in unnecessary crises.

5. Limited Judicial and Juristic Review

Research and case law on Nigerian privatization matters are still scarce. The dearth of case law on Nigerian privatization matters has inadvertently stifled the overall growth of case law on this genre of law as ouster clauses and lack of capacity has hindered aggrieved parties from seeking refuge in Nigerian courts. This can be attributed basically to Section 23 of the Privatization Act 1999 which contains an ouster clause of court suits against the BPE. Judicial review or court supervision of the entire privatization exercise must be maximized.

6. Lack of Human Capacity Building

Human capacity development is one of the cardinal roots of all economic policies. Policies are better implemented by experienced and trained personnel. From practical experience, a considerable number of BPE staff do not understand the concept of privatization. While the upper echelon staffs are well versed having gathered considerable experience from training and work history, what happens if there is a sudden lacuna for experienced personnel on privatization matters? There is a definite need to build capacity among all privatization staff, stakeholders and consultants (Onjefu, 2008: 29).

7. Administrative Limitations of BPE

The Bureau of Public Enterprises is the statutory Government agency charged with the implementation of the privatization process in Nigeria. However, it has been encountering

severe administrative challenges that has restricted or dampened its effectiveness. The leadership of BPE and NCP who formulates policy, approves and direct its implementation are politician whose personal interest are the underlying principles behind privatization in Nigeria. This has rendered the agency handicapped in carrying out its duties as mandated.

8. *Loss of Experienced Manpower*

We have continued to witness frequent industrial squabbles in privatized public enterprises. The crux of retrenchment of employees of public firms undermines decades of manpower experience and waste of training funds used to train staff of privatized firms. The result is the saturation of the unemployment market and wanton waste of valuable experience and technical know-how. None or late payment of retrenchment benefits has continued to generate frequent industrial squabbles as seen in NITEL. It is obvious that organized labour had a lot of reservations especially in the face of possible loss of jobs as private investors are not likely to absorb the entire workforce. The proper labor policy to resolve terminal benefit matters is collective bargaining involving the BPE, the management of the public enterprise, the management of the private firm, the employees union of the public enterprise, other professional consultants etc. Provisions in share transfers agreements should be made for absorption of old employees in the new private firm. If this fails, then Nigerian courts should be the final arbiter in the resolution of all industrial matters particularly the National Industrial Court and the Federal High Courts.

In conclusion, the infusion of the above suggested reforms will certainly stimulate and ensure optimal value of privatization to the Nigerian economy in the longer term. With a new government and economic team, a restructured National Council on Privatization and BPE, it

will be a brand new opportunity to inculcate best global practices into the Nigerian privatization exercise.

4.7 Summary of Research Findings

Arising from the data presented above, the following research findings were made:

1. It was discovered that the BPE was not successful in its quest to privatize NITEL due to corruption and political interference inherent in the process. This contradicts the aims and objectives of BPE as initially stated in its roles. This has further exacerbated the existing privatization's problems and as well, widened the gap between the technologically developed and under-developed world.
2. Secondly, it was found that the privatization would have been successful if the rules were holistically adhered to devoid of corruption and political interference.
3. Thirdly, it was discovered that corruption and political interference are the endemic factors that have marred the process of privatization of NITEL
4. Further, it was discovered that the privatization process was not transparent and BPE's administrative limitations rendered the agency handicapped.
5. Lastly, the study further discovered that politicians' interference in the process of privatization in Nigeria has derailed the entire process. Therefore, apart from NITEL, other public agencies like former NEPA (now PHCN) have suffered similar fate of non or full privatization; even where some have been 'privatized', they have remained docile

because the qualified bidders were not allowed to buy them due to politicians influences and favoritism.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, RECOMMENDATIONS

5.1 Summary

The dissertation examined the endemic factors responsible for BPE's failure in achieving successful Privatization of NITEL. These factors were identified to be Corruption and political interference inherent in the process. Also, other challenges in that privatization process were revealed and recommendations offered.

To achieve the above, a problem of six unsuccessful attempts at privatizing NITEL which has rendered the company non functional was identified. This led to the research into the role of BPE in the privatization of NITEL with a view to find out the reasons for the failure. To explore the causes of the problem, some questions were raised as the research questions. To further examine the reasons, the hypotheses were stated as "Corruption and Political interference are the endemic factors responsible for the unsuccessful privatization of NITEL". The hypotheses were analyzed to find out whether it really answered the questions to the problem. Out of it, findings were made and the causes of BPE's failure in NITEL were observed. Inferences were drawn and recommendations were also offered. We believe that the results are in agreement with the result of some similar researches on privatization.

