STRUCTURAL ADJUSTMENT PROGRAMME IN NIGERIA: CAUSES, PROCESSES AND OUTCOMES

Revised Technical Proposal

Submitted

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INTRODUCTION

Nigeria, with a population of about 120 million, is Africa's most populous country and the continent's third largest economy. Oil dominates the economy, accounting for about 80 per cent of federal government revenues, and 95 per cent of foreign exchange earnings. With a continuously declining per capita income and comparatively unfavourable social indicators, Nigeria is one of the poorest oil producing countries. Since its independence in 1960, the country has undergone major political and economic changes. It has attempted to forge a unified nation out of diverse regional, ethnic, and religious groups through a federal structure of government, whose leadership has changed no less than eleven times, mostly through military coups.

During the 1970s, Nigeria evolved from a poor agricultural economy into a relatively rich, oil-dominated one. In 1969 the oil sector accounted for less than 3 per cent of GDP and a modest US$370 million in exports (42 per cent of total exports); per capita income was only US$130; and more than half of GDP was generated in the agricultural sector. By 1980, the oil sector had come to account for nearly 30 per cent of GDP, oil exports totalled US$25 billion (96 per cent of total exports), and per capita income exceeded US$1,100. Following the discovery and exploration of oil, the economy experienced many symptoms of the "Dutch disease", with the real effective exchange rate appreciating steadily during the 1970s. The steady erosion of competitiveness of the non-oil tradable goods sector was reflected in the substantial decline of agricultural exports, which began in the mid-1960s, and continued through 1976, when oil production reached its peak. Notwithstanding the dramatic rise in oil revenue in the 1970s, the Government failed to strengthen public finances. The excessive expansion of public expenditure, from an average of 13 per cent of GDP during 1970-73 to 25 per cent in 1974-80, moved the fiscal balance from a small surplus to a deficit, averaging 2½ per cent of GDP a year. The monetary financing of these deficits contributed to a rapid growth in broad money and a sharp acceleration in inflation. The real effective appreciation of the naira that followed the surge in oil prices toward the end of 1973 eroded Nigeria's competitiveness, and growth of real GDP slowed markedly. A buoyant oil sector sustained an average external current account surplus of 1½ per cent of GDP during this period, while gross international reserves averaged the equivalent of about seven months of imports. By

1980, the country's external debt was only US$4.1 billion, or 5 per cent of GDP, and the debt-service ratio was a modest 3.7 per cent.

The economic policy orientation during the 1970s left the country ill prepared for the eventual collapse of oil prices in the first half of the 1980s. Public investment was concentrated in costly, and often inappropriate, infrastructure projects with questionable rates of return and sizable recurrent cost implications, while the agricultural sector was largely neglected. Nigeria's industrial policy was inward-looking, with a heavy emphasis on protection and government controls, which bread an uncompetitive manufacturing sector. Nonetheless, Nigeria's economy has remained dominant in Africa.

To reverse the worsening economic fortunes in terms of declining growth, increasing unemployment, galloping inflation, high incidence of poverty, worsening balance of payment conditions, debilitating debt burden and increasing unsustainable fiscal deficits, among others, government embarked on austerity measures in 1982. Arising from the minimal impacts of these measures, an extensive structural adjustment programme was put in place in 1986 with emphasis on expenditure reducing and expenditure switching policies as well as using the private sector as the engine of growth of the economy via commercialisation and privatisation of government-owned enterprises. Though some benefits were achieved at the initial stage, such benefits could not trickle down to the poor. Rather, the incidence of poverty keeps on increasing. As such, resistance came up from many stakeholders, particularly the civil society, the labour unions and the organised private sector. Even the economic reform programmes of the present democratic government were not spared from this resistance. In fact, it is increasingly becoming difficult to implement any credible economic reform programmes given people's experiences with the previous ones.

