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Privatization and Deregulation, a Panacea to Nigeria's Economic Challenges?

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Abstract

Privatization, according to the section 14 of the privatization and commercialization decree 1998 refers to relinquishing of parts or all of the equity and the other interests held by the Federal government. Deregulation entails the removal of rules or regulations to make the economy competitive and open up the market. Nigeria as a nation has adopted the policy over the years, which has resulted into both negative and positive socio-economic consequences. However, the policies have propelled economic development in some countries around the world, thus; this paper describe privatization and deregulation as a panacea to economic

challenges if properly implemented in Nigeria. To this end, the paper gave a background to privatization and deregulation in Nigeria and gave a critical assessment of the policy in Nigeria, benefits and challenges. Neo-liberalism and elite theories were used as theoretical perspectives to explain the paper. It made use of secondary data to analyze the scope of the study. However, the paper called for the need for a comprehensive post privatization evaluation analysis for all the privatized organizations and deregulation reforms

Key Words: Privatization, Deregulation, Commercialization

Introduction

UP NEPA! The ecstatic joyful shout heard in many households and streets in Nigeria whenever the unreliable power supply is restored, only for the joy to change to anger and frustration with words like “Oloshi Lawon Nepa Yii Sha” (These NEPA people are wretched) when the power supply is suddenly cut off. NEPA stands for National Electric Power Authority, the erstwhile electric body in charge of the power sector in Nigeria. Due to the various problems faced by the authority since its inception such as mismanagement, despite the amount of money sunk into the power sector (for example, over 2 billion Dollars was spent in 2006/2007 by the Obasanjo regime), corruption, incessant and unreliable power supply, sabotage and many other problems, the power sector was finally handed over to private investors in September 2013 ending the privatization process and reforms that began in 2005 with the changing of the name from NEPA to PHCN (Power Holding Company of Nigeria) in 2005. It was divided into 18 successor companies which include 11 distribution companies, 6 generation companies and a national transmission company; then, the selling of all the successor companies to private investors in April 2013. It was believed that with this process, the various problems associated with this sector will be over and Nigeria will begin to enjoy uninterrupted power supply with various investments that will pour into it and it will also provide job opportunities for all and sundry.

However, six years after, the problems associated with the power sector has worsened from less power supply to discriminatory retrenching and sacking of workers in the former PHCN to exploitation of consumers. Nigerians have not enjoyed the benefit of deregulation and privatization reforms that took place in the power sector. What then is the essence of deregulation and privatization in the power sector if the problems it was supposed to solve still persists? The power sector is not the only sector that has undergone the deregulation and privatization process. Starting with the adoption of the Structural Adjustment Programme (SAP, hereafter) in 1986 of which some of its policies include the transfer of the control of many important sectors of the economy to private investors, reduction of government spending, and reducing government (deregulation) regulations among many others. Many sectors of the Nigerian economy had undergone regulation and privatization process. Some of these sectors include the petroleum sector starting from 1988 with the commercialization of oil blocks, the educational sector especially tertiary education with establishment of private universities starting from the late 90s, to many other sectors and industries where privatization and deregulation had taken place with the establishment of the Bureau of Public Enterprise in 1998 and National Council on Privatization in 1999, the two bodies saddled with the responsibility of privatizing the public sector (Igbuzor, 2007).

The reasons for the privatization of the public sectors and opening up of the different sectors of the Nigeria economy include to increase productive efficiency, higher capacity utilization and increase employment opportunities, re-allocation of resources to needed areas of government activities, provide more income for the government as well as reduce mismanagement and redundancy in the public sector, improve the economy, leading to economic growth and development, rapid industrialization among others (Nwoye, 2007).

Despite these reasons for the adoption of privatization and deregulation in many developing countries round the world including Nigeria, many critics including academics, activists, labour leaders, journalists and a large section of the general public have argued that privatization and deregulation had led to mass unemployment and under employment of Nigerian workers instead of solving unemployment, led to devaluation of the currency, benefit only a few, especially the politicians who pocket the proceeds from the sales of these public enterprises and made the majority poorer, increasing price of goods and services thereby causing economic hardships among others (Igbuzor 2007; Kalejaiye & Lawal 2013; Nwoye 2007).