However, the result clearly shows that the BPE's failure in achieving successful privatization of NITEL were due to political interference involved in the process which caged the agency from performing its role as statutorily mandated.

The research also demonstrated how a given privatization process can be disrupted if the government does not authorize an independent body to oversee the process.

5.2 Conclusions

As earlier stated, the dissertation dwelt on investigating how Corruption and political interference were the endemic factors responsible for BPE's failure in achieving successful Privatization of NITEL. Generally privatization is a private driven instrument used in ensuring adequately private involvement in the provision of goods and services in public agencies. However, the process taken in the course of privatization is equally important, as this will determine to a large extent its success, its impact and the achievement of its objectives. As earlier stated, the BPE should be allowed to perform its statutory functions with minimal political interference which will be achieved by making the composition of the NCP board less of political appointees, making the statutory powers of BPE to be reasonably independent and ensure the involvement of all the stakeholders in the exercise so as to have reasonable knowledge about the best way to achieve successful privatization in NITEL and other agencies slated for privatization.

5.3 Recommendations

Based on the findings made in this work, the following recommendations were offered:

1. On the first finding, where it was discovered that the BPE was not successful in its quest to privatize NITEL due to corruption and political interference inherent in the process. It was recommended that the privatization process in Nigeria should be made to be free from the interference of politicians in government. The state

should empower the body responsible for privatizing public enterprises to do its job independently.

2. Also, there is the need to make BPE solely responsible for privatization with all other stakeholders and professionals being represented during the privatization of any agency. This will ensure best practices in the process.
3. On the finding that “BPE did not adhere to corporate rules and ethics” It was recommended that there should be strict enforcement of corporate regulations and ethics which will help to improve upon the Nigerian privatization exercise.
4. Further, on the finding “That the privatization process was not transparent and BPE’s administrative limitations rendered the agency handicapped” it was recommended that the process of privatization should be made transparent with regular auditing of the exercise.
5. Furthermore, on the finding that “Politicians interference in the process of privatization in Nigeria has derailed the entire privatization process”. It was recommended that political interference should be minimally reduced should Nigeria desire to make progress in its privatization policies. Also, the competency of the companies considered in the privatization process should be properly assessed before they are allowed to qualify as bidders. This can only be achieved if the aforementioned recommendations are put in place.
6. Finally, there should be a post privatization monitoring body to monitor the progress of the privatized firms especially the newly privatized ones.

5.4 Suggestions for Further Studies

The following areas can further be researched for more findings:

In the process of conducting this scholarly study, more questions may have been raised than answered. The study proposes additional research into the following areas to arrive at satisfactory conclusion;

1. To study and analyze the 2015 privatization of NITEL with a view to find out how successful it is, whether there are overwhelming presence of political interference in it especially at this period when the nation has high expectation on the government that is zero tolerant to corruption.
2. The nature of Nigerian Privatization.
3. What could be the best approach to successful privatization of NITEL if the 2015 privatization fails?

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Appendix I

Dear Respondent,

This questionnaire is meant to aid a research study in partial fulfillment for the award of Master of Science Degree in Political Science at Bayero University Kano.

It is made to aid the researcher to find out empirically, the role of the Bureau of Public Enterprises in the privatization of NITEL.

Your cooperation is highly needed in the completion of the Questions. You are assured that all information will be treated in confidence.

Thanks for your anticipated cooperation.

INTRODUCTION

SECTION A: Tick the most appropriate box

1. Sex Male() Female()
2. Age 20-30() 30-60()
3. Marital Status (a) married () (b) Divorced() (c) Separated() (d) Single ()
4. Educational background (a) Diploma/Equivalent() (b) HND() (c) BSC()
(d) MSc() (e) Phd ()

Fill in the appropriate answer to the question below

5. Position/Rank
6. Department
7. Organization

SECTION B

In this section, choose, by ticking from the answers provided that which best represent your view.