The inability to achieve the goals of these reform programmes have been linked to several factors. Apart from the top down approach to initiating and implementing these programmes, political and ethnic instability has been adduced as important factors. Nigeria, for instance, has been ruled by the military for 25 of its 42 years as an independent nation. The origin of political instability in Nigeria has been the inability to forge a national entity that transcends ethnic, regional, religious and economic interests. These diverging interests led to scores of political coups and counter coups. The principal ethnic groups in Nigeria are the Hausa in the north, the Yoruba in the west, and the Ibo in the east, and the principal religious groups are the Muslims in the north and the Christians in the south. The federal structure of Nigeria has changed dramatically during the past decades; the country's original three regions have since been divided into 36 states and the Federal Capital Territory of Abuja. In addition, there are 774 local governments. Even at the public sector level, the involvement of lower tiers of government has been low while those of the civil society and the organised private sector have equally been tardy.

What are the remote and immediate causes of these reforms? How were they formulated and implemented? What are the outcomes of these reforms? What lessons have we learnt from the past reforms and how can such lessons be integrated into the future socio-economic reforms? Answers to these questions constitute the main focus of the research project.

II BACKGROUND TO THE STRUCTURAL ADJUSTMENT PROGRAMME IN NIGERIA

The collapse of world oil prices and the sharp decline in petroleum output, the latter resulting from a lowering of Nigeria's OPEC quota in the early 1980s, brought to the forefront the precarious nature of the country's economic and financial positions. Rising and ill-directed government spending during the 1970s, neglect of the agricultural sector, and inward-looking industrial policies left Nigeria vulnerable to profound changes in the external environment in the following decade. Thus, the dramatic fall in oil export revenues entailed a sharp deterioration in the country's public finances and balance of payments. This led to recession and economic deterioration as manifested by fiscal crisis, foreign exchange shortage, balance of payments and debt crisis, high rate of unemployment, negative economic growth, to mention a few. Indeed, beginning from 1982, and through 1984, the country had become saddled with negative trends in economic growth as indicated by the decline in the gross domestic product (GDP) (0.35% in 1982; -5.37% in 1983; and –5.18% in 1984), persistent current account and budget deficits, a huge backlog of uncompleted projects, especially in the public sector, factory closures, large-scale retrenchment, acute shortages of essential commodities and galloping inflation.

The sharp worsening of economic conditions prompted the Shagari Government to introduce the Economic Stabilisation Act of April 1982 with minimal involvement of non-governmental institutions. The stabilization Act comprised a package of stringent policies and measures of demand management aimed at rationalising overall expenditure pattern in order to restore fiscal balance on the domestic front and equilibrium in the external sector. These stabilization measures were, to a large extent, implemented through administrative controls which include a severe tightening of import controls, the imposition of exchange restrictions on current international transactions, substantial increases in customs tariffs, the introduction of an advance import deposit scheme, and ceilings on total central bank foreign exchange disbursements. The tightening of fiscal policies consisted of a freeze on capital expenditure, the curtailment of lower priority public investment projects, an increase in petroleum product sprices and utility tariffs, and a freeze on wages and salaries in the public sector. In addition, foreign borrowing of the state and local governments was severely restricted, ceilings on bank credit to the private sector were progressively lowered, and administered bank lending rates were raised.

The worsening economic and financial conditions led to a military coup on 31 December 1983. The new regime under General Buhari sought to reinforce the 1982 austerity measures by further tightening financial policies and introducing more administrative controls. The government also implemented the counter trade policy in the light of the economic circumstances that existed then. This was aimed at reviving the crumbling economy through the provision of raw materials that were needed in industries, stopping further closure of industries, assisting in reducing the unemployment problems and, perhaps, minimising the spiralling inflation. The implementation of the counter-trade deals was, however, not free of irregularities that derived largely from the secrecy with which the trade was conducted. This secrecy created room for suspicion and opposition from stakeholders such as the organised private sector and the academia, who queried the rational behind the deals. Indeed the irregularities associated with the counter-trade deals were cited as one of the reasons for the 27 August 1985 military putsch.

The Government's austerity measures achieved some success by 1985; inflation fell to a single digit, the external current account moved from deficit to balanced positions, and real GDP growth jumped to 9½ per cent. The substantial growth in real GDP was due principally to an increase in oil production arising from the upward adjustment in OPEC quotas and to the recovery of the agricultural sector from a two-year drought. However, improvements in the fiscal and external positions in 1984 and 1985 proved transitory and failed to establish a basis for sustained economic growth. Short-run fiscal stabilization measures and quantitative trade controls dominated the adjustment efforts, while underlying economic and financial conditions continued to worsen. Between 1980 and 1985, government revenue fell from 24 per cent of GDP to 12 per cent, reflecting the sharp decline in oil prices as well as the diminished buoyancy of non-oil taxes. The adverse impact of the overvalued exchange rate on oil and customs revenue, coupled with the depressing effect of increasingly complex import controls on the customs tax base, exacerbated the difficulties.

