

TRENDS IN PUBLIC SECTOR

Wage BILLS

IN NIGERIA AND EFFECT ON
PUBLIC SERVICE DELIVERY



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Table of Content

Executive Summary	-	-	-	-	-	-	-	-	1
1.0	Introduction	-	-	-	-	-	-	-	5
2.0	Review existing wage laws and public sector reforms	-	-	-	-	-	-	-	9
3.0	Trend in Public Sector Wage Bill	-	-	-	-	-	-	-	12
3.1	Trend for Overall Federal Government Budget	-	-	-	-	-	-	-	12
3.2	Sectoral Analysis of Wage Bill and Service Delivery	-	-	-	-	-	-	-	16
3.2.1	Agriculture Sector	-	-	-	-	-	-	-	16
3.2.2	Health Sector	-	-	-	-	-	-	-	17
3.2.3	Education Sector	-	-	-	-	-	-	-	19
3.2.4	Women Affairs	-	-	-	-	-	-	-	22
4.0	Trend Analysis of Minimum Wage in Nigeria	-	-	-	-	-	-	-	24
5.0	Evidence mapping on Issues relating to Labour and Public Sector Wage Bill in Nigeria	-	-	-	-	-	-	-	30
6.0	Summary and Conclusion	-	-	-	-	-	-	-	36
7.0	Recommendation and Advocacy	-	-	-	-	-	-	-	40
References	-	-	-	-	-	-	-	-	42

Executive Summary

Effective public service delivery is anchored on the hard work of a happy workforce. A situation where the public sector is poorly funded would translate into a challenging work environment. Whereas increasing public sector wage bill should ordinarily translate into improved service delivery, the corruption and long staff list of political appointees in the public sector often lead to poor remuneration of workers.

Weak implementation of public sector reforms such as Integrated Payroll and Personnel Information System (IPPIS) has led to continued cases of ghost workers in the public sector, thus over bloating the public sector wage bill. Despite these challenges, the need for efficient service delivery in the public sector is vital for ensuring accountability and transparency in the public sector. Although the analysis of the trend of overall federal government spending has continued to increase the share of allocation to social sectors (health, education, agriculture, and women affairs), these sectors have maintained a declining trend that is also far from attaining the recommended global minimum levels.

This report examined the trend of public sector wage bill – the total amount set aside by the government as payment for wages and salaries to its workers. The aim is to deduce issues that would help support increased advocacy for sustainable finance of the social sectors, and increase public spending to the public sector that will motivate higher levels of public service delivery. Data for the report were obtained from the Budget Office of the Federation, the Central Bank of Nigeria, and the Nigeria Bureau of Statistics. Focus group discussions were also held with selected trade unions in order to cross-examine the findings from the report. It was found that:

- 1 From 2011 to 2020, Nigeria has had a planned total federal government spending of N65.9 trillion. While recurrent expenditure accounted for 77% of the federal government budget, capital accounted for 23%.
- 2 Whereas the trend of overall federal government budget has continued to increase, the share of allocation to agriculture, health and education has been abysmal and falling below expected global minimum benchmarks.
- 3 Whereas there is a need for increased funding of social sectors in Nigeria, the difficulty in raising the needed revenue has led to a rising debt of the federal government, owing to a widening overall fiscal deficit. While the federal government plans for an overall fiscal deficit that is within the limit of the Fiscal Responsibility Act, the actual deficit often exceeds planned levels. This has led to widening public debt to the federal government.
- 4 Budget lines for salaries and wages in the federal government budget are aggregative and do not allow for interrogation on specifics. Providing staff density by gender would enable deeper engagement of the public sector wage bill.
- 5 There is evidence of wage cuts or freezes at the sub-national level. In Zamfara State of Northwest Nigeria, for instance, the minimum wage of N18, 000 is yet to be implemented. About six states are also yet to implement the N30,000 minimum wage.

The Ministry of Finance plays a major role in the nation's public financial management. The trust of unions for the ministry is however very low. When asked if they thought the Ministry of Finance does not explore alternative macroeconomic policies rather than take the IMFs advice/ideology, participants in the focus group discussion strongly agreed.

Some of the issues identified for advocacy are:

- Some levels of details are provided in the budget to allow for an examination of planned projects and programmes for the fiscal year. Details for wage bill by sector are however not provided. Including the number of workers in a Ministry, Department, or Agency, as by gender and grade level, would be helpful in public scrutiny of the budget.
- Rather than imposing taxes on big companies, the practice has been to grant them tax holidays while imposing taxes on goods consumed mostly by the low-income groups. A review of tax laws/policies to create a percentage of tax to be paid by companies towards financing public services would also be a great idea. Government should therefore continue to explore alternative means of financing the public sector. This could be through property tax, tax on foreign companies with operation in Nigeria, and so on.
- The IPPIS has led to a sizeable reduction of ghost workers. Nevertheless, there is a need for a continuous call for an update of staff information, especially at the local government and state levels.
- Government should disregard wholesome surrendering to IMF and World Bank advice and focus on specific national peculiarities in dealing with public sector wage bill reforms. This would involve eradicating corruption, incompetency, and ensuring transparency in the budget preparation and implementation process regarding overheads, personnel cost, and capital projects.
- Trade Union and other stakeholders should be very active in the political space and become major influencers of government policies and decisions. This will put them in a position of anticipating policies moves and engaging at an early stage before they are adopted as policies. Effective engagement at public hearings at the National Assembly, where bills are discussed before they are considered for passage into laws, will also be important.
- The shortfall in accrued revenue to the federal government also implies widening overall deficit and debt build-up. As such, there is a need for rescheduling and /or cancellation of debts to free up more resources. It is, however, important to ensure that the funds are applied to sectors that would improve gender-responsive public services and address poverty.
- In the face of dwindling revenue and widening fiscal deficit, there is a need to minimise further accumulation of external debt. Therefore, stakeholders (National Assembly, Debt Management Office DMO, Federal Economic Council, etc.) should involve CSOs and labour in discussions to contract debt. This should also be replicated at the state level.
- Achieving a stable macroeconomic environment is also vital for enhancing the welfare of Nigerian workers. The CBN should therefore continue to pursue its policy of achieving a single-digit inflation rate as well as a stable exchange rate.
- In the face of new waves of COVID-19, there is a need to continue to motivate frontline workers to respond effectively. This will include recruiting and motivating the workforce in key sectors, such as education and health.
- Finally, with the need for more public investment in education, health, agriculture, and other social sectors, expanding the financing to these sectors would be vital. Efficient use of resources would, however, be important in other to ensure effective service delivery and strengthen the nation's position to attain the SDGs.

Acronym

AfDB	-	African Development Bank
AUPCTRE	-	Amalgamated Union of Public Corporation Civil Service Technical and Recreational Services Employees
CBN	-	Central Bank of Nigeria
COVID-19	-	Global corona virus pandemic
CSOs	-	Civil Society Organization
DMO	-	Debt Management Organization
FGD	-	Focus Group Discussion
GDP	-	Gross Domestic Product
GIFMIS	-	Government Integrated Financial Management Information System
IMF	-	International Monetary Fund
IPSAS	-	International Public Sector Accounting Standards
IPPIS	-	Integrated Payroll and Personnel Information System
ILO	-	International Labour Organization
LFN	-	Laws of the Federation of Nigeria
MHWUN	-	Medical and Health Workers Union of Nigeria
MDAs	-	Ministries Departments and Agencies
NANNM	-	National Association of Nigeria Nurses and Midwives
NCSU	-	Nigeria Civil Service Union
NHIS	-	National Health Insurance Scheme
NLC	-	Nigeria Labour Congress
NSITF	-	Nigeria Social Insurance Trust Fund
NULGE	-	Nigeria Union of Local Government Employees (NULGE)
NUT	-	Nigeria Union of Teachers
PFA	-	Pension Fund Administrators
PFM	-	Public Financial Management
PPEs	-	Personnel Protective Equipment (in relation to COVID-19)
PPP	-	Public-Private Partnership
PSW	-	Public Sector Wage
PWDs	-	Persons with disability
RB	-	Regular Budget
SDG	-	United Nation Sustainable Development Goal
SDG 4	-	UN SDG on Quality Education
VAT	-	Value Added Tax
WB	-	World Bank
WDI	-	World Bank World Development Indicators
WTO	-	World Trade Organization
XBTC	-	Extra-Budgetary Technical Cooperation

1.0 Introduction

The Federal Government of Nigeria employs people to work in its various Ministries, Departments, and Agencies (MDAs). It pays them salaries in order to maintain the administration of government and to ensure the continued provision of public goods and services. The government also makes contributions for pensions and social contribution, such as health insurance. Whereas in the 1970's, low levels of public sector wage bill guaranteed efficient service delivery, the rising levels of inflation, and weakening value of the naira have continued to affect the quality of service delivery in the public sector.

Rising cases of ghost workers have also continued to bloat the public sector wage bill in Nigeria. While the implementation of the Integrated Personnel Payroll System (IPPS) has yielded some result in reducing the public sector wage bill, the need to ensure efficient service delivery has continued to be dampened by weak remuneration for workers amidst changing macroeconomic environment.

Allocation to social sectors and the allocation for their wage bill have also not inspired the workforce towards putting all it takes to attain the SDGs. From a budget size of N4.285 trillion in 2011, the budget of the Federal Government of Nigeria has increased to N14.571 trillion in 2021, representing a growth rate of more than 200%. Yet, the allocation to social sectors, such as health, education, and agriculture, has remained below the recommended minimum threshold that will ensure effective service delivery. The outcome is that federal spending has been accompanied by a rising proportion of persons in poverty, school dropout, poor access to health care, and unemployment. The nation's human development index also does not compare favourably with other countries in Sub Saharan Africa, as public investment in health, education, and social infrastructure has also been low.

To advocate for sustainable funding of the public sector and guarantee effective service delivery, examining the trend of public sector wage bill (the total amount set aside by the government as payment for wages and salaries to its workers) would provide insight on changes that have been recorded over time. The objectives of this report, therefore, are to:

1.1 Objectives



Review existing wage laws and public sector reforms in the country by x-raying the extent to which these are responsive to the economic reality of the country and the socio-economic condition of the working class;



Determine the trends in public sector wage bills e.g., frozen, reducing, shrinking, or increasing, etc. and the trends in shortages of public sector workers in health, education, agriculture, and women affairs, and how it is affecting Gender Responsive Public Service delivery;



Identify and analyse key issues in recent economic reform initiatives, International Financial Institutions (IMF, World Bank, WTO) policy prescriptions and its impact on public sector wage determination;



Explore issues in public finance management and public sector wages;



Compare overall personnel cost in the national budget to unearth some of the underlying expenditure lines that undermine public sector wages;



Identify key areas and entry points for citizens' engagement with public sector wage reforms and actions, including legislative actions for wage determination, wages and the question of states viability, fiscal federalism discourse, among others; and



Produce a national advocacy tool on public sector wages to be utilised for stakeholders on the rising public debt in Nigeria.

1.2 Methodology

Trend analysis of existing data set from the Central Bank of Nigeria, Budget office of the Federation, the Nigeria Bureau of Statistics and the Office of Accountant General of the federation was used. Others sources are the World Development Indicators, the UN and ILO websites.

Discussions were held with Nigeria Labour Congress (NLC) in July 2021 to map out unions and associations that engage government on minimum wage and livelihood enhancement issues for the Nigerian workers in the private and public sectors. The unions were organised around the following sectors, based on the interest of the study as stated in the Terms of Reference:

- Health sector
- Education
- Agriculture
- Women Affairs
- Civil Service; and
- Other sectors

Inclusion criteria

The choice of the associations and unions was based on a number of factors aimed at maximising the limited resources available for the study:

- Purposive sampling based on size of the union
- Those directly affected by minimum wage e.g. civil service workers
- Unions with allocations in Abuja

Based on the focus of the study, which is on the public sector wage bill and its effect on service delivery in Nigeria, the unions and associations in the health, agriculture, education, and women affairs sector were selected, based on purposive sampling. The choice of unions and associations selected for the focus group discussion was also chosen based on their membership size.

In compliance with COVID-19 protocol, the focus group discussions were held with the leadership of the groups on separate days. All COVID-19 guidelines were complied with. The FGD questions were also structured in questionnaire form in order to allow other groups to fill in and send back to ActionAid Nigeria. Focus group discussions were held with representatives of the unions, using phone-in and physical meetings.

The interaction with the NLC identified the trade unions/associations (see Table 1.1) that should be sampled. Based on purposive sampling, the Focus Group Discussion (FGD) was conducted for seven unions/associations, covering the six focus clusters of the study.

- i. The Nigeria Union of Local Government Employees (NULGE)
- ii. Nigeria Union of Teachers (NUT)
- iii. Women Commission of the Nigeria Labour Congress (NLC)
- iv. The Amalgamated Union of Public Corporation Civil Service Technical and Recreational Services Employees (AUPCTRE)
- v. Nigeria Civil Service Union (NCSU)
- vi. Medical and Health Workers Union of Nigeria (MHWUN); and
- vii. The National Association of Nigeria Nurses and Midwives (NANNM)

Table 1.1: Sector Mapping for Focus Group Discussions		
Sectors	Trade Unions/ Association	Unions Selected
Civil Service	<ul style="list-style-type: none"> • Nigeria Civil Service Union • Amalgamated Union of Public Corporations and Civil Service Technical and Recreational Services Employees (AUPCTRE) • Nigeria Union of Public Service Reportorial, Secretarial, Data Processors and Allied Workers • JUSUN - Judiciary Staff Union of Nigeria • PASAN - Parliamentary Staff Association of Nigeria 	<ul style="list-style-type: none"> • Nigeria Civil Service Union
Health	<ul style="list-style-type: none"> • National Association of Nigerian Nurses and Midwives • NULGE - Nigeria Union of Local Government Employees • NASU - Non -Academics Staff Union • SSANU - Senior Staff Association of Nigerian Universities • MHWUN - Medical and Health Workers Union of Nigeria • Herbal Medicine Employers Association 	<ul style="list-style-type: none"> • National Association of Nigerian Nurses and Midwives • Medical and Health Workers Union of Nigeria
Agriculture	<ul style="list-style-type: none"> • NUAAE - National Union of Agriculture and Allied Workers • AUFDCN - Amalgamated Union of Foodstuff and Cattle Dealers of Nigeria 	<ul style="list-style-type: none"> • National Union of Agricultural and Allied Workers
Education	<ul style="list-style-type: none"> • ASUU - Academic Staff Union of Universities • ASUP - Academic Staff Union of Polytechnic • NUT - Nigeria Union of Teachers • NASU - Non Academic Staff Union • SSANU - Senior Staff Association of Nigerian Universities • SSANIP - Senior Staff Association of Nigeria Polytechnics • NAAT - National Association of Academic Technologist • COESU - College of Education Academic Staff Union • Private Tutors 	<ul style="list-style-type: none"> • NUT - Nigeria Union of Teachers
Women	<ul style="list-style-type: none"> • Women commission and women committees 	<ul style="list-style-type: none"> • Women commission of the NLC

Other Stakeholders	<ul style="list-style-type: none"> • National Union of Electricity Employees (NUEE) • National Union of Construction, Furniture and Workers, etc. 	<ul style="list-style-type: none"> • NURTW – National Union of Road Transport Workers
	<ul style="list-style-type: none"> • National Union of Textile Garments and Tailoring Workers • National Union of Food, Beverages and Tobacco Employees • NUPENG • The Nigeria Union of Local Government Employees (NULGE) • RATTAWU – Radio, Television, Theatre and Arts Workers' Union of Nigeria • NUJ – Nigeria Union of Journalists • NURTW – National Union of Road Transport Workers • Maritime Workers Union of Nigeria 	<ul style="list-style-type: none"> • The Nigeria Union of Local Government Employees (NULGE)

The unions' samples for focus group discussion have a total (estimated) member size of 283,000 (excluding member for NCSU). On the average, women account for 57% and men, 43%.

