International Journal of Developing and Emerging Economies
Vol.9, No.1, pp.48-63, 2021
Print ISSN: 2055-608X (Print),
Online ISSN: 2055-6098(Online)

POLITICAL ECONOMY OF PENSION REFORMS IN NIGERIA: EVALUATING THE INSTITUTIONAL TRAJECTORY AND ROLES OF INTERNATIONAL POLICY ADVISORS

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ABSTRACT: *In the context of the prevailing hegemonic "market-driven" neo-liberal dynamics, pension systems generally remain one of the critical dimensions of public policy reforms, both in the developed and developing countries. While in the 1990s many of the developed countries such as Germany, Sweden, Norway, Canada, Australia, and Italy have introduced and implemented many pension reforms, some transition and developing countries in Latin America and Africa have also embarked upon the process, to "radically" transform their public pension systems. Based on the concept of "individual capitalization", new pension reforms in developing countries represent a response to "market-driven" neo-liberal process. Even in a context of "fiscal contraction" and "states' retrenchment" of public policy provisioning, and demographic ageing, income guarantee and security, through pension system, for the workers and pensioners, remain an important hall-mark of public policy direction for governments in developing countries. This paper takes this further to evaluate the historical and institutional trajectory of pension reforms in Nigeria; with empirical and critical evaluations of "technical" and "ideological" assumptions that guide the "ideational processes". The paper evaluates the roles of international policy advisors in "policy diffusion", to developing countries, on pension policy. The implication of "policy-transfer" on pension reforms in Nigeria, is examined.*

KEYWORDS: Pension reforms, policy-diffusion, international policy advisors.

INTRODUCTION: RESEARCH CONTEXT

The embedded hegemony of economic austerity measures and "state's roll-back" on social programs, generally, has intensified the inability of individuals to save sufficiently for old age. And this remains a challenge to the process of evolving acceptable and comprehensive pension systems, as income and social protection instruments for retirees and workers in Nigeria. While informal safety nets through household and "community induced" social capital may still be significant in Nigeria, for instance, a formal well-integrated and comprehensive pension schemes remain important social protection instrument to mitigate old-age poverty, in terms of coverage and social redistributions. Indeed, where old-age public expenditures in form of social safety nets are almost non-existence, in lifting retirees above poverty lines, a well-conceived and implemented pension system is important for poverty reduction at old age. The protective and redistributive functions of pension system have thus gained international recognition and acceptance with the adoption of Recommendation No 202 at the 2012 International Labour Conference, on *National Social Protection Floors* (ILO 2012). In the Recommendation, the ILO encourages States and other social partners to; in a "tripartite commitment", ensure basic income guarantees and access to basic social services such as education, and health for the entire population and across the lifecycle (ILO 2012).

In what might also be interpreted as a "new-turn" in their commitment to social protections, several International Social Policy Actors, such as the World Bank, have also emphasized that social protection "strategies" should include old-age protection; to guide pension system operators in their respective countries, (World Bank 2012; ECLAC 2006; ESCAP 2011, cited in Hujo, 2014).

Thus, as noted by Hujo (2014), social pension system has come to represent not only an important "multi-pillar" scheme for poverty alleviation, particularly in developing countries, but also having a strong role in the countries' socio-economic transformation agenda, through "its impact on state budgets, financial and monetary sector, productivity and infrastructural investment" (Hujo, 2014: 5). Gleaned from the analysis and contributions of various scholars', such as Hujo, 2014; Orenstein, 2008; Petersen and Petersen, 2009; evolving pension systems in developing countries may be described as "contingent liabilities", characterized by implicit pension debt/obligations between the States and current or future cohorts of pensioners. In Petersen and Petersen's (2009b), pensions systems are constitutive pillars of a country's welfare regime; cohering State-citizenship relations and solidarity. Pension systems also reflects a "country's income redistribution, and what roles they attribute to public and private institutions in social protection" (Whiteside 2012, cited in Hujo, 2014:6).

Pension administration has therefore become more crucial and relevant in Nigeria, as the populations are aging, economic insecurity is deepening and more pervasive, while the traditional support system is weakening. To cope with emerging challenges associated with pension administration, the new pension system is envisaged to be comprehensive, integrative and proactive to provide the teeming working-age populations, and the old-age, with "survivorship" and income protection. It is envisaged in the new scheme that the working populations and the old-age, need comprehensive schemes that assure mitigations of old age destitution and poverty, as traditional family-based support systems have been weaken by economic volatility.

On the need for a "re-orientation" of pension systems, in line with changing circumstances of a country, Brooks (2009) has observed that the concern should not be whether a particular regime has to change, but rather, how and in what directions, and what underlying principles must guide the reforms; in a more fundamental or incremental levels? (Brooks, 2009, in Hujo 2014:6).