The authorities' policy to foster employment through the creation of public sector jobs continued to exert strong pressure on the budget during 1981-84. Following a 109 per cent increase in 1977-81, public sector employment grew by a further 18 per cent between 1981 and 1984. This policy promoted migration into cities, as government salaries compared very favourably with income opportunities in the rural areas. Urban migration and its attendant unemployment problems became even more pronounced in 1981 when the Government increased the minimum wage rate to the entry level salary of public sector employees. Urban unemployment increased substantially, from 2½ per cent in 1980 to 10 per cent in 1985, while rural unemployment rose from 3 per cent to 5 per cent over the same period. Real per capital income fell significantly as well, from US$1,010 in 1981 to US$850 in 1985.

The emphasis on short-run stabilization measures reflected the Government's belief, at the time, that Nigeria's economic and financial problems were transient and would eventually disappear with a recovery in oil export prices. In the event, oil prices did not recover, and it became clear that the stabilization policies were inadequate in tackling the underlying economic problems, including the lopsided reliance on oil, the neglect of the agricultural sector, the inward-looking industrial strategy, the inefficiency of the public enterprise sector, and the misdirected capital investment projects of the Federal Government. In addition to the inefficient allocation of large oil receipts, intervention in key areas of the economy, including the fixing of the exchange rates, of interest rates, and of domestic and export prices and the marketing of non-oil exports, remained pervasive and impeded the supply response essential to a sustained recovery of the Nigerian economy. The extensive system of direct controls suppressed market signals and discouraged private sector activity. Crippling import shortages and growing social and political discontent set the stage for another military coup, under General Babangida, who assumed power in August 1985.

It became clear to Nigeria's economic policymakers that short-run stabilization measures and increased regulation were not appropriate responses to deep-seated impediments to growth. It was also clear that there was the need to adjust to the structural imbalances and external shocks. But then an important question that needed to have been addressed concerned the type of adjustment that was desired. The government was left with three policy options namely to: (i) maintain the status quo, i.e., a continuation of the austerity measures without structural adjustment reforms; (ii) accept IMF Structural Adjustment Facility including its conditionalities; and (iii) reject the IMF loan proposal but adopt a modified variant of the traditional structural adjustment package, designed and implemented by Nigerians.

The Babaginda government decided to throw the decision of whether to take the IMF loan to the general public through a debate. This was because the leadership felt that taking the loan would involve some hardships on the citizens; and not taking the loan will have the same effect since creditors would no longer permit further imports of raw materials for the industries. Those who participated in the debate represented different stakeholders in the society. There was the group from the organised private sector who were business individuals, those from the academia, religious organisation, socio-cultural societies and individuals with different social and ideological backgrounds. While many like the nationalists, communists and the academia wanted the government to reject the IMF and its conditionality, some like the bankers and the industrialists saw the need for the loan. Essentially every Nigerian agreed that the economy demands restructuring. They agreed that it was too much dependent on foreign inputs; that agriculture was neglected; that the dependence on one export commodity should be halted. It must however be noted that this was the first time in the history of the nation for all stakeholders to be involved in the decision making process that would ultimately affect the lives of the general populace

After the popular debate, the Government adopted in June 1986 a comprehensive structural adjustment program (SAP) that signalled a radical departure from previous reform efforts. It emphasized reliance on market forces and the private sector in dealing with the fundamental problems of the economy. The SAP was originally intended to last for two years, but was extended when it was realized that implementing many of the reforms required more time. Nigeria's adjustment efforts were supported by three stand-by arrangements with the IMF, but the government decided not to use the Fund's resources. The World Bank also supported the adjustment program though a US$450 million trade policy and export diversification loan.