Table 1.2: Density of Trade Union in Nigeria and their Gender Spread

	Density	Male	Female
NUT (FCT)	>20,000	40%	60%
AUPCTRE	> 25,000	64%	36%
NULGE	> 11,000	65%	35%
MHWUN	> 2,000	60%	40%
NANNM	> 25,000	15%	85%
NCSU	>200,000	60%	40%
Women Commission of NLC	NA	0%	100%
	>283,000	43%	57%

Source: Estimates based on Focus Group Discussion, July 2021

2.0 Review Existing Wage Laws and Public Sector Reforms

The International Labour Organization (ILO) constitution of 1919 emphasised the provision of an adequate living wage as a major improvement in the labour market conditions (Starr, 1981). This was re-affirmed by the ILO 1944 Philadelphia Declaration, where it was reiterated that countries should adopt a minimum living wage to protect the poor employed workers. The Nigeria Labour Law examines the rights, minimum wage, working conditions, termination clauses and many other rules set by the government of Nigeria. The concept of public sector reforms is centred on promoting the efficiency and productivity of public service. It aims at bringing operational structures and processes that allow for smooth and better running of the public sector. Human capacity development, system redesign and the setting and sustaining of quality standards are channels for process change in the public service. This review covers:

- National Minimum Wage Act 2011 and 2019
- Trade Union Act 2005
- Trade Disputes (Essential Services) Act 2004
- Employees Compensation Act 2010
- Pension Act, LFN 2004
- Factory Act, LFN, 2004
- Pension Reform Act 2014

Section 3(1) of the National Minimum Wage Act, 2019 provides that every employer shall pay a national minimum wage of not less than N30,000 per month (US\$72.9) to every worker. Despite this, some states are yet to implement it. These states are Adamawa, Akwa Ibom, Anambra, Benue, Ekiti, Kogi, Plateau, Imo, Nasarawa, Osun and Taraba. The provision in section 4(1) that an establishment in which employees are less than 25 persons, shall be exempted from paying the minimum wage, could also lead to overburdening workers within the establishment and making employers hold down employment in a bid to keep workforce below 25 persons. Although the Minimum wage Act, 2019 provides for N30,000 and minimum wage, some states did not even implement the N18,000 provided for in the earlier amendment to the Act.

Trade Union Act (2005) focuses on the establishment of organisation liberalisation of the unions and labour and the independence of association of workers in Nigeria. It encompasses the registration of trade combinations as Trade Unions, general provisions affecting trade unions, gains of registration, change of name, merger, and alteration of rules of a trade union, federations of trade unions, accounts, and returns of registered bodies, miscellaneous and general provisions. The provision of the Act, even in amendment enforces restrictions on the rights of trade unions to go on strike; therefore, the right to go on strike is not absolute in Nigeria. Section 47 (1) Trade Disputes (Essential Services) Act 2004 defines trade dispute as "Any dispute between employer and workers or between workers and workers which is connected with the employment or non-employment or the form of employment and physical condition of work of any person". As Audi (2012) puts it, an employer cannot force his employee to work even if there is a valid contract subsisting between them. Forcing an employee to work would amount to forced labour (Audi, 2012: 70). Employees usually take strike action as the final option in order to get their employer to consider the terms for which they would continue to work. One major advantage of the Trade Disputes Act is to provide a platform where disputes between employees and employers can be resolved. As such, the Trade Disputes Act is meant to prevent labour strike.

¹ Taiwo, I., Oladeji, S., Akerele, W., Adenikinju, A., Bamidele, O. and Uga, E. 2005. The political economy of minimum wage in Nigeria. Issue 1 of Monograph Series National Centre for Economic Management and Administration.

One avenue to do this is through collective bargaining. Disputes can also be referred to the Industry Arbitration Panel (IAP) and the National Industrial Court (NIC). Established in 1976, the NIC is a specialised court empowered to arbitrate trade disputes, labour practices, and appeals from the Industrial Arbitration Panel.

Employees Compensation Act 2010 repeals the Workmen's Compensation Act, which permits employees to choose either the common law or workmen's compensation law when claiming compensations in the case of an injury at the workplace. This Act is centred on matters related to employee or their dependent on employee compensation in the event of injuries or death, arising from accidents in the workplace or course of employment. It covers procedures for making claims, compensation for death, injury, or disease, the scale of compensation, employer's assessment and contributions, financial provisions, the establishment of the investment committee. The Nigeria Social Insurance Trust Fund (NSITF) Management board is saddled with the responsibility of implementing the Act and fund established under it.

In 2004, the Federal Government of Nigeria instituted a contributory pension scheme designed to regulate and supervise the implementation of retirement benefits of personnel of the public service of the federation, the federal capital territory and private sector. Before the enactment of the Pension Act 2004, the public sector operated an unfunded defined benefit scheme and the payment of benefits was budgeted annually. It was bedevilled by corrupt officials and a lack of cooperation on the part of the private sector, which was a sensitive matter in the budget implementation. In 2004, the Federal Government of Nigeria made it mandatory for employees and employers to contribute 10% and 8%, respectively in both public and private sectors towards retirement. However, retirees still suffer from a lack of benefits. In 2014, the Act was amended and some major amendments captured in the Act include: increase in the minimum number of employees required to make contributions under the Act mandatory, increase in the minimum contribution into the Scheme and the imposition of fines and penalties on Pension Fund Administrators (PFA) for failure to meet their obligations to contributors and violation of the provisions of the Act.

Planning for life after retirement is a critical concern in the mind of every worker. While the Pension Act is aimed at ensuring that employers (government and private) commit to making their pension contribution to workers, sections 12 and 16 of the Pension Reform Act, 2014, do not allow for this to be so. Section 12(1) of the Pension Reform Act, 2014, provides that the contributions of the federal government to the retirement benefits of the employees of the Public Service of the federation shall be a charge on the Consolidated Revenue Fund of the Federation. While this provision identifies the need for pension contributions by the government to be treated as a charge to the Consolidated Revenue Fund, amending this provision to reflect that it should be treated as a first-line charge would be important.

There is also a lacuna of no stated timeline for the charge on the Consolidated Revenue Fund for pension contribution to be deducted by the Accountant-General. Section 12(3) of the Principal Act provides that the Accountant-General of the federation shall make the deductions of the contributions mentioned in subsection (1) of this section, but does not provide for a timeline. The need to insert a clause that specifies a timeline is another intention of the Bill.

Furthermore, section 12(4) provides that the Federal Capital Territory Treasury shall make the deductions of the pension contributions from the Consolidated Revenue Fund exclude states, amending the Act to provide that the contribution of every state government for the retirement

savings account of its employees should equally be accorded a first-line charge status to the Consolidated Revenue Fund.

Evidence of pension administration in advanced democracies shows that it is a part of the social security system, unlike in most African countries where it is perhaps the only standalone scheme to enhance the welfare of its citizens on retirement. The evidence for Ghana and Zambia, for instance, shows that while the contributory pension scheme is in place in Ghana, it is not mandatory in Zambia. A country like Australia, where the contributory pension scheme is practiced, has a reliable social security system, unlike in Nigeria.

This was also the opinion of workers interacted with during the focus group discussion. A major factor used to justify the position of the union representatives during the focus group discussion is that the Nigerian workers are generally underpaid, hence the contributory nature of the pension scheme could serve as a welfare loss to the worker. As such, there is need to increase access to social programmes, such pensions and health care for workers, including those in the informal sectors workers.

² Stewart, F. and J. Yermo (2009), "Pensions in Africa", OECD Working Papers on Insurance and Private Pensions, No. 30, OECD publishing, © OECD. doi:10.1787/227444006716

³ <https://www.theafricareport.com/6453/pension-profiles-botswana-ghana-kenya-namibia-nigeria-south-africa/>
<https://www.ilo.org/africa/areas-of-work/social-protection/lang-en/index.htm>

3.0 Trend in Public Sector Wage Bill

The growth in federal government planned spending and its component, including personnel cost, is presented in Table 3.1. The trend analysis relied on federal government expenditure on public sector wage bills as contained in the annual Appropriation Acts from 2011 to 2021. The analysis for the social sectors covered in the report is for federal government spending alone and does not include the public sector wage bill at the subnational level.

Another observation from Table 3.1 is the rising allocation for debt servicing amidst an expanding fiscal deficit. The share of recurrent expenditure in overall federal government expenditure has also decreased from 74.4% in 2011 to 65.79% in 2021. These figures raise concern of fiscal sustainability for the Nigerian economy. The reduction in the share of recurrent to total expenditure also means less allocation to wage bill, hence translating to less allocation for public sector wage for workers in critical sectors like health, education, and agriculture.

Table 3.1 : Component of Education Budget in Nigeria (N' billion) and Proportion of total budget: 2012 - 2020								
Year	Total Federal Budget	Capital	Debt Service	Statutory Transfers	Recurrent (non - debt)	Overall Deficit	Planned Revenue available to FG	Actual Revenue to FG
2011	4,485	1,148	495	418	2,423	-1,137	3,348	2,567
2012	4,878	1,520	560	373	2,425	-1,317	3,561	3,131
2013	4,987	1,588	592	388	2,419	-887	4,100	3,362
2014	4,725	1,120	712	409	2,469	-994	3,731	3,355
2015	4,493	557	954	376	2,593	-1,041	3,452	3,429
2016	6,060	1,588	1,475	351	2,646	-2,204	3,856	2,948
2017	7,441	2,174	1,663	434	2,640	-2,357	5,084	3,479
2018	9,120	2,873	2,014	530	3,513	-1,954	7,166	3,953
2019	8,920	2,090	2,140	502	4,070	-4,002	4,918	2,841
2020	10,811	2,489	2,679	428	4,942	-5,446	5,365	3,937
2021	14,571	4,985	3,324	497	5,765	-7,933.42	6,637.58	2,175.37 (January to June 2021)

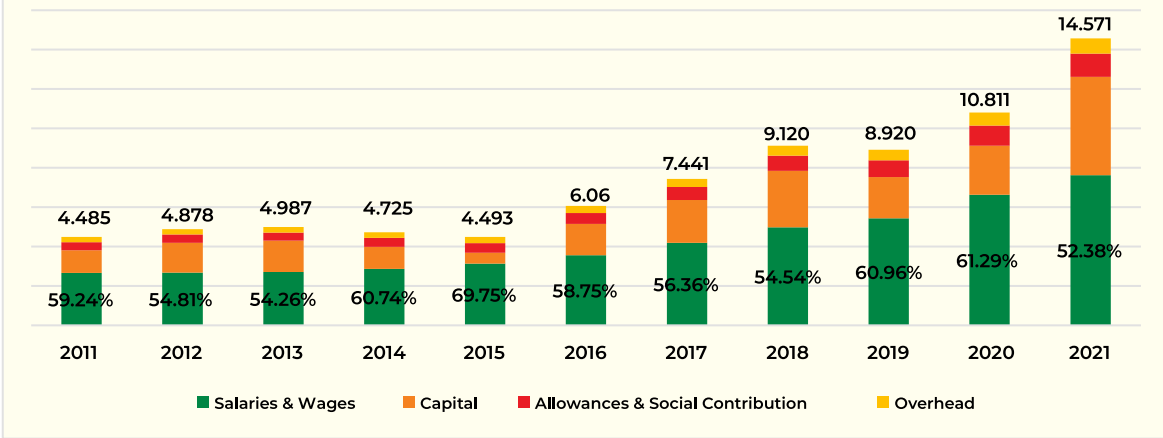
Source: Budget office of the Federation, Central Bank of Nigeria

According to a report by the National Assembly Budget and Research Office (NABRO), increase in the allocation to political officers and their details constitutes a significant share of public sector wage bill in Nigeria. While studies have showed that reducing the cost of running political office is vital for freeing resources for public servant, the public service itself has been plagued by ghost workers. This translates into a situation of weaker remuneration for public servants, hence affecting the quality of service delivery.

3.1 Trend for Overall Federal Government Budget

From 2011 to 2020, Nigeria has had a planned total federal government spending of N65.9 trillion. Overall, while recurrent expenditure accounts for 77.27% of the federal government budget, the share of personnel cost in recurrent expenditure accounts for an average of 92%. Allocation for salaries and wages (public sector wage bill) accounts for an average of 88%.

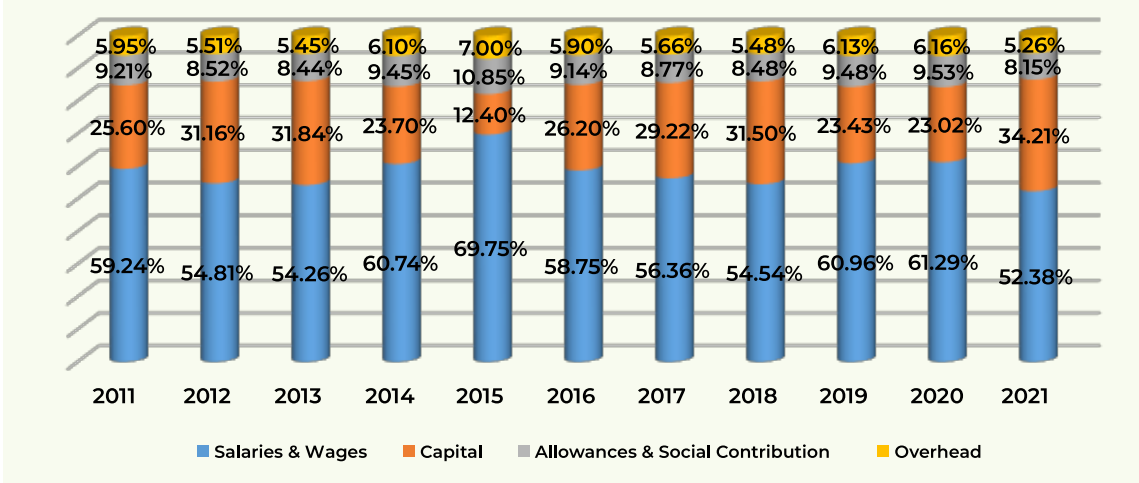
Fig 3.1: Trend of Federal Government Budget in Nigeria (N'trillion) by Components showing % share of allocation for salaries & wages: 2011 - 2021



The trend shows that the shares of salaries and wages in the federal government budget were 69.75% in 2015 and declined to 52.38% in 2021. The economic contraction recorded in 2016 in the Nigerian economy was responsible for the drop in the share of public sector wages in 2015. Despite having a budget size of N14.571 trillion in the 2021 fiscal year, the share of public sector wage was much smaller relative to previous years.

In 2020, although the Nigerian economy recorded a 6.1% drop in real GDP, the economy recorded a growth of 0.11% by the Q4 of 2020. Prioritisation of compensation to frontline workers and the government's policy that continued to pay public sector workers during the lockdown period helped to sustain the nation's economy. The impact of COVID-19 on the Nigerian economy has continued to affect the capacity to deliver effective public service. With the need for more access to efficient public service that should also be gender-responsive and accessible to persons with disabilities, there is a need to expand the capacity of the public sector to continue to deliver on efficient service delivery, especially in teaching, healthcare, sustainable food supply, and access to water, hygiene, and sanitation.