This research work takes this further to interrogate what impacts do specific policy decisions in the reform processes may have had on different categories of stakeholders, in Nigeria? The research work analyses the political economy of the most recent pension reforms in Nigeria; providing a comparative evaluations of the previous "defined pay-as- you-go" (PAYG) model with current Contributory Pension Scheme (CPS). The historical trajectory of pension schemes as institutional legacies provides the nuanced understanding of the contexts, for the development of each, and their relative benefits. Through empirical evaluations of the roles of international advisors on pension policy reforms, in particular the World Bank, IMF and ILO, the paper critically reflects further on the challenges and implications of concept and impacts of "policy-diffusion" in implementing pension policies, particularly in a peripheral capitalist economy such as Nigeria, where the "received-wisdom" on broad "technical" and "ideological" assumptions continue to

Vol.9, No.1, pp.48-63, 2021
Print ISSN: 2055-608X (Print),
Online ISSN: 2055-6098(Online)

underpin public policy making. The research work, not only explores the institutional developments of pension systems in Nigeria, but also engages with the evolving framework and debates surrounding the implementation of the new pension scheme.

Conceptual Framework

Although both the old and current pension schemes in Nigeria have drawn a lot of attention from policy analysts and stakeholders, as regards the viability of the old on the one hand, and the implementation of the new scheme, on the other hand, a theoretical informed analysis is still lacking in the evaluations of "politics" of pension scheme reforms in Nigeria. Drawing from historical institutionalist perspectives, this paper contributes to the political economy of current pension administration. In utilizing much of the institutionalist analysis (Beland and Man Yu, 2004), the paper identifies the core factors that shape the current pension reforms as follow; (a) Neo-liberal economic reforms, which have created "vested-interest" among the stakeholders, particularly the private sectors, whose strong participation in the scheme, currently, has been enhanced by a "robust" financial base; (b) the "social learning" from the previous pension administration system, which now informed the current policy change; and c) the adoption of “policy-shift” as influenced by economic and public policy prescriptions from international policy actors such as the World Bank. While these core factors underpin the current pension scheme reforms, in Nigeria, they also bear implications for the implementation. It is also instructive to note that even though the current pension scheme may have transferred "commitment" and "liabilities" for pensions from the state to individuals, the process and implementation remain a "risky business" for the stakeholders. This is because the liabilities from the old defined pension system remain a challenge to smooth implementation of the new scheme.

Understanding Pension Scheme Reforms: an Institutionalist Perspective

Theoretical perspective for understanding public policy framing in the context of neo-liberal economic restructuring, are broadly located within two main streams; “societal accounts” and “institutionalist account” (Beland and Hacker 2004; Sckopol, 1992;cited in Beland and Man Yu 2004). Institutionalist analysis remain insightful in providing explanations to historical trajectory of pension reforms; taking into account both economic interests and policy-ideas of policy makers. As noted by Beland and Hacker (2004), "historical institutionalism is rooted in the assumptions that the enduring political institutions and the previously enacted public policies influence the policy-interests of bureaucrats, political officers and interest groups", (cited in Beland and ManYu 2004:6), in the course of policy-framing. Here, the polity is conceptualized as "loci of actions”; conditioned by institutional configurations of government and interest groups (Skocpol, 1992:41). Thus, historically constructed institutions create "constraints" and "opportunities" for interest groups and political actors (Immegut 1999). As center of actions and interest coalitions, "institutional structuration" allow interest groups to impact on policy-framing process and outcomes, as they directly or indirectly interact with local bureaucrats and politicians. Consequently, the linkage and relations between policy-prescriptions and implementations shape policy outcomes (Beland and Man Yu 2004).

Furthermore, and within this conceptual framework and evolution of historical institutionalism and interests' coalition, the embedded administrative/institutional capacities also structure the logic and outcome of policy decisions. As noted by Lo et al. (2001:44 cited in Beland and Man Yu 2004), administrative capacity refers to the "ability of states to deliver public goods, and services, and to carry out the normal administrative functions of government such as policy implementation". However, as earlier pointed out by Grindle (1996), limited administrative capacity makes policy-implementations problematic. Also, such "institutional incapacity" negatively affects policy-implementation outcomes. As would be demonstrated later in this paper, the incapacity of the state's institutions to efficiently manage and implement current pension's scheme in Nigeria, continue to undermine its "policy-uptake" by stakeholders.

The embedded "policy-feedback" within the context of institutional analysis, further makes our understanding clear, on how previously enacted policies, as influenced or shaped by policy- makers and "vested-interest" play out, on the outcome of policy implementation process (Beland and Man Yu 2004). In this understanding, policy-feedback is also linked with the idea of "social learning", which allows the policy-makers to evaluate the performance of established public policy (Hansen and King, 1999; Heclo, 1974). The process of social learning also allows policy makers to evaluate the perceptions and sense-making of stakeholders concerning the current pension policy. In other words, taking into account the overall performance of current policy-framework, its trajectory and evaluation guide the policy-makers in the enactment of new one (Beland and Man Yu 2004). For instance in Nigeria, and as lessons from "feedback and social learning" has clearly shown, enormous financial commitment associated with old defined pension system of PAYG) may become problematic in the implementation of new Contributory Pension Scheme. It may be difficult for the government to simultaneously finance the arrears of the old scheme, and its "transitory liabilities", and implement the new scheme. Indeed, the "economic security" of the retirees in the category of transition from old scheme to new one may be at risk, making efficient management even more problematic, in light of provisions in the new scheme.