The objectives of the SAP were, among others, to:

- restructure and diversify the productive base of the economy so as to reduce dependency on the oil sector and imports;
- achieve fiscal and balance of payments viability over the medium term; and
- promote non-inflationary economic growth.

The growth and inflation objectives for 1987-88 were a real GDP growth of 3-4 per cent and a reduction of inflation to 9 per cent per year on an average annual basis. It was thought that the anticipated devaluation of the naira would have a considerable impact on consumer prices.

The key policies designed to achieve these objective were:

- Strengthening of hitherto strong and relevant demand management policies;
- Adoption of measures to stimulate domestic production and broaden the supply base of the economy;
- The setting up of a Second-Tier Foreign Exchange Market (SFEM) as a mechanism of realistic exchange rate and consequently, the alteration of relative prices to enhance efficiency in resource allocation, and to promote domestic-based production and non-oil exports;
- Further rationalisation and restructuring of tariffs in order to aid industrial diversification;
- The liberalization of the external trade and payments system-dismantling of price, trade and exchange controls;
- The elimination of price controls and commodity boards;
- The decontrol of interest rates; and
- The rationalization and restructuring of public sector enterprises and overhauling of the public sector administrative structure.

In general, the various policy measures incorporated in SAP have been pursued to varying degrees of implementation coupled with a number of complementary polices and programmes. Some of these were geared toward alleviating the unintended effects of adjustment and to provide relief to the people. Some of the programmes and policies include the establishment of the National Directorate of Employment (NDE) in 1986; a SAP relief package introduced in 1989; the establishment of the Urban Mass Transit Programme in 1988; establishment of the People’s and Community banks in 1989/90; the establishment of the Directorate of Food, Road and Rural Infrastructure (DFRRI) in 1986; a reflationary budget package in 1988; the 1991/1992 relief package for public sector officers; the reform of the civil service; and the Better Life for Rural Dwellers’ Programme in 1989.

As at 1995, the Structural Adjustment Programme in Nigeria has a record of mixed performance. In spite of the gains recorded under the programme, certain macroeconomic, political and social problems have so far defied solution. The major gain can be recapitulated as reversal of the negative trend of the growth of GDP and other key sectors of the economy. Others are easy access of economic agents to foreign exchange market and the enhancement of efficiency in resource allocation to the productive sectors enhancement of non-oil export competitiveness and inducement of enthusiastic export drive increase in the prices of agricultural exports in naira terms and the subsequent improvement in rural nominal incomes, successful debt rescheduling and debt conversion programmes, evolution of maintenance culture in both public and private life and the development of local technology and recycling of used materials. In spite of these gains, a number of economic problems have remained intractable.

Despite the programmes and policies put in place, the SAP has brought few tangible benefits to the people. Ineffective corporate governance, the distortions of continued government interventions, and the lack of government part to carry the various stakeholders in the design, implementation and execution of programmes, have limited the level of success for the programmes and reforms. In particular, all stakeholders have been ignored in the core areas that involved them and thus, these had led to opposition to government's continued programmes. The continued absence of progress is the consequences of non-interactions between the government and the various stakeholders within a particular programme. There has been no capacity for decision-making including policy dialogue with other stakeholders. Also, the continued usurpation of democratic power by the military, which has spanned a cumulative period of 28 years, led to a supplanting of constitutional provisions by military decrees and engendered a culture of executive highhandedness and human rights abuses. The development of democratic institutions – the executive and the legislative arms of government, the judiciary, the media, and the civil society organisations- has been stunted. In particular, the Nigerian civil society remains relatively weak and fragile in terms of structure and organisation, and it has been susceptible to being ignored in the scheme of policy issues. The overall effect of this non-action by various stakeholders is the increased level of poverty in Nigeria while the access to basic social services such as health, education and employment opportunities has also reduced with dwindling economic fortunes.

III THE PROBLEM

Although significant progress was made in the liberalization of the economy, specifically through reform of the exchange and the trade system, the restructuring of public enterprises and the freeing of prices, macroeconomic policy implementation and commitment to the stabilization programmes remained erratic thereby failing to achieve the set objectives. Consequently, public criticisms of economic policies increased. The disappointing results of the adjustment effort were linked to two major factors: a product of misguided policies under the SAP and an incoherent implementation of SAP policies.

