Privatization and Commercialization Programme in Nigeria: Issues and Challenges

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Abstract

Privatization and commercialization of public enterprises (PEs) in Nigeria was adopted as solution to the poor performance of the establishments in spite of the huge sums of money pumped into them by successive governments. However, the performance of the privatized enterprises is not in any way better than their former self. This paper evaluates the issues and challenges facing the privatization and commercialization programme in Nigeria. Data for the study were obtained from secondary sources – relevant books and journals. Quantitative approach through content analysis was employed for the study. The Laissez-Faire Economic Theory and Public Choice Theory were adopted as the framework that guides the paper. The study revealed that the privatization and commercialization exercise in Nigeria is faced with problems which include: lack of transparency, corruption, loss of jobs, limited number of beneficiaries, rise in prices of goods and costs of services, inadequate regulatory framework and lack of technical know-how among others. Based on the findings, the study recommended that government should ensure that administrative transparency is well instituted, appropriate measures to check corruption should be put in place, the privatization agency should consult with major stakeholders to avert job losses in privatized enterprises and regular review of the activities of the privatization agency should be carried out by a team of experts.

Keywords: Commercialization, Corruption, Inefficiency, Private Sector, Privatization, Public Enterprises (PEs) and Public Sector.

Introduction

The participation of state in enterprises development in Nigeria dates back to the colonial era. The task of providing infrastructural facilities such as railway, roads, bridges, electricity, port facilities and so on fell on the colonial government due to the absence of indigenous companies with the required capital as well as the inability or unwillingness of foreign trading companies to embark on these capital-intensive projects (Igbuzor, 2005). Adegbite (2020) on his part observed that in decades past, it was considered a sound economic policy for government to establish and invest highly in statutory corporations and state-owned companies. Then, the paradigm was that the public owned companies were better equipped to stimulate and accelerate national socio-economic development than private capital.

However, due to the failure of the public sector to live up to its expectation, privatization as an economic policy was considered as an appropriate solution. The proponents of privatization see it as an instrument of efficient resource management for rapid economic development and poverty reduction (Akinola, 2021; Orji, Nwachukwu & Eme, 2014; Abdullahi, 2014; Anam & Antai, 2005). According to Johnson (1999) the principal aim of the proponents of privatization is to improve the performance of the economy as a whole, by competition because it is believed that monopoly positions could lead to inefficiencies, lack of motivation by management and a restriction of consumer choice. Bakare (2011) cited in Eke and Chiazor (2017) stated that the nature of the public sector in Nigeria before privatization was very bad and he went further to describe the sorry state of Public Enterprises (PEs) in Nigeria, the depressing picture of inefficiency, low productivity, losses, budgetary burden and poor productivity in the services rendered. On this government spending on PEs, Ogundipe (1986), Adeyemo and Salami (2008); Ojo and Fajemisin (2010) and Odey (2011) pointed out that between 1975 and 1985, government capital investments in PEs totalled about 23 billion naira. In addition to equity investment, government gave subsidies of 11.5 billion naira to various state enterprises. Apparently, all these expenditures contributed in no small measure to increased government expenditures and deficits.

To Ugorji (1995), Odey (2011); Ojo and Fajemisin (2010) and Adeyemo and Salami (2008) privatization has become an important instrument in the political economy of states. It is a strategy for reducing the size of government spending and transferring services functions from public to private ownership and control. According to him, privatization is based on four (4) core beliefs:

i. Government is into more things than it should be. It is intruding into private enterprises and lives.
ii. Government is unable to provide services effectively and efficiently.
iii. Public officials and public agencies are not adequately responsible to the public.
iv. Government consumes too many resources thereby threatening economic growth.

According to Areogu (1999) cited in Bello (2005), the main aim of privatization in Nigeria was to increase the enterprises' productive and allocative efficiencies in terms of lowering costs, prevention of wastes and getting their products to the desired points of consumption as easily as possible with minimal or no political bureaucracy. In addition, Bello posited it was introduced to enable the government put to use the proceeds from sales and annual funds allocated previously to those areas into more compelling areas of need thereby improving the public sector finance.