Fig 3.2: % Share of Federal Government Budget (by Components): 2011- 2021

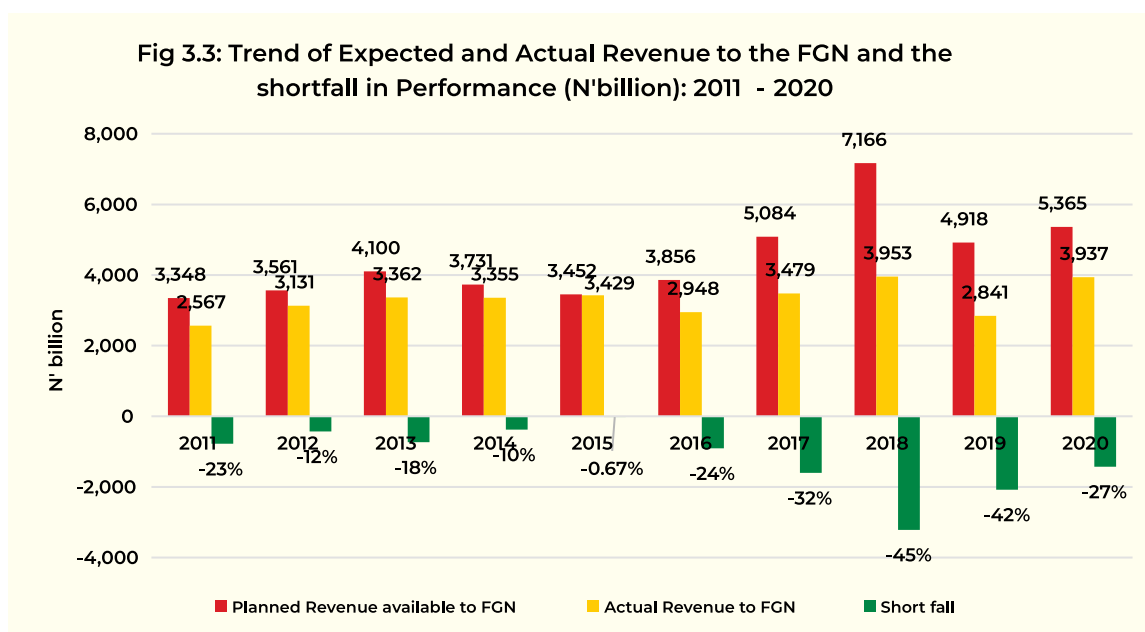


The total public sector wage bill in Nigeria from 2011 to 2021 amounts to the sum of N46.46 trillion, accounting for 70.5% of total federal government expenditure and 86.54% of personnel cost. The balance of 13.46% is for allowances and social contribution. This places personnel cost as the major driver of growth in recurrent expenditure.

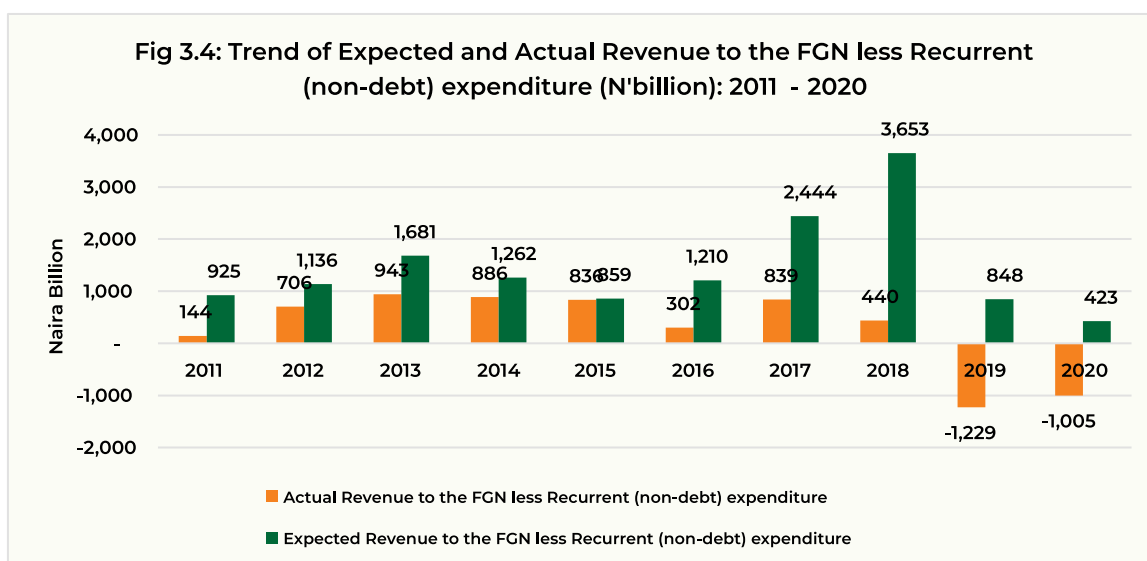
While the government has over the years implemented measures to trim down the wage bill through public financial management reforms, it has been accompanied by poor quality of public service delivery, especially in the social sectors. Interaction with the trade unions showed that there is a need for more employment, as most government offices are understaffed. More so, it was suggested that the political leadership of government offices should desist from the practice of outsourcing jobs that can ordinarily be handled by staff within the organisation.

Revenue and Public Sector Wage Bill

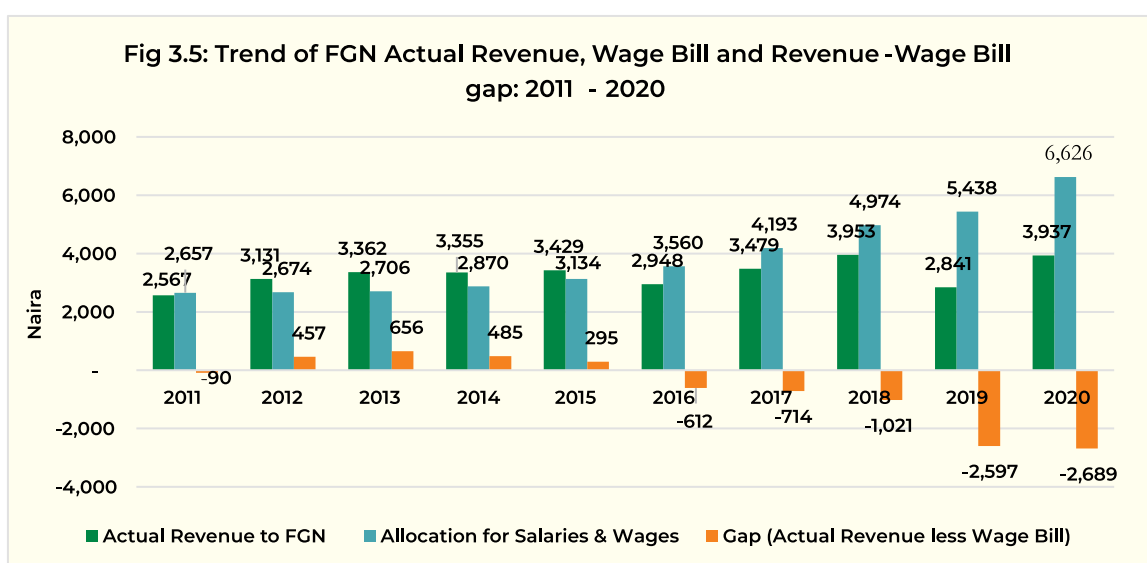
The trend of expected revenue to the federal government and what was realised shows a widening shortfall from 2016 to 2019, despite the effect of the COVID-19 pandemic that the shortfall in 2020 reduced to 27% thus, bringing the federal government's revenue performance to 2020. The share of public sector wage.

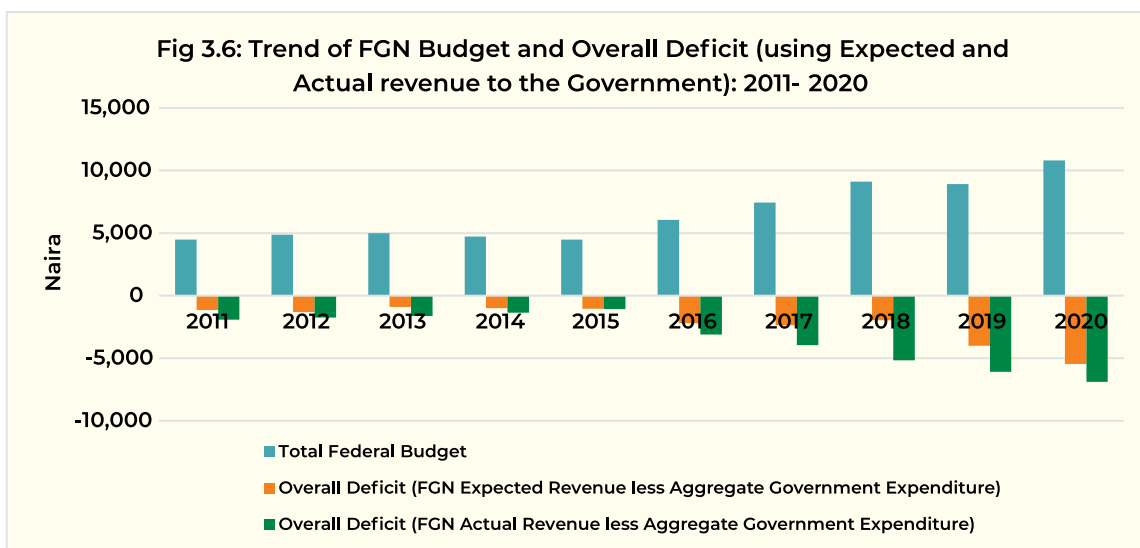


Whereas expected revenue to the federal government (i.e. federal government retained revenue) is planned to be higher than the allocation for recurrent (non-debt) expenditure, actual federally retained revenue in 2019 and 2020 were less than the actual spendings for recurrent (non-debt) expenditure. This implies a worsening position of the federal government's ability to cover its recurrent (non-debt) expenditure, using revenue accruing to it, especially in 2019 and 2020.



From 2011 to 2020, planned revenue to the federal government was projected at N44.58 trillion. Realised revenue, however, was about N33 trillion compared to a total wage bill (allocation for wages and salary) of N38.83 trillion. This implies that the size of the public sector wage bill in the federal government budget is growing faster than the actual revenue accruing to the federal government. Figure 3.5 shows that the shortfall between actual revenue to the federal government and public sector wage Bill have expanded from a shortfall of N612 billion in 2016 to N2.69 trillion in 2020. The sit-at-home period brought about on the Nigerian economy by the COVID-19 pandemic saw the continued payment of wages and salaries to workers. The need to make allowances and provisions for frontline workers also contributed to fuelling the wage bill in 2020. What is clear from the trend, however, is that the size of the federal government realised revenue to fund its annual budget cannot cover the wage bill. Funding the capital projects would therefore be left almost entirely to be funded through external borrowing.



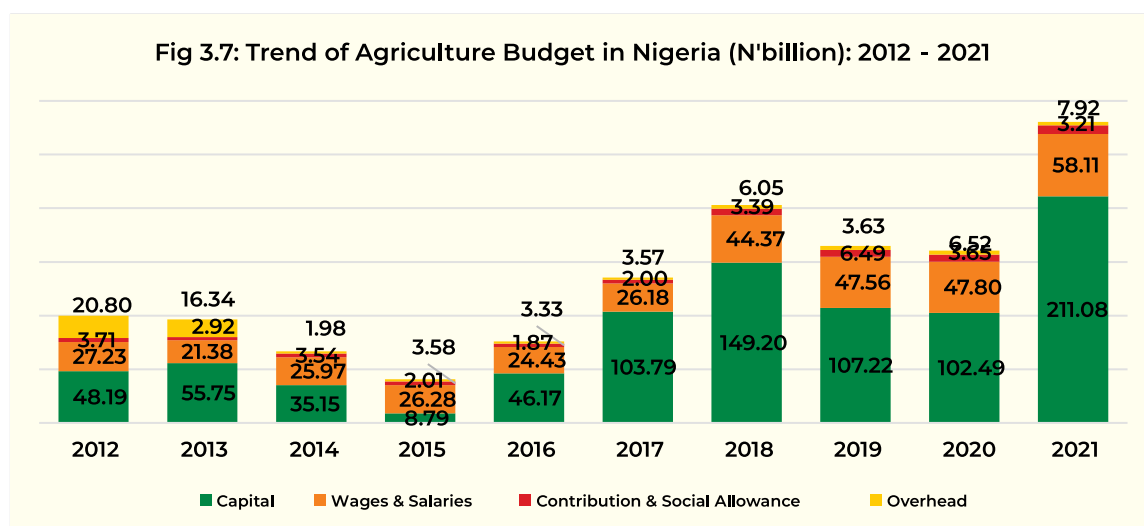


3.2 Sectoral Analysis of wage Bill and Service Delivery

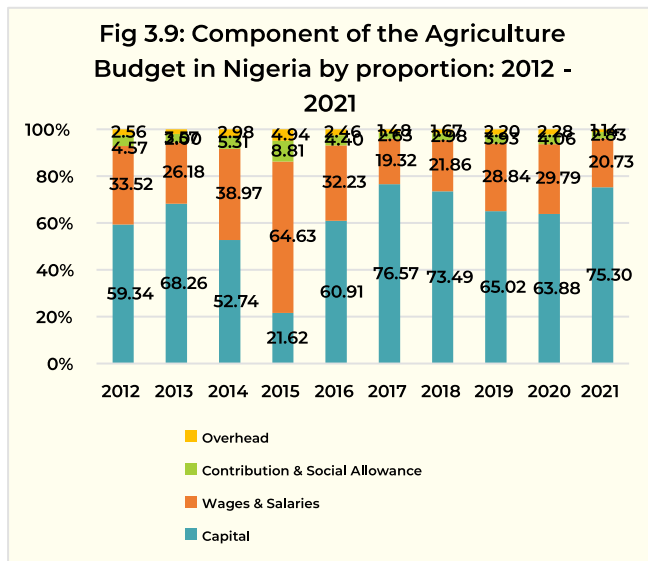
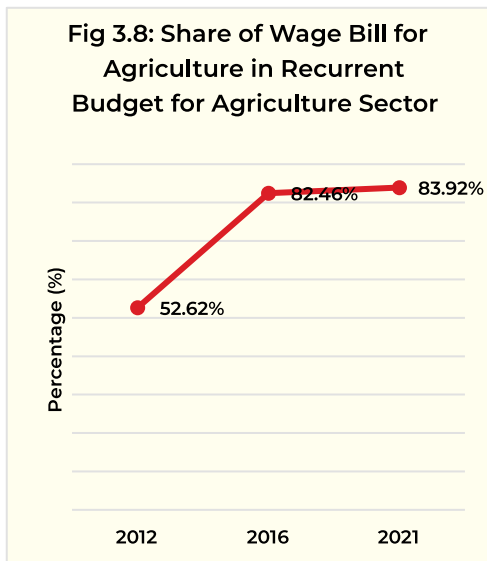
The education, health, agriculture, and women affairs sectors play a vital role in providing service that would bring about development in human capital development. Poor structuring of public spending can affect the quality of input that is required to bring about inclusive development. This sector examines the structure and trend of public spending in these sectors over the years in order to identify issues for advocacy and public engagement.

3.2.1 Agriculture Sector

The budget allocation to the agriculture sector shows a higher allocation for capital projects than for recurrent expenditure. In 2021, for instance, the share for capital project is 75% while recurrent is 25%. In 2012, the share for capital was 59% while recurrent accounted for a share of 41%.



The share of wage bill in the recurrent expenditure for agriculture, however, accounted for 83.12% in the 2021 budget. This represents a growth from a proportion of 52.62% in 2012. Overall, the wage bill for the agriculture sector has reduced from a share of 33.52% in 2012 to 20.73% in 2021. Allocation for capital budget still remains dominant in the budget in the agriculture sector budget and has continued to expand from a share of 59.34% in 2012 to 75.35% in 2021.



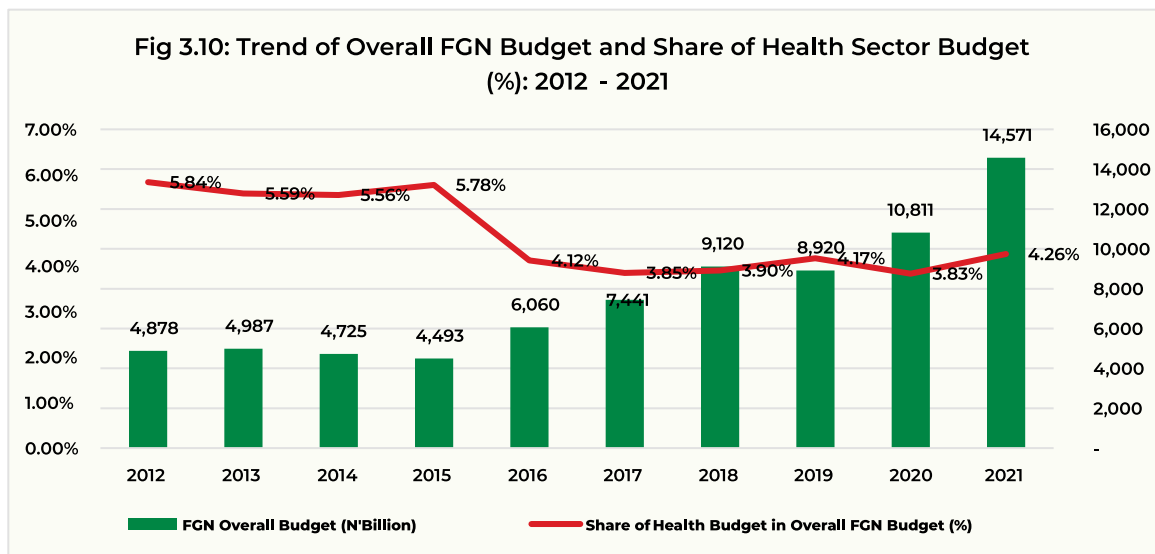
Despite the improvement in the allocation for capital budget for agriculture and the decline in the proportion of the wage bill to the sector, overall budget allocation to the agriculture sector as a percentage of aggregate federal government spending has remained below global recommendation for the public spending on the agriculture sector.

