Privatisation of Government Enterprises

The Problem

During post-independence, the dominant economic wisdom was for government direct intervention and control of the commanding heights in the economic sector through the vehicle of public enterprises (PEs). This was justified mostly by the need to promote rapid industrialisation against the backdrop of dearth of local entrepreneurial class and indigenous capital at this time. In order to actualise this objective, the federal government invested over a US$100 billion in establishing PEs. More importantly, the aftermath of the civil war in 1970 promoted the federal government to pursue a '**Reconciliation, Reconstruction and Rehabilitation**' policy, equivalent to the George Marshall Plan of 1948-1952.

This policy, aided by the oil price boom of the early 1970s, saw government investing in massive industrial and infrastructural facilities in Nigeria. Thus billions of money were, therefore, spent in the construction of refineries, steel plants and rolling mills, establishment of development/industrial banks, oil companies, telecommunications companies, electricity plants, airports, sugar companies, cement companies, paper mills, fertiliser plants, glass industries, breweries, railways, river basin development authorities, dams, shipping lines, etc. These were managed as government-owned companies and enterprises.

In 1972, the government enacted the Indigenisation Decree that stipulated increased participation of Nigerians in companies/enterprises. Arising from this economic philosophy and huge oil revenues, government established PEs in every sector with over US$100 billion was invested to create over 600 ventures, employing less than 500,000 workers and creating more than 5,000 board seats.

However, over time it became evident that the PEs, which had been established with noble and egalitarian objectives, had failed in the country with their dismal performance. It was estimated that PEs were consuming about US$3 billion of national resources annually by way of grants, subventions, subsidies (both direct and indirect) through import duty waivers, tax exemptions, etc. Tax deductions at source were not remitted to appropriate authorities. Additionally, the PE's became avenues for political patronage, rent seeking, and parasitism, with more than 5,000 board appointments that control funds in excess of ₦1trillion. Cumulatively PEs never served their customers, their employees, or the taxpayers well.

Reform Actions

The federal government soon became disenchanted with the dismal and poor performance of PEs and could no longer continue to support the monumental waste and inefficiencies of the PEs. Government commissioned several studies to find the factors for this dismal performance. These included the Adebo (1969), Udoji (1973), Onosode (1981), and Al-Hakim (1984) studies. A summary of the findings from these studies showed that the PEs were inefficient, corrupt, misused monopoly powers, depended heavily on treasury, had defective capital structure, and suffered incessant political interference, etc.

In 1985, the federal government set up the Presidential Study Group to review the Al-Hakim (1984) Committee Report. The main conclusion arising from the Committee's recommendation was the need for radical measures to be taken to address the problems of the PEs. Consequently, government began to take steps to address the problems associated with PEs. The federal government commenced a programme of liberalisation and established the Technical Committee on Privatisation and Commercialisation (TCPC) by enacting the Privatisation and Commercialisation Decree No. 25 of July 1988. The Committee was inaugurated on 27 July 1988 and charged with the responsibility of withdrawing government from business while making the private sector the main driver of enterprise ownership and management. The TCPC began the implementation of the inception phase of the privatisation programme (1998-1992).

In furtherance of the implementation of the programme and the need to operate along the line of international best practices, in 1999, the federal government restructured the implementation modalities by enacting the Public Enterprises (Privatisation and Commercialisation) Act that established the National Council on Privatisation (NCP), and the Bureau of Public Enterprises (BPE). The new institutional structure ensured that NCP determines political, economic and social objectives of the programme, approves policies and public enterprises to be privatised or commercialised, and issues directives to BPE, while the BPE implements Council's policies and directives.