However, in spite of all these arguments for privatization, there are some scholars who read different meanings underlying the privatization exercise in a developing country like Nigeria. To them, privatization and Structural Adjustment Programme (SAP) are impositions of international capitalism. The adherents of this opinion strongly believe that privatization is a propagation of the International Monetary Fund (IMF) and the World Bank (Adegbite, 2020; Stephen, Omokhudu & Anthony, 2016; Bello, 2005).

Now, the questions on the lips of many Nigerians are why has the privatization and commercialization exercise not been able to transform the economy of the country to a growing one with over three decades down the line and why are the objectives of the policy not met? Consequently, this study is aimed at identifying the issues and challenges facing the privatization and commercialization programme in Nigeria.

Data Collection and Method of Study

Data used for the study were sourced from secondary sources – relevant books and journals. Quantitative method through content analysis was adopted to achieve the mandate of the paper.

Theoretical Framework

There are many theories that have been put forward by scholars to explain the rationale behind privatization. This study has adopted two of these theories, they are: Laissez-Faire Economic Theory and Public Choice Theory.

Laissez-Faire Economic Theory

One of the economic theories driving privatization is the theory of Laissez-Faire Economics that restricts government intervention in the economy and promises greater efficiency. Laissez-Faire is a French phrase meaning *allow to do*. The Laissez Faire economic theory was said to have been developed by a group of French economists and writers called *Physiocrats* who flourished in France between the 1750s and 1780s. However, a group of thinkers called *British Classical School* led by the renowned Scottish economist Adam Smith gave the Laissez Faire principle its fullest explanation between the 1770s and 1840s. The theory holds that government should be concerned with the protection of the inalienable rights of the citizens and not to intervene in the economy. To this theory, the laws of demand and supply will effectively direct the production of goods and services (The World Book Encyclopedia, 2001).

The core idea embedded in the Laissez-Faire and purely individualistic model is that property is better cared for when it is privately owned as neglect and waste is associated with publicly owned property. Privatization according to this theory would reap the advantages of the market system and competition which are effectiveness, productivity and efficient service (Orji, Nwachuku & Eme, 2014). It is believed that this trend will also strengthen market forces with some degree of deregulation, economic liberalization, relaxation of wage and price controls (Ugorji, 1995 cited in Adeyemo & Salami, 2008).

The Nigerian government with these principles in mind embarked on Privatization and Commercialization of PEs; allowing the forces of demand and supply to determine production of goods and services while the government concentrates on providing other services to the citizenry.

Public Choice Theory

The Public Choice Theory or approach is another theory that tries to explain the rationale behind privatization and Commercialization of PEs. An early precursor of the Public Choice Theory was a Swedish economist named Knut Wicksell (1896) while work on modern Public Choice Theory is attributed to a Scottish economist called Duncan Black (1948). The theory attempts to explain the behaviour and provide set of standards about what the government does. It posits that the nature of goods and services determines whether they should be provided through the market system or through the public sector. The point is that private goods should be provided by the market whereas government should provide public goods (Adegbite, 2020; Adeyemo & Salami, 2008).

Nigerian government like many other developing countries of the world was seen over the years as having gone beyond the provision of public goods to the provision of private goods. That led to the establishment of too many PEs that were financed mostly through heavy external borrowing. The Nigerian government thus embarked on Privatization and Commercialization of PEs to enable it cut public expenditures and reduce its involvement in activities the private sector could undertake (Ugorji, 1995 cited in Adeyemo & Salami, 2008).