The agriculture sector is the highest employer of labour in Nigeria, especially for women. Despite its critical role in the food security of the nation, the sector remains exposed to vagaries of challenges, including climate change, insecurity, and a poorly developed value chain. Whereas there are several ways to boost the performance of the sector, committing public funds to the sector would help address the poor funding challenges that have characterised the sector for a very long time.

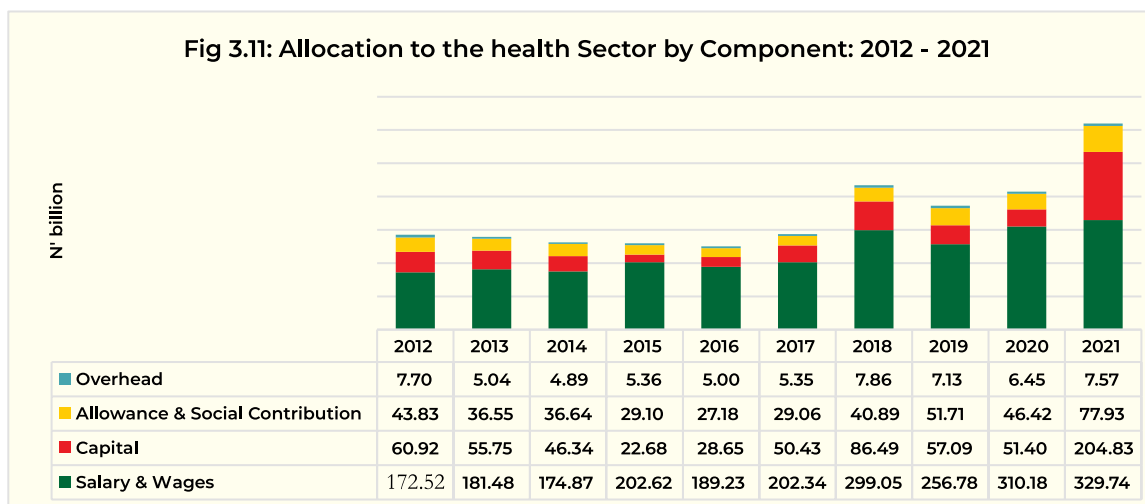
According to the Maputo Declaration, the agriculture sector is expected to contribute 6% to the real GDP growth. Data from the Nigeria Bureau of Statistics show that this is far from the case. In the Q4 of 2020, the agriculture sector grew by 3.42%. By the Q1 of 2021, it grew by 2.28% and declined to 1.3% by the Q2 of 2021. This shows a decline in the growth of the agriculture sector. Public spending for the sector has also remained below the 10% of total national spending recommended by the Maputo Declaration. The federal government's commitment to the sector has remained below 2% annually for more than 10 years. Given the threat of insecurity and climate change that have continued to aggravate post-harvest losses in the sector, there is a need for greater investment in extension services/workers and support for smallholders, as this would contribute to improving their livelihood and reduce poverty.

3.2.2 Health Sector

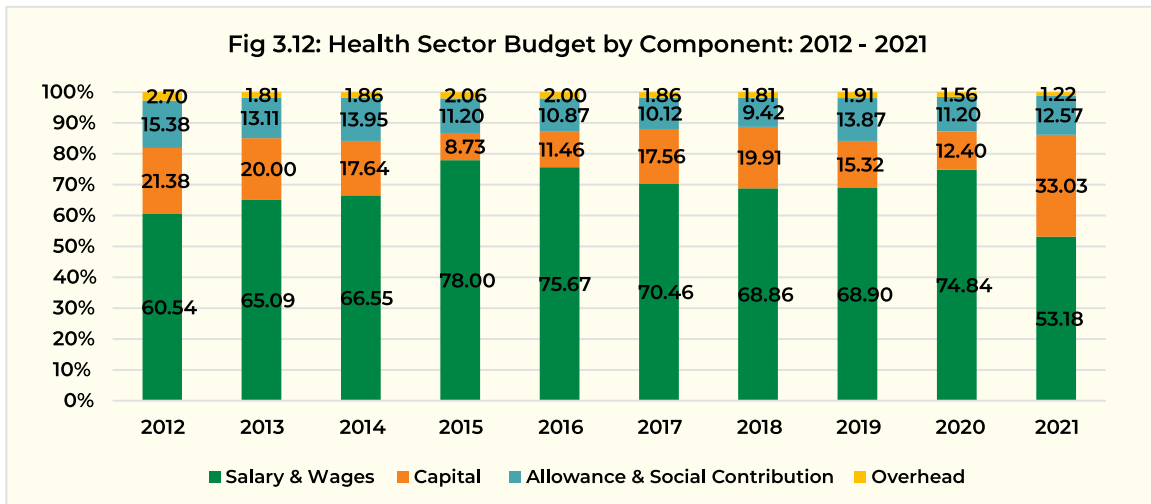
Examination of the share of health sector budget in overall FGN expenditure from 2012 to 2021 shows a declining trend in the allocation to the sector. The proportion, which declined from 5.78% in 2015 to 3.83% in 2020, falls below the 15% recommendation of the 2001 Abuja Declaration of the African Union for member states. The increase in the share of allocation to the health sector in 2021 to 4.26% from 3.83% in 2020 was as a result of the additional provision as a result of the N70.24 billion provided for capital projects in the 2021 supplementary budget of the federal government.



The health sector budget over time shows an increasing trend. This was accompanied by higher allocation for wage bills over allocation for capital projects. The allocation for allowances and social contribution also show increased allocation in 2021 for COVID-19 response.



The share of allocation for wage bill in the health sector accounts for an average of 68.21% from 2012 to 2021, while capital budget accounts for an average of 17.74%. The average share of the wage bill in the health sector recurrent budget from 2012 to 2021 also stands at about 82.77%.



In summary, the total allocation to the health sector has remained below the recommendation of 15% budget allocation by the Abuja Declaration. Although the share of the wage bill in the total allocation to the sector has continued to increase, the shortfall in the number of health workers in the sector remains worrisome. Available data show that Nigeria has a doctor per patient ratio of 1:5,000 as against the World Health Organisation's (WHO) recommendation of 1:600. The statistics are also not pleasant for nurses to patient ratio. For instance, Nigeria has a nurse to patient ratio of 1: 1,135. With a population of about 200 million people, this poses a serious concern, as health sector workers (especially medical doctors) continue to embark on industrial actions and seek avenues for greener pastures in other countries.

3.2.3 Education Sector

COVID-19 and insecurity are worsening the situation with out-of-school children in Nigeria. With only 10 years left until 2030, it is crucial that the global education community, including national governments, take concrete actions to honour commitments and mobilise all available resources to deliver on SDG4, which is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. ActionAid estimated a required total spending of US\$8.8 billion in 2020 for education to attain SDG4. Yet, according to the report, total federal budget in 2020 was just US\$1.9 billion.

Although the 2021 federal government budget increased the allocation for education by 49.61% from N414.45 billion in 2020 to N620.07 billion, the need to attain the SDG 4 and halt the trend of out-of-school children in Nigeria calls for innovative and sustainable financing of the sector. In 2021, for instance, the wage bill for the education sector accounted for 66.81% of the total budget allocation to the education sector of N771.46 billion. More so, the size of the wage bill to the education sector accounts for 83% of recurrent expenditure to the education sector.

⁴ <https://punchng.com/nigerias-doctor-patient-ratio-is-13500-nuc/>

⁵ <https://businessday.ng/uncategorized/article/ratio-of-nigerian-doctors-to-population-is-1-2753-fg/>

⁶ <https://docplayer.net/207705489-Financing-the-future-delivering-sdg-4-in-nigeria.html>

Fig 3.13: Trend of FGN Budget for Education (N' billion) and shares capital budget and wage bill: 2012 - 2021

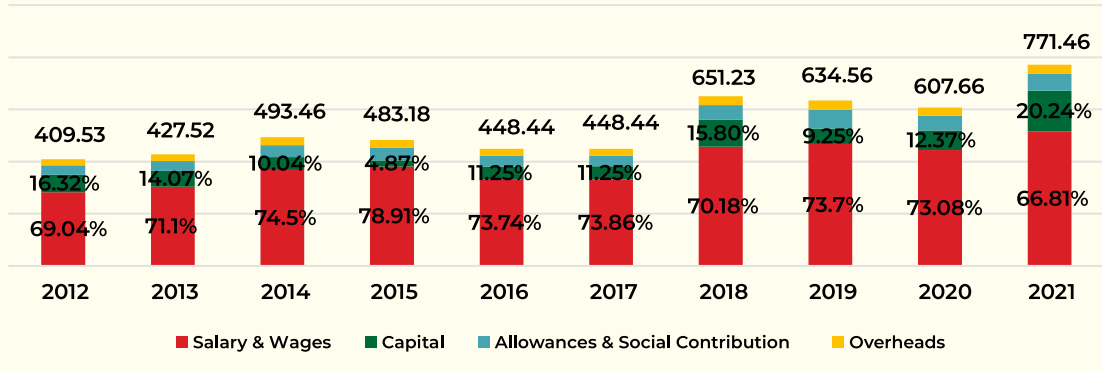
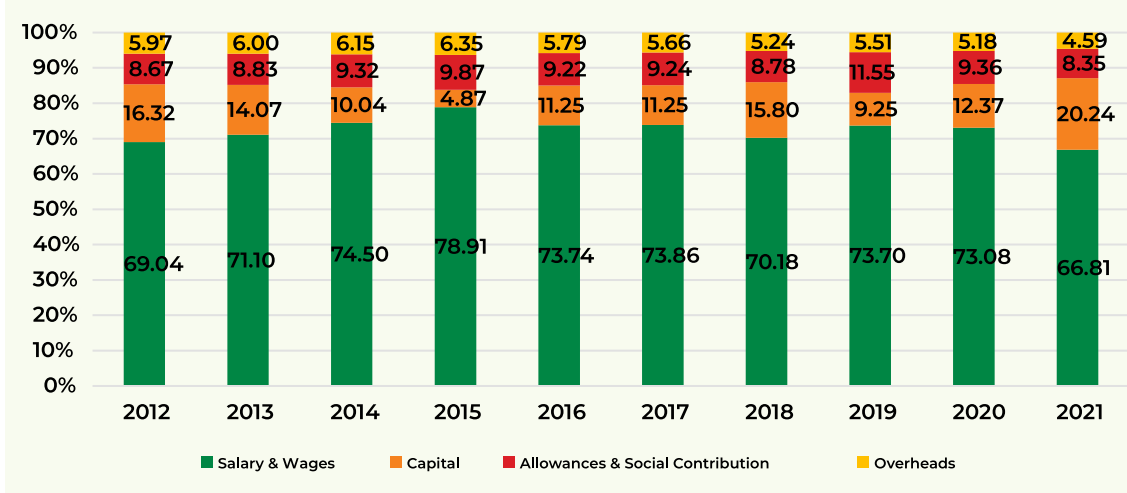
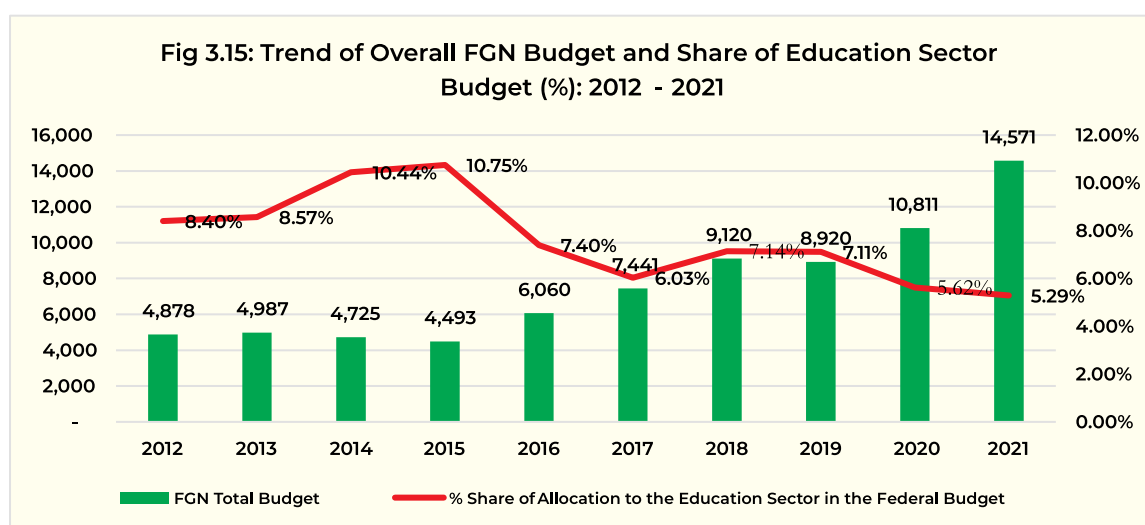


Fig 3.14: Education Budget by Component (% Share): 2012 - 2021



The trend of education budget by the federal government shows an increasing trend from 2012 to 2021. The share of allocation to the education sector as a percentage of the overall federal government budget, however, has remained below 11% from 2012 to 2021. This is below the 15%-20% of budget allocation target for the attainment of the SDG 4 as recommended by the UN.

⁷ <https://sustainabledevelopment.un.org/index.php?page=view&type=30022&nr=100&menu=3170>



In summary, the trend of allocation to the education sector has been increasing. But as a percentage of the overall federal government budget, it falls below the 15%-20% recommended by the UN for the attainment of the SDGs.

Rising spate of insecurity in the country has led to the closure of several schools, especially in the Northern region of Nigeria. Clearly, these outcomes could grossly affect Nigeria's trajectory to attaining the SDG4, as many states, especially in Northern Nigeria, have resorted to the closure of schools as a preventive measure. Amidst such an environment, implementing safe school initiatives, securing schools and sustaining funding for the education sector remain vital.