The Public Enterprises (Privatisation and Commercialisation) Act of 1999 provides various strategies for BPE to carry out the privatisation policy. These include:

1. Public offering
2. Private placement of shares
3. Core investor sale
4. Commercialisation
5. Concession
6. Sale by willing seller/willing buyer
7. Sale of assets and liquidation

Following the enactment of the Act (1999), the National Council on Privatisation (NCP) and the Bureau of Public Enterprises (BPE) have been implementing subsequent phases of the privatisation programme of government from 1999 to date. The privatisation programme is a key aspect of government's economic reform programme as enshrined in the FGN Transformation Agenda. The programme is designed to:

1. Diversify the economy
2. Strengthen the private sector as Nigeria's engine of growth
3. Assist in restructuring the public sector in a manner that will effect a new synergy between a leaner and more efficient government and a revitalised, efficient, and service-oriented private sector
4. Ensure government concentrates resources on core functions and responsibilities of governance
5. Improve efficiency and reduce waste in the public sector
6. Modernise technology in Nigerian industries
7. Dismantle monopolies and service arrogance
8. Reduce debt burden and fiscal deficits
9. Resolve massive/perennial pension gaps

10. Promote transparency in corporate governance
11. Attract foreign direct investments
12. Promote competition
13. Enthrone sound corporate governance in public and private sector
14. Institutionalise social accountability and efficient use of public resources.

Main Achievement

The enactment of the Telecom Act (2003) and the licensing of several service providers has created many new jobs in the country and revolutionised the country's telecom sector. From a teledensity of 0.42%, representing 450,000 telephone lines in 2001, the country's teledensity has grown to 82%, representing 123 million telephone lines as at June 2013. The enactment of the Pension Reform Act 2004, establishment of Pension Commission, and entrenchment of a stable pension policy in Nigeria are notable achievements.

The establishment of the Debt Management Office (DMO) is also one of the outcomes of the reform works of the Bureau. Previously, PEs and government agencies borrowed arbitrarily without looking at the national picture. How much Nigeria owed then was unknown, but this problem was addressed with the establishment of the DMO.

The transport sector reform that led to the unbundling of the Nigeria Ports Authority (NPA) and the eventual concession of the Port terminals to various concessionaires has greatly reduced the cost of doing business in the Ports, increased revenue to government and enhanced operational efficiency, with drastic reduction in the waiting time for clearing of goods and services.

Similarly, the Power sector reform that led to the unbundling, privatisation/concession and handing over of the ownership/management of the PHCN successor companies, an exercise that has been described by the World Bank and the international community, as not only most transparent and credible, but also the single largest privatisation transaction in the world, has become a reference point globally.

Other achievements of the privatisation programme include:

1. The sum of ₦251.5 billion was realised as gross proceeds (excluding power) and over ₦147 billion (net) has been remitted to the Privatisation Proceeds Account with the CBN.
2. 66% of the privatised enterprises are performing well as against 34% that are not doing well.
3. No treasury allocation to privatised PEs – drain pipe plugged.
4. Proceeds utilised for other socio-economic objectives.
5. New operators pay corporate taxes.
6. New owners are investing heavily - e.g. ports, oil marketing companies, cement plants, etc.
7. Neglected and under-utilised assets being more efficiently utilised.
8. Oil services companies have expanded: Oando, ConOil, etc.
9. Nigerian truck manufacturing company that was shut down is back and producing.
10. An improving agro-allied sector: Notore (Nafcon), Okomu Oil palm, sugar companies like Savannah Sugar Company, etc.

11. Eleme Petrochemical Company that was moribund has grown to become the highest dividend paying company in Nigeria
12. NAHCO that was moribund has more than tripled its share value since privatisation.
13. Federal Palace Hotel was dilapidated and is now functional and expanding.
14. Remarkable improvement in investments and ports operations.
15. Cement companies like Cement company of Northern Nigeria, Ewekoro Cement Company, Benue Cement Company, have been refurbished, expanded and serving the cement requirements of country compared with their initial dismal performances
16. Privatisation of the power sector with the following essential elements:
    a. Power Sector Policy, 2001: Aimed at ensuring electricity supply by creating a conducive investment environment for private sector investment and managerial expertise
    b. Investor-friendly Power Sector Reform Act: Enacted in 2005
    c. Breaking the monopoly: Introduction of a competitive electricity market
    d. PHCN unbundled into six generating companies, 11 distribution companies, and one transmission company (6-1-11 configuration)
    e. 18 successor companies were incorporated and assets, liabilities and employees of PHCN transferred to the successor companies
    f. Privatisation and concessioning of the successor companies from which over N400 Billion was released as proceeds
    g. Full settlement of all labour benefits to the ex-staff and Pensioners of the successor companies amounting to over N410 Billion
    h. The Nigeria Electricity Supply Industry regulator, Nigerian Electricity Regulatory Commission (NERC) was established in 2006
    i. The Nigeria electricity Bulk Trader (NBET) has been established and its board inaugurated, to play the vital role credit assurance to critical players in the industry
    j. The Nigeria Electricity Liabilities Management Company (NELMCO) has been established, its board constituted, and it has taken over the stranded liabilities and legacy debts of the old PHCN.

