



INNOVATIONS FOR SUCCESSFUL SOCIETIES

*An initiative of
the National Academy of Public Administration,
and the Woodrow Wilson School of Public and International Affairs
and the Bobst Center for Peace and Justice,
Princeton University*

Oral History Program

Series:
Interview No:

Governance Traps
D1

Interviewee: Nasir el-Rufai

Interviewer: Graeme Blair and Daniel Scher

Date of Interview: 16 June 2009

Location: Washington, DC
U.S.A.

Innovations for Successful Societies, Bobst Center for Peace and Justice
Princeton University, 83 Prospect Avenue, Princeton, New Jersey, 08540, USA
www.princeton.edu/successfulsocieties

BLAIR: Just to confirm for the tape that you are consenting to the interview, it is a volunteer interview and you have read our consent documents.

EL-RUFAL: *You make it sound like you are asking me to marry you and it is a big decision, I consent. [laughter]*

BLAIR: Thank you very much for agreeing to share your views with us and with other reform leaders that we will disseminate this to. Until very recently you were involved in Nigeria's reform program at several levels, first in the Bureau of Public Enterprises and then as Minister for Abuja and in several informal capacities as part of President (Olusegun) Obasanjo's economic reform team. We'd like to speak to you about these experiences first as a member of the larger reform team and then more particular questions about your experience as Minister for Abuja.

Before we get into those details if you could speak briefly a little bit about your own career, your first jobs in government, how you got started and then the events that led to your participation in Obasanjo's economic reform team and getting to be the Minister for Abuja.

EL-RUFAL: *It is quite strange how one plans one's life and then it comes out another way. I studied quantity surveying in college. Quantity surveying is a profession unknown in the US but quite common in the Commonwealth countries, Britain and so on. Basically what quantity surveyors do is they work with architects and engineers and forecast the cost of construction projects and monitor the costs during construction and keep accounts of the books. So quantity surveyors are like construction economists and accountants. So that's what I studied. I had no plans whatsoever to be in public service. I started my business a couple of years after graduating, a consulting business, and we targeted real estate developers and financial institutions that do lots of buildings. I became quite comfortable very early in my life and I was quite happy.*

The country was running fairly okay. Nigeria has never been run very well, we had a succession of bad leaders, but things were okay. I mean one could earn a living and levels of security were decent. But things began to go really wrong in the '90s such that by 1996, I figured out the tenuous limits of the assumption that if you make enough money you can insulate yourself from failures of government. Because in Nigeria, the government became more of a problem to its citizens than a facilitator of achievement of one's potentials, most people would say okay, if I make enough money I'll be able to have my own water supply. You know you drill a borehole and put a water treatment plant so you get clean water in your home. If you make enough money you can buy gasoline-powered generating set so if the public supply goes off you switch on your own private supply. Basically that's what we all thought in those days.

As the country began to deteriorate slowly in the '70s, in the '80s and then more rapidly in the '90s, everybody's mind frame was okay, I will try to achieve financial independence and then I can pretty much insulate myself from government's failures. But things got on and that worked for a while. But about the middle of the '90s it became clear to me at least that there needed to exist a minimum level of functioning government for every private endeavor to be possible. I mean, no matter how wealthy you are, if you do not have a minimally functioning government, you will not be able to insulate yourself from its failures. For instance you could buy your electric generators, but you need gasoline to run

it. If the government doesn't function, you can't build your own refinery, you can't get your own gasoline, somebody has to produce it and a minimum system of governance should facilitate the transportation and transfer of the product to enable you to buy it.

By 1996, under General (Sani) Abacha, even that broke down. So we had generators but no gasoline. We had water treatment plant, but we don't have the chloride to treat the water. Things really got bad. That's when it occurred to me, dawned on me that we should all try to make our government work better. Though I had no plans then to ever work for the government, but I made a silent promise that if I get the opportunity to work in the public sector I will accept it and I'll give it my best shot. Because in 1989 and 1991, I had the opportunities to work with the administration of the then President of Nigeria (General Ibrahim Babangida) and I declined. I didn't think I was made for public service.