Table 3.2: Insecurity and their impact on schools in Nigeria: 2020/2021			
S/N	Incident Reported	Location/ Date	Source
1	Kaduna, Nigeria, July 26 (Reuters) - The northern Nigerian state of Kaduna has suspended all schooling due to insecurity, state officials said on Monday, amid a spate of student kidnappings in the region that has rocked Africa's most populous country.	Kaduna State, North West – Nigeria July, 2021	Reuters ⁸
2	Following the abduction of hundreds of students in Zamfara State, the state governor, Bello Matawalle, has ordered the immediate closure of all primary and secondary schools across the 14 local government areas of the state. Bandits stormed Government Day Secondary School, Kaya, in Maradun Local Government Area, on Wednesday and kidnapped hundreds of students and some teachers.	Zamfara State, North West – Nigeria September 1, 2021	Tribune Newspaper ⁹
3	No fewer than 618 schools have remained closed in six northern states over the fear of attack and abduction of pupils and members of staff	Sokoto, Zamfara, Kano, Katsina, Niger and Yobe. March, 2021	Thisday Newspaper ¹⁰

⁸ <https://www.reuters.com/world/africa/northern-nigeria-state-suspends-schools-due-insecurity-2021-07-26/>

⁹ <https://tribuneonline.ng/aftermath-abduction-zamfara-govt-closes-all-primary-secondary-schools-indefinitely-imposes-6am-to-6pm-curfew/>

¹⁰ <https://www.thisdaylive.com/index.php/2021/03/15/618-schools-shut-in-northern-states-over-abduction-scare/>

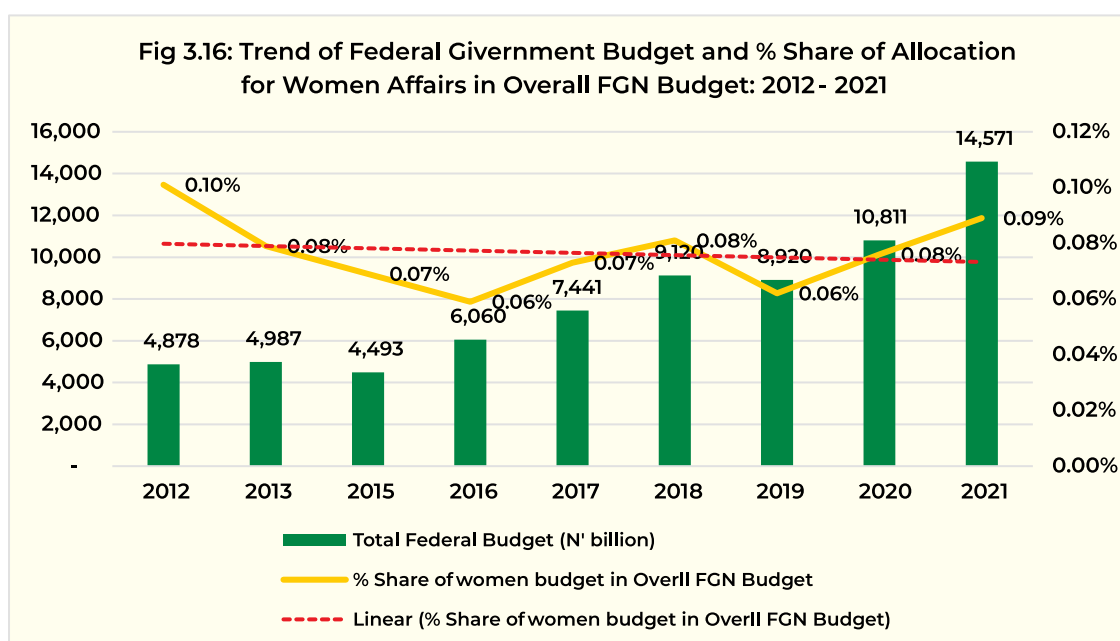
3.2.4 Women Affairs

Women are mostly engaged in unpaid work, yet they form the critical mass of the workforce in key sectors such as education, agriculture, and healthcare. Examining the allocation to the women affairs ministry will provide an insight on how the wage bill for the suppliers of labour in the women public sector has been structured over the years.

The increasing trend of the size of the federal government over the years has been accompanied by a decline in the share allocated for women affairs. The share of the federal budget to women affairs has also been less than 0.1% from 2012 to 2021.

Table 3.3: Structure of Federal Government Budget to Women Affairs: 2016 -2020					
Year	Personnel	Overhead	Recurrent	Capital	Total
2016	877,683,024	384,040,813	1,261,723,837	2,293,528,977	3,555,252,814
2017	986,534,200	480,000,001	1,466,534,201	4,250,732,000	5,717,266,201
2018	1,157,568,227	500,000,001	1,657,568,228	5,752,180,400	7,409,748,628
2019	1,021,618,085	500,000,001	1,521,618,086	4,045,078,314	5,566,696,400
2020	1,030,934,792	500,000,000	1,530,934,792	6,650,300,966	8,181,235,758
2021	1,215,256,235	500,000,001	1,715,256,236	11,204,210,256	12,919,466,492

Source: Budget Office of the Federation;



Allocation for capital projects in the women affairs ministry is also prioritised over overhead recurrent expenditure. From 2016 to 2021, for instance, a total of N43.36 billion was allocated to the sector, 79% was for capital projects while 21% was for recurrent expenditure.

Fig 3.17: Sum of Federal Allocation to Women Affairs from 2016 - 2021, in Size and Share, by Capital and Recurrent Components

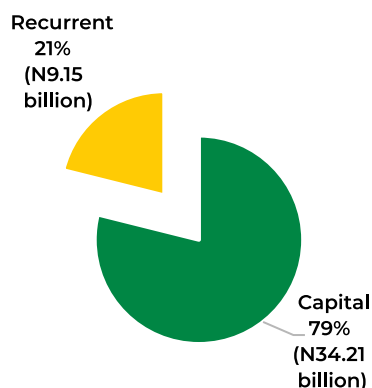
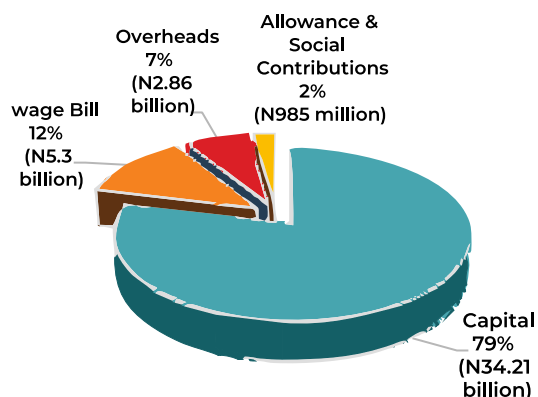
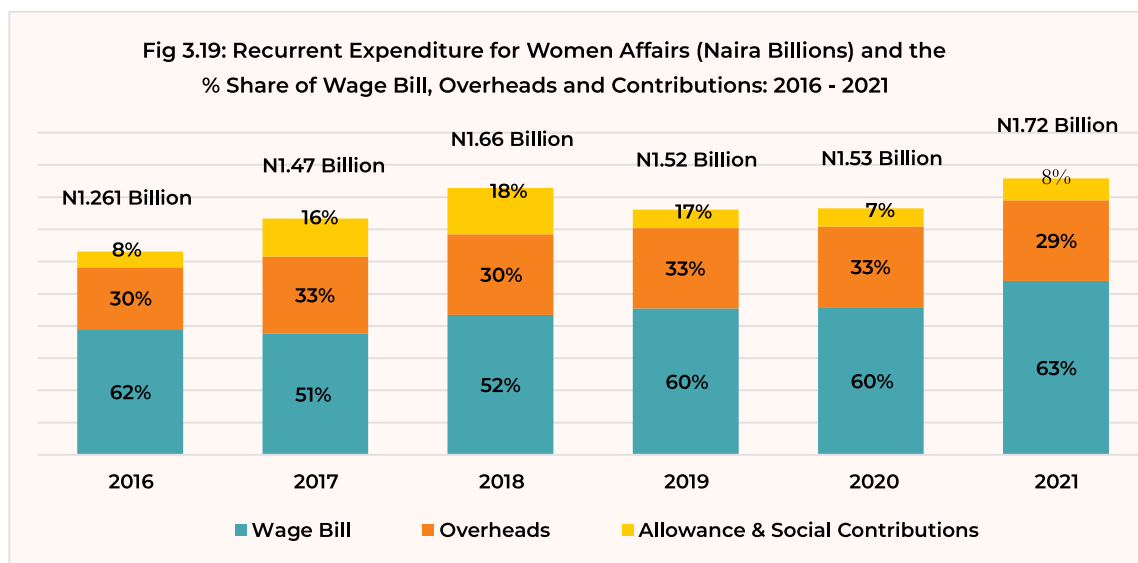


Fig 3.18: Component of Federal Budget Allocation to Women Affairs (in Size and Share): 2016 -2021



The trend of recurrent expenditure in the women affairs budget shows an increasing pattern from N1.261 billion in 2016 to N1.72 billion in 2021. The share of allocation of wages and salaries also shows that it has increased from 62% in 2016 to 63% in 2021.

Fig 3.19: Recurrent Expenditure for Women Affairs (Naira Billions) and the % Share of Wage Bill, Overheads and Contributions: 2016 - 2021

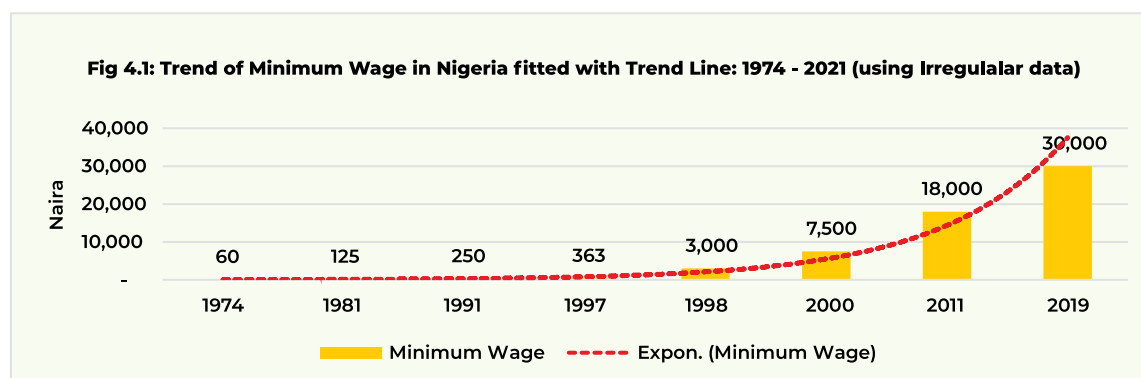


While the sum of N9.15 billion has been allocated for recurrent expenditure to the women affairs sector from 2016 to 2021, an average of 58% has been for salaries and wages. In comparison with other sectors (agriculture, health, and education), the wage bill for women affairs sector has the lowest share of recurrent expenditure. The allocation for overheads is also higher relative to other sectors.

Whereas the allocation for women affairs is used to fund activities of the headquarter ministry and the National Centre for Women Development, the higher share of allocation for overheads and smaller share of the wage bill call for an examination of the line items classified as overheads. Since most women are in rural areas and in the informal sector, perhaps expanding the projects and programmes of the Ministry to rural areas would help deliver better outcomes for women.

4.0 Trend Analysis of Minimum Wage in Nigeria

Nigeria's minimum wage within the last 10 years has been anchored on the Minimum Wage Act and its associated amendments. Though the minimum wage has grown from N125 in 1981 to N7,500 in 2000 and to N18,000 in 2011 and N30,000 in 2021, the nation's exchange rate has depreciated from N1=US\$0.62 in 1981, to N410.11 = US\$1 in 2021.



The National Minimum wage Act, 2019 provides for a minimum wage of N30, 000 for workers in the public and private sectors in Nigeria. While the Act provides for employers that would be exempted from abiding by the minimum wage, it does not say what factors should be considered when negotiating or determining the National Minimum wage Act.

Table 4.1: Mapping of Minimum wage Discussions in Nigeria

Year	Issues	Decree/ Legal Framework	Amount	Inflation	Exchange Rate
1974	*Awards ranged from 12% to 30%. *Minimum wage of eq N=60 (US\$100) per month. *Maximum wage of eq N=1,025 (US\$1,708)	Udoji Commission (1972/1974)	N60	12.7%	0.63/\$1
1981	During the civilian regime in 1981, the nation's minimum wage was fixed at N125 (one hundred and twenty five naira) per month	The National Minimum Wage (Amendment) Order, which abridged the 1981 Minimum Wage Act by exempting persons or companies employing less than 50 workers and persons employed in agricultural projects from its provisions.	N125	20.81%	0.62/ \$1
1987	<ul style="list-style-type: none"> The 1981 amended was rescinded in 1987 owing to labour protests against it in major cities across the country. A national economic emergency (of 15-month duration) was declared on October 1st 1985. Premised on poor economic performance, deductions ranging 2-15% was implemented from all incomes, including rents, dividends and wages and salaries of workers in both the private and public sectors, including armed forces, were effected at source and paid into a Fund (Economic Recovery Fund) at the Central Bank of Nigeria. Refund of the deduction was made to junior workers at the end of the 15-month economic emergency period 				

¹¹ Wage Board and Industrial Council Act 19774 (Cap. 466) (No. 1 of 1973, L.N. 55 of 1974) National Minimum Wage Act 1981 (No. 6 of 1981); National Minimum Wage Decree No. 43 1988; National Salaries Incomes and Wages Commission Decree 1993 (No. 99 of 1993; National salaries, Incomes and wages commission (Amendment) Decree (No. 17 of 1999) National Minimum wage (Amendment) Act, 2000 (No. 1); National Minimum wage (Amendment) Act, 2003; National Minimum wage (Amendment) Act, 2011; National Minimum wage (Amendment)

1991	<ul style="list-style-type: none"> • Redefinition of minimum wage in 1991 to embrace total emolument and at the same time there was a discontinuation of universal applicability of minimum wage to all public sector departments and government levels. Each government department/ level was advised to pay according to its ability. • Minimum wage of equivalent N=250 with Inflation at 13.01% and exchange rate at N9.3/\$1 • Minimum Wage (Amendments) Decree 1990 				
1993	<ul style="list-style-type: none"> • an increase of 45% was effected in public sector workers' salaries. The increase was ostensibly meant to cushion the inflationary effects of the rapidly depreciating naira (against the major international currencies like US dollar and British pound sterling) following the deregulation of the foreign exchange market in March 1992. • resulted in the increase of minimum wage from N250 (US\$11.4) per month to N363 				
1997			N363	8.53%	21.89/\$1
1998	The implementation of the directive resulted in the increase of the nation's minimum monthly wage from N363 to =N=3000	Government Directive on Wages (1998)	N3000	10%	21.89/\$1
2000	Following agitations for some increase in wage by the Nigeria Labour Congress in year 2000, the Federal Government again increased the minimum monthly wage from =N=3,000 to =N=5,500.	National Minimum Wage (amendment) Act, 2000	N5,500 (for states, N7,500 (for federal)	6.93%	101.7/\$1
2003	In September 2003 the Federal Government announced a regressive wage increment	National Minimum Wage (amendment) Act, 2000	12.5% increase for lowest paid workers, while those at the top were to get 4%		
2011	In August 2010, the Federal Government fixed minimum wage of 18,000 naira and it was to take effect from January of 2011	National Minimum Wage (amendment) Act, 2011	N18,000	10.84%	153.9/\$1
2019	Based in the Minimum wage (Amendment) Act of 2011, the Minimum wage is to be reviewed every 5 years (that is in 2015). It was not until labour protest that this was done in 2019. This minimum wage is expected to prevail to 2023. With the heterogeneous effect of the two economic recessions (in 2016 and 2019) and the impact of COVID -19 on livelihood, it is likely that protests across unions calling for increase or payment of allowances and other work packages would characterise the Nigerian. Promising to increase the minimum wage to account for these economic realities would also play a key role in determining electoral outcomes.	Minimum wage Act (Amendment), 2019	N30,000	17.75%	410.11/\$1

Source: Review of Minimum wage Acts; Alarudeen Aminu (2011)¹²; & Fapohunda, Tinuke. M; Atiku, Sulaiman Olusegun; & Olanrewaju, Lawal Ibrahim (2012)¹³

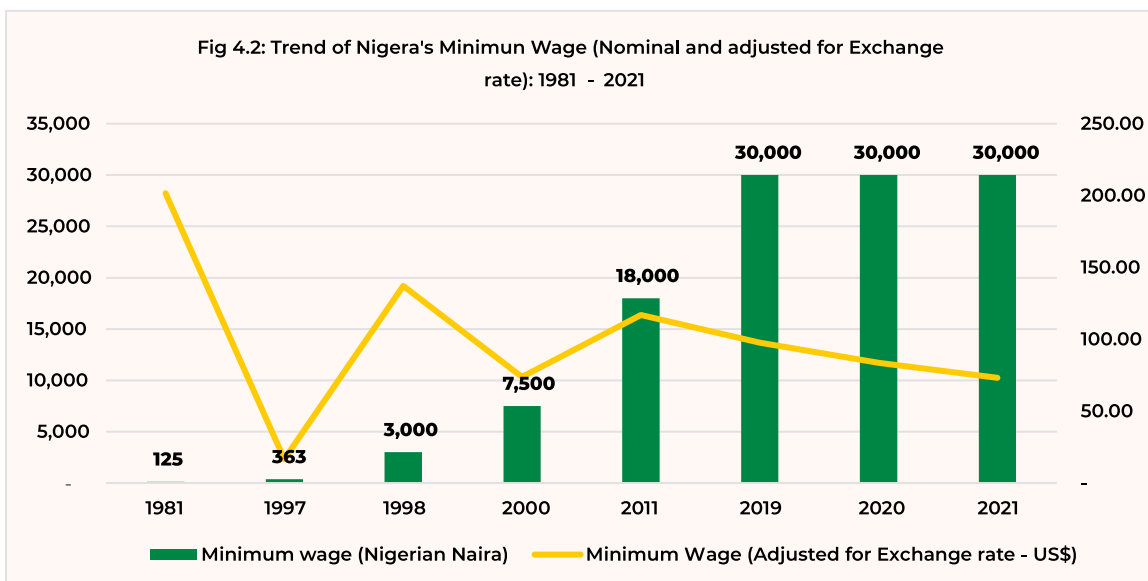
¹² Aminu, Alarudeen (2011), 'Government Wage Review Policy and Public-Private Sector Wage Differential in Nigeria' African Economic research Consortium (AERC) Research Paper 223 African Economic Research Consortium, Nairobi January 2011

¹³ Fapohunda, Tinuke. M; Atiku, Sulaiman Olusegun; & Olanrewaju, Lawal Ibrahim (2012), 'Minimum wage implementation and management in a post-recession economy: the Nigerian experience' European Scientific Journal 8 (7): 18 - 35

Although the inflation was lowest in 1999/2000, the nation devalued its exchange rate from N21.89 = US\$1 to N101.7 = US\$1 in 2000. Trend analysis of the minimum wage shows that while the size in terms of naira has increased by 66.67% from N18,000 in 2011 to N30,000 in 2021, it declined in relative terms (to the exchange rate) by 63.72%. As pointed out in the focus group discussion, participants noted that when the minimum wage was N18,000, the cost of a bag of rice was N5,500. Presently, in 2021, a bag of rice is N30,000.

