Abstract
This study evaluates the introduction of monetization of fringe benefits enshrined by government in 2003 as a panacea to enhance efficiency and effectiveness in the Nigerian public sector. The twin issue of efficiency and effectiveness has been a growing concern in the Nigerian public service which has led to monetization. The work is carried out using a qualitative approach through the use of secondary data. Elite theory is used to underpin the study because the philosophical disposition of the policy is elitist in nature. The paper revealed that monetization has reduced the running cost of government and also increased workers’ social status and national productivity. Conversely, the policy is skewed to favour the ruling aristocrats. There are observed some unplanned consequences due to the reversal of some aspects during implementation and also inconsistency of the policy is evident. It is recommended that monetization should be implemented across board and to affect all interest groups. Arrangements should be made to cushion the effect of workers who were dismissed from the service occasioned by the policy.

Keywords: Monetization, Efficiency, Effectiveness, Performance, Fringe benefits.

Introduction
One of the reasons why government exists is to provide its citizens with the basic necessities of life such as shelter, food, security infrastructure, among others. The means through which these herculean responsibilities are fulfilled is a public bureaucracy that is efficient, effective and purposive (Fayomi, 2013). This accounts for why administrative and institutional reforms by governments all over the world especially in developing bureaucracies like Nigeria have become inevitable.

The military interregnum which spanned between 1964 and 1999 left its ugly tale on all sectors of the nation’s economy (Okoye, Anazodo, Izueke and Eze 2012). During the unpopular military regime, social infrastructure, health, education, economy, diplomatic ties, public service among others were severely marred. The resurgence of democracy in 1999 that staged the return of Obasanjo and his cronies brought decorum to the nation’s political and socio-economic life which was hitherto in a sorry and pariah state. According to Ayeni
(2008), Obasanjo realized that for his administration to succeed and restore confidence of the people in government, there must be a holistic reform of all the sectors of the economy with special emphasis on the public service which is the prime mover for the socioeconomic development in the country. Monetization as one of the plethora of reforms that took place in the public service was a harbinger to systematically reduce government financial waste, abuse of public property by public servants and enhancing workers’ productivity. Monetization policy due to its elite colouration was hastily implemented because they (government top officials) realized that the policy will favour them.

In view of the aforementioned, how will the policy reduce cost of governance? Does it have any relationship with workers’ performance? Is the policy sustained till this moment? It is against this backdrop that this paper examines these issues and how it affects the public sector efficient service delivery. Identification of challenges with proper implementation of the policies will lead us to proffering solutions on how monetization can be properly managed in the interest of the workers and society in general.

Objectives of the Study
The objectives of this paper are to examine the issues surrounding the monetization of fringe benefits policy, how it has improved or impaired productivity level in the public service, its attendant challenges and to recommend solutions where doubts are raised.

Methodology
The methodology for gathering information in this paper revolves around the use of documentary research. It requires the review of books, journals, government reports and other literatures. The use of this technique is necessary, for the reason that it is assumed that the documented and published work are quite reliable and dependable with accurate information.

To address these issues raised and ease of analysis, the paper is divided into six broad sections. The first section contains introduction and objectives of the paper. The second pinpointed on the conceptual and theoretical discourse central to the subject under investigation. The third examined the evolution of monetization of fringe benefits in Nigeria. The fourth identified the components of monetization policy. The fifth analyzed the interface between monetization and productivity and the challenges facing implementation of policies in Nigeria and monetization, while the sixth suggested the way forward.

Literature Review
A search on existing literature in the field of social and management sciences indicates that monetization belongs to the tribe of a disputed concept as to its contextual meaning. However, conscientious effort is made in this regard to borrow the views of various scholars and writers on the concept of monetization. Fayomi (2013:107) defines monetization as “something that gives the character of money to an economic policy”. This simply means that monetization is a systematic replacement of work benefits with cash incentive. Wikipedia Encyclopedia, regards the term monetization to refer to exchanging possessions for cash or cash equivalents, including selling a security, charging fees for something that used to be free, or attempting to make money on goods or services that were previously unprofitable or had been considered to have the potential to earn profits. This definition views it from two angles which are converting possessions for cash equivalent and charging money for goods or services that were offered freely before. Abdulrasaki (2011) described monetization as a form of monetary policy which means benefits being enjoyed by public servants who would be paid in lump sum, some of these benefits include leave grants, meal subsidy, entertainment
allowance, duty tour allowance, and domestic servant allowance. To McConnell (in Nweke, 2012:171), fringe benefits are the rewards other than wages that employees receive from their employers and which include pension, medical and dental insurance, paid vacations and sick leave. From the definitions above, they all have one thing in common which is conversion of benefits previously enjoyed into cash.