A total of 122 enterprises have been privatised from 1999 to date, as shown in the following chart:

TRANSACTIONS HANDLED FROM 1999 TO DATE

S/N	NAME OF THE ENTERPRISE	METHOD OF SALE	DATE	NAME OF INVESTOR	% SOLD
1	Anambra Motors Manufacturing Company Limited	Core Investor	December 13,2006	G. U. Okeke & Sons	24
2	Ayip-Eku Oil Palm	Core Investor Sale	May 17,2007	Wingsong M-House Palm Oil Investment ltd	60
3	Central Packages Of Nigeria Limited	Core Investor	December 13,2006	Millennium Automations Ltd	94.23
4	Daily Times Of Nigeria (DTN)	Core Investor Sale	June, 2004	Folio Communication Ltd	100
5	Federal Super Phosphate Fertilizer Company	Core Investor Sale	September, 2005	Hekio Consortium	100
6	Ibechiowa Oil Palm Plc	Core Investor	August 14,2006	Omen International Ltd	60
7	Ore-Irele Oil Palm	Core Investor Sale	September, 2004	CPL Agric Limited	60
8	Lafiagi Sugar Company	Liquidation	24th August 2007	BUA International Ltd	100
9	Lagos International Trade Fair	Concession	May 17,2007	Aulic Nigeria Ltd	100
10	Leyland Nigeria Limited	Revalidation of Sale	April, 2005	Eba-Odan Commercial and Industrial Company Limited	100
11	NAFCON	Liquidation	August, 2005	O'secul Nigeria Limited	100
12	National Clearing And Forwarding Agency	Core Investor	August 14,2006	Jorotom International Agency(Nigeria) Ltd	100
13	National Trucks Manufacturers Limited	Core Investor Sale	Dec-2002 & April 2004	Art Engineering Limited	75
14	*Nigeria Machine Tools, Oshogbo*	Core Investor Sale	December, 2005	Bronwen Nigeria Ltd	70
15	Nigeria Newsprint Manufacturing Limited (NNMC)	Liquidation	JULY 01, 2008	Negris Holdings Ltd	100
16	Nigeria Paper Mill Jebba	Liquidation	June 13,2006	IMNL ltd	100
17	Nigeria Sugar Coy Bacita	Liquidation	October, 2005	Joseph Dam & Sons Ltd	19.7

S/N	NAME OF THE ENTERPRISE	METHOD OF SALE	DATE	NAME OF INVESTOR	% SOLD
18	Onigbolo Cement Company, Republic Of Benin	Core Investor	May 17,2007	Dangote Group of Companies	43
19	Peugeot Automobile Limited(PAN)	Sale to existing shareholder	July, 2004	Kaduna State Investment ltd	0.13
		Core Investor	October 3rd,2006	ASD Motor	24.87
20	Savannah Sugar Coy	Core Investor Sale	Dec-2002	Dangote Ind Ltd (Nig)	85.12
21	Steyr Nigeria Limited(STEYR)	Core Investor	August 14,2006	Scintilla Prime Investment Ltd	75
22	Sunti Sugar Company	Liquidation	September, 2005	Dewo Integrated Firm	100
23	Tafawa Balewa Square	Concession	May 17,2007	BHS International	30-years Concession
24	Volkswagen Of Nigeria Limited	Core Investor Sale	October, 2005	Barbedos Ventures	35
25	Nigeria Reinsurance Corporation	Core Investor Sale	December, 2002	Reinsurance Acquisition Group	51
26	Nicon Insurance Corporation	Core Investor	October,2005	Assurance Acquisition	70
27	FSB Int'l Bank Plc (Now Fidelity Bank)	Share Flotation	April, 2001	Nigerian Individuals and Institutional Investors	100
28	International Merchant BankLimited	Share Floatation	April, 2001	Nigerian Individuals and Institutional Investors	70.66
29	NAL Merchant Bank Plc (now Sterling Bank Plc)	Share Floatation	April, 2001	Nigerian Individuals and Institutional Investors	100
30	Capital Hotels Plc (now Abuja Sheraton)	Core Investor Sale	Oct-2002	Hans Gremlin Ltd.	88.33
31	Nicon Hilton Hotel, Abuja (now Transcorp Hilton)	Core Investor Sale	October, 2005	Capital Consortium	51
32	Niger Dock Nigeria Limited	Core Investor Sale	December, 2001	Global Energy Company Limited	80
33	National Aviation Handling Company (NAHCO)	Public Offer of Shares at NSE	November, 2005	Various Individual and Institutional Investors	40
34	Cement Company of Northern Nigeria	Core Investor Sale	July, 2000	Scancem (Norway)	87.38