Table 4.2: Minimum Wage in Nigeria and associated macroeconomic Indices						
Year	Minimum wage (Nigerian Naira)	Inflation (%)	Exchange Rate (Naira/ US Dollar)	Population	GDP (constant 2010 US\$)	GDP Per capita (current US\$)
1981	125	20.81%	0.62	75,440,502	131,395,856,081	1741.715
1997	363	8.53%	21.89	113,457,663	156,152,065,108	1376.302
1998	3,000	10.00%	21.89	116,319,759	160,182,746,695	1377.09
2000	7,500	6.93%	101.7	122,283,850	169,200,011,888	1383.666
2011	18,000	10.84%	153.9	162,805,071	382,646,753,550	2350.337
2019	30,000	11.98%	306.9	167,005,442	478,294,936,045	2863.948
2020	30,000	15.75%	358.8	206,139,589	489,152,231,094	2372.917
2021	30,000	17.75%	410.11	211,457,990	611,440,288,867	2891.545

Source: CBN/ WDI/ Minimum Wage Acts, 1981 - 2019



Although the International Labour Organization (ILO) constitution of 1919 emphasised the provision of an adequate living wage as a major improvement in the labour market conditions, the minimum wage in Nigeria is far from the aspiration of the ILO.

While the National Minimum Wage Act (amendment) of 2019 provides for a 5-year review of the minimum wage, the reality of Nigeria's double-digit inflation, exchange rate and cost of living do not allow for the minimum wage to come close to the living wage.

Evidence from other climes shows that social safety nets are put in place to protect workers from social inequality brought about by government adoption of market-driven policies; the evidence

for Nigeria is that social safety nets are weak. Even, the NHIS scheme does not guarantee full access to health care. According to a report in February 2020, since its launch in 2005, the NHIS has only covered 5% of the Nigerian population, most of whom are in the formal sector, leaving the informal sector and the most vulnerable populations at the mercy of health care services that are not affordable. This means the most vulnerable populations in Nigeria are not provided with social and financial risk protection.

Trend analysis of the minimum wage in Nigeria in the last 10 years shows that it has increased from N7,500 for federal government workers and N5,500 for state workers to N30, 000 as provided in the Minimum wage (amendment) Act, 2019. In the face of double-digit inflation, rising cost of living and dwindling exchange rate, the trend of the real wage shows a declining trend.

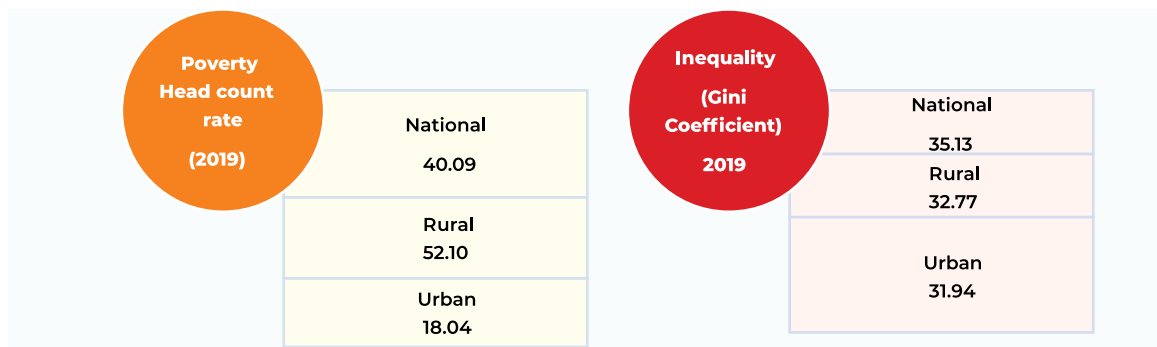
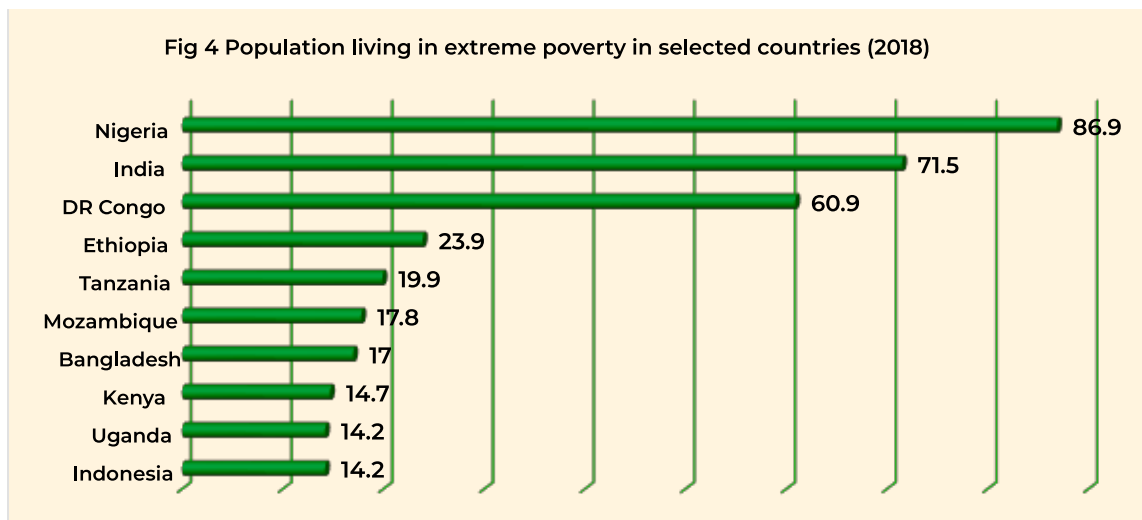


Fig 4.3 : Poverty Head count rate and Inequality in Nigeria

Source: Nigeria Bureau of Statistics (NBS), 2019



Amidst the domestic environment of slow economic growth, inflation remains at double-digit and unemployment is increasing. Available data from the National Bureau of Statistics show that Nigeria's unemployment rate rose to 33.3% in the Q4 of 2020 compared to 27.1% in the Q2 of 2020. The situation is even worse for young people (ages 15 – 34 years), as the unemployment rate increased to 42.5% in Q4 of 2020 from 34.9% in Q2 of 2020.

Fig 4.4: Niger's Inflation (All Items, Year on Change): 2010 - 2021 (June)

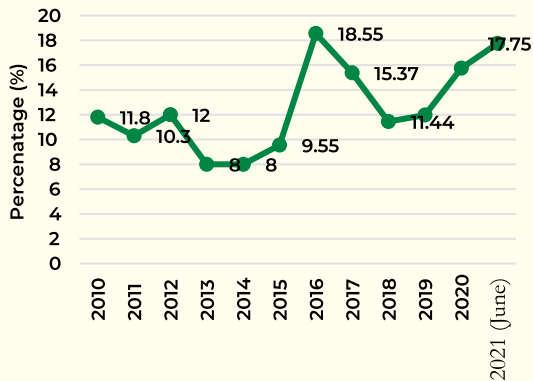
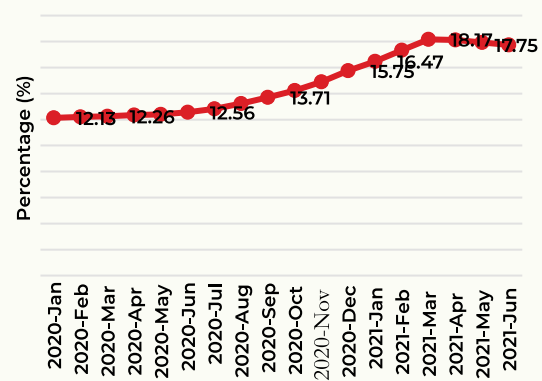


Fig 4.5: Nigeria's Monthly Inflation Rate (%): 2020 to 2021 (June)



Source: CBN

The growth in real GDP in the Q2 of 2021 also shows high potentials for endogenous growth for the Nigerian economy. In the face of high unemployment and poverty, however, this will imply that growth is not inclusive. Effective public management that would ensure prudent use of public spending would therefore help to deliver access to services and strengthen the quality of public service delivery.

Fig 4.6: Nigeria's Real GDP Growth (%): 2020 Q1 - 2021 (Projected)

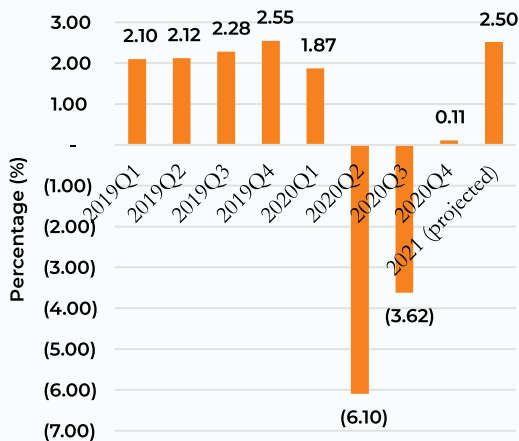
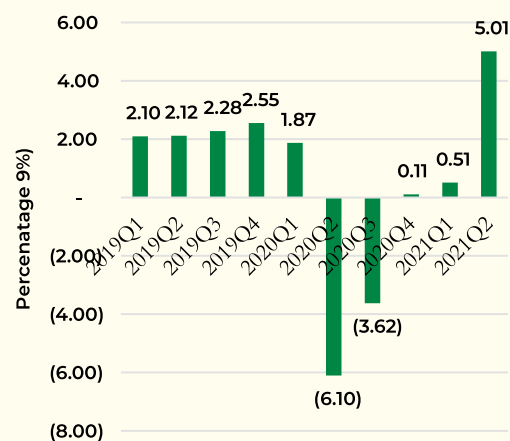


Fig 4.7: Nigeria's Real GDP Growth (%): 2020Q1- 2021Q2



The proportion of women in paid labour is smaller compared to their male counterparts. Data from the World Bank (WB) World Development Indicators (WDI) show that as at 2019, the proportion is 13.28% for females and 23.22% for male. Hence, since in all formal sectors, women workers are actually in the public sector, it implies that more women are adversely affected by the minimum wage than their male counterparts.

¹⁶ Action Aid Nigeria and DANIDA Youth Digital Engagement (YDE) Project, Policy Brief, 2021

Fig 4.8: Wage and salaried workers, female (% of female employment) (modeled ILO estimate)

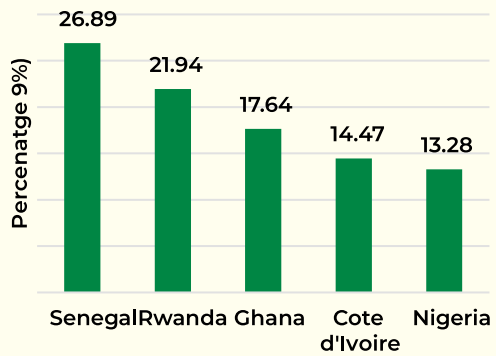
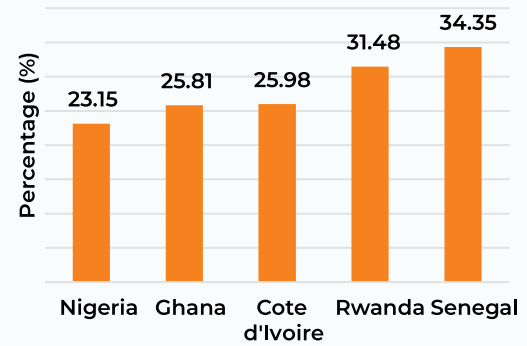


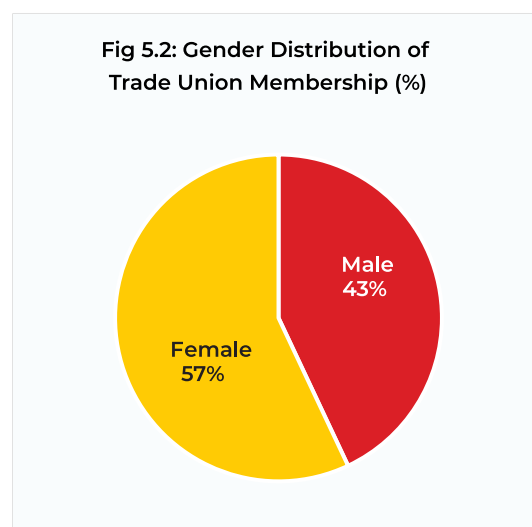
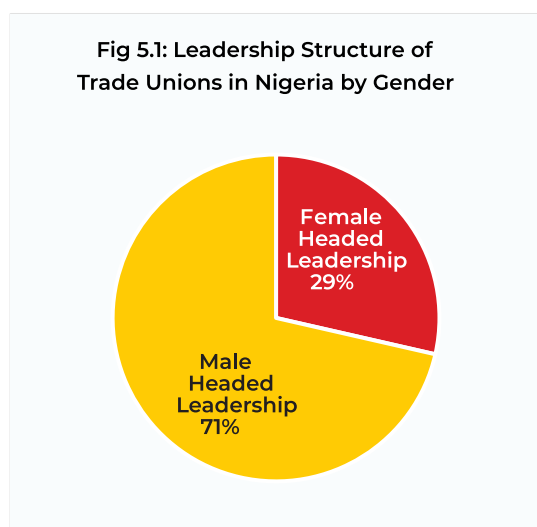
Fig 4.9: Wage and salaried workers, male (% of male employment) (modeled ILO estimate)



Source: WDI

5.0 Evidence mapping on Issues relating to Labour and Public Sector Wage Bill in Nigeria

Leadership of Trade Unions in Nigeria is male-dominated. Of the seven unions interviewed, only two have female leadership: Women Commission of the Nigeria Labour Congress (NLC), and the National Association of Nigeria Nurses and Midwives (NANNM).



Minimum wage determination is gender-neutral, not negotiated along with specific considerations that address the specific needs of women. Welfare and livelihood enhancing issues that affect women in the workplace are negotiated and implemented within specific workplace locations. These include issues such as the provision of crèche, provision of clean toilet, water, sanitation, and hygiene.

Maternity leave in Nigeria varies between three months to six months. In 2018, the Nigerian government increased maternity leave for public sector workers from three months to four months. At the subnational level, state governments increased it to six months. States where the maternity leave was extended to six months in Nigeria are Kaduna, Lagos (with paternity leave of 10 days), Enugu (with three weeks paternity leave), and Ekiti State.