The philosophy behind monetization is a cutout for the reduction of high costs of governance and to increase workers’ productivity. The fact is incontrovertible that over the years capital project administration has not been given the required dose due to high cost of running and maintaining the nation’s political, public and judicial office holders. Another area is the army of public servants compared to the total income that government generates from their services. As Akhakpe (2014) puts it, in most Africa countries, cost of governance has gone astronomically high making it difficult for government to implement developmental plans and programmes. Mis-management and waste are the order of things as high recurrent expenditure, corruption, budget deficit and fiscal indiscipline continue to plague our public finance.

The advocacy for the New Public Management has become the order of the day because it encapsulates accountability, efficiency, result-oriented effectiveness which are fundamental principles in the private sector. At the international and local levels, there is a paradigm shift from traditional public administration to New Public Management (NPM) which has become a new order to change the status-quo of government operations as umpire to a liberal market economy. The New Public Management which is hinged on efficiency, effectiveness and public private partnership has added impetus to the functions of public service. The public service reforms were:

\[\textit{initiated against the background that government required a departure from the traditional method of administration and the urgent need for a renewed public sector to propel government to its quest for sustainable socio-economic, political and technological development. So, there was a need for structural re-engineering of the public sector with the intention of new values of professionalism, accountability, responsiveness and a focused sense of mission for maximum efficiency in the economy (\text{Omoyefa in Fatile and Adejuwon 2010:147})}\]

Prior to the introduction of monetization in Nigeria, government officials were treated with the provision of free residential quarters, official vehicles, maids, free medical services (which were also extended to their families), furniture allowance, leave grants, meal subsidy, duty tour allowance e.t.c. Provisions of these benefits to the teeming number of public servants in the nation posed a huge pressure to the fiscal policy in the country because capital projects as a major driver of the economy towards sustainable growth and development were stifled.

Every administration that comes in place usually states the policies they intend to pursue. Nigerian past leaders have made series of policy pronouncements, strategies and programmes meant to transform the Nigerian economy in past years (Nweke 2012). The Federal Government circular titled “Monetization of Fringe Benefits in the Federal Public Service”, cited in the Punch newspaper (2003), states that over the years, the cost of governance has continued to escalate. The burden of providing basic social amenities for public officers has contributed significantly to the continuous increase in government recurrent expenditure, leaving for capital developments an infinitesimal amount (Akhakpe,
In order to reduce its financial burden, the government introduced the monetization of fringe benefits for public and judicial office holders (under Act, 2002). The fringe benefits include: residential accommodation, furniture, utility, domestic servants, motor vehicles, fuelling/maintenance of transport facilities, medical treatment, leave grant, meal subsidy and entertainment which were hitherto provided for entitled officers at huge cost to Government (Abdulrasaki, 2012).

The reasons for monetization of fringe benefits have captured the interest of many public commentators who have also lent their voices to its implication on both the workers and government. Fasoranti (cited in Bakare 2012:63) viewed monetization of fringe benefits in Nigeria as a socially worthwhile initiative. He argued that cash payment for benefits may act as an incentive to the employee to work harder. For example, the provision of a personal car for a civil servant has implications on his social status that can motivate him to work harder since there will be no need for him to look for loans to acquire this asset. Ogugua (also cited in Bakare 2012:63) averred that the challenges of monetization policy are how well the policy could be implemented successfully with little or no hitches. He suggested that sizable resources required to fulfill monetization policy should be mobilized for it to be effective. In addition to this, he admonished government to create positive atmosphere that will allow public servants, whose evolvement were not always market driven, the opportunity to successfully bid for and own the government asset to be traded in monetization policy.

