Nigerian pay raise angers workers and state governors

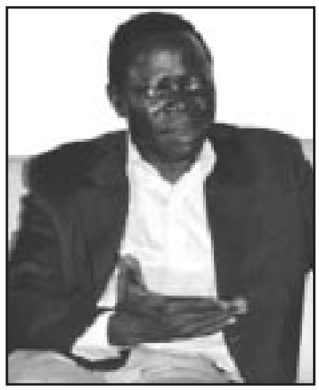
The tradition of pay equity for civil servants causes tension in a federal system still emerging from years of military rule.

BY *KINGSLEY KUBEYINJE*

After vacillating for more than two years, the Nigerian federal government has agreed to raise the pay of its more than 1.5 million public service employees by 12.5 per cent, across the board.

For the first time though, the salary increase is only for federal public servants. Workers in the employ of state and local governments will not automatically benefit from the increase and will have to negotiate directly with their employers. Each state and local government will have to decide whether to increase their employees' pay or maintain the existing pay structure.

This is a novel and radical departure from traditional practice. Until now, public servants in Nigeria — federal, state and local – have always enjoyed pay parity, regardless of who their employers are.



Labour leader Oshiomhole takes on government over pay hikes.

A "pay-what-you-can-afford" policy

Fears are already being expressed around the country that the new "pay-what-you-can-afford" policy will create tensions and labour unrest in Nigeria, as public servants employed by state and local council governments will certainly insist on pay parity with their federal colleagues.

Announcing the pay increase for federal employees, on the occasion of Workers' Day — May 1 — President Olusegun Obasanjo said that although his administration had acceded to employee agitation for an upward pay review, "some things will have to give".

"I do not know what, but what I know is that we will do everything to reduce wastage, inefficiency and corruption in our system", he said.

Recent speculation about imminent job cuts has a solid foundation. Yearly, the federal government spends the bulk of its budget on salaries and administration, leaving little for capital expenditure. "We have been eating almost all our revenue and this must stop and whatever it will take to stop this, we will do as government. My aim is to have 25 per cent of government earnings expended on capital projects, so that not more than 75 per cent will go into overheads," Obasanjo said.

The last pay increase was in May, 2000. Barely a year in office, the Obasanjo-led federal government granted what it described as a "living wage" to all public servants in the country — federal, state and local councils. Tagged "jumbo pay packets" by the mass media, the salary increase resulted in a more than 100 per cent raise in the earnings of public servants, causing the minimum wage, which in Nigerian currency was previously about 3,500 naira (U.S. $28), to jump to 7,500 naira ($60) per month.

In addition to that increase, labour and the federal government also agreed that in the following year of 2001 there would be a further 25 per cent pay raise, and another 12.5 per cent hike in 2002.

The government's cold feet

However, the federal government developed cold feet soon after the 2000 agreements and refused to grant a further pay increase in 2001 and 2002. The government pleaded that the nation's single industry economy could not accommodate it — the sale of crude oil accounts for 90 per cent of Nigeria's foreign exchange earnings.

For two years there was a stalemate in negotiations with the government refusing to grant a further pay raise. The labour unions insisted that the 2000 agreements had to be implemented in full, in view of the deteriorating living standards of Nigerians, whose per capita earnings had fallen to the lowest level in recent years, well below $300 per year. During the stalemate, the government even denied that it had ever agreed to further salary increases in 2001 and 2002. In the end, it took the publication of the entire 2000 agreements in major national daily newspapers, by the nation's powerful umbrella labour body, the Nigeria Labor Congress as well as threat of an imminent nationwide strike, before the federal government conceded that indeed there was such an agreement. President Obasanjo agreed to the latest increase just weeks before he was sworn in for a second four-year term on May 29 of this year.

Although the 2000 "jumbo" pay hike was a welcome relief to public sector employees, it created huge economic and political problems for the nation's 36 state governments, as well as the 774 local councils, which were "naturally expected" to acquiesce and pay the new rates to their estimated three million employees.

State and local governments were not amused by the development, as their entire monthly allocations from the federation account could hardly pay their new wage bills.

The legacy of military rule

Although Nigeria is a federation, the long years of military rule have impacted negatively on its practice of federalism. The military's hierarchical "command-and-obey" structure governed the country more like a unitary state, with

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a powerful and overbearing centre. Under the Nigerian military — which was in power for 29 of the nation's 42 years as a sovereign state — there was total disregard for the finer concepts of federalism, such as separation of powers, respect for legislative lists and spheres of influence.