As would be demonstrated in this paper, the problematic associated with the "transition cost" may weigh heavily on the new reform, thus creating institutional obstacles to the implementation of the new scheme. Even in the context of democratic institutions, as presently have in Nigeria, when obstacles to reforms processes may seem to have been eliminated, via Acts of Parliament, enduring policy-legacies remain influential and persuasive in decision-making process for new policy-framing on pension administration. This is when policy-makers may have to take into account past pension commitment so as to preserve social order (Beland and Man Yu 2004). In this sense, policy-makers and other interest-coalitions appreciate that effective pension administrations mitigate social conflict and tensions; thus assuring social stability and state-citizens cohesion.

This analysis lends credence to institutionalist assumptions behind "social learning" and "administrative feedback" (Beland and Man Yu 2004), in the course of policy implementations. In this understanding it is instructive to note also that limited administrative and institutional capacities, and the enduring legacies of past enacted pension policies may undermine or affect

effective implementation of new scheme.

According to Beland and Man Yu (2004) while institutionalist analysis provide innovative and explorative insights to understanding the historical dimensions of pension-policy regimes, "new-waves" of analysis have emerged to further provide understanding on the influence of "institutional politics" of pension scheme; the structuring impacts of interests coalitions .i.e. the economic interests of actors, and the enduring roles of policy ideas" (Beland and Hacker 2004, cited in Beland and ManYu 2004:5). Indeed, the "politics of interests" provide the context for institutional structuration where state's institutions and actors' interest coalesce to mediate and transform policy framing. Embedded also, are the "rules of the games" which provide constraints and opportunities for the actors. As a strong factor in shaping policy orientations, the "ideational processes" of actors' interests' coalitions create opportunity and constraints in policy-reforms.

As the neo-liberal "free- market" dynamics continue to provide "enabling environment" for vested interest to thrive and flourish, even with entrenched private sectors participation in pension administrations, "space" for state's active involvement has become limited, with a "roll-back" of old pension scheme. Linked and driven by neo-liberal logics, the new pension's scheme in Nigeria has "co-opted" private sector participation in the administration and implementation of the scheme, with implications on outcomes and efficiency. This is even more accentuated in the context of current economic austerity measures, thereby creating more challenges for the "fiscus" side of the pension reforms.

The institutional trajectory as the focus of historical analysis of pension scheme and its reforms also draw largely from "ideational forces" that shape policy paradigm (Cox 2001; Campbell 2002). Ideational forces, in the context of competing economic environment influence policy-paradigms as enunciated by political actors. Hall (1993) had noted that a "policy paradigm is a framework of ideas and standards that specifies not only the goals of policy, and the kind of instruments deployed to attain them, but also the nature of problems they are meant to address"(Hall 1993: 279). Guiding the policy makers in the process of idea formation for policy making, therefore, are "technical" and "ideological" assumptions within the evolving institutional context. Thus, as ideational forces are shaped by technical and ideological assumptions, the roles of international actors also resonate in framing the policy-paradigm. However, to understand the technical and ideological assumptions that underpin transnational actors and interests require being attentive to the nuanced and "complex internal decision making process of actors' interests; with multiple layers of power and stakeholders", in context, (Beland and Oreinisten, 2010:10). The specific orientations and the embedded internal "ideological tensions"; even among transnational actors, do play a decisive role in shaping the dimensions of policy-decision making.

In utilizing the remits of "ideational concepts" (Beland and Orenstein 2010; Beland and Man Yu 2008), attempt is made here to evaluate why certain public policy initiatives get into political discourse, who are the actors driving them, what are their motives, what emerging factors influence policy regime-change, and what vested-interest influence proposed reforms and implementation? Answers to these questions offer analytical insights to political economy of pension-framing and

reforms in Nigeria. "Ideational influences" do have significant impacts on country's policy framing (Beland and Man Yu 2008). And more empirically, the influence is tied to the impact of transnational actors' policy-diffusion. Broadly, there are several internal and external factors that are also tied to the influence of transnational actors. Empirical evidence had shown that international policy advisers have thus become instrumental, and their roles decisive in public-policy framing in developing countries. This is tied to dominant neo-liberal creed (Merrien 2001; Casey and Dostal 2008), prevalent in developing economies. Brought to bear on the impacts of advisory influence of international actors' roles in developing countries are the technical and ideological assumptions.