From the foregoing, monetization is viewed as an incentive and financial empowerment to improve workers’ productivity and reduce the pressure on government expenses. Just as this may be correct, people have failed to see the wide income gap the policy has created between the low income and high income earners in the public service. A lot of government top officials despite the policy still make use of government vehicles and drivers for domestic purposes. There are instances when Directors ask drivers of the agency to use official car to take madam (his wife) to the market or the children to school and nobody queried his orders. Many official vehicles have been stolen in this process. Some still harbor maids and pay them through funds from the organization. Many workers have claimed that monetization only exists on paper because all these allowances do not reflect on their take-home as widely speculated.

The administration of President Jonathan in 2011 also set up its transformation agenda on governance which is motivated by Nigeria’s inability to decisively tackle most developmental challenges such as poverty, unemployment, security and deplorable state of infrastructure. Hence, various committees to reform and re-strategize some ongoing policies, programmes and public institutions such as the electoral reform, fuel subsidy, restructuring and rationalization of government agencies were instituted (Gyong, 2013).

Corroborating the view of Olaitan (in Bakare 2012), the body set up to actualize most policies in Nigeria appeared to be self-seeking. No wonder at the time the issue of monetization was debated at the National Assembly, there was the premonition that there will be a lacuna between members of the National Assembly and the masses. Experience has always shown in Nigeria that once people are elected or appointed into public offices, they become self-serving, self-seeking (Akhakpe, 2014). The sale of the One Thousand and Four high rising building in Ikoyi, Lagos at ridiculous prices to the same people who mooted the policy on monetization is a clear pointer.

Components of the Monetization of Fringe Benefits Policy
The components of the monetization of fringe benefits as prescribed in the act that introduced it in 2002 stipulate that government residential quarters across the country will be put on sale by public auction with the present occupiers being given the first option to purchase the
houses, but at the price of the highest bidder. Government would provide site and service scheme in satellite towns nationwide in order to empower public servants, who are interested in owning houses, are giving land to build.

Furtherance to this, public officers shall be entitled to the following:
- Officers on Grade Level 01 – 06 (50% of annual basic salary)
- Officers on Grade Level 07 – 14 (60% of annual basic salary)
- Officers on Grade Level 15 and above (75% of annual basic salary)

**Furniture Allowance**
The payment of 200 percent of Annual Basic Salary spread over a period of five (5) years with payment of 40 percent annually is recommended as furniture allowance. This is to preempt the problem to be faced in paying huge furniture allowance of 200 percent of annual basic salary in bulk. However this rate is only approved for public sector workers on Grade level 07 and above.

**Utility Allowance**
The utility allowance as contained in the extant circulars for public servants under the monetization of fringe benefits is as follows:
- Grade Level 01- 16 - 15 percent of Annual Basic Salary
- Grade Level 17 and above -20 percent of Annual Basic Salary

4. The Domestic Servant allowance has also been monetized for public servants. However, the provision of the Act recommended that the status quo remains for political office holders. The provisions for domestic servant allowances state thus:
- Officer on Grade Level 15 - 1 domestic servant on Grade Level 03 step 8. Officer on Grade Level 16-17 - 2 domestic Servants on Grade Level 03 step 8 each.

**Motor Vehicle Loans and Transport Allowance**
The issuance of motor vehicles to public officer is to be monetized by the provision of motor vehicle loan of 350 percent of the annual basic salary. The loan, however, would be recovered in 6 years for both public servants and political office holders. In granting these loans, government would retain the existing interest rate of 4 percent on motor vehicle loan. For the successful monetization of this service, government would make sure that:
- New vehicles would not be purchased by all Ministries, Extra–Ministerial Departments and Federal Government Agencies.
- Officers currently entitled to government vehicles would return them to the Presidency for disposal or pooling in the CVU as may be deemed appropriate.
- Each Ministry/Agency would be allowed a specific number of vehicles to be approved by government. The utility vehicles include buses for essential office services (outstation duty tours and meetings).
- A Committee is to be set up to carry out the issue of disposal of vehicles. In carrying out the exercise on the excess vehicles, an entitled officer would be allowed to purchase one car for personal use at approved discounted value.
- Where there is the need to purchase new vehicle(s) by the Ministry, Extra- ministerial Department or Agency, a request shall be made to Mr. President for approval (Due Process).
- Provision of drivers to entitled officers would be monetized as follows:
Secretary to the Government of the Federation /Minister/Head Of Service

2 drivers N239, 172 per annum.