The federal military government dictated what should be done, oblivious to the fact that the issue in question might well be within the exclusive domain of the state or local governments. The military suspended the nation's constitution and ruled with decrees. There was no room for dissent, as governors were appointed at the whims and caprices of the head of state, who controlled the federal government.

But in the wake of the nation's return to democracy on May 29, 1999, the state governments began to assert their constitutional rights and authority. State governors openly criticized the federal government and slammed the Obasanjo administration for acting improperly and unilaterally on the pay issue, and for not consulting them before granting an across-the-board pay rise to public servants, irrespective of who their employers were.

The states use their freedom to say no

In their new found "freedom", most state governments vowed not to implement the year 2000 salary increase on the grounds that the federal government could no longer dictate to them. "Obasanjo is still suffering from the military hangover" said an angry Bola Tinubu, governor of the coastline state of Lagos, the nation's former federal capital. "He cannot dictate to me what I will pay my employees. He didn't employ them for me in the first place. He cannot prescribe the conditions of service for my workers." Lagos has more than 50,000 employees on its pay roll.

Tinubu was not alone. The initial unwillingness of the state governments to implement the year 2000 federally prescribed salary increase resulted in damaging strikes across the nation, as state and local government employees insisted on pay parity with their federal counterparts "as has always been the tradition".

Confronted with work stoppages, general resentment and growing unpopularity, state governors, one after the other, succumbed reluctantly.

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>
> **— Labour leader Jide Adenrele**

How to fund salaries

Finding funds to pay the year 2000 wage bills became a monumental problem for the states, except for the few oil producing ones — Delta, Rivers, Bayelsa, Cross River, Akwa Ibom - which get special fund allocations, known as derivation funds, in addition to their statutory allocations from federally collected revenues. Because political considerations informed the creation of most states in Nigeria, only a handful of them are economically viable or can survive on their own without monthly subsidies or handouts from the federal government. Some states generate as little as 5 million naira (U.S.$40,000) internally monthly from rates and taxes, yet their monthly expenditures are in excess of 500 million naira ($4 million).

Following the pay increase in 2000, state governments insisted on an increase in their monthly allocations from the federation account. Allocations of funds to states and local councils did increase significantly — most states now get as much as three times what they received under the military. Yet they are still finding it difficult to pay their huge wage bills. Workers in states, such as Anambra, Ekiti, Plateau, Osun, Oyo, Enugu and Edo went on strike many times and for many months in protest against the irregularity in the payment of their salaries, as well as against the non-payment of some other entitlements, such as their yearly leave allowances.

The recent defeat of many state governors, who sought re-election in the April 19 gubernatorial poll, has been partly blamed on their inability to meet their monthly obligations to their employees, who constitute only a tiny fraction of the electorate, but are politically powerful nonetheless. In Nigeria, public servants are opinion moulders and executors of government projects. They can determine the success or failure of government programs and could create problems for their governors.

The federal government steps in

The federal government's latest move abides by the letter and spirit of federalism, by limiting the pay increase to public servants on its own payroll. However, it is bound to raise tensions between state governors and state employees, as workers in the service of state and local governments will not accept a disparity in pay. In spite of their earlier posturing, state governments will be equally uncomfortable with the new arrangement as any attempt by them to disregard the pay increment would ignite labour problems.

"What the federal government has done is tantamount to snare-setting. State governments will be forced to kowtow, since no governor wants to be unpopular with its public servants", said Jide Adenrele, an Abuja-based labour leader.

The Nigeria Labor Congress President, Adams Oshiomhole, insisted that the new pay rise must go round. "State governments will have to implement the 12.5 per cent pay rise. The overwhelming majority of the states can afford to pay and should pay. Those who cannot pay will explain why not," he said.

While two state governments — Rivers and Zamfara — have openly agreed to pay the 12.5 per cent, others are yet to make their positions known.

Empty coffers in the states

Indeed, the months ahead will be demanding. Some newly elected governors are already bemoaning the lean coffers left behind by their predecessors. Ekiti State Governor, Ayo Fayose, has raised alarm over the 6 billion naira (U.S. $48 million) debt left by his predecessor, Niyi Adebayo, and has already taken the issue to the federal government. The new administration in Kogi State said its predecessor left behind about 15 billion naira ($120 million) debt. These and many other states could find it difficult implementing 12.5 per cent pay increases.

Many state employees said that they are prepared to repeat their 2000 agitation - which led to the sacking of some of their colleagues. Whether the states follow the federal lead or not, it seems certain that Nigeria's recovering federal structure is in for a rough ride in the months ahead.