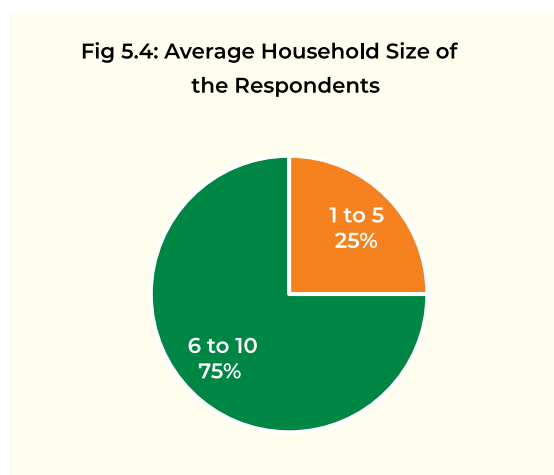
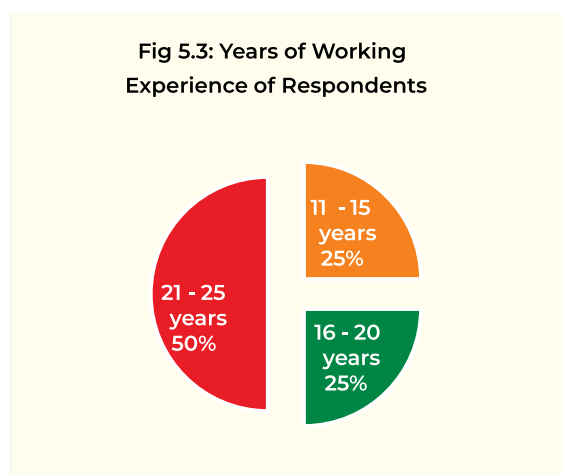
The responses show that the civil service in Nigeria is aging, as more than 50% of workers have worked for between 26 to 30 years, thus near retirement. Those within this circle also have a large household size of between six to 10 persons. This implies that new recruitment has not kept pace and recruitment challenges in terms of being able to afford to train and recruit a younger cadre public servant remain challenging.

All the workers union interacted with during the focus group discussion expressed deep concerns about the sustainability of the nation's contributory pension scheme. While Nigeria operates a contributory pension scheme, there have been calls for the public service providers be removed from the contributory pension scheme. Already, the pension reform act excludes the

¹⁷ <https://www.premiumtimesng.com/news/more-news/271371-nigerian-govt-increases-maternity-leave-to-four-months.html>

¹⁸ <https://nimedhealth.com.ng/2019/05/31/maternity-leave-in-kaduna-it-is-now-6-months/>

armed forces from the contributory pension. Recently,, there are debates to remove the police from the contributory pension scheme. The alternative to the contributory pension scheme (making budgetary provision for pensions) is also not without hitches as it could raise sustainability concerns.



The average household size of the Nigerian worker is within 6 to 10.

When asked how they would agree to the statement that implementation of the public sector wage bill affects the government's ability to recruit teachers, nurses, doctors, and other essential workers to fill shortages, all of the participating trade unions in the focus group discussion strongly disagreed. Participants identified high cost of governance associated with a fleet of cars used by politicians and the train of their political appointees as the factors that affect government ability to recruit workers into the public service. The model of Public Private Partnership (PPP) used to run some government-owned service delivery outlets like the federal medical centres was also identified as leading to high out-of-pocket expenditure on health care by civil servants and their dependents. There is also evidence that the use of PPP arrangements in such healthcare centres lead to discrimination against people with NHIS, as persons paying directly would be likely to receive attention before those on NHIS.

Table 5.1: Response to Institutional Policy Issues and COVID-19					
	SA	A	NS	D	SD
Public sector wage bill cuts or freezes there are active policies to promote privatisation or public private partnerships in key sectors.	20%			40%	40%
there is a disproportionate impact of PSW on frontline women workers	30%	20%	10%	20%	20%
The dialogue between IMF and Ministries of Finance lacks transparency, that is, key documents are not shared/ data is confidential, and that this secrecy in some way undermines democratic accountability.	62%	15%	8%	0%	15%
The IMF is responsible for decisions on public sector financing in Nigeria, as evidenced by the government blaming the IMF and refusing to take responsibility for decisions on public sector financing.	78%	22%			
The Ministries of Finance and/or the IMF seek advice mostly from the World Bank, ignoring international benchmarks from established bodies of expertise within the UN e.g. on number of nurses from the World Health Organization or teacher-pupil ratios from UNESCO.	62%	38%			

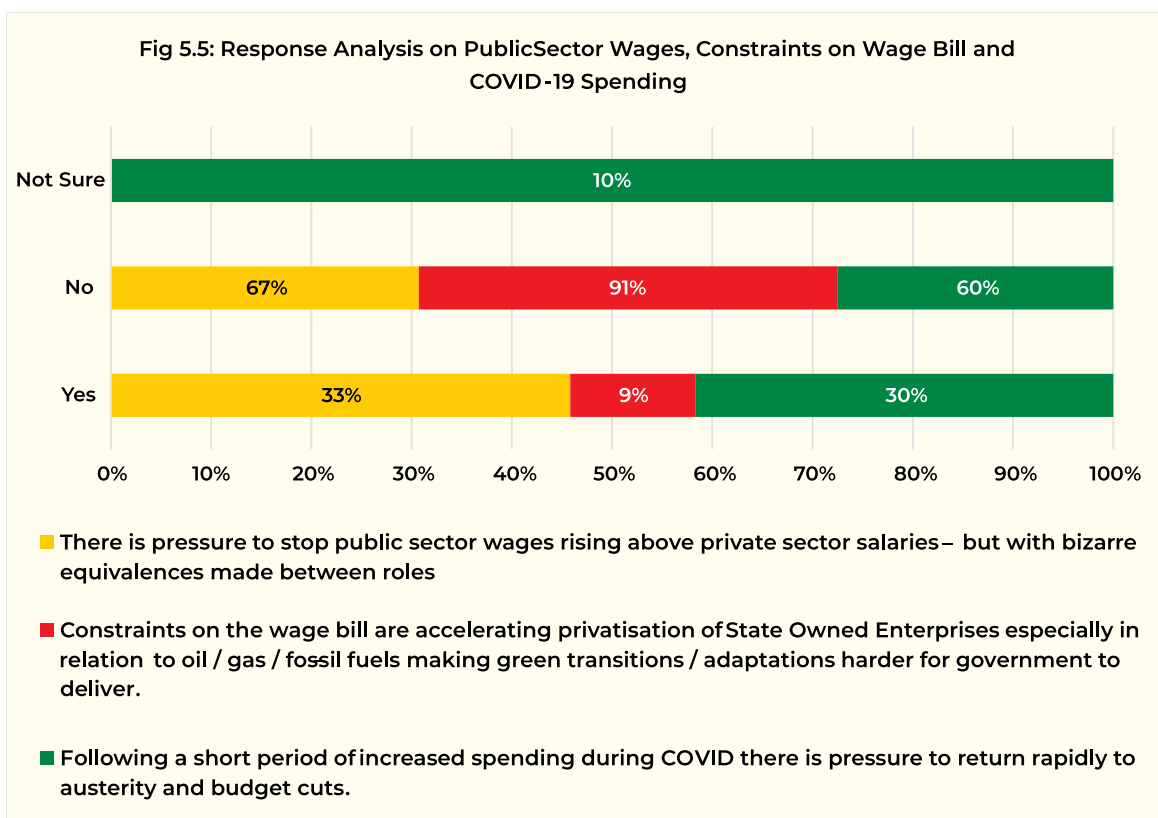
¹⁹ <https://businessday.ng/news/article/reps-move-to-remove-police-from-contributory-pension-scheme/>

Resistance to public sector wage bill constraints through unions/ protests, etc., which has succeeded to reverse government/ IMF positions in the past 5 years.	71%	29%			
Countries selected for making cross-country comparisons with regards to PSW are not really comparable but selected with the purpose of justifying cuts	63%	25%		13%	
There is more openness in Ministries of Finance now to think differently in the light of either COVID -19 or the climate crisis, and that this involves positively revaluing the public sector/ redistributing unpaid care work.				86%	14%
The dialogue between IMF and Ministries of Finance lacks transparency, that is, key documents are not shared/data is confidential, and that this secrecy in some way undermines democratic accountability.	62%	15%	8%	0%	15%
The Ministry of Finance does not explore alternative macro-economic policies, rather takes the IMF's advice/ ideology as absolute truth.	45%	45%	10%		

Note: SA = Strongly Agree, A = Agree, NS = Not Sure, D = Disagree, SD = Strongly Disagree

Source: Focus Group Discussion

The evidence from the participants also shows that countries used in making cross-country comparisons with Nigeria with regards to PSW are really not comparable. For instance, in a study by the IMF, Nigeria was compared with Kenya with regards to how biometric monitoring of government employees has proved effective in identifying ghost workers. While this comparison, for instance, is consistent for Nigeria, the report does not identify the process through the federal government in Nigeria is tackling the issue of ghost workers and the perception of trade unions of that process.



Evidence from the focus group discussion shows that union representatives agree that there is pressure to stop public sector wages from rising above private sector salaries. A higher proportion of the respondents, however, said that this is not the idea behind minimum wage negotiations, as the private sector also benefits from the implementation of minimum wage legislation in Nigeria.

The Ministry of Finance plays a major role in the nation's public financial management. The trust of unions for the ministry is, however, very low. When asked if they thought the Ministry of Finance does not explore alternative macroeconomic policies rather than take the IMF's advice/ideology, participants in the focus group discussion strongly agreed/agreed.

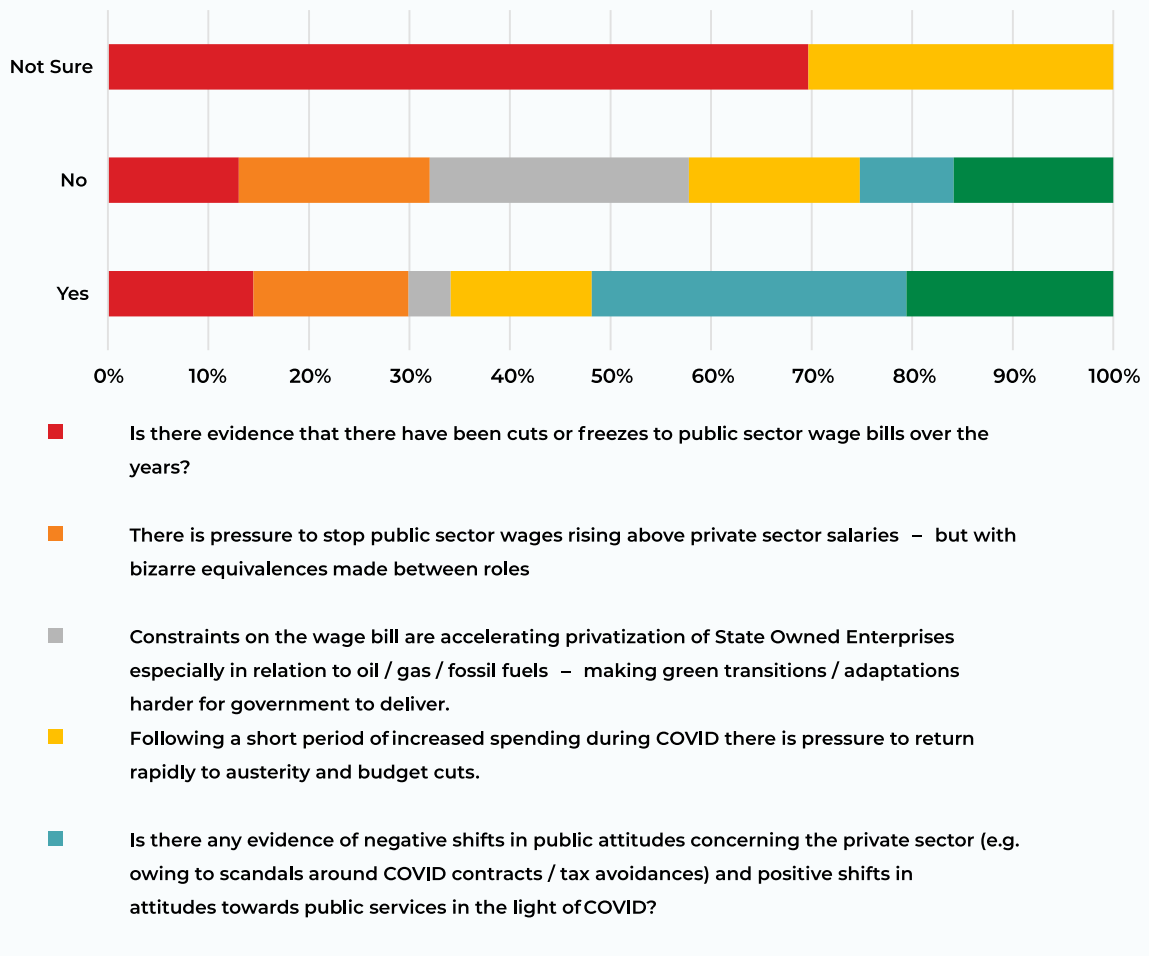
There was no evidence of negative shifts in public attitudes concerning the private sector by public servants. As a matter of fact, the COVID-19 pandemic led to a rise in public interest for employment in the public sector. This was due to the policy stance of the government to continue to pay public sector workers during the lockdown period when their counterparts in the private sector were not paid. This, however, did not come without the insistence of labour that workers should be paid.

The COVID-19 pandemic, however, led to a form of discrimination in the health sector as personnel protective equipment (PPEs) were not equally distributed to nurses, doctors, and other health workers who were not in isolation centres. The representative of the nursing and midwives and the medical and health workers unions noted that most cases of COVID-19 deaths in the health sector were by personnel who were not in the isolation centres but in intensive care units. These workers received sick persons who heed their travel history only to expose medical and health sector workers to COVID-19. Since most of them were not issued with proper PPEs, the facemasks and hand gloves alone could not stop them from being infected.

Section 17 and 18 of the Employee Compensation Act, 2010 provides that, where death, injury, disability or decease of an employee occurs in the course of the employment as a direct result of enemy warlike action or counteraction and provision has been made for compensation in respect of such action for the employee or the deceased employee's dependents by the Government, the employee, or his or her dependents are entitled to compensation under this Act only when the compensation provided by the Government is less than that provided by the Act, and shall be only to the extent of the difference.

The Act, however, provides that the provision must have been made for compensation in respect of such action for the employee or the deceased employee's dependents by the Government. Amending the Employees Compensation Act, 2010 to provide for the meaning of warlike death to include COVID-19 related death would go a long way to compensate for the COVID-19 related deaths. This should also be extended to frontline workers in all sectors.

Fig 5.6: Response to Wage Freeze, COVID -19 and Labour Influence on Government Policies



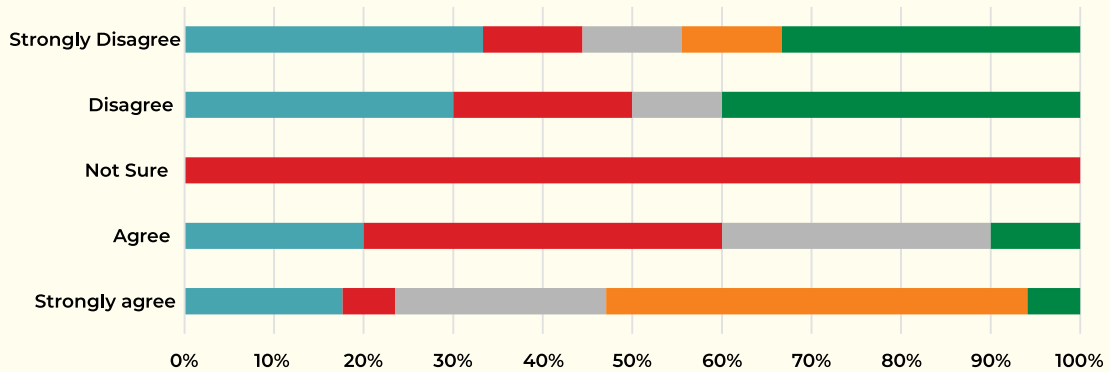
Focus group discussion with the NLC also shows that the Nigeria Labour Congress (NLC) has a research department that is responsible for research on a wide range of economic issues as they emerge, including the issues of public sector wage bill. When asked how effective, they thought the views of the NLC is reflected in public sector wage bill decisions that are adopted by the government, 44% of the union who participated in the focus group discussion said Yes, while 56% said No.