Permanent Secretary 1 Driver N119,586 per annum. Director 1 Driver N119, 586 per annum.

The allowance will be the same with the current provision for domestic servants, i.e. total emolument of an officer on grade level 03 steps 8.

g. Service- wide staff buses will be pooled under the management of the office of the Head of the Civil Service of the Federation. Staff who utilize the facility will be made to pay at an amount equivalent to their support allowance and funds so generated would be used for the maintenance and fuelling of the vehicles. This facility will be progressively withdrawn when the public transport service improves.

h. In addition to (g) above, government and the private sector will assist in the provision of urban mass transit at commercialized rates to ease workers’ movement.

In the case of excess drivers in the system as a result of the new policy, the following steps are recommended:

i. Drivers with relevant and adequate academic qualifications would be retained and redeployed appropriately.

ii. Depending on the need, others will be deployed to drive staff buses under the Office of the Civil Service of the Federation.

iii. Those that will not be deployable will be rationalized but to be assisted by the National Poverty Eradication Programme under KEKE NAPEP programme.

**Medical Allowance** Government in line with the monetization policy is therefore proposing the payment of 10% of officer’s annual basic salary (all ranks) as medical allowance to National Health Insurance Scheme (NHIS). This will stem the abuse of using fake medical bills to obtain money from government. However, special cases requiring government intervention would be considered on merit.

**Meal Subsidy:** The National Salaries, Incomes and Wages Commission under the policy monetized the meal subsidy allowance in the following pegging order:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Officer</th>
<th>Allowance per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-06</td>
<td>officer</td>
<td>N6,000</td>
</tr>
<tr>
<td>07-10</td>
<td>officer</td>
<td>N8,400</td>
</tr>
<tr>
<td>12-14</td>
<td>officer</td>
<td>N9,600</td>
</tr>
<tr>
<td>15-17</td>
<td>officer</td>
<td>N10,800</td>
</tr>
<tr>
<td>Permanent</td>
<td>Secretary</td>
<td>N16,200</td>
</tr>
<tr>
<td>Head of Service</td>
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<td>N16,200</td>
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Further to the aforementioned entertainment allowance was abolished for all categories of staff.

**Leave Grant** In the monetization scheme, approval is made for payment of 10 percent annual basic salary to all categories of officers in the public service (Muktar, 2011).

**Theoretical Clarification**
This paper is underpinned with elite theory due to the relevance it presents in analyzing the issues under investigation. The theory holds that a representative democracy is not really based on the will of the citizens, but that there is a cohesive elite group that makes almost all
the important decisions. However, the political elites focus on their own interests’ fulfillment while ignoring the problematic situation in the country that could be improved through the policies’ implementation. Political elites control the formal institutions of government and are an influential element of the government and decision-making process. Despite the fact that over the years, government formulated many policies in the health sector, education, poverty reduction, social security etc. the problem was with the policies’ implementation. Regarding this, the issue in Nigeria is not the formulation of the policies, but the implementation (Philip, 2013). Elite theory provides that there are always forces behind public policies and monetization policy was not exempted. The fact that money is the life wire of all workers as most, if not all, would prefer money to fringe benefit is incontrovertible. Elite theory can as well be linked to theory of two publics by Eke (1975). According to Eke, the society is divided in publics of civic realm and primordial realm. In the context of this study, the elites are the civic realm while the masses are the primordial realm. Elite theory suggests that the public are usually apathetic and ill-informed about public policy. Therefore, the few elites actually shape masses opinion on policy questions more than masses shape elite opinion (Dye, 1981). Elites are drawn disproportionately from the upper socio-economic strata of the society. The movement of non-elites to elite positions must be slow and continuous in order to maintain stability and avoid revolution (Okoye et al, 2012). A theory that cannot be even in principle or be controverted by empirical evidence is not scientific (Dahl, 1957). In a democratic society like Nigeria, the political elite may not be having their ways always if only the masses will be interested in what is going on and ask questions concerning how they are being governed. Calling public officers to account for their stewardship is yet to be imbibed as our political culture. The exclusion of the masses from the income distribution chain has made the masses to be voiceless. This accounts for why the elite will continue to dictate the pace.