Public-policy "entrepreneurs"; including local policymakers, advocacy groups, external donors and NGOs with diverse ideational choices and interests, influence public-policy framing. However, much of these ideational choices and preferences are also influenced by contextual variables at the level of domestic economic and social circumstances. As observed by Beland and Orenstein (2010), transnational policy actors seek to influence policy through their advocacy for adoption of well-elaborated policy proposals, by recipient Nations. Thus, they play a strong role as "proposal activists" in recipient countries' policy-debate and framing. While they do not directly exercise "veto power", they indirectly shape strategies and decision-making processes for public policy-framing. Through their "socializing roles", they build interest coalitions among the actors for new policy-regimes, and socialize national policy leaders to embrace emerging "transnational norms" (Beland and Orenstein, 2010). Through coherent processes and well-articulated ideational proposals, transnational actors ensure their interests are integrated into various policy-stages and conceptualizations, thus ensuring "global ideas" are diffused into local public-policy framing and implementations.

In so many diverse ways, and in collaboration with other global "Think-Tanks", transnational actors play significant roles in the development and diffusion of policy ideas. They do this specifically, through seminars, conferences, policy campaigns, policy advice, norms creation and norms diffusion (Mcgann and Weaver 2000; Rich 2004; Stone, 2007; cited in Beland and Orenstein, 2010). Articulated ideas, coupled with consistencies in their advocacy programs not only legitimize the "pursued" ideational agendas for recipient countries, but also underscore their avowed mandate for policy diffusion. Through self-acclaimed missions and knowledge- expertise, transnational actors legitimize their "norms diffusion" and policy-ideas. While the process of diffusing policy ideas may appear to be separated from National-level policy framing, the roles of transnational actors could be so subtle but strong to re-direct or overshadow such domestically-initiated reform agenda. As noted by scholars, such as Finnemore, (1993), Checkel, (2005); Beland and Orenstein, (2010), policy ideas diffusion could take many forms in terms of scope and techniques; passive leverage, ideational diffusion, and coercive persuasion and resource leverage.

Policy-makers adopt "passive-leverage" when they first observe and later choose to "mimic" policy-change from neighboring, peer or model countries (Beland and Orenstein 2010). Such policy makers may be impressed by the outcome or results of policy reforms of the model countries, and thus engage in policy-reforms to replicate such reforms in home country.

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Conceptualized as "heuristic decision-making approach" (Parsons, 2007; Weyland, 2005) such policy makers engage in "search-behaviour" for appropriate policy options, to adopt from other countries. They are thus strongly influenced by the available and prevailing ideas in a given policy domain and may wish to "anchor" such model in their policy-making processes. As a more effective tool, and more readily available for transitional actors to "sell" to policy makers, are guidelines and methods of ideational diffusion. Through these methods, recipient countries are provided with sufficient information and support-system to encourage them to align and embrace new policy-reforms. In addition and more importantly, evidence has shown that transnational actors possess the strong capacity to mobilize enough resource as leverage to induce "policy-change" (Beland and Orenstein, 2010). And in the context of obvious "power asymmetries" between transnational actors and domestic policy makers, resource availability to influence policy dynamics has taken on the character of "active leverage" (Vachudova 2004). In this context, extensive mobilization and use of resources; material and symbolic, to influence change may lead to "coerce-compliance" (Beland and Orenstein 2010). Resource-leverage for "policy-change compliance" is also used in tandem with ideational influence with strong persuasive approach from transnational actors. Through such aggressive persuasive approach, often canvassed by transnational actors, preferred policy options become translated or diffused into domestic policy context, and are expected to be domesticated with local policy ideas.

Worldwide, transnational actors have long been involved in the spread of neo-liberal public policy reforms (Rodrick, 2007; Simmons, Dubbin and Garret, 2008; Woods, 2006). And more specifically, for instance as observed by Orenstein (2008:36), through their influences and roles, "more than thirty countries have privatized their pension systems with assistance from a consortium of transnational actors and think-tanks, led by World Bank, since 1994".

Neo-liberal Pension Policy Reforms in Nigeria and Roles of International Policy Advisors: evaluating the "received-wisdom"

While the emphasis of "mainstream" public policy analysis tend to focus primarily on imperatives of "policy-learning" for developing countries, critical analysis has moved the understanding further to show whether, indeed, "learning" is possible, and what type of learning suitable for specific public policy framing, how policy makers learn and the roles of international advisors in influencing the context for policy transfer (Weyland, 2005). Also, while comparative institutional understanding of implications of policy diffusion and learning have extensively been researched (Beland and Man Yu 2004; Casey and Dostal), and when it comes to pension policy reforms for developing countries, the Chilean Pension Reform of 1981 remains exemplar of pension policy diffusion, which many countries have replicated, with strong roles and influence of the World Bank (Weyland, 2004). Diverse scholarly opinions and comments have been expressed on it, as whether it is an appropriate model suitable for many of the developing countries; given the Chilean experience (Casey and Dostal, 2008; Beland and Orenstein 2010; Orenstein , 2008; Beland and Kpessa,2011).