In 1998 General Abacha died of a heart attack, allegedly, induced by bouts of lovemaking with some Indian prostitutes. There are many versions of the story; no one knows for sure which is the truth. But he died. The person who succeeded him was the most senior military officer, a gentleman called Abdulsalami Abubakar that I knew and had other links to. He put a call to me and got other people to call me to come and work with him on transition policy and program. The way he put it was this, this man just died. I never thought I would ever be the President of Nigeria, but I am the President and I have no immediate plans about what to do. All I know is I want to organize elections and leave office because I think the military has overstayed its welcome. I need you and a few trusted people help me think through how to do that quickly.

I said, "General, what do you want? In what way can we help? I've never worked for the government." He said, "Well, first I want to leave, I want to organize elections and leave and secondly, I want to reengage Nigeria with the rest of the world. We are not talking to the World Bank, we are not talking to the Fund, we are not talking to anyone. Nigeria had become more or less a pariah nation and I want to engage and so I need people like you that think globally to put together an engagement plan, a re-engagement plan if you like, a reform plan and I want to hold elections and just leave within the shortest possible time." So I said okay. He said, "How long do you think it would take a group of guys like you to put together such a plan?"

I said, "Well, I believe we can do it in two weeks. We all know Nigeria's problems, it's not very difficult to propose solutions. Any Nigerian you talk to will tell you the problems of the country. Eighty percent of the time they all agree. The challenge has been to just solve the problems instead of complaining about them." So I said, "I think it can be done in two weeks." So I left my home town of Kaduna which is about 200 km from Abuja and moved to Abuja to work with the military President, General Abdulsalami Abubakar for two weeks. I ended up being there for eleven months but we organized elections and handed over to an elected president and legislature. During the period we reengaged with the International Monetary Fund, we signed a staff monitored program and I and one other person now deceased actually negotiated the Letter of Intent. Abdussalam restored and repaired our multilateral relations.

During that period I also worked on drafting the privatization law along with that person, his name is Amah Iwuagwu. Unfortunately he died of lung cancer, he was a chain smoker. We lost him in 2005. We drafted the privatization law and it was signed by the head of state. The military is very efficient in making laws, limited debate and only one person - the Head of State - needs to sign the draft

decree to become law, you don't need any long debates, and the lobbying and corruption that our kind of democracy has brought. So we drafted it the way we believe it should be, and not a comma or full stop was added to it, it was signed into law. We worked with other agencies, organized elections and left.

During the hand-over process I met President Obasanjo. Because when we had to brief him on the engagement with multilateral institutions, the head of state asked me to lead the delegation. I took the World Bank and the IMF team to brief the President-elect as he then was. We briefed him and went over things to do with economic reform in general. We disagreed on some policy directions, we argued on many issues. For instance he said, "I'm not going to privatize (state-owned enterprises)" and we had that argument about privatization. He didn't think privatization was necessary, he thought he could fix everything. I said, "You have to privatize General, when you take over you'll know." He said, "Huh, you're telling me what—? I was head of state before. I know how this country runs."

I said, "Yes, you did, twenty years ago, a lot has happened in twenty years. When you take over you'll find that you have to privatize." So we had arguments like that. We disagreed in one or two areas, but it was a good briefing and we left. My shock was later in the evening someone came to me and said General Obasanjo wanted to see me. So I said okay but, "Why does he want to see me?" He said, "Well, you know, maybe because you argued with him." Because nobody argued with Obasanjo then.