S/N	NAME OF THE ENTERPRISE	METHOD OF SALE	DATE	NAME OF INVESTOR	% SOLD
		Share Floatation	April, 2001	Nigerian Individuals and Institutional Investors	12.62
35	Benue Cement Company Plc (180,148,377 offer for sale)	Core Investor Sale	May, 2000	Dangote Industries Limited (Nigeria)	
		Share Floatation	October, 2000	Nigerian Individuals and Institutional Investors	
36	West Africa Portland Cement Company Plc (94,*814,813 offer for sale*)	Core Investor Sale	October 2000	Blue Circle Industries Limited.	
		Share Floatation	January, 2001	Nigerian Individuals and Institutional Investors	41.63
37	Ashaka Cement Company Plc	Core Investor Sale	March, 2001	Blue Circle Industries Limited.	70.77
				Nigerian Individuals and Institutional Investors	
38	Festac 77 Hotel	Asset Sale	Jan-2002	UAC Properties Plc	100
39	Abuja International Hotel(NICON Luxury)	Core Investor	August 14,2006	Hotel Acquisition Ltd	99.49
40	Nigeria Hotels Limited - Ikoyi Hotel, Lagos	Asset Sale	October, 2002	Beta Consortium	100
41	Nigeria Hotels Limited - Caterer's Court Ikoyi Lagos	Asset Sale	December, 2002	Reliance Estates	100
42	Nigeria Hotels Limited - Houses Nos. 8&10, Lease Rd Ikoyi -	Asset Sale	April, 2003	Chyzob Enterprises	100
43	Nigeria Hotels Limited - Audit Section, Ikoyi Lagos	Asset Sale	April, 2003	Dangote Group	100
44	NPA Quarters, Lagos	Asset Sale	October, 2004	Labana Glover Ventures	100
45	Central Hotel, Kano	Asset Sale	July, 2004	Broadfields and NAL Assets Mgt	100
46	Afribank Nigeria Plc	Share Flotation	June, 2005	Various Individual and Institutional Investors	33

S/N	NAME OF THE ENTERPRISE	METHOD OF SALE	DATE	NAME OF INVESTOR	% SOLD
47	Assurance Bank Plc	Core Investor Sale	Mar-2002	Parmex/Gensec Consortium Ltd.	90
48	Electric Meter Company of Nigeria, Zaria	Core Investor Sale	Dec-2002	Dantata Investments Ltd.	100
49	Calabar Cement Company Ltd (CALCEMCO)	Liquidation	Aug-2002	Flour Mills & Holcim of Spain	46.6
50	ASEPL 202 (Lead, Zinc, Barytes, Copper, Salt) Ogoja	Mineral Concession	August 29th, 2006	Emo Energy & Mining Company ltd	100
51	ASEPL 203 (Lead, Zinc, Barytes, Copper, Salt) Ogoja	Mineral Concession	August 29th, 2006	Emo Energy & Mining Company ltd	100
52	Enugu Bricks	Core Investor Sale	June, 2005	Siljay Concept Limited	100
53	EPL 13212 (Talc, Gold, Cassiterite, Atakumosa, Oyo State	Concession	May 17,2007	Shoreline Power Co. Ltd	Mineral Concession 25-years
54	EPL 14000 (Gold Waya, Yauri, Kebbi State)	Mineral Concession	May 17,2007	Equator Mine Ltd	100
55	EPL 17222 (Gold Bukkuyum LG, Zamfara)	Mineral Concession	May 17,2007	Western Metal Products company Ltd	100
56	EPL 17224 (Gold Bukkuyum LG, Zamfara	Mineral Concession	May 17,2007	Western Metal Products company Ltd	100
57	EPL 17227 (Gold Bukkuyum LG, Zamfara)	Mineral Concession	May 17,2007	Western Metal Products company Ltd	100
58	Ibadan bricks	Core Investor Sale	June, 2005	Realstone Company Limited	100
59	Igun Gold District (ML 20501, ML 20507, ML 10904)	Mineral Concession	August 29th, 2006	Livinspring Minerals	Nil
60	Ikorodu Bricks	Core Investor Sale	June, 2005	Continental Projects Development and Supply ltd	100