Conceptual Clarification

Privatization

The concept of privatization like many other economic concepts has been defined differently by various scholars. Put differently, there appears to be no universally acceptable definition among scholars regarding the conceptual meaning of privatization. Kay and Thompson (1986) cited in Isola (2002) attempted to describe privatization as a term which covers several distinct and possible alternative means of changing the relationship between the government and the private sector. Among the most important of these are: denationalization (the sale of public owned assets), deregulation (introduction of competition into the statutory monopolies) and contracting out (the franchising to private firms of the production of state financed goods and services). According to Dimgba (2011) cited in Odey (2011) privatization is a phenomenon which has been a necessary concomitant to the principle of liberalization, which involves the transfer of ownership and management from the government to private investors. This is accompanied by a radical re-allocation of available productive resources, restructuring of existing institutional setting in which production takes place, and the introduction of new methods of corporate governance devoid of political interference (Jerome, 1996 cited in Ojo & Fajemisin, 2010). Ekam (2004) considered privatization as the effective transfer of ownership of PEs to the private sector. Ekam described it as a systematic and programmed withdrawal of government from those activities which private persons can perform efficiently than government enterprises. In a similar vein, Johnson (1999) defined privatization as the transfer of services and interest from the state to private enterprises and can cover a number of different matters such as selling of nationalized concerns to private stakeholders, issue of shares traded on the Stock Exchange, share placement with institutional investors, sales of assets, joint ventures with the private sector, relaxing monopoly to allow competition etc.

Akinbade (2012) cited in Adegbite (2020) views privatization as one of the strategies which governments adopt to correct the problems of poor performance of PEs. Adegbite simply described privatization as the sale of PEs to private companies and businessmen. It is thus the gradual withdrawal of the state from economic activities. Ayondele (1994) cited in by Bello (2005) defined privatization as an essential aspect of price and market reforms, which entails both unshackling private sector development through removal of restrictions on private economic activity and divestiture of sale of assets, particularly state owned enterprises. To Akinola (2021) the term privatization is used to describe an array of actions designed to broaden the scope of private sector activity, or assimilation by the public sector of efficiency enhancing techniques generally employed by the private sector. It embraces therefore, not only the outright or partial transfer of assets from the public to the private sector, but also all arrangements designed to involve the private sector in the design.

Operationally, the Privatization and Commercialization Decree No. 25 of 1988 and the Bureau of Public Enterprises (BPE) Act of 1993 defined privatization as the relinquishment of part or all of the equity and other interests held by the Federal Government or any of its agencies, in enterprises whether wholly or partially owned by the Federal Government (Orji, Nwachukwu & Eme, 2014; Odey, 2011; Igbuzor, 2005). It is pertinent to point out that while full privatization means the divestment by the government of all its financial exposures in the designated corporations, partial privatization on the other hand means divestment by the government of part of its financial exposures in the designated corporations (Obaji, 1999 cited in Akinola, 2021).

According to Igbuzor (2005) the various definitions of privatization clearly put forward, three (3) things, which include:

i. For privatization to take place, there must be in existence PEs which need to convert into private enterprises.
ii. There is reasoning that private ownership, control or management would be better than public ownership.
iii. Privatization is premised on the fact that there are problems with public ownership of PEs and privatization would turn them around so that they can deliver goods and services more efficiently and effectively.

However, as opined by Orji, Nwachukwu and Eme (2014), this kind of reasoning is rather ideological as it cannot be substantiated by the existential reality of Nigeria.

Commercialization

Akinbade (2012) cited in Adegbite (2020) viewed commercialization as a process of running PEs for a profit. This involves a change in the objectives of public corporation from being a mere social service provider to a profit earning organization. In sum, commercialization implies the management of a government owned enterprises for a profit.

Similarly, Hassan and Musa (2011) defined commercialization as re-organization of PEs in such a way as to operate as profit making commercial ventures without subvention from government even though the government still retains its full or part ownership. The concept can also be seen as re-directing the seemingly bureaucratic and non-profit orientation of a public enterprise towards a more efficient, cost-effective commercial direction. It may take the form of deregulation of state monopolies by the abrogation of legislation restricting entry into economic activities (Adegbite, 2020 & Solanke, 2012).