The essence of this paper is not to determine whether privatization and deregulation policy is good or bad. It is rather to determine whether in all ramifications it can serve as a solution to the various problems and economic challenges facing Nigeria especially in this period where reduction in the world oil price is gradually causing problems in the economy with Nigeria over-dependent on oil and the various attempts to diversify the economy.

To this the end, this paper will in the subsequent sections explain the historical background to privatization and deregulation policies, give an assessment of the policies in Nigeria. The prospects, challenges, and proffer recommendations to the problems facing the implementations and success of the policies in Nigeria.

Conceptual Clarifications

Privatization

Privatization can simply be defined as the transfer of ownership and control of enterprises from the state to the private sector. According to the Privatization and Commercialization Act of 1988 and the Bureau of Public Enterprises Act of 1993, Privatization refers to the relinquishment of part or all of the equity and other interests held by the Federal Government or any of its agencies, in enterprises whether wholly or partly owned by the Federal government. Basically, privatization is a phenomenon of interrelated activities aimed at reducing government ownership and control of public enterprises especially redundant and failed public enterprises, and promotes private sector involvement in the sectors where these public enterprises are active while creating needed funds for government.

There are two types of privatization, namely full and partial privatization. Full privatization entails the outright complete sale of the public enterprise, partial privatization on the other hand is a partial hand over of the public enterprises to private investors with the government owning some percentage in the privatized organizations though the management will be private investors and appointed by the government.

Deregulation

To deregulate means to do away with the regulations concerning mostly financial markets and trades. Deregulation can be described as an economic reform, a fiscal and monetary policy measures in which laws or rules of entry and exit into a market is weakened, relaxed or totally removed in order to enhance the competitiveness of economic actors (Adegbemile, 2007). Also, Ahmed (1993) said “deregulation of an economy entails according greater weight to the private sector as the prime mover of the economy’s opposed to the emphasis on the dominance of public sector” (24). To achieve this objective, greater roles are assigned to market factors as against the use of pervasive administrative controls. This is aimed at stabilizing and fundamentally restructuring the economy and placing it on a durable and suitable growth path. The main objectives of deregulation include: introducing a market economy; increasing economic efficiency; establishing democracy and guaranteeing political freedom and increasing government revenue (Ernest & Young, 1988).

Ernest and Young (1988) posited that deregulation and privatization are elements of economic reform programme charged with the ultimate goal of improving the overall economy through properly spelt out ways. Whereas deregulation deals with the legal framework of market environment, privatization relates to transfer of ownership of enterprises from the government to private owner(s).

Background to Privatization and Deregulation in Nigeria

The economy of Nigeria has been undergoing fundamental changes over the years and contrary to what the recent concern about privatization and deregulation suggests, the ideas are not new to the society. The economy which was at rudimentary state of development has been experiencing several structural transformations immediately after the country’s independence since 1960. The origin of privatization and deregulation can be traced to series of problems that many third world economies were facing in the late 1970s. Unequivocally up to early 70s, agriculture was the core of the economic activities in Nigeria while mining activities were at very low level of development. Nigeria participation in the external trade was based on the level of economic activities in agriculture. Thus, agricultural commodities dominated Nigeria export trade while manufactured items dominated the imports (Ahmed, 1993).

The oil boom of 1973/74 brought a new dimension into the economic activities of Nigeria. The disruption of the country’s political scene by the military was critical in intensifying the role of government in business, especially due to the indigenization Decree of 1973 which ensured the conversion of privately controlled international corporations into state-own enterprises (Adoga, 2008). The performance of Nigerian economic growth during 1975-1985 has its antecedent in the quadrupling of price of crude oil in 1973-1974. The resulting large windfall gain enabled the country not only to expand the public investment but also to build up its foreign reserves. This led to the emergence of about 1500 public enterprise all of which were funded by oil revenue (Jerome, 2008)