**Evolution of Monetization Policy in Nigeria**

Monetization started during the colonial administration when colonial masters provided their expatriate workers (white civil service administrators) with fringe benefits. These workers did not have to pay for these benefits from their salaries, which otherwise were paid to them from their parent country, those who were working in hostile territory were paid hazard allowance. They were generally very few in number compared with the total income that the colonial government was extracting from the colonies. They demanded for additional special incentives to compensate for the opportunities being abandoned for services in an environment considered less attractive (Aluko, 2005). It is in this regard the Harragin Salaries Commission of 1945 was set up. The commission came up with a regime of incentives that entitled senior service officials to car allowance, European-style quarters, free medical treatment, and first-class travel. Giving the nature of their job in the maintenance of law and order and the management of an extractive economy to produce raw materials to support industries located in western nations, the colonial administration had no difficulty in sustaining these allowances for these officials (Kwaghga, 2010). When these colonialists left, the indigenous civil servants that took over arrogated unto themselves, with the first significant one being living in Government Reservation Area (GRA) apart from the other natives. It took no time before they began to abuse these benefits, instead of one car, our indigenous public servants had more than 4 official cars, 3 servants, had more than 3 government houses in Abuja and Lagos, yet each can have more than 2 wives, fly in business class plane, have free medical treatment for the entire family all these coupled with a fat basic salary in addition to other allowances (Aluko, 2003). This phenomenon was transferred from one political generation to another which has brought us to where we are now.
Monetization and its Implications on Public Service Productivity

One of the primary motives of monetization policy is to reduce the high cost of governance, since the cost of administration of government affairs is high in Nigeria; to make the public servants adopt a better productive approach to public property; the prevalent mismanagement of public property by public servants would be a thing of the past as such persons would be given money to acquire such property elsewhere, and the policy also offered the government the opportunity to renovate and add value to its property and put it to other productive use. The monetized fringe benefits in the public sector in Nigeria are envisaged to improve productivity and efficiency in resource allocation since the country is inching towards full economic liberalization.

Akhakpe (2014) expressed that the increasing number of political bureaucracies at the national, state and local governments that service the National Assembly, State Legislatures and Local government legislative councils and other public institutions gulp huge resources to maintain. Therefore, monetization of some of the facilities entitled to these officials will relief government of its recurrent expenses. It will also promote observance of maintenance culture and discipline in the use of public utilities since public officers under this policy will pay for such services, in addition it will curb submission of spurious medical bills and if that is done there will be a lot of savings and that will enable government to deploy resources to other sectors that are begging for attention for development purposes.

The implementation of monetization by government over the past years leaves much to be desired because some forces within the presidency will not want the policy to be effective. Ekaette (2003) argues that there are some forces out there to make sure the programme does not outlive the Obasanjo administration. The forces are many and some of which are: the lackadaisical attitude of top civil servants to the policy for two reasons: most of the civil servants have been denied many benefits they enjoy with the monetization policy, and most of the political appointees in the presidency are not happy with it, but just playing along. They seem to be dancing along the drum being beaten. The top civil servants have always made themselves great threat to the success of any change in the status quo, because they often benefit immensely from the same old style (Alifa, 2003).

Most of the low and middle level workers are disenchanted with the way the policy is being handled. Under their watchful eyes, some unscrupulous top civil servants make use of government quarters, official cars, drivers for private purposes. Some engage the drivers in taking madam to the market and the children to school with official cars. This means they enjoy the allowances provided by government to meet these needs and at the same continue to enjoy the monetized benefits. Those that lost their jobs as a result of monetization especially workers on Grade Level 01-02 which include drivers, gardeners and cleaners were not empowered economically and this has brought untold hardship to them and their dependants. This situation has reduced the morale of these categories of workers and the multiplier effect is that productivity is low.

Challenges and the Way Forward

The merits of monetization include inter alia; equity in the provision of amenities as well as raising the social status of public servants. To government, the policy holds out a number of promises; there will be better efficiency in resource allocation as well as minimize waste and reduce mismanagement of public facilities. It should also promote within the system the observance of maintenance culture and discipline (Nweke, 2012).