Operationally, the Nigerian privatization and Commercialization Decree No. 25 of 1988 defined commercialization as the re-organization of enterprises, wholly or partially owned by the government, in which such commercialized ventures shall operate as profit making commercial ventures without subvention from government (Adeyemo & Salami, 2008).

It is also important to point out that like privatization, commercialization can be full or partial (whole or part). The fully commercialized enterprises are expected to operate on a commercial basis to raise fund from the capital market without any form of government guarantee, such enterprises are expected to use private sector procedures in the running of their business. It is expected that such enterprises will require no government subvention because of their high social service content; their operation cannot be left to individual shareholders. On the other hand, partial commercialization affects those enterprises with huge social service component. Such enterprises are expected to generate enough revenue to cover their operating expenditures. The government may therefore give them subventions to finance their capital projects (Adeyemo & Salami, 2008).

The Origin of Privatization and Commercialization in Nigeria

Privatization is not new to Nigeria; in the early 1950s and 1960s, there was an intense campaign for the pioneer palm oil mills, originally started by governments to accelerate palm oil production for exports, to be sold to individuals and groups. They were sold under the guise that their efficiency would be improved if ownership shifted to the private sector. Shortly after they were sold, the palm oil industry became stagnated and thereafter retrogressed (Abdullahi, 2006 cited in Akinola, 2021). To Anam and Antai (2005) and Isola (2002), privatization in Nigeria has its historic foundation in the policies of nationalization and indigenization Decrees of early 1972 and 1977 and the oil boom of 1970 through 1980 with the view to ensuring indigenous participation in the management and control of Nigerian economy. With these later developments, the number of PEs at all levels of government increased. Now, the rate of expansion of PEs has been of concern to scholars because there was no sound economic justification for the proliferation of such ventures than political expediencies. The government was pumping huge sums of money into these enterprises but they have failed to meet consumer demand owing to inefficiency (Iwayemi & Ayondele, 1995 cited in Isola, 2002).

Moreover, with the heavy debt burden and declining fortunes of government arising from uncertainties in the global economy and instability in the political arena, the government could no longer continue to support the waste and inefficiencies in the PEs. In view of this, various governments in the country appointed several study groups and commissions to examine the operations of government parastatals with a view to determining the basis for a new funding system, appropriate capital structure as well as measures to enhance their productivity and general efficiency (Ikechukwu, 2013; Bello, 2005; Isola, 2002). These commissions and study groups have undertaken various studies on the performance of PEs in Nigeria. Adebo (1969), Udoji (1973), Onosode (1981) and Al-Hakeem (1984) chaired these commissions. The findings of the study were consistent that the PEs were infested with problems such as: defective capital structures resulting in heavy dependence on the treasury for funding, bureaucratic bottlenecks, mismanagement, corruption and so on (Ikechukwu, 2013; Anam & Antai, 2005). Now, some solutions were proffered but were not adequately sufficient to address the observed problems. Consequently, in 1988 the Federal Military Government headed by General Ibrahim Badamasi Babangida (1985-1993) embarked on a major reform of the PEs through programme of privatization as part of the Structural Adjustment Programme (SAP); a kind of reform aimed at pursuing deregulation and privatization leading to the removal of subsidies, reduction in wage bills and the retrenchment of the public sector ostensibly to trim the state down to size (Stephen, Omokhudu & Anthony, 2016; Orji, Nwachukwu & Eme, 2014; Igbuzor, 2005).

The promulgated Decree was Privatization and Commercialization Decree No. 25 of 1988 and it had the following objectives among others:

i. To structure and rationalize the private sector in order to lessen the dominance of unproductive investment in the sector.
ii. To re-orientate the enterprises for privatization towards a new horizon of performance improvement, viability and overall performance.
iii. To enhance positive return on public sector investments in privatized enterprises.
iv. To check the dependence on the treasury for funding by otherwise commercially oriented enterprises and to encourage their approach to the Nigeria capital market (Bello, 2005; Igbuzor, 2005).