Agree as A

Strongly Agree as SA

Disagree as D

Undecided as UN

Strongly Disagree as SD

	A	SA	D	UN	SD
8. The BPE has been successful in the privatization of NITEL even with corruption and political interference inherent in the process.					
9. The BPE has not been successful in the privatization of NITEL due to corruption and political interference inherent in the process					
10. The privatization of NITEL was marred with so many lapses associated with Administrative limitations of the BPE					
11. Corruption and political interference could be said to be the endemic factors responsible for the unsuccessful privatization of NITEL					
12. The politician's interference in the privatization process of NITEL has rendered BPE helpless in the privatization of NITEL.					
13. Based on experiences of the attempted privatization of NITEL, one can say that reputable companies were not selected to achieve the aim of privatization.					
14. If you agree with 13 above, one can possibly say that the criteria for selection of bidders are wrong or the competences of the preferred bidders were in doubt.					
	A	SA	D	UN	SD
15. BPE has been very fair and transparent in the selection of the companies that won the bid in the failed attempts to privatize NITEL					

SECTION C: In this section circle the letter that contains the answer that best represent your view.

16. The fact that the companies that won the bids in the failed privatization of NITEL had problems with payment of the complete bid prize or fund management further buttress the fact that these companies are incompetent.

- (a) Agree.
- (b) Disagree.
- (c) Undecided

17. If (b) above answers your question in 16, it then implies that these companies that were selected was selected possibly because either same people hid behind NCP and BPE to favour these companies not minding their competence

- (a) Yes
- (b) No
- (c) Undecided

18. Bearing in mind the fact that politicians occupy the apex positions in BPE, and NCP, do you agree or disagree that these politicians are responsible for the selection of those incompetent companies that participated in the failed NITEL privatization.

- (a) Agree
- (b) Disagree
- (c) Undecided

19. Based on the experiences of the attempted privatization of NITEL, one can say that political interference in the privatization process has contributed greatly in BPE's ineffectiveness in achieving successful privatization in NITEL.

- (a) Yes
- (b) No
- (c) Undecided

20. Post privatization regulatory bodies are very necessary to nurture and regulate the newly privatized firms especially the case of NITEL.

- (a) Yes
- (b) No
- (c) undecided

Oral Interview Questions and Responses

In the course of this research, Mr Dikki, Director communication and capital market BPE, and Mr Malo, the Deputy director oil and gas, BPE were asked the same questions at different time on BPE and NCP relevant areas while Mr Akinola, a computer Engineer and Mr. Gana were interviewed on general issues about privatization and the following responses were obtained.

To Mr Malo and Dikki the following questions were asked.

(1) What is BPE corporate ethics all about?

In response, both said “BPE must conduct their affairs with uncompromising honesty and integrity.”

(2) To what extent were the BPE corporate ethics and rules strictly adhered to in the process of privatization of NITEL?

Response; “It is true that BPE corporate ethics and rules exist but as public servants BPE staff are always required to act as directed. So the issue of following strictly corporate ethics and rules does not arise since part of the rule which a public servant must abide by is obedience to their bosses, acting as directed”.

(2) To what extent was BPE transparent in the process of privatization of NITEL?

Response; “BPE’s degree of transparency in the exercise were within the limits of what was approved for it to do”. On this, it then implies that the degree of the transparency of the exercise was determined by the instructions given to the officer handling the schedule. When asked to explain more on this he said, “for instance, an officer in charge of media and publicity cannot make publications about BPE on his own without getting approval to air such publications or disclose such information on behalf of the office even when it falls within his schedule”.

(4) When asked whether BPE assessed the competency of the companies that bided in the failed privatization of NITEL before selecting such companies?

Both responded; “You could recall that BPE’s mandate was to ensure the implementation of the privatization policy as made by NCP”. Further he said that “what this implies is that in terms of privatization, NCP is the apex body charged with the responsibility of formulating and approving policies. The companies that were selected for bidding were considered at that level”.

From the above, one can deduce that the incompetent companies were approved by NCP.

(5) When asked what the membership of NCP is composed of?

Response; “NCP has the Vice President as its Chairman, the Minister of Finance as its Vice Chairman, the Director General of BPE as the secretary, the Attorney General of the Federation and Minister of Justice, Minister of industry while the supervising Minister of the affected public enterprise may be co-opted to attend relevant meetings of the council”.

From question 5 above, it can be deduced that politicians either through election or by virtue of their appointments to such offices, occupy this apex position at NCP where policies on privatization are formulated and approved. Therefore, it implies that the choice of the incompetent companies that bided in the five unsuccessful attempts at privatizing NITEL were approved by these politicians.

6. When asked, whether it was possible that some of these politicians (NCP leadership) in one way or the other brought the companies because of their personal interest?