There are however, significant challenges that must be addressed if monetization is to yield the desired benefits it promises. Firstly is the issue of funding. Data and information coming from the various arms of government, conclusively suggest that the cost of
implementing the policy will be very substantial which will invariably defeat the aim of the policy. At a time in 2011, a substantial amount of the annual budget, about 1.12 trillion naira, went to pay 17,474 officials in federal, state and local governments, according to the Revenue Mobilization Allocation and Fiscal Commission (RMAFC), the Abuja-based agency responsible for setting their pay. The then Finance Minister and Minister of Trade and Investment, Olusegun Aganga called that year’s budget “unimplementable,” while Sanusi cited the spending boom as a reason for the decision to raise the benchmark interest rate by a percentage point to 7.5 percent (Mark and Bankole, 2011).

Paying of some of these allowances, such as housing and furniture, instalmentally is one of such means devised but then, the reality on ground has already forced government to move forward some of these policies to cut down the take-home of top public officers and political office holders (Okonjo-Iweala and Osafo-Kwaoko, 2007).

Most public servants are finding the situation (monetization) very frustrating. A number of reasons account for this frustration. Firstly, expectation of higher take-home pay has been substantially raised within the system but this only exists on paper and because information about the expected wind fall is already within the purview of the public, prices of items in the market have gone up. The Nigerian experience is that when price of goods and services go up, they never come down (Adeleke 2010). So, the middle and low income public servants are adversely affected from both the income and the expenditure angles. Secondly, while government has been quick and effective in withdrawing the privileges traditionally enjoyed by public servants, it has been rather tardy in finding the money to pay the allowances meant to compensate them for their loss (Bakare, 2012).

Another challenge confronting the system sequel to the adoption of this policy is the widely-perceived belief among public servants that their jobs are on the line. The on-going disengagement of excess drivers is seen as a bad sign of what is in store for the other staff in junior cadre (Okoye et al, 2012). Under extant regulations, a public servant who does not run foul of the public service rules should expect to retain his job until he attains the age of sixty years or has put in thirty-five years of service. What has happened to the drivers however shows that job security in public service may no longer be guaranteed (Public Service Rule 2009).

**Conclusion**
The most important requirement to ensure efficient service delivery in the public sector is to improve the capacity of public servants and institutional capacity upgrade. The required critical resources include: human, material, finance and policy. Public service reforms are focused on how to make the service more purposeful, cost effective and efficient in the use of resources. Monetization therefore becomes one of the measures government has used to address some of the issues in the service. Notwithstanding, some challenges have been identified with the implementation of the policy. It is incontrovertible to say the challenges appear mind burgling but they are not irredeemable. A country that makes provisions for 36 ministers, at least one from every state and six more from the six geopolitical zones will pretty much wallow in underdevelopment (Obi, 2013). The machinery of Government is too large which accounts for the huge figures of recurrent expenditure in the country. Hence, government needs to cut down it bureaucracy to a manageable number in order to service it properly.
**Recommendations**

The target beneficiaries in the policy who are the public servants need to be involved at the formulation stage in order to make input in what affects their lives. What we mean here is that the involvement should cut across board especially those at the lower echelon as this tends to give them a sense of belonging.

Since the policy has brought marked improvement in productivity level, there should be continuity in the system. The policy reversal in some quarters should not be consoled because according to Okonjo-Iweala in Obi (2013), “monetization has reduced the share of recurrent expenditures in the budget from 74 per cent in 2011 to 71 per cent in 2012 and to 68 per cent in 2013.” According to her, “We aim to push for a 60 per cent recurrent and 40 per cent capital budget ratio in the medium term.”

The residential accommodation of government which were purchased by lawmakers, ruling elites and top bureaucrats at ridiculous amounts should be revoked and recovered from them and put into use by government. Some of these quarters were bought and left abandoned whereas a lot of Nigerians are homeless sleeping under bridges. These houses could be used by government in time of emergency just like the case where government was in desperate search for infrastructure to be used as isolation centre for the dreadful Ebola epidemic.

In view of the enormous benefits derivable from monetization of fringe benefits and allowances, if properly implemented, we recommend its adoption by states and local governments and other under-developed and developing nations where such policy has not been made.

**References**