Successive governments made efforts not only to transform the economy but also to sustain the tempo of such development efforts. Public enterprises were not left out in this direction so that they can attain their objectives. The public enterprise covers large basic industries

(manufacturing, agriculture, services, public utilities and infrastructure). They include: telecommunication, banks, power, vehicle assemblies, steel, petrochemicals, insurance and hotels (Jerome, 2008). Among its objectives and justifications as put forward in the central Bank of Nigeria bulletin (cited in Jerome 2008) include:

- a) The desire to move enormous resources at government disposal to shoulder part of entire capital formation process in areas where the private sector is seriously handicapped with sufficient funds for investment purposes.
- b) The need for rapid economic development to alleviate economic stagnation and raise the general living standard of the teeming population.
- c) The pursuit of balanced economic development and filling observed gaps resulting from absence of clear picture sector imagination in order to prevent sub-optimality.
- d) To break the foreign domination, prevention of monopolistic practices, under the exploitation and stimulation retention of capital.
- e) To generate employment opportunities for members of the society.

By the mid- eighties, the crash in prices of crude oil and other raw commodities in the international markets ensured that the usual billions of Nigeria pumped into these public enterprises could no longer be sustained by the Federal government due to corruption, gross incompetent management, defective capital structure, outdated technology etc. (Adoga, 2008). The non-performance of the public enterprise prompted series of discussion and policy recommendations on how best to move them out of their present quagmire. Anyanwu (1999) explained that despite the great expectations that spurred the establishment of public enterprises and the huge investments and subventions pumped to float and maintain them, they have remained a colossal drain on the nation's hard-earned resources with little positive impact on the socio- economic life of the country.

The genesis of deregulation could be hinged substantially on the economic crisis faced by the country. This economic crisis could be traced to the lopsided character of the post-colonial development path followed by the country. Various governments have taken different measures within the background that their existing control gadgets was capable of effecting change. To this effect, panels were set up in many cases to diagnose the ailment of these public enterprises and make appropriate prescriptions. The Babangida administration in a desperate bid to move the economy out of the doldrums, unleashed the controversial Structural Adjustment Programme (SAP) in late 1986. An integral part of this programme was the privatization of public enterprise in order to restore efficiency in them and unburden the government's dwindling financial resources. In this view, when a public enterprise is privatized, it is simply moved from the public to private domain, that is, it has to act and react to the dictates of a free market economy. Structural Adjustment Programme was aimed at laying the foundation for a self-reliant and dynamic economy.

The corner stone of the SAP is the deregulation and privatization of the economy. Indeed, SAP aimed through the combination of exchange rate and trade policy reforms, at revitalizing the non-oil sector of the economy with stabilization policies in order to restore the balance of

payment equilibrium and price stability. Federal Government rolled out the economic policy of deregulation and privatization with the inauguration of an 11-person Technical Committee on Privatization and Commercialization (TCPC, hereafter) in 1988. Although the inter-national Monetary Fund and the International Bank for Reconstruction and Development (now World Bank) had earlier recommended privatization as part of the Structural Adjustment Programme (SAP). The policy thrust of SAP, as observed by the Consumer Empowerment Organization of Nigeria (CEON, 2008) was focused 'on economic reconstruction, social justice and self-reliance through the alteration and re-alignment of aggregate domestic expenditure and production patterns for the purpose of restoring the economy back to the path of steady' and a very fundamental aspect of the recommendation to government was the 'rationalization and privatization of public enterprises to encourage competition through liberalization and deregulation'.

In this regard, therefore, the TCPC was directed to coordinate the rehabilitation of government enterprises and oversee Nigeria's privatization programme in which the actual divestiture commenced in the early months of 1989 (Jerome, 2008). From 1988 to 1993, 55 firms had been privatized by the TCPC through five methods, namely: public offer of equity shares for sale, private placement of equity shares, sales of assets, Managements buy-out and differed public offer.