They declined the answer based on the reason that he is not a member of the council so would not know what transpired there.

7. When asked, What is the composition of BPE leadership at the Board and Executive Management level?

Response, the Board members are political appointees of the Federal government of Nigeria, likewise the Director General of BPE”.

From the above, it was deduced that the composition of BPE leadership are equally politicians who are appointed for a specific number of years and in most cases are rarely punished for misdeeds instead they would be relieved of their duty while the consequences of their action are left for all Nigerians to bear. Therefore, it is obvious that from the composition of the NCP and BPE leadership, politicians are responsible for the policy formulation, approval and implementation in privatization of public enterprises in Nigeria especially NITEL. The public servants who are not chief executives are more or less regarded as mere servants whose duties must be carried out as directed. Non independence of BPE has posed a big threat to the success of privatization of NITEL.

8. When asked, what do you think could be responsible for the choice of companies approved by NCP? They declined the answer but the same question was asked Mr. Akinola, a Nigerian self employed Computer Engineer.

He responded that “it is the personal interest of the politicians involved in the privatization process that is responsible for such choice of companies. Each wants to have a stake in the deal”. He lamented that “These politicians has robbed the country of all of its treasured assets”

from (8) above, since the politicians makes and approves decisions on privatization for BPE to implement and even at the Board and Executive Management level, politicians still drive the implementation process with the remaining staff of BPE (Public servants) as mere errand boys. It therefore implies that the decision at that level must have been driven by the personal interest of the various politicians involved in the privatization of NITEL while the incompetency shown by the selected companies depicts that due process were not followed else there would be no reason to have embarked on five attempt that all ended in a failure without anybody being held responsible or sanctioned.

9. When asked, whether any form of sanction was given to the companies especially Pentascope that further incurred additional debts for NITEL when contracted to manage it.

Mr. Malo declined by saying that BPE reveals information within the limit that it is permitted to do so” Therefore whether sanction was given to the companies that declined the fortune of NITEL , or not, it was not made public so based on the above the study was able to find out that BPE has not been successful in the privatization of NITEL due to political interference inherent in the process. Also, political interference and corruption are the endemic factors responsible for the unsuccessful privatization of NITEL from 2001 till 2014. It was only in January 2015 that NATCOM consortium bought over NITEL but the success of the latest transaction and privatization would be suggested for further studies as it would be too early to assess its success. Further, Mr. Akinola was asked the following questions

5. What do you think that was responsible for five unsuccessful attempts to privatize NITEL?

Response; “Personal interest of the Politicians involved in the privatization process were placed against the national interest of Nigeria. Therefore, they employ every corrupt means to ensure that they have a stake in the ownership of the proposed privatized NITEL”.

6. Even with politicians involvement in the process, do you think that BPE as the implementation agency in the privatization process ensured strict adherence to rule in the selection of companies that bided for NITEL all these while?

Response; “BPE cannot achieve strict adherence to whatever rule because decisions of the agency are made by the politicians who head the agency. As you know, the tenure of these politicians are uncertain so they employ all possible means to ensure that they amass wealth once they are opportuned to be in position. Therefore, they would not give BPE such room to operate but will compel them to abide by their own rule.

7. Based on your knowledge, do you think that the privatization processes employed by BPE were transparent?

Response; “ Not at all, most Nigerians are not aware of what happened during the process instead, you would only hear the name of the company that is chosen as the preferred bidder and what happens afterwards,would not be made known to the public. So there is no transparency neither are they accountable to Nigerians”.

8. So, to what extent can you say that corruption and political interference are factors responsible for the unsuccessful privatization of NITEL?

Response; “In fact all other factors that contributed to such failure are rooted in the two (corruption and political interference)”

9. Do you think that Politicians’ interference in the privatization process of NITEL in any way affected BPE’s role in the privatization of NITEL?

Response; “It was a determining factor, The success or failure of the exercise is dependent on that. Infact it hasrendered BPE helpless in the privatization of NITEL”.

10. Based on experiences of the attempted privatization of NITEL, is it enough to say that reputable companies were not selected to achieve the aim of that privatization.

Response; “of course yes”

11. If you agree with 6 above, would you infer that the criteria for selection of bidders in the failed privatization of NITEL are wrong or the competence of the preferred bidders were in doubt.

Response; “Both the criteria for selection of bidders and the competence of the preferred bidders were in doubt”