Indeed, as noted by Kpessa (2013), prior the introduction of neo-liberal pension scheme, some forms of social security schemes known as provident fund had been in existence in Nigeria as an enduring "social policy tool", Adesina 2009; Mkandawire2001.) And this had served the purpose of providing the needed "domestic resource" for development. However, with the "states roll-back" on social provisioning, coupled with weak post-colonial bureaucracies, private sectors driven solutions began to emerge. As observed by Kpessa (2013), the central labour movement in Nigeria had initially opposed the idea of privatization of pension scheme, when it was perceived as "public-sector matter". However, as "interest-coalitions" continue to grow round pension reform, the labour "gradually realigned" with the policy-framing. As events and debates round the reform processes unfold, the Nigeria Lbour Congress(NLC), agreed with the promoters of the new scheme that funded pension scheme could be the appropriate solutions to pensions problems in Nigeria. However, in the build-up to the reforms, they criticized the committees set up by the Federal government as "non-participatory" and "non-inclusive" types, (Kpessa 2013). This impression was however later corrected by the Federal government at post-legislation stage to ensure that all stakeholders including the NLC were effectively represented within the institutional framework, (Kpeesa 2013; National Pension Commission, 2006). Thus, in the context of the reform and its institutional framework, unions representing their members are "entrusted with the responsibility of monitoring and supervising the performance of their retirement accounts" (Kpessa, 2013: 99). By this institutional arrangement, the employees and employers have strong representation on the National Pension Commission (Casey and Dostal 2008).

Studies have shown how other Latin American countries have replicated Chilean Pension System (Weyland, 2004), and how it has been diffused to the newly independent countries of Central and Eastern Europe (Muller, 1999). However, research gaps still exist on in-depth evaluation of Nigerian pension reforms, modeled after the "Chilean-like system" (Casey and Dostal, 2008). In line with its neo-liberal agenda, the World Bank once again, succeeded in diffusing the Chilean pension model to many of the developing countries, including Nigeria.

Nigeria adopted the model in 2004; as a policy-transfer, with "broad principles of policy, administrative and delivery structures" (Casey and Dostal, 2008:239). Impressed by implementations and results of the "Chilean model", policy makers in Nigeria were quick to assume that "same benefits" would follow the adoption. However, as noted by Casey and Dostal (2008), Nigerian pension reform was initiated at a time when its "enthusiasm" has well "worn out", and "frustrations" set in, even in country of origin, Chile. In tracing the institutional trajectory and the "sense" behind the reform project in Nigeria, Casey and Dostal (2008) observe that the reform, which was initiated in 1996 through a Subcommittee of *Vision 2010,* had the objective that, by "the year 2010, most Nigerians shall have access to some form of social protection offered by the formal social security program" (Pension Subcommittee, 1997:45). In carrying out its mandate the Subcommittees got "inventory" from other countries' system; Ghana, UK, USA, and Chile (Casey and Dostal, 2008:241). And in the assumption of the Subcommittee, the Chilean type would provide the desired results in line with the enunciated objectives. While maintaining that pensions "remain instruments for promotion of economic growth and development", the Subcommittee rationalized adoption of Chilean-type on the premise that Chile's rapid economic

growth was mostly "financed by long-term savings primarily from pension's fund, channeled to the real sector through capital market" (Pension Subcommittee, 1997:47). It was thus maintained that Nigeria could achieve the same goal. In the words of the Subcommittee, "if the reformed pension system facilitated Chile's economic renaissance, adapting Nigeria's system to some of the good attributes is only natural and sensible (Pension Subcommittee, 1997:48). This therefore formed the basis for policy-adoption of the current pension scheme, premised on the "success-story" of Chilean model.

In the emerging context, and in the process of domestication, the local "interest-coalitions" among policy makers and stakeholders seemed to have been sufficiently galvanized, for international Financial Institutions to step in with supports; material and symbolic, (Casey and Dostal, 2008). The active involvement of the International Monetary Fund (IMF), and the World Bank started in 2003, initiated by the Federal Government in form of "request for advice" (Casey and Dostal, 2008). Subsequent on the team's visit to Nigeria, a "technical assistance program for economic improvement and good" governance was prepared in 2003, in form of Policy Support Instrument (PSI) (Casey and Dostal, 2008: 242). Elements of pension reforms program were included in the PSI, (IMF, 2006).

In light of numerous challenges and liabilities problems associated with the old pension scheme, enthusiasm to adopt the new scheme would provide the opportunity for Nigerian government to "improve the country's credibility in terms of economic reforms and good governance" (Casey and Dostal, 2008:243). As a component of public expenditure, reforming the pension scheme aligns with the government's efforts to improve the fiscal policy directions in the country. Among the numerous challenges facing the old scheme had been the inability of the government to generate and maintain satisfactory data on pensioners, coupled with "overhang" pension liabilities. These are concerns taken on by the World Bank and IMF, as part of Policy Support Instrument (PSI).