The TCPC encountered numerous challenges between 1988 and 1993 when the programme was suspended. Some of which include: excessive bureaucratic bottle-necks, imbalances in the geo-political spread of shareholders distribution, lack of access to credit, over-subscription, ideological warfare between the government and those who saw privatization as imperialistic and labour antagonism (Zayyad, 2007; Jerome, 2008). The government replaced the TCPC with the Bureau of Public Enterprises (BPE) with the promulgation of Decree No. 78 of 1993. The Bureau of Public enterprises (BPE) carved up the privatization into three phases: phases 1 and 2 which involved the privatization of commercial and merchant banks such as FSB international Bank and NAL Merchant Bank, quoted cement companies such as West African Portland cement company and Benue cement company, downstream oil companies such as National oil and chemical marketing company (NOLCHEM) and African petroleum, among others. Phase 3 earmarked for the larger state-owned enterprises including the National Electric Power Authority (NEPA), Nigeria Ports Authority Plc., Petroleum Refineries, Nigeria security printing and Minting Company Limited (NSPM) (Akinrele, 2002). Bureau of Public Enterprise experimented with the lease of PEs for a while and due to criticisms, the scheme was dropped.

Hence the second round of privatization in Nigeria never took off until 1998 after the then military Head of State, General Abdulsalam Abubakar, announced his commitment to privatize given IMF's resolve to resume with Nigeria only after the government has expressed commitment to pursue the policy (Jerome, 2008). In 1999, President Olusegun Obasanjo, initiated sweeping reforms across the various sectors of the Nigerian economy. Where they recognized that national public enterprises have failed to meet public expectation, they were conceived to be consuming a large proportion of national resources without discharging the responsibilities thrust upon them. It was established that;

- a) That they create economic inefficiencies

- b) They incur huge financial losses
- c) They absorb disproportionate share of credit especially in the form of foreign loans (Oluade, 2007)

Assessment of Privatization and Deregulation Policies in Nigeria

The federal government has been estimated to spend 800 billion naira on public enterprises in the last 20 years (Jerome, 2008), because the public enterprises were not raising enough revenue to sustain their activities with little or no profit, it became expedient for the government to sell off these redundant enterprises. In assessing the privatization and deregulation policies in the different sector, attention will be focused on some key sectors where privatization and deregulation had been carried out.

As earlier said in the introduction, one of the reasons for the privatization and deregulation process was to free funds, which were used in maintaining these former public enterprises as well funds generated from the sale of these enterprises to other needed sector /industries in Nigeria such as the decaying social infrastructures. But the question is, has the fund generated been used for its actual purpose? Another reason was to minimize corruption which was rampant in public enterprises, but then, is it true that the private investors are less corrupt and more prudent than the management of the public enterprises? Adoga (2008) cited many examples of collusion between the private investors and the bureau of public enterprises in the sale of public of enterprises. In most cases the sold public enterprises are undervalued and sold to inexperienced private investors

One sector that has benefited the economy since the privatization reform and removal strict regulation is the telecommunication sector. Studies (Adegbemile, 2007) have shown that between 1998 and 2006, the numbers of fixed line increased from 410,000 to 1.2 million subscribers and mobile lines from 1.5 million in 2004 to 135 million active users in 2014(Nigeria communication commission). This growth was due to the liberation and removal of strict regulations from the sector which paved way for private investment. This also allowed the widespread use of the internet especially mobile internet. Despite the gains over the years, there have been several challenges and issues associated to the telecommunication sector. From alleged exploitation of consumer, bad services provided by the telecom operators, extortionary practices which are not in line with that of other countries to discriminatory labour practices (Casualization of workers). There is also the case of the national public telecom company NITEL and its mobile subsidiary MTEL of which the privatization process has continued to cause issues since the first attempt to privatize NITEL in 2001. We can then safely assume that the deregulation process in the telecommunication sector was successful discounting the privatization of NITEL and MTEL.

While success was recorded in the telecom sector, there were difficulties in the power sector as discussed earlier and in the transportation sector. In spite of the deregulation reforms in air transport sector, the years 1999 to 2014 have seen the highest air crashes since the advent of air transport in Nigeria. Notwithstanding the concessionaires of Nigeria busiest airport, the Muritala Muhammed International Airport which ended in 2013, there was no significant improvement in the infrastructures and services of the airport. The three steel producing

companies in Oshogbo, Aladja and Ajaokuta respectively were sold off in 2008, yet, Nigeria still depends on the importation of steel product, and the steel companies continued to be moribund.