The Implementation of the Privatization and Commercialization Programme in Nigeria

The Privatization and Commercialization Decree No. 25 of 1988 promulgated by General Ibrahim Badamasi Babangida's military administration (1985-1993) set up the Technical Committee on Privatization and Commercialization (TCPC) under the chairmanship of Dr. Hamza Zayyad with the committees' functions clearly stated in the said Decree. The committee was mandated to privatize one hundred and eleven (111) PEs and commercialize thirty-four (34) others (Akinola, 2021; Odey, 2011; Bello, 2005; Igbuzor, 2005). For a successful implementation exercise, the TCPC evolved five (5) methods or modalities as follows:

i. Public Offer for Sale of Shares: This method was adopted for enterprises that qualify for listing on the Nigeria Stock Exchange (NSE). Such enterprises must have a track record of profitable operation for five years and a history of dividend payment of not less than five percent for three years running.
ii. Private Placement: Private placement became another method adopted by the TCPC to privatize enterprises that could not be floated on the Nigeria Stock Exchange either because of level of government shareholding is too small or their track record fell short of the listing requirements of the NSE such that their shares could not be offered through public offer for sale.
iii. Sale of Asset: This method occurred in cases where the affected enterprises could not be sold either by public offer of shares or by private placement. This was because such enterprises had poor track records and their future outlook was considered hopeless. Such enterprises were liquidated and their assets sold piece-meal to the public through public tender.
iv. Management Buyout: Under this method, the entire or substantial part of the equity was sold to workers of the enterprises. It was then entirely up to them to organize and manage the enterprises.
v. Deferred Public Offer: This method was developed and used by the TCPC for enterprises which were although considered viable, but if sold by shares would yield revenue which will be less than the real values of their underlying assets. The real owners would sell not less than 40% of the equity to the Nigerian public within five years of their takeover (Ojo & Fajemisin, 2010; Bello, 2005).

In order to achieve the desired widespread ownership of shares, application forms were distributed through: all Local Government Headquarters in the country, all States Investment Companies, all branches of licensed banks etc. In addition, publicity was made through national television, radio stations, newspapers and through address at press conference by chairman of the TCPC at the end of completion of each Board meetings (Bello, 2005; Isola, 2002).

In 1993, the TCPC concluded its assignment and submitted a final report having privatized 88 out of the 111 PEs listed in the Decree; 43 for partial and 68 for full. A total sum of 466 billion naira was realized (Isola, 2002, p.85). Based on the recommendations of the TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises (BPE) Act of 1993 which repealed the 1988 Act and set up the BPE to implement the privatization programme in Nigeria.

In 1999, the Federal Government enacted the Public Enterprises (Privatization and Commercialization) Act which created the National Council on Privatization (NCP) under the chairmanship of the Vice President; Alhaji Atiku Abubakar became the pioneer chairman. The Act thus established the BPE as the secretariat of the NCP (Akinola, 2021; Odey, 2011; Igbuzor, 2005). It is important to point out that while the TCPC was directly responsible to the Federal Executive Council (FEC), the BPE is responsible to the NCP. It is also worthy of note to state that the scope of the privatization programme which commenced in 1999 include the part and wholesale of shares owned by the Federal Government in its parastatals and other agencies (active or dormant) in at least thirteen (13) sectors. The total value of investment to be transferred from the public sector through privatization is in excess of 100 billion dollars (Federal Government National Council of Privatization, 2004 cited in Hassan & Musa, 2011, p.31).

Problems Associated with the Implementation of the Programme

Obviously, privatization has not been effective in transforming the economy of Nigeria as postulated by its advocates consequent upon the fact that the exercise is associated with a lot of problems as pointed out by numerous scholars. They include the following among others:

Lack of Transparency

It has been observed that the privatization and commercialization of PEs in Nigeria has not been a transparent exercise. Many of the establishments were sold to a few privileged Nigerians who had access to top government officials and even funds. According to Azelamo (2002) and Enemuo (1999) this is a way of making few people rich at the expense of majority of Nigerians who continued to be poor and poorer. A senate probe of the activities of the BPE in August, 2011 revealed that the Nigeria Re-Insurance Corporation that was worth 50 billion naira was sold to Global Fleet which was owned by Jimoh Ibrahim a Peoples' Democratic Party (PDP) stalwart for 1.5billion naira (Ayodele, 2011 cited in Odey, 2011).