The response of the participating unions in the focus group discussions with regards to reform initiatives is presented below. The respondents were asked how they would respond to a set of policy options regarding the public sector wage bill. Most respondents did not agree that reducing personnel costs is the right step to take to trim the size of the public sector wage bill. Rather, they agreed that restructuring the bureaucracy around political appointees and elected officials would deliver better outcomes and lead to better use of the public sector wage bill.

The option that restructuring government MDAs in a manner that would weed out duplications and redundancy as a way of reducing the cost of governance was also unstable. The union representatives were of the opinion that such tactics have been used in disfavour of staff.

Most respondents also disagreed that dwindling revenue and the need for efficient allocation of scarce resources make it difficult for the government to continue to implement minimum wage, especially amongst states.

Fig 5.7: Respondents Preference for Policy Options towards reducing the Cost of Governance



- Reducing personnel cost is a right step to take to reduce the cost of governance.
- Reducing the allocation to overheads is a better step towards reducing the cost of governance.
- Restructuring government MDAs in a manner that weeds out duplications and redundancy is a better option to reducing the cost of governance
- Restructuring the bureaucracy around political appointees and elected officials would deliver better outcomes for the reduction of the cost of governance in Nigeria
- Dwindling revenue and the need for efficient allocation of scarce resources makes it difficult for the government to continue to implement minimum wage especially amongst states.

6.0 Summary and Conclusion

6.1 Findings from Trend Analysis

From 2011 to 2020, Nigeria has had a planned total federal government spending of N65.9 trillion. While recurrent expenditure accounts for 77% of the federal government budget, capital accounts for 23%. Whereas the trend of overall federal government budget has continued to increase, the share of allocation to agriculture, health, and education, has been abysmal and falling below expected global minimum benchmarks.

In the last 10 years, medical and health workers as well as the workforce in the education sector have embarked on more strikes (industrial actions) than any other sector in Nigeria. The main focus of the disagreement has been around the need for higher allowances and for better wages. This is a signal that increasing allocation for public sector wage bills and making earnings to the worker sensitive to changing economic realities would be very vital to guaranteeing sustainable public service delivery.

Available data from the Budget Office of the Federation show that accrued revenue to the federal government from 2016 to 2021 (as of May) amounts to N19 trillion. The sum of the wage bill from 2016 to 2021 amounts to N35.609 trillion. This implies that the federal government's public sector wage bill in the last six years is higher than actual revenue for the reference period by 87%.

Share of Wage Bill in Sector Recurrent Budget	Sum of Allocation as Wage Bill (2016-2021)	Sum of Recurrent expenditure (2016-2021)	Share of recurrent in sector budget (Average for 2016 - 2021)	Share of Capital expenditure in sector budget (Average for 2016 - 2021)
88%	N35.609 trillion	N43.984 trillion	77%	23%

Source: Office the Accountant General of the Federation, Nigeria

Source: Office the Accountant General of the Federation, Nigeria

Across other sectors, especially education and health, the wage bill accounts for more than 80% of recurrent expenditure to the sector. Allocation to the recurrent sector also accounts for more than 80% of the sector's budget, thus leaving less than 20% for capital projects. The share of budget allocation to these sectors (as a percentage of total federal government budget) also falls short of the recommended minimums by global institutions.

There is need to strengthen public sector reforms that will ensure sustainable funding of public sector workers in order to strengthen the quality of service delivery. Also, there must be an increased focus on revenue generation – taxing those who can pay, so that overall budgets can expand for public services to the agreed global benchmarks and expand both recurrent and capital.

²⁰ Citing Poor Working Conditions, Remuneration: Doctors, Health Workers Embarked On Strike 10 Times In 6 Years, <https://leadership.ng/citing-poor-working-conditions-remuneration-doctors-health-workers-embarked-on-strike-10-times-in-6-years/>

Table 6.2: Share of Public Sector Wage Bill by Sectors							
	Share of Wage Bill in Sector Recurrent Budget	Sum of Allocation as Wage Bill (2016 - 2021)	Sum of Recurrent expenditure (2016 - 2021)	Share of recurrent in sector budget (Average for 2016 - 2021)	Share of Capital expenditure in sector budget (Average for 2016 - 2021)	Share of Sector Budget in Overall Federal Government Budget (Average from 2016 - 2021)	Global Benchmark for share in national budget
Agriculture	83%	N248.45 billion	N300.08 billion	29%	81%	1.76%	Maputo Declaration 10%
Health	84%	N1.587 trillion	N1.899 trillion	83%	17%	4.02%	Abuja Declaration 15%
Education	83%	N2.546 trillion	N3.068 trillion	86%	14%	6.43%	UN SDG Framework 15% - 20%

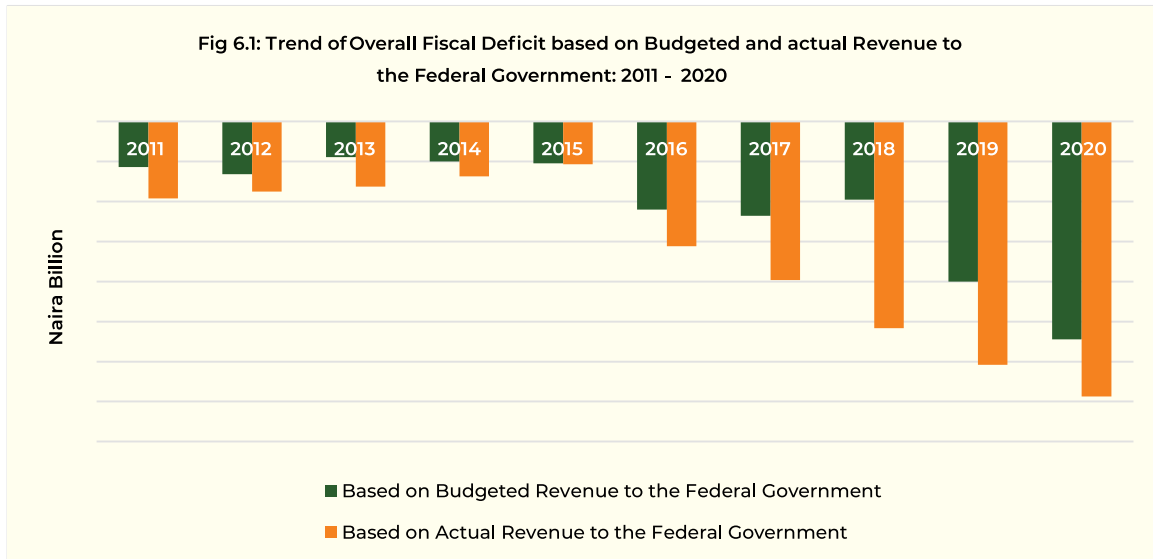
Source: Office the Accountant General of the Federation, Nigeria

Poor funding of capital projects also remains a major issue. Available data show that funds released for capital projects often fall short of what was approved in the annual budget. In 2017, releases for capital project implementation amounted to 61.49%. In 2018, it amounted to 69.75% of the amount budgeted for capital projects. It declined to 38.73% in 2019 and attained 50.28% in 2020. On the recurrent side, however, releases usually attain 100%.

Table 6.3: FGN Capital Budget Performance: 2017 - 2019					
	Amount	Amount	Amount	Amount	Budget Performance
2021 (Jan- June)	Appropriated	Released	Cash backed	Utilised	Utilisation as % of Budgeted
Total FGN Capital	2,725,017,594,547*	781,560,320,057	781,560,320,057	426,274,709,215	15.64%
2020	Appropriated	Released	Cash backed	Utilised	Utilisation as % of Budgeted
Total FGN Capital	1,960,320,547,535	1,604,438,955,116	1,604,438,955,116	985,703,243,624	50.28%
2019	Appropriated	Released	Cash backed	Utilised	Utilisation as % of Budgeted
Total FGN Capital	2,094,950,000,000	961,391,860,159	961,391,860,159	811,404,455,845	38.73%
2018 Capital Budget Performance (Note 2018 Budget implementation ended in June 2019)					
2018	Appropriated	Released	Cash backed	Utilised	Utilisation as % of Budgeted
Total FGN Capital	2,870,916,138,506	2,066,490,294,663	2,066,490,294,663	2,002,452,204,581	69.75%
2017 Capital Budget Performance (Note 2017 Budget implementation ended in June 2018)					
2017	Appropriated	Released	Cash backed	Utilised	Utilisation as % of Budgeted
Total FGN Capital	2,178,463,089,448	1,457,552,926,845	1,457,552,926,845	1,339,478,215,065	61.49%

Source: Office the Accountant General of the Federation, Nigeria; Excluding capital budget from 2021 supplementary

Whereas there is a need for increased funding of social sectors in Nigeria, the difficulty in raising the needed revenue has led to a rising debt of the federal government owing to a widening overall fiscal deficit. While the federal government plans for an overall fiscal deficit that is within the limit of the Fiscal Responsibility Act, the actual deficit often exceeds planned levels. This has led to widening public debt to the federal government.



6.2 Findings from the Focus Group Discussion with Trade Union Representatives

There is a high share of personnel cost in health and education. However, this has been accompanied by poor service delivery outcomes, as funding has not been commensurate to the needed funds that would help revamp both sectors. The situation is not any different in the agriculture sector, as there is need to expand access to extension services and support the practice climate-resilient agriculture.

Budget lines for salaries and wages in the federal government budget are aggregative and do not allow for interrogation on specifics. Providing staff density by gender would enable deeper engagement of the public sector wage bill. Although there have been increases in public sector wage bill at the federal level, there is evidence of wage cuts or freezes at the sub-national level. In Zamfara State of Northwest Nigeria, for instance, the minimum wage of N18,000 is yet to be implemented. About six states are also yet to implement the N30,000 minimum wage.

The Ministry of Finance plays a major role in the nation's public financial management. The trust of unions for the ministry is, however, very low. When asked if they thought the Ministry of finance does not explore alternative macroeconomic policies rather than take the IMF's advice/ideology, participants in the focus group discussion strongly agreed/agreed.

There was no evidence of negative shifts in public attitudes concerning the private sector by public servants. As a matter of fact, the COVID-19 pandemic led to a rise in public interest for employment in the public sector. This was due to the policy stance of the government to continue to pay public sector workers during the lockdown period when their counterparts in the private sector were not paid. This, however, did not come without the insistence of labour that workers should be paid.

The COVID-19 pandemic, however, led to a form of discrimination in the health sector as personnel protective equipment (PPEs) were not equally distributed to nurses, doctors, and other health workers who were not in isolation centres. The representative of the nursing and mid-wives as well as medical and health workers union noted that most cases of COVID-19 deaths in the health sector were by personnel who were not in the isolation centres but in other aspects of caregiving. These workers received sick persons who did not disclose their travel history only to expose medical and health sector workers to COVID-19 infection. Since most of them were not issued with proper PPEs, the facemasks and hand gloves alone could not guarantee their safety, thus they were infected and some died.

Interaction with the union representatives during the focus group discussion shows that minimum wage (that is not situated within the context of prevailing economic realities) has kept many households below the poverty line. With high unemployment and high dependency ratio, the trickle-down effect of one person's earning in Nigeria can do a lot to ameliorate the hardship faced by many, including women, children, and young persons. For persons with disabilities, accessing the workspace is becoming difficult as facilities (including toilets) are not very accommodative of their specific needs. Accessing health care services is equally challenging for PWDs.

7.0 Recommendation and Advocacy

- i. Interaction with participants at the focus group discussion shows that there is evidence of an aging public sector workforce. The implication for the PSWB question is that government spending on salaries and wages is heavy on the aging component of the workforce. Recruiting younger persons to fill existing vacancies is therefore vital. Efforts to trim the size of PSWB and strengthening its contribution to GDP should therefore be focused on weeding out the ghost workers rather than seeking to trim the size.
- ii. The size of public sector wage bill could be reduced through continuous implementation of the IPPIS. While the IPPIS has led to a sizeable reduction of ghost workers, there is a need for a continuous call for an update of staff information, especially at the local government and state levels.
- iii. In the light of the need for effective service delivery, there is a need to intensify efforts towards blocking revenue inflow to the federal government in order to make more funds available for the funding of the social sector and the nation's overall development. One way this can be achieved is by abolishing tax waivers to multinationals. Property and luxury goods tax could also be increased.
- iv. Some levels of details are provided in the budget to allow for an examination of planned projects and programmes for the fiscal year. Details for wage bill by sector are however not contained. Perhaps, stating the number of workers in a Ministries, Departments, or agencies as (as of the time of preparing the budget) would be helpful.
- v. Review of tax laws/policy to create a percentage of tax to be paid by companies towards financing public services would also be a great idea. Government should therefore continue to explore alternative means of financing the public sector. This could be through property tax, tax on foreign companies with operation in Nigeria, and so on.
- vi. Government should encourage Public-Private Partnerships in key public service sectors e.g. water, electricity, health, and education. There is a need for the involvement of the Trade Unions and other stakeholders in such discussion in order to ensure that the interest of the worker (access to affordable services) is not compromised.
- vii. Rather than imposing taxes on big companies, the practice has been to grant them tax holidays while imposing taxes on goods consumed mostly by the low-income groups. Discourse on public sector wage bills is vital to government and trade union relations. As such, there is a need for effective and active involvement of the Trade Unions and other stakeholders in the public financial reforms that have implications for workers welfare;
- viii. Government should disregard wholesome surrendering to IMF and World Bank advice and focus on specific national peculiarities in dealing with public sector wage bill reforms. This would involve eradicating corruption, incompetency, and ensuring transparency in the budget preparation and implementation process regarding overheads, personnel cost, and capital projects.
- ix. Government should drive national development plans with full consideration for national interest. This will involve exploring alternative macroeconomic policies other than those of the IMF and World Bank.

- x. Trade Union and other stakeholders should be very active in the political space and become major influencers of government policies and decision. This will put them in a position of anticipating policies moves and engaging at an early stage before they are adopted as policies. Effective engagement at public hearings at the National Assembly where bills are discussed before they considered for passage into laws will also be important.
- xi. Actual revenue accruing to the federal government falls short of the public sector wage bill. It would therefore be important to pursue progressive revenue generation. This would lead to an increase in funding available for expanding the public sector wage bill and to be spent in areas which matter most to the citizens, i.e. delivering on SDG commitment on universal health and scaling up quality education.
- xii. Shortfall in accrued revenue to the federal government also implies widening overall deficit and debt build up. As such, there is need for rescheduling and/or cancellation of debts to free up more resources. It is, however, important to ensure that the funds are applied to sectors that would improve gender responsive public services and address poverty.
- xiii. In the face of dwindling revenue and widening fiscal deficit, there is a need to minimise further accumulation of external debt. Therefore, stakeholders (National Assembly, Debt Management Office DMO, Federal Economic Council, etc.) should involve CSOs and labour in discussions to contract debt. This should also be replicated at the state level.
- xiv. Achieving a stable macroeconomic environment is also vital for enhancing the welfare of Nigerian workers. The CBN should therefore continue to pursue its policy of achieving a single-digit inflation rate as well as a stable exchange rate.
- xv. As an alternative for revenue generation, there is need to also improve on Nigeria's tax revenue by widening the tax net. This would involve improvement in tax collection, blocking leakages and ensuring that companies doing businesses in Nigeria pay their taxes.
- xvi. In the face of new waves of COVID-19, there is need to continue to motivate frontline workers to respond effectively.
- xvii. This will include recruiting and motivating the workforce in key sectors such as education and health.
- xviii. Finally, with the need for more public investment in education, health, agriculture and other social sectors, expanding the financing to these sectors would be vital. Efficient use of resources would, however, be important in order to ensure effective service delivery and strengthen the nation's position to attain the SDGs.

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