One problem facing the privatization and deregulation policy in Nigeria is lack of transparency in the bidding process (Igbuzor, 2003). Hence, of many privatized public enterprises were underbid and sold to characters of questionable integrity and cronies of the ruling government, an example is the sale of NICON Hotel and many other public enterprises to transnational cooperation (TRANSCORP). It is also one of the problems that led to the failure of the deregulation of the downstream sector of the oil sector (Kalejaiye, 2013). Take for example the sale of the refineries during the Obasanjo regime which was overturned by the late Yar'adua and the controversial sale of African Petroleum as well. Opposition against deregulation of the oil sector was not against the policy per se but against the process and timing of the policy in Nigeria (Uzoh, 2012). A typical example was the furors and the aftermath crisis, protests and riots that greeted the announcement of the removal of the fuel subsidy on January 1, 2013 leading to a jump in price of fuel from 70 naira to 141 naira and later a reduction of the price to 97 naira and return of partial payment of subsidy which later culminated in the expose of the oil cabal and prosecution of some of them, and the establishment of SURE-P from the proceeds garnered from the removal of subsidy. SURE-P was supposed to alleviate the problem arising as a result of the increasing oil prices examples include infrastructural development, job provision etc., but then since its establishment its impacts have not been seen.

The financial sector plays a strategic role in the economy; hence, the deregulation and privatization were also adopted in the sector as well; the policy can be said to have been a success in this sector, especially in the beginning. Government stake in many commercial banks were sold off, government owned merchant banks were also sold off, strict regulations limiting the ownership of stocks and shares were removed leading to the growth of the capital market and emergence of strong banks that can compete with international banks, but then just like in many other sectors where deregulation and privatization was adopted, challenges also came up, especially the world economic crises of 2008, which exposes a lot of issues in the adoption of the policy which eventually led to the crash of the stock market in 2012 as a result of the 'free reign' that resulted after successful implementation of deregulation exposing many corrupt practices perpetuated by some bank managements due to the lack of a strong monitoring body of which the financial sector have still not recovered from, this problem became worsened by the continual devaluation of naira and its inability to compete favourably in the international money market

Igbuzor (2003) noted that since the initiative of the privatization process and reforms in Nigeria, the government have not deemed it fit to carry out a comprehensive post-privatization performance of the privatized public enterprises to ascertain the gains and pains of the privatization and deregulation reforms. Instead successive governments have continued to preach the gospel of privatization and deregulation in Nigeria. Despite the problems and challenges faced in the implementation of privatization and deregulation policy, the policy, if well and transparently implemented will help in saving Nigeria economic problems and can remove the "Dutch disease" created by Nigeria's over-dependence on petroleum, even though Nigeria's experience of the policy has more negative consequences than positive consequences.

Outcome of Privatization and Deregulation in Nigeria

The outcome of privatization and deregulation in Nigeria has both positive and negative socio-economic consequences. They include;

- **To curb corruption, promote operational efficiency and effectiveness through better corporate governance**

One of the arguments for the need to adopt deregulation and privatization is based on the belief that corruption will be checked. It was reasoned that private owners are properly positioned to minimize corruption by taking control of public enterprises. However, (Adoga, 2008) maintained that the privatization process in Nigeria is inherently riddled with corruption and that due to the lack of transparency in the transfer process, privatized companies were also found to perpetuate corrupt practices. In most of these cases, public enterprises were usually undervalued and sold to technically deficient investors. For instance, Ajaokuta which was built with over \$1.5 billion was given away at \$30 million.