Also, a senate panel on privatization, sitting in October, 2011 uncovered that a lot of PEs were sold at give-away prices (Odey, 2011). Hassan and Musa, (2011) opined that the privatization exercise in Nigeria could be seen as an act of auctioning of PEs by compradors and their counterparts abroad akin to privatization. Hassan and Musa added that even the proceeds from the exercise have not been properly utilized to improve the living standards of Nigerian citizens. In a nutshell, the privatization and commercialization of PEs in Nigeria lacks transparency and due process. There are as well other literatures that pointed at lack of transparency in the privatization and commercialization of PEs in Nigeria. They include Adegbite (2020), Bello (2005), Igbuzor (2005), Akinola (2021) among others.

Corruption

Closely related to lack of transparency is the issue of corruption. Corruption is a household name in Nigeria as far as the problems or challenges of privatization and commercialization are concerned (Adegbite, 2020). For instance, the senate probe of the activities of the BPE in August, 2011 exposed the following corruption cases among others:

i. Billions of naira disappeared from government accounts all in the name of privatization. Much of the receipts from the buyers have not been officially accounted for, by officials of the BPE. It has been shrouded in accusations and counter accusations (Abubakar, 2011 cited in Odey, 2011).
ii. Companies with small asset turnover are concessioned to handle larger public agencies, bigger than their capacities (Ayodele, 2011 cited in Odey, 2011).
iii. Financial records of privatized firms are often not audited or at best incoherent (Ayodele, 2011 cited in Odey, 2011).

No wonder, the Transparency International Corruption Perception Index ranked Nigeria 81 out of 85 countries, 90 out of 91 countries, 132 out of 133 countries and 144, 146, 149 and 154 out of 180 countries in 1998, 2001, 2003, 2018, 2019, 2020 and 2021 respectively (Adzu & Babanyaya, 2022). Going by this ranking, it will not be an exaggeration to say that Nigeria is one of the most corrupt countries in the world.

Loss of Jobs

The privatization exercise in Nigeria has led to loss of jobs in virtually all sectors of the economy (Akinola, 2021). This is not surprising because the driving force of the private ownership is maximization of profits. With this in mind, the immediate concern of the buyers of the privatized companies will be to cut down overhead costs. The first casualties will be workers of the affected companies, who will lose their jobs in droves and their numerous dependents who stand to suffer thereafter (Ojo & Fajemisin, 2010). Abubakar (2011) cited in Odey (2011); Eke and Chiazor (2017) opined that contrary to the assertion that privatization would among other goals create more jobs for Nigerians, on the contrary the country has suffered massive job losses over the years. This explains why labour and trade unions have consistently kicked against SAP and the privatization policy. Studies conducted by Abubakar (2011) cited in Odey (2011) revealed that a lot of privatized companies have fired quite a number of their workforce. As a matter of fact, this loss of jobs led to hopelessness and poverty in the short run and in the long run led to increase in crimes such as armed robbery, kidnapping, political thuggery and so on (Hassan & Musa, 2011).

Limited Number of Beneficiaries

It is no longer news that the people that actually benefit from the privatization exercise are certainly not the ordinary people and workers of the sold companies. Rather, friends of the people at the corridor of power and their allies as mentioned earlier are the prime beneficiaries of the privatization exercise (Hassan & Musa, 2011; Ojo & Fajemisin, 2010). Similarly, Adegbite (2020); Akinola (2021); Ajiya (1999) cited in Bello (2005); Eke and Chiazor (2017) concurred that the privatization exercise in Nigeria has not been fair to the poor and the vulnerable workforce. Instead, it has benefitted the rich, the powerful, and the privileged, thereby perpetrating poverty. To them, the exercise often looked arbitrary if not corrupt. It is also important to point out that there is the accusation that marked imbalances in equity shareholders distribution among income groups and different segments of the society have been noticed; some income groups or geo-political entity tends to have cornered the market (Stephen, Omokhudu & Anthony, 2016; Odey, 2011).