The role of International Labour Organization was also observed to be prominent and important in the process of the scheme's reform. Also, as a policy advisor, the ILO had observed and commented on the "lacuna of data" regarding information on pensioners and the financial liabilities of the old scheme. On the invitation of Nigerian pension's authority, the ILO had come to Nigeria to "assist in determining the entitlements of those who would not transfer to the new scheme" (Casey and Dostal, 2008: 243). In this cohort, were workers within three years of retirement age, and those already retired. Thus, as far as ILO was concerned, Nigeria government would have to honor the general obligations that those affected in the "process of transition" were not unfairly treated (ILO 2006). The international advisors including the ILO have often complained of the fiscal deficits associated with pension administration in Nigeria. As a result, the policy makers in Nigeria had assumed that the new scheme would therefore be able to put pension system on a "fiscally sustainable footing" (IMF, 2006c:66). The old scheme was identified to be "inefficient" and "inequitable". There were frequent allegations that the payments of pensioners under the old scheme were often marred with irregularities; being "padded" with names of "ghost pensioners", while the entitlements of those alive remained unpaid for several months. For

instance, as noted by the IMF(2005), unpaid arrears for retired Federal civil servants was annually put at 2-3% of GDP, while that of the states and local governments "could not" even be determined. Concerned with the intractable problems identified with the old scheme, the Nigerian Labour Congress (NLC) and Nigeria Employers Consultative Association (NECA) would rather prefer the Federal government address itself to the existing non-payment of arrears for the retirees across the 3 tiers of government (Casey and Dostal 2008).

Thus, and in realization of the enormity of the problems associated with old pension administration, generally, the federal government of Nigeria set up a Pension Reform Committee, referred to as "Adeola Committee" in 2002 (Casey and Dostal 2008). In the build-up to the reform, the federal government was able to canvass and sustain the interests of other stakeholders, in particular, the private sectors and the trade unions. For instance, and as a show of willingness for "interests'-coalition" into the proposed scheme, from stakeholders, the Labour and Business sectors were given one seat each in the Committee (Casey and Dostal, 2008). There was also a representative of the Nigerian Union of Pensioners, while other members of the Committee represented federal government interests; the Central Bank of Nigeria and the Securities and Exchange Commission (Casey and Dostal, 2008). Drafts of provisions for the scheme, containing basic "principles and deliverables" were accordingly publicized for discussions and debates with diverse stakeholders. The core stakeholders, comprising the policy-makers and coalitions of interest-groups on pension's administration were very optimistic in describing the proposed scheme as a "stable, predictable and adequate source of retirement income" (PenCom 2004). Following the approval of the Pension Sub-committee's recommendations in 2003, by the federal government, National Pension Commission was established in 2004, through the enactment of Pension Reform Act of 2004 (PenCom 2004).

Historical and Institutional Contexts of Pension Administration in Nigeria

In Nigeria, the first pension scheme dated back to 1951 when the Pension Ordinance was enacted, and this was made retroactive from 1st January, 1946 to suit the colonial administrations. The colonial pension's law was primarily designed for British officers who were transferred to the then British colony of Nigeria from the United Kingdom. The intention was to ensure that they maintained continuity of service in the British colony. This was later made applicable to Nigerians who were civil servants in the British colonial administration (Akhiojemi, 2007)

As at independence in 1960, the Pension ordinance CAP 147 of 1958 Laws of Nigeria (effective 1/146) as amended by Legal Notices, operated in the public Service up to 31st March, 1974. This was later reviewed and replaced by Decree 102 of 1979 (new Pension Act CAP 346 of 1990 Laws of Nigeria). This Law has a commencement date of 1st April, 1974. In 1979, the Pensions Decree 102 of 1979 was enacted, and which served as the basic pension law from which other pension laws in the public service of Nigeria have developed, (Decree 102 of 1979). Other laws which catered for specific professional groups but had their basis on Decree 102 of 1979 were; the Armed forces pensions Act 103 of 1979 and The Pension rights of Judges Act No 51 of 1988, 29 of 1991 and 62 of 1991

All the pension schemes in the public service up to June 30th 2004 were non-contributory, in the sense that employees do not contribute from their salaries towards the pension and/or gratuity. Governments budgeted pension amount for its workforce in the Public Service. Over the years, the financial burden of pension/gratuity became very weighty on government especially when section 1(1) of the 1979 law states that " ………. Any pension or gratuity granted hereunder to any person on his retirement from the public service of the Federation shall be computed on the final pay of the person's entitled thereto and in accordance with the provisions of schedule 1 to this law". Prior to the enactment of this law, pension calculation was based on "basic pay" and not "total pay". (Akhiojemi, 2007). However, as demographic ageing increases and the cohort of pensioners grows, there is equally a persistent fiscal contraction in the governments' budgets.

Thus, by 2002, pension liabilities nationwide was estimated at N2 trillion (Akhiojemi, 2007). This problem was further compounded by frequent increases in salaries and pensions for public servants, with implications on the fiscal resources. Major challenges identified in the old system were; the differentiation between public and private sector, as the old pension laws distinguished between public sector and private sector. The old pension administration was also found to be characterized by poor administration. There was, generally, a poor system of delivery payments and lack of a database of pensioners. Pensioners were, sometimes, "due to identification/verification problems, not paid for months and were mobilized at their own cost to participate in identification parades, either in Abuja or in Lagos, which could be thousands of kilometers away from their abode. Some pensioners have actually lost their lives in this process" (Akhiojemi, 2007: 22). More importantly, in the old pension system, there was no "window" of opportunity for accumulation of investable funds for social redistribution, such as health and affordable housing scheme for the pensioners.