- **To generate employment through private sector-driven expansion**

Another argument for deregulation and privatization relates to employment generation. The postulation was that an economy that is driven by private investors will naturally lead to expansion and ultimately job creation. In some Third World countries where privatization was implemented, post-implementation findings about job creation were generally mixed. While some countries record increased employment, 78.7% cut in jobs was documented in Argentina. Nigeria has not done well in this regard either. Instead, the rate of unemployment is on the increase annually. According to (Ibanga, 2009), unemployment may arise due to price increase and job cuts by investors who need to maximize profit. Therefore, given the level of complication engendered by the clusters of annual graduates turn-out and under-performance in privatized companies as regards employment, it remains doubtful that deregulation and privatization would lead to more jobs in the future. Nonetheless, the telecommunication sector has recorded high level of employment being the fastest growing sector after privatization and deregulation of the public enterprises was embraced.

- **To develop the capital market**

Another objective of deregulation and privatization was therefore, to develop Nigeria's capital market, increase the stakes of individual citizens in public enterprises through share ownership and encourage activities in other sectors of the economy. In a way, it appears that the deregulation succeeded in boosting the capital market although the 'free reign' that ensued afterwards, because of the unavailability of strong monitoring body, caused serious strain on the economy. Another distinct aspect of the debate centres on the 'quality of shareholders that emerged from the exercise'. While the middle- and low-class citizens claimed that they were not given equal opportunity during purchase, some others protested that the sale benefited some regions more.

Challenges of Privatization and Deregulation in Nigeria

1. High rate of corruption

The position is not that Nigeria had not benefited from these economic principles but rather that performance measurement is best based on industry to industry or sector to sector evaluation. For instance, unlike in the telecommunication industry, transportation and power sectors are fraught with difficulties. In spite of this, deregulation contributed immensely to the growth and safety of air travels even though the same cannot be said of the railway. The power sector is still under reformation and the functions within the industry are being fragmented into generation, transmission and distribution companies, each to be shared between the government and private operators. The Federal Government, through contractors had experimented with post-paid meter system during the past year and it is hoped that if power generation is tackled, the country may likely witness progress in the power sector (Katende & Okafor, 2006). Meanwhile, the process of fully-privatizing the power sector recently has been riddled by the fact that some people who want to purchase the sector were acclaimed by the masses as corrupt ex-public servants.

The euphoria around the success of the telecommunication sector was overshadowed by renewed effort of the government to deregulate and privatize the downstream sector of the petroleum industry. The government asserted that Nigeria will surely benefit from privatization since the sale of the four refineries would enable the country to put a stop to the importation of petroleum products. There will be many suppliers of petroleum products in the Nigerian market, thereby encouraging competition and attendant lower costs. But the question is, despite many suppliers of petroleum products in the Nigerian market now, why the increase of petrol pump price in the country?

In the education sector, access to higher studies has increased dramatically. On the average, 333.225 applicants applied for admission into Nigerian universities between 1982 and 2002 with close to a total 84.4% unmet demand. Currently, Nigeria has over 105 universities, federal, state and private owned, but they are still not enough to carry the ever-growing demand. The deregulation of education was criticized on several fronts, some of which bother on the threat to adult education (Ojo, 2010), money-making motive of private universities, widening of social gap, inadequate facilities and the challenges of quality assurance.

2. Lack of Transparency

The government agency charged with the responsibility of selling off this public companies-BPE has so far raked in ₦510billion after selling some 145 public owned firms, but the Bureau of Public Enterprises has yet to make public the report of the post privatization evaluation exercise it conducted in year 2010. The Bureau of Public Enterprises stated that “the report is not for public consumption” (Abubakar,2011). Also, there are no responses to expression of interest sent in by bidders and consultants, surreptitious and unadvertised sales, under evaluation, 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.

3. Lack of Cooperation

Some government officials were recalcitrant over the policy of privatization and deregulation as this would undermine the status quo, particularly the supervising ministries. They misconceived the programme as a way to reduce their power as the affected public enterprises will be insulated from all the ministerial controls and interference, and silently opposed the policy arrangements.

4. Weak Market Alternatives

As applicable to poor developing countries like Nigeria which has less mature formal business sectors with higher start-up cost, less capacity to invest and less exposure to competition.