Rise in Prices of Goods and Costs of Services

The production and distribution policies of private ownership are to be geared towards maximum profit making and not towards the needs of the people. This implies that the availability of products and existing social services offered by privatized companies will now be offered to the public at very high cost. Apparently, the ordinary people will not be able to afford such highly exorbitant costs (Eke & Chiazor, 2017; Ikechukwu, 2013; Ojo & Fajemisin, 2010). Also corroborating, Akinola (2021) opined that privatization in Nigeria led to rise in prices as the private sector exploits consumers where there is monopoly or oligopoly power by raising the prices of goods and cost of services.

Inadequate Regulatory Framework

When ownership changes hands, the operation of the privatized entity still commands market power to make or unmake, such market power can only be moderated through the existence of an effective regulatory mechanism or agency. These include passing of relevant laws, creating relevant institutions to moderate the antics of the privatized enterprises in terms of prices and quality of products. This has been a major challenge in Nigeria (Adegbite, 2020). Igbuzor (2005) and Ikechukwu (2013) also raised concerns over lack of comprehensive assessment of post privatization performance of affected enterprises by relevant government agencies or institutions.

Lack of Technical Know-how or Inadequate Capacity

Inadequate capacity or lack of technical know-how is another challenge to the privatization and commercialization exercise in Nigeria. Now, privatization depends on political decisions and approval of government, the implementation itself is highly technical requiring a multiplicity of professional skills. The required portfolio of skills, range from those of economists, finance experts, accountants, to lawyers, engineers, public relations experts and so on. In Nigeria, the capacity to mobilize these skills is relatively weak. The BPE is weak in its skills disposition, thus the success of the project is seriously compromised (Akinola, 2021; Adegbite, 2020; Stephen, Omokhudu & Anthony, 2016). However, Adeyemo (2005) cited in Odey (2011) and Stephen, Omokhudu and Anthony, (2016) pointed that the BPE had suffered funding challenges over the years; that perhaps may have hampered the agency's performance.

Conclusion

The study evaluates the issues and challenges facing the privatization and commercialization programme in Nigeria. Data for the study were obtained from secondary sources – relevant books and journals. The result shows that the privatization and commercialization exercise in Nigeria has not been effective in transforming the economy of the country. The impediments include: lack of transparency, corruption, loss of jobs, limited number of beneficiaries, rise in prices of goods and costs of services, inadequate regulatory framework and Lack of technical know-how among others.

Recommendations

Privatization is not an end in itself but it is a key tool for improving the efficient allocation of resources, for mobilizing investment and for stimulating private sector development which can be achieved only if some challenges are measured up. Based on the results of the findings, therefore, the study recommends the following:

i. Government should ensure that administrative transparency is strongly instituted to prevent individuals disposing valuable investments either to themselves or their associates or cronies.
ii. Appropriate measures to check corruption should be put in place by the government. Also, persons found guilty of corrupt practices should be made to face the full wrath of the law without delay so that it can serve as deterrent to others.
iii. For the Privatization and Commercialization exercise to succeed, the government must create an environment favourable to private economic activity.
iv. There is need for constant consultation between the privatization agency and other major stakeholders such as the National Assembly and the organized labour to avert job losses in privatized enterprises.
v. In order to encourage poor members of the society to participate in the purchase of shares of privatized enterprises, the payment for acquired shares should be spread over a reasonable period of time.

vi. There will be need for regular reviews to be carried out to determine the success or otherwise of the process according to broad criteria, including both economic and social considerations. This can be achieved through assembling a team of relevant professionals from all over the country for the exercise.

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