Earlier in 2001, the Federal government had realized the enormity of the problems associated with the old pension scheme, and started to sensitize the workers, various stakeholders and pension administrators for a reform. Through various sensitization and enlightenment programs of the Federal government, the objectives of the new reform would be; to narrow the gap of pension benefits between the public and private sector; to work out a process that would facilitate inter-sectoral, inter-governmental and inter-state transfer with due regard to pension benefits; to determine a suitable pension scheme, whether self-administered or insured. Other objectives are; to review the statutory retirement and qualifying age for pension and gratuity; to determine the level of contribution between the employer and the employee, and to advise on the establishment of an appropriate body that would manage the new pension schemes, (National Pension Commission 2016).

It is therefore instructive to note that, long before the enactment of the Pension Reform Act 2004, pension administration in Nigeria had been characterized by many problems. The Public Service had been operating an unfunded Defined Benefits Scheme and the payment of retirement benefits were budgeted annually. The annual budgetary allocation for pension had often been one of the

most "vulnerable items" in budget implementation in the light of resource constraints. Even where budgetary provisions were made, inadequate and untimely release of funds resulted in delays and accumulation of arrears of payment of pension rights. It became obvious therefore that the Defined Benefits Scheme could not be sustained (National Pension Commission 2016). Workers in the private sector were not better off! Many employees in the private sector were not covered by the pension schemes put in place by their employers, and many of these schemes were poorly funded. Besides, where the schemes were funded, the management of the pension funds had been identified to be characterized by malpractices, between the fund managers and the Trustees of the pension funds (National Pension Commission, 2016).

Given the deepening impacts of economic recession in the country, and the myriads of problems associated with the pension administration, it became imperative to reconsider the pension system in Nigeria. Accordingly, the federal government initiated the process of pension reform in order to address and eliminate the problems associated with pension's administration in the country. The outcome of the reform was the enactment into law of the Pension Reform Act 2004. (National Pension Commission, 2016).

Ten years into the implementation of Pension Reform Act 2004, there were obvious challenges and problems identified in the operations of the Act, in light of economic recession in the country, and how to effectively manage the old pension system. Thus, in the wisdom of the Federal government, there was a need to reform the Act again, to address the various challenges, and to make pension system more proactive in responding to the expectations of the stakeholders.
Accordingly, Pension Reform Act 2014 was enacted to address the challenges faced in the implementation processes of the Reform Act 2004. In addition, new provisions were made in the new Act, to particularly strengthen the powers of the regulatory body, and to resolve likely conflicts in the process of implementation, in addition to providing stiffer penalties for infractions, (National Pension Commission, 2016). Unlike the Pension Act 2004, the PRA 2014 addressed the issues regarding pensions of political office holders and Professors, "as well as provided incentives for increasing coverage of the scheme through allowing contributors to use portion of the balances in their retirement savings accounts to make equity contribution towards owning a residential property" (National Pension Commission 2016).

Institutional Framework for the Regulation of the New Scheme

Effective institutional capacity and regulations for a successful operation of pension scheme, based on "individual capitalization" have widely been recognized as hall-mark of new pension schemes, generally. As noted by Casey and Dostal (2008: 251), "effective banks-system and reliable life-assurors .i.e. Pension Funds Administrators (PFAs) and Pension Funds Custodians (PFCs), coupled with a transparent and well-functioning equities and securities market for the investment of assets are prerequisites for efficient pension administration". Embedded in the new scheme, in Nigeria, are institutional frameworks and structure for delivery of the provisions in the Reform Acts. The delivery structures and frameworks for effective administration of pensions in the new scheme seemed to set it apart from the old system. The institutional frameworks and processes emphasize effective regulation of the system with efficient financial markets and services; with clear

Vol.9, No.1, pp.48-63, 2021
Print ISSN: 2055-608X (Print),
Online ISSN: 2055-6098(Online)

accounting standards. Reliable measures of creditworthiness are also needed for the success of "a credible and sustainable pension scheme" (Casey and Dostal, 2008:251).

The Nigerian Pension Commission (Pencomm), as the governing body is responsible for overseeing the activities and operations of other institutions, under the Reform Acts of 2004 and 2014. Accordingly, under the Acts, Pencomm expects high level of professional knowledge and conducts from the PFAs and PFCs.

Pension Funds Administration.

The new pension scheme requires pension funds to be privately managed by licensed Pension Fund Administrators. Pension Fund Administrators (PFAs) have been duly licensed to open Retirement Savings Accounts for employees, invest and manage the pension funds in a manner as the Commission may from time to time prescribe, maintain books of accounts on all transactions relating to the pension funds managed by it, provide regular information to the employees or beneficiaries and pay retirement benefits to employees in accordance with the provisions of the Pension Reform Act 2004 (National Pension Commission 2016). Before it is issued with an operating license, the PFA must be a limited liability company whose sole object is the management of pension funds. To discourage frivolous applications and to ensure credibility, such company must have a paid up share capital of one million naira (N1, 000, 000,000:00) and demonstrate professional capacity to manage pension funds and administer retirement benefits (National Pension Commission, 2016).