In general, not only did the economic stabilization measures and reforms proved inadequate in dealing with the seemingly intractable problems of the economy, some of them, were to a large extent, counter-productive, thus defeating the attempts to use them successfully in restoring normalcy to economic activities. After more than a decade of SAP, structural imbalances still persist and abound. The reforms have not been far-reaching with low economic growth and more people becoming poor. In spite of the mixed performance of SAP in the country, it is important to stress the continued relevance of its basic tenets to our social and economic situation now and in the future. SAP as any other socio-economic package, calls for periodic review and fine-tuning. As the society evolves and new realities emerge, it behoves the government to adjust such programmes in an appropriate manner. This cannot, however, be done well unless the what, why and how of the past efforts have been examined thoroughly.

Based on the realization of the relevance of the tenets of SAP to Nigeria's economic reality, the present civilian regime of President Obasanjo embarked on the reform of the economy with a view to enhancing efficiency and higher productivity growth; transparent and accountable governance. The reform efforts, however, still meet with opposition. This then poses the question, are there lessons we can learn from the past efforts? Definitely yes; but it seems the present democratic government is yet to learn from the past. The current apathy the regime is facing on its economic reform programmes still bother on the alienation of the cross-section of the society and the inability to learn from the what, how and why of the past efforts. This, therefore, calls an in-depth analysis of the past reform programmes with a view to drawing lessons for future reforms. In deed, there is need to understand not only why the former reforms failed in the case of Nigeria despite the government advocacy to elicit stakeholders' interest and support with a view to sustaining the initial positive impact of the reform on the economy but also the why and how of the past reforms. In Nigeria, no efforts have been made to examine in detail, why majority of the stakeholders in the country resisted the past reform efforts; how inclusive socio-economic programmes can be put in place; and what can be done to sustain stakeholders interest in such reforms. It is, therefore, very imperative to know why further reforms are currently being resisted and how acceptable and successful reforms can be initiated and sustained based on the lessons from the past efforts. The foregoing cannot be achieved unless a detailed analysis of what brought about the adjustment programme, its formulation and implementation processes and why SAP was unable to achieve its set objectives is undertaken. Much attention has not been directed at these issues in Nigeria.

This present study seeks to fill this gap with a view to providing a basis for credible and sustainable reforms, which would turn the economy around and promote inclusive growth and development that would enhance peoples' welfare. In doing this, the study would among other things examine the depth, speed, timing, sequencing and processes of the reforms. It also intends to examine the capacity of the state to formulate and implement reform programmes as well as the extent of stakeholders' involvement in and commitment to the reforms both at the initial stage and thereafter. This will provide the basis for enshrining developing result-oriented and sustainable economic reform programmes.

IV OBJECTIVESOF THE STUDY

The major objective of the project is to provide better understanding of the why, what and how of the structural adjustment program in Nigeria with a view to drawing relevant lessons for future reforms. The basic purpose of this effort is to provide documented evidence on how the processes and outcomes of the reforms affect the entirety of the nation so as to inform both the government and the stakeholders in institutionalising people-oriented socio-economic reform programmes. The primary focus is to examine the rationale for and causes of the reforms, formulation and implementation processes, and the reform outcomes. The specific objectives are to:

- analyse the causes and timing of the structural adjustment reforms in Nigeria including both external and internal factors;
- examine the types of policy level reforms initiated in Nigeria during the period;
- study the structures and processes of implementing the programme;
- provide analysis and evidence of reasons for the success and failure of the reform efforts in Nigeria with particular emphasis on the interaction of various forces – economics, politics, culture, among others;
- examine the roles of crises, technocrats, leadership and institutions in the design, implementation, and monitoring of the reform programs;

- examine the extent and processes of involving the various stakeholders in the reform programme;
- assess the social costs and benefits of the reform efforts as well as the role of the state in reducing the costs of and increasing the benefits to the poor and other disadvantaged groups; and
- determine the strategies for institutionalising credible and sustainable inclusive reform programme.

V HYPOTHESES OF THE STUDY

Hypothesis testing has become the building block of any scientific research. To this end, it would be pertinent to test the following hypotheses in respect of economic reforms in Nigeria from the second half the 1980s through 1990s.