S/N	NAME OF THE ENTERPRISE	METHOD OF SALE	DATE	NAME OF INVESTOR	% SOLD
61	Izom Bricks & Clay Project, Izom, Niger State.	Core Investor	March 17 ,2007	Continental Projects Development and Supply ltd	80
62	Kaduna Bricks	Core Investor Sale	June, 2005	Rahman Brothers Limited	100
63	Kano Bricks	Core Investor Sale	June, 2005	Associated Partners Limited	100
64	Kuru quarry Jos	Concession	September, 2005	Afrimines Nigeria Limited	100
65	Nigeria Feldspar / Quartz	Mineral Concession	August 29th, 2006	Livinspring Minerals	100
66	Nigerian Barytes Mining (ML 18706)	Mineral Concession	August 29th, 2006	Emo Energy & Mining Company ltd	100
67	Nigerian Kaolin Package (ML 5543, 11930, 5647, 1939 and 4069)	Mineral Concession	August 29th, 2006	Emo Energy & Mining Company ltd	100
68	NTAMP 1 Gurum Jos, Plateau State	Mineral Concession	August 29th, 2006	Equator Mine Ltd	100
69	NTAMP 2 Rafin Jaki Bauchi State	Mineral Concession	August 29th, 2006	Equator Mine Ltd	100
70	NTAMP 3 Banke Kaduna State	Mineral Concession	August 29th, 2006	Equator Mine Ltd	Mineral Concession 25-years
71	Ogboyega 1	Concession	May 17,2007	Western Metal Products Co. Ltd	Mineral Concession 25-years
72	Ogboyega II	Concession	May 17,2007	Western Metal Products Co. Ltd	36
73	Okaba Coal Blocks	Concession	May 17,2007	Denca Services Ltd	100
74	Sale of Pegson Crusher and 500 KVA Generating Set at Okaba, Kogi State	Asset Sale	November,2006	Messrs Itanyi Nigeria Ltd.	100
75	SML 21301 (Gold Magami Shiroro LG Niger)	Concession	May 17,2007	Western Metal Products Co. Ltd	100
76	SML 21302 (Gold Magami Shiroro LG Niger)	Concession	May 17,2007	Western Metal Products Co. Ltd	100
77	Suleja Quarry (Asset sale)	Asset Sale	September, 2005	Setraco (Nigeria) Limited	100
78	Delta Steel Company Ltd	Core Investor Sale	February, 2005	Global Infrastructure Limited	100
79	Aluminium Smelter Company of Nigeria (ALSCON)	Willing Buyer/Willing Seller	October 2004	Russal Steel Comp of Russia	92.5
80	Jos Steel Rolling Mills Ltd	Liquidation	November, 2005	Zuma Steel West Africa Limited	100
81	Kastina Steel Rolling Mils	Liquidation	November, 2005	Dana Holdings	100
82	Oshogbo Steel Rolling Mills Ltd	Liquidation	November, 2005	Kura Holdings Limited	100
83	Apapa Container Terminal	Concession	March, 2005	APM Terminal s Apapa Ltd	100
84	Apapa Terminal 'A'	Concession	October, 2005	Flour Mills of Nigeria	100
85	Apapa Terminal 'B'	Concession	October, 2005	Flour Mills of Nigeria	100
86	Apapa Terminal 'C'	Concession	March, 2005	ENL Consortium	100
87	Apapa Terminal 'D'	Concession	March, 2005	ENL Consortium	100
88	Apapa Terminal 'E'	Concession	October, 2005	Dangote Industries Limited	100
89	Calabar New Terminal A	Concession	May 17,2006	Ecomarine Consortium	25-year lease
90	Calabar New Terminal B				
91	Calalabar Old Port				
92	Koko Port	Concession	May 17,2006	Gulftainer Bel Consortium	100
93	Lilypond Inland Container Depot	Concession	September, 2005	AP Moller Finance SA	100
94	Onne FLT A	Concession	October, 2005	Brawal Oil Services	100
95	Onne FLT B	Concession	October, 2005	Intels Nigeria Limited	100
96	Onne FOT A	Concession	October, 2005	Intels Nigeria Limited	100
97	Port Harcourt Terminal 'A'	Concession	May, 2005	Ports and Terminal Operators Limited	100