Pension Fund Custodians

The Pension Fund Custodians (PFCs) are responsible for the "warehousing" of the pension fund assets. The PFAs shall not be allowed to hold the pension funds assets. The employer sends the contributions directly to the Custodian, who notifies the PFA of the receipt of the contribution and the PFA subsequently credits the retirement savings account of the employee (National Pension Commission 2016).

The Custodian executes transactions and undertakes activities relating to the administration of pension fund investments upon instructions by the PFA. The custodian holds pension fund assets on trust for its clients. For the same reason adduced in the case of the PFA, a stakeholder of the Custodian must be a licensed financial institution and have a minimum net worth of N5, 000, 000, 000 and a total balance sheet of not below N125, 000,000,000. The shareholders of a Custodian must guarantee the pension fund assets held by it (National Pension Commission 2016).

A decade plus into the implementation of the Pension Reform Act 2014, there must have been "inadvertent-gaps"; limiting the fulfillment of objectives of the Act, and also emerging and embedded institutional challenges in the implementations of various provisions in the Act. This therefore calls for further evidence-based research which, obviously, is wider than the scope of this paper. Such empirically-based research would evaluate the implementation of the Reform in terms of successes, challenges and prospects. For the future prospects of the scheme in Nigeria, it is believed that the perceptions and "sense-making" of the stakeholders, particularly the workers and retirees remain critical. This paper contributes towards this by providing a conceptual understanding and evaluation of the conceptual remits of the scheme as a neo-liberal "policy-

Vol.9, No.1, pp.48-63, 2021
Print ISSN: 2055-608X (Print),
Online ISSN: 2055-6098(Online)

diffusion", influenced strongly by international actors.

Bringing in the Informal Sector

While the implementations of the new pension scheme may have shown some levels of successes with the formal employment sector, and within the operational guides of the framework, the extension of the scheme to the informal sector has also become crucial, to ensure the workers in the informal sector are also a "secured partner" in the scheme; both by coverage and affordability. With high percentage of working population in the informal sector, the precariousness that characterized the sector will be mitigated by extending affordable social pensions to the sector. Innovative approaches will however need to be developed specifically to suit the expectations and circumstances of this category of workers, in Nigeria. Integration of this category of working population into the scheme, in Nigeria will further "cohere" state-citizenship solidarity. While this is equally critical and important, in light of current economic recession, the level of awareness of this category of working population, their "sense-making" of the scheme, and how to evolving strategies to integrate them remain a challenge to the scheme.

CONCLUSION

A three-pronged approach has been adopted in this paper towards further understanding the conceptual framework of new pension scheme reform in Nigeria; first, the paper presents a critical review of pension administrations in Nigeria; an institutional trajectory which underpins the introduction of new Pension Reform Act. Second**,** this is followed by the evaluation of theoretical and conceptual understanding of "received-wisdom" behind the adoption of the model. Evaluation of roles of international advisors on the concept and logics of "policy-diffusion" was done to illustrate that "socio-institutional" context of pension policy, differs. As indicated by several authors, the "Achilles' heel" of the new pension scheme in Nigeria has been identified to be caused by the scheme's core features of "individual capitalization", its embedded administrative cost of collection from contributors, and institutional incapacity to manage the fund's assets (Casey and Dostal 2008). Analysis, in the paper has focused on the institutional processes and mandates of the PenComm that continue to influence policy/programs conceptualization and implementation, and how these have been influenced by "policy-transfer"; a received-wisdom from international policy advisors.

While the scheme, arguably, is at evolving process in Nigeria, the paper has attempted to explore its historical trajectory, and justifications for the adoption of the new scheme, by the federal government. The normative assumptions that a funded pension scheme, as adopted in Nigeria, would contribute to the development of the economy, and an improved infrastructure, through accumulation of savings and capital markets depend largely on efficient institutional framework and operations, for the implementation of the scheme's core provisions. While the "strategic importance" of the reform which resonates with federal government's objective to promote "national savings" for economic development might be a long-term objective, the primary aim of pensions, generally, to enhance "consumption smoothening and poverty reduction" (World Bank,

2005), remains a challenge for effective operation of the scheme in Nigeria.

Pencomm has had the hope that the new pension scheme would encourage the development of appropriate long-term financial instruments, through what is referred to as "infrastructural bonds"; that would "finance improvement in communication, energy and over-all productive capacity"(Casey and Dostal, 2008: 256), of the citizenry. However, and as demonstrated in Casey and Dostal's (2008), in the assessment of the scheme; its administration and operations in its present form, is yet to clearly fulfill these objectives. Indeed, a more "nuanced assessment" of the pension scheme, towards the fulfillment of its objectives, generally, requires another level of research, which is beyond the scope of this paper.

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