- Domestic crises beget reform.
- External factors shape reforms.
- Reform success depends on how winners are organized.
- Reforms are blocked because of aggregate uncertainty regarding the present value of their net benefits.
- Individual uncertainties about reform pay-offs affect reform success; when individual uncertainty gets resolved and losers get organized, they either ask for the discontinuation of the reforms or demand for higher compensations.
- Reforms are delayed because of asymmetric distributions of costs and benefits that lead to war of attrition between different groups.
- Reforms are jump-started when losers are compensated upfront; e.g., pension reforms.
- Lobbying is concentrated in the implementation stage, not at the initial (design) stage as obtained in advanced countries.
- Reforms are transactions about the new rules among difference participants in the game of reform; the decisional conflicts are dependent on the relative power of each group.
- Reforms are blocked because of imperfect credibility of governments.
- Wrong timing and sequencing of reforms can lead to a path dependency that produces a negative outcome of low and slow economic development.

- Inadequate institutional reforms contributed largely to the weak outcome of the economic reforms. Second-generation reforms – civil service reform, budget management and privatisation – were much more intrusive.
- The way societies organized vested interests, technocrats, and leadership drives the success of reforms.
- Lack of sufficient re-orientation on the way of life of leaders and highly placed government officials impacted negatively on the economic reforms in Nigeria.
- Successful reformers have consultative processes that build consensus for change.
- The inability to involve the various stakeholders of Nigeria's development contributed significantly to the apathy and the limited success of the programmes.

These hypotheses will be tested qualitatively and analytically in order to provide a better understanding of the what, how and why of reforms in Nigeria.

VI METHODOLOGY

Since the main focus is to have a better understanding of the what, how and why of the reforms, the method of analysis will be eclectic in nature; descriptive, analytic and qualitative. First, we shall provide a well-documented description of the reform processes and outcomes. The framework of analysis provided by Loayza and Soto (2003) will be very helpful here. The descriptive analysis shall be undertaken along three broad areas, namely, general principles underlying market-oriented reforms, policy indicators and outcome indicators. Each of these will be examined across the first and second generation of reforms, which in specific term takes the following forms: domestic financial system, international financial system, international trade, the labour market, the tax system, public infrastructure and public enterprises, legal and regulatory frameworks, and governance.

To capture the driving forces behind the reform process, the need to be very analytical is quite germane. The analytical narrative will be used to address issues relating to causal factors and the processes of policy formulation and implementation. Since it is a study about understanding reform, analytical evidence shall also be provided about people's perception of the remote and immediate causes of the reforms and the associated driving forces. The views of key informants about the 'why' of the reform(the driving forces), 'what' (factors that determine the shape in terms of sequencing, speed and intensity of reforms) and 'how well' the results of the reforms will have to be sought. The analytical framework of Liew, Bruszt and He (2003) about the factors that facilitate or impinge decision to reform, the national costs of the reforms, the sequences of the reforms, the institutional capacity and path dependency will have to be analysed analytically.

To complement the descriptive and analytical approaches mentioned above, a qualitative and possibly, marginal quantitative testing of the hypotheses highlighted above shall be used. As pointed out by Fanelli and Popov (2003) and Devarajan, Dollar and Holgren (2001), a better understanding of the reforms programmes through broader consultations and participation of major stakeholders will improve the process underway and will also provide the basis for fine-tuning the present strategies. This connotes the need for qualitative analysis of the structural adjustment programme in Nigeria. Because the information elicited from respondents will be purely qualitative, non-parametric methods of analysis as central tendencies, rank correlations, chi-square and analysis of variance techniques shall be employed.

In what follows, the approaches of eliciting information for the study is highlighted.

Survey Instruments

Given the nature of this study, which is geared towards a better understanding of the reforms, a variety of approaches shall be used to elicit information for the study. Information will be collected from primary and secondary sources. For the secondary source, review of existing policy documents, policy reviews, and national and state budgets as well as rolling plans will be consulted. This would enable us to describe analytically the major macro, institutional, sectoral, and political reforms that have taken place since 1986. Documentary evidence will also be used to discuss the causes and the processes of the reforms and the associated goals at the time of their formulation and initial implementation stage. In addition, some of the specific objectives that deal with the outcomes of the reforms would be addressed using trends in key macroeconomic indicators (such as real GDP growth, income distribution, poverty reduction, capacity utilisation, fiscal and external balances). The before and after approach would be used to assess the outcome of reforms and analyse the sustainability of future reforms with respect to projected trends of indicators.