5. Government Incapability

The government did not have the administrative and political ability to undertake its new roles. For any positive results in execution of the scheme, government must have the capacity to make initial diagnoses and assessments to decide on the policy and to administer the state role once the privatization policy has been established.

6. Poor Funding of the Bureau of Public Enterprises

The National Assembly appropriated only #406,056,000 to the BPE in the 2002 budget as against the #1.6billion proposed. A breakdown of the Bureau of Public Enterprises proposal showed that out of the #1.6billion proposed as the personnel budget, only #166million was appropriated. In the recurrent expenditure, #240million was appropriated out of the #329million proposed. In the 2001 budget, Bureau of Public Enterprises made budget proposal of #1.4billion, the sum of #520million was approved for it. This 61% cut grossly affected the work of the committees and the conclusion of some of its sector reform activities (Adeyemo, 2005).

7. Lack of Access to Credit

Many prospective investors did not have enough funds to process their application forms, contrary to the expectation of government. Perceiving this problem of financial limitation, government directed all licensed commercial banks to extend to all interested persons. In spite of this directive, the banking system did not respond favourably to the call.

Conclusion

In this paper, a succinct attempt was made to give a background of privatization and deregulation in Nigeria, presenting critical assessment of the policy made by successive governments since its adoption with the introduction of SAP in 1986. This work also gave the benefits and challenges of the policy since its inception in 1986. While the paper presented a stark and bleak reality which is due to the various issues inherent in the policy implementation, such as corruption in the bidding process, self-interests, nepotism and favouritism in the selection of buyers process, exploitation and extortionary practices on the part of the buyers and investors in goods and services as well as discriminatory policies among their works etc. As countries began to privatise their state-controlled and managed institutions, Nigeria was consolidating hers. This may be partly due to the inglorious role of the military in Nigerian politics. These strangers to political power, with no basis for political intervention in the

management of the state, and with no training and competence in handling the affairs of the state, further plunged Nigeria into the abyss as different gladiators from this class undertook massive exploitation of the state resources for personal aggrandisement and to perpetuate themselves and their cronies in power. With the introduction of political democracy in 1999, the privatisation process has begun to yield the expected dividends of economic vibrancy and development. The communication and financial services sectors, which have undergone massive restructuring, privatisation and recapitalisation, have emerged as examples of corporate efficiencies today, offering diverse services and meeting the growing needs of the Nigerian peoples in areas of telecommunication and financial services. This paper argued in favour of privatization and deregulation as the panacea to the economic challenges facing Nigeria especially in the light of the dwindling crude oil prices and the government efforts to diversify the economy, providing it follows the due process in bidding, selection of buyers based on the objectives and justification of privatization and deregulation by the bureau of public enterprises and the central bank of Nigeria bulletin (cited in Jerome, 2008)

Studies have shown that privatization and deregulation has been the propeller for the rapid industrialization and economic growth enjoyed by China, India and several members of the BRICS (an acronym for an association of the major emerging national economics namely Brazil, Russia, India, China and South Africa) nations as well as the saviour of Russia after the collapse of the Soviet Union; if the policy can work in these countries, then it can work in Nigeria, so far the various challenges facing the implementation in Nigeria are eliminated.

Recommendations

From the forgoing, it can be deduced that the outcome of privatization and deregulation in Nigeria is mixed, having both positive and negative socio-economic consequences. Therefore, the current government in Nigeria should review its privatization and deregulation policy. There is need to;

- 1) Establish and duly empower more regulatory agencies to oversee the activities of competitors. This is because the task of selling is not as challenging as post monitoring activities.
- 2) Maintain quality standards for services by specifying qualification requirements for service providers.
- 3) Protect workers' and consumers' rights and safeguard them from fraud and exploitation
- 4) Prevent environmental degradation through proper monitoring of market players; guarantee wide access to services everywhere in the country.

This paper also calls for the need for a comprehensive post privatization evaluation analysis for all the privatized organizations and deregulation reforms in the affected sectors to determine their success and failure as well as reasons for their failure and way forward. There is also the need to adopt the public-private partnership scheme to complement the privatization and deregulation policy in Nigeria.

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