S/N	NAME OF THE ENTERPRISE	METHOD OF SALE	DATE	NAME OF INVESTOR	% SOLD
98	Port Harcourt Terminal 'B'	Concession	May, 2005	BUA International Limited	100
99	Skypower Aviation Handling Company (SAHCOL)	Core Investor (willing-buyer, willing-seller')	30th of September, 2009	Skyway Aviation Handling Company	100
100	Tin Can Island Port RoRo Terminal	Concession	September, 2005	Comet Shipping Agency Nigeria Ltd	100
101	Tin Can Island Port Terminal 'A'	Concession	September, 2005	Joseph Dam & Sons Limited	100
102	Tin Can Island Port Terminal 'B'	Concession	September, 2005	Tin Can Island Container Terminal Limited	100
103	Tin Island Port Terminal 'C'	Concession	September, 2005	Sifax Nigeria Limited	100
104	Warri Canal Berth	Concession	May 17,2006	Julius Berger Nigeria Services Ltd	100
105	Warri New Terminal A				100
106	Warri New Terminal B	Concession	October, 2005	Intels Nigeria Limited	25-year lease
107	Warri Old Port Terminal B	Concession	October, 2005	Intels Nigeria Limited	
108	Warri Old Terminal A				
109	Baker Nigeria Limited	Private Placement	January 17, 2007	Baker Hughes Nigeria Limited	18
		Private Placement	January 17, 2007	Geofluids-Limited/Glad Company Limited	18
110	Baroids Drilling Chem. Products Nigeria Limited	Private Placement	January 17, 2007	Sapid Agencies Limited	18
		Private Placement	January 17, 2007	Mineral Watch Consults Limited	18
111	Baroids Nigeria Limited	Private Placement	January 17, 2007	Halliburton Operations Nigeria Limited	18
		Private Placement	January 17, 2007	Strides Export Nigeria Limited	18
112	Dowell Schlumberger	Private	January 17,	Bussdor & Company Limited	9

Key Challenges

In spite of the gains made by the privatisation programme, the programme continues to experience myriad challenges including:

1. Initial privatisation efforts from 1999 onwards were not seen as totally transparent.
2. Attendant delays arising from transition from one administration to the other, including appointment of ministers, reconstitution of NCP, and the inauguration of the National Assembly and its various committees.
3. Policy inconsistency
4. Corporate governance issues (post-privatisation)
5. Labour issues including huge pension liabilities and salary arrears
6. Delays in enactment of relevant reform bills
7. Inability of some bidders to pay purchase consideration
8. Funding has been another constraint as the support received from the World Bank and the DFID expired in December 2009 after two extensions. The main focus of the privatisation programme now is on those concessions that would be undertaken by ICRC.
9. Perception of diminishing political will to implement the reforms to their logical conclusion as well as role conflict between the Bureau and other agencies of government
10. Non-enforceable clauses and breach of share purchase agreements

11. Assets stripping by some unserious investors
12. Inability of bidding firms to meet benchmarks

The privatised enterprises themselves also faced key challenges, including:

8. Infrastructural challenges, including poor power supply and bad roads. All the enterprises monitored by the Bureau complained of the huge cost of providing alternative electric power to run their businesses. Lack of adequate public power is the most important single factor that significantly adds to cost of production and the perceived failure of some of the privatised enterprises. The deteriorating conditions of Nigerian roads and the absence of cheaper alternatives like rail transport are also a serious constraint. Government needs to expeditiously resolve these infrastructure problems if the privatised enterprises are to function at their optimum.
9. Sector policy and incentives: A number of reports have already identified that certain sectors and activities, such as vehicle assembly plants, steel production, and paper milling, would not be economically viable without the support of government through deliberate and favourable policy incentives. Some initiatives have already started with respect to putting the appropriate policy structure and incentives for the vehicle assembly sector. There is the need to extend this initiative to embrace the other sectors requiring similar intervention if privatised enterprises in these other sectors are to perform optimally.
10. Huge debt profile: It has been discovered during monitoring by the Bureau that certain privatised enterprises have huge debt profiles that appear to be economically unsustainable compared with their assets base and turn over. These debts impact negatively on the performance of some of these enterprises. Some of such enterprises include:

    a. The National Clearing and Forwarding Company (NACFA) with ₦10 billion
    b. Peugeot Automobile of Nigeria (PAN) with ₦26 billion in which ₦15 billion of this is accrued bank interest
    c. Delta Steel Company with more than ₦30 billion
    d. Anambra Motor Company (ANAMMCO) with ₦ 3 billion

Assessment of Reform Initiative

S/No.	Assessment Criteria	Result of Assessment
1.	Has the privatisation policy (PP) improved the quality and quantity of public services?	Yes. A number of the privatisation exercises, such as those on telecoms and ports, have improved the quality and quantity of public service in terms of tax base revenue.
2.	Do more people now have access to services, including disadvantaged groups such as	Yes, more now have access to services. For example in the telecom sector.
3.	Has the PP reform reduced	Yes. PP has reduced the cost of governance in

S/No.	Assessment Criteria	Result of Assessment
		tax revenue and dividends proceeds. It has also reduced the subventions that would have bee
4.	Has the PP made the service more affordable for citizens?	In some cases, but not in others. For instance, the telecom reforms have reduced the cost to citizens, but costs have gone up in other case
5.	Has the PP reduced corruption?	Yes. Because there is now value for money in service delivery. Political patronage and
6.	Has the PP reduced unnecessary bureaucracy and red tape?	Yes. The introduction of private sector management practices and processes has reduced the level bureaucracy in privatised
7.	Is PP likely to lead to improved developme	Yes. Most of the privatised enterprises are doing well in terms of increased production a
8.	Are things improving, staying the same, or getting worse?	Things are improving. Several of the enterprises that were virtually dead or moribund prior to PP have been privatised and are operationally producing (e.g., Eleme Petrochemicals, Delta Steel Company, Jebba Paper Mill, Savannah Su
9.	Where things are improving, will those improvements	Improvements are likely to endure.
10.	Where things are not improving, what should	Not applicable.

Proposed Next Steps

The proposed next step actions to further deepen the privatisation exercise are as follows:

1. The following reform bills need to be transmitted to the National Assembly via the Federal Executive Council (FEC) to speed up the privatisation process:
    a. Ports and Harbour Authorities Bill: This bill is to repeal the Nigerian Ports Authority Act No. 38, 1999 and provides for:
        1. The establishment of the Landlord Port Model, whereby the port authorities will be landlords on behalf of the federal government; and

    2. Private sector participation in the provision of ports services, which drives efficiency, safety, accountability, competition, fairness, and transparency.

b. Nigerian Railway Bill: This bill will repeal the Nigerian Railway Corporation Act 1955.

c. Inland Waterways Bill: This bill will repeal the National Inland Waterways Act No. 13 1997.

d. National Transport Commission Bill: This bill is to provide:

    1. Economic regulatory framework for intermodal industry;

    2. Independent regulator (National Transport Commission); and

    3. National Transport Commission (NTC) will monitor compliance of government agencies and service providers.

e. Road Sector Reform Bill.

f. Federal Competition and Consumer Protection Bill; and

g. Postal Bill

2. There is need to put in place the relevant regulatory bodies for effective regulation of the various sectors to ensure PEs optimal performance and quality service delivery.

3. There is need to do more to protect the rights and interests of consumers once services are privatised.

4. There is need for on-going policy consistency so that government can create the necessary enabling environment for enterprises to operate.