The primary source of information will be all embracing. Generally, the starting point of the survey methodology would involve discussing the initial conditions for the reforms, the preparation for the reforms, the capacity to implement the reforms including institutional changes to increase human capacity for implementation with key policy makers at the three tiers of government. Policy analysts will also be given due consideration. To do this, a stakeholder situation analysis will be conducted through in-depth interviews, and structured questionnaires.

The in-depth interviews will be used to elicit qualitative information that may be difficult to obtain through structured questionnaires. To this end, the associated instruments will be administered on major stakeholders (top policy makers; present and past) at the three tiers of government: national, state and local council; managers in the organised private sector; key stakeholders in the civil society: executives of political parties, chief executives of NGOs, religious leaders, community leaders, executives of Trade Associations and Community Based Associations (CBOs); among others. This would enable us to assess the 'what', 'why' and 'how' of reforms in Nigeria as well as examine the interests of the various stakeholders in the reforms, their abilities for and avenues for participation, and their reactions to the reforms. This will afford us the opportunity to test aforementioned hypotheses with particular emphasis on the political economy of the political process. Furthermore, we would be able to find out changes in their short-term and long-term behaviours, and the effects of the reforms on their well being. Their views shall also be solicited on how to develop strategies for an inclusive development.

The structured questionnaire will be used to complement the in-depth with a view to providing marginal quantitative information on the various issues that will be addressed in the survey. In addition to the respective stakeholders mentioned above, the individual structured questionnaires will be administered on government officials and households using various classifications to determine the respondent groups.

Sampling Frame and the Sampled Areas

A composite sampling frame will be adopted in the survey. The country will be stratified into the existing six geo-political zones in the country. In each of the geo-political zones, one state shall be selected with equal proportion of rural and urban-based states with a view to capturing any possible divergences from their opinions. This amounts to 6 states out of the existing 36 states. In addition to the 6 states, the Federal Capital Territory will be added to elicit the views of federal government institutions and their officials.

From each of the states, between 3 local governments (LGAs) will be chosen. This will give a total of 18 LGAs. Each of the states has been stratified into three groups according the existing three senatorial constituencies in the Constitution of the Federation.

Sample Size

Each of the two instruments will be administered on the public sector institutions, the organised private sector and the civil society. In-depth interviews will be held with 30 heads of Federal Government institutions including Ministers, Permanent Secretaries, Directors General and Directors. At the states level, 10 heads of government ministries or parastatals/agencies shall be interviewed. Hence, discussions will be held with any of the followings in each of the Ministries/agencies selected: Commissioners, Permanent Secretaries and Directors. Attempt shall be made to ensure that the views of both the politicians and bureaucrats are sought on the issues of interest. At the local government level, the Chairman of the LGA and the Director of Personnel in each of the LGAs will also be interviewed. In addition to government institutions, in each of the states 10 Chief Executives or any very senior manager shall be interviewed from both the public and the organised private sectors. Also to be interviewed are 20 key members of the civil society, comprising heads of NGOs, CBOs/trade associations, trade unions and Community heads as well as heads of religious institutions. Altogether, 288 in-depth interviews will be held comprising 108 from the public sector, 120 from the civil society organizations and 60 from the organised private sector.

The structured interviews mentioned above would require the development of 3 sets of instruments to address among others- government officials at the federal, state and local council levels; organised private institutions; and non-individual other stakeholders (including NGOs, CBOs and opinion leaders in communities). A total of 1010 respondents shall be interviewed. This breakdown is as indicated in Table 1.

Table 1: Structured Questionnaires

	Federal	State	Local	Total
Policy makers	200	300	90	590
Industrialists	-	210	-	210
NGOs/CBOs/Religion Organisations/ Trade Unions	-	210	-	210
Total:	200	720	90	1,010

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