So I went to his hotel suite and he said to me, "You are a very stubborn but very clever young man. I want you to work with me when I take over." I said okay. He said, "So when I take over I will send for you." I said, "Fine, thank you, and I'm honored." He said, "You haven't asked me in which capacity." I said, "I don't care, when you make the offer I will decide whether I will accept it." So he said other nice compliments and I left. Frankly, I didn't think he would remember because all I wanted to do at that point in time was to go back to my consulting business and move on.

We handed over at the end of May 1999. Early in July he sent a friend of mine now his principal secretary, Steve Oronsaye to look for me. He did not even remember my name. He just described me and said get me that stubborn, young, Fulani boy. Fulani is my ethnic group, I'm supposed to be Fulani though I don't speak the language. Anyway, Steve called me and asked me to come and meet with the new president.

I drove from Kaduna, I saw him and he told me, "You are right, I found that I have to privatize." I said, "What did you find out?" He said, "Well, the amount of money we need to spend on these state-owned enterprises just doesn't make sense. Some of them maybe we can let go. I'm not sure we should privatize everything, but I'm convinced we have to let go some. So I want you to look at that decree that you drafted and break the privatization program for me into three phases. Let's start with the easiest ones that I know we can do, okay? Leave the difficult ones like electricity, telecoms, and the refineries, because those will be contentious, let us go to the easy ones. We have banks, we have insurance companies, we have cement plants, we have companies that sell gasoline. These are things that I think the government can step out of immediately."

So I said, Okay, if that's what you want." He said, "Well, what do you advise?" I said, "What I advise is start with the difficult ones because those are the ones that can fundamentally change the economy. I mean Nigeria can never move upwards without electricity and the best way to get electricity going is to attract a

lot of private investment into the sector. To do so you have to demonopolize the sector, you have to open it up, you have to do this. So if I were you I would start with those ones. I told him, I said, "General, you have a lot of credibility. Here you are in the period that is called a honeymoon period. Nigerians will accept anything from you because you are considered a war hero, someone who was a decent military head of state, the first military head of state to actually hand over power to elected government. I think you have a lot of idiosyncrasy credit. You can use it and take on the most difficult things. If I were you I would do it the other way around."

He said, "Okay, but how can I privatize without dismantling the monopolies, I need time to do that." I said, "Okay, you are right. We can't wake up and sell our electricity company tomorrow. We need to change the law, liberalize the sector, establish a regulatory agency and all that - that could take a bit of time. But if you agree in principle that you are going to do this in time, then it makes sense." He said, "Okay, okay, I agree in principle but write me, phase it for me, phase one, two and three."

I worked on that overnight, came back the next day and showed him the phasing plan. He was happy, he said, "Okay, help me draft a letter to the Vice President conveying these directives". The Vice President under the privatization law is to be the Chairman of the Privatization Council. So Obasanjo needed the letter to him to say the Council should be constituted and it will implement the privatization in phases, so and so. I drafted the letter, handed it to him and left for Kaduna. Before I left he offered me a job - the first job offer. He offered me a job to wind up a kind of quasi-governmental organization called Petroleum Special Trust Fund (PTF). I declined. He asked me why. I said I didn't want to do that, I didn't believe he was doing the right thing winding up the PTF and I left.

He called me a couple of weeks later and offered me another job. He wanted me to be Special Assistant to the President on Budget Matters. I declined. He asked me why. I said, well, you know the Minister of Finance wants to control the budget. The Economic Advisor wants to have an input in the budget, I don't want to be caught in between two titans. But he said, "you are going to be in my office and anything that comes you look at it because you are very meticulous and thorough." I said, "Mr. President, that's not the sort of work I want to do." He said, "Okay, what do you want to do?"

I said, "I want to run an agency, I want to get my hands dirty. I'm sick and tired of assisting or advising people. As a consultant I assist and advise people all the time for a fee. I've been doing this all my life. I want to do something myself." So on that note I left. But I could see he was getting exasperated with me. He thinks I'm too picky and all that because people were running all over trying to get jobs and here I am already declining two consecutive offers. I was hoping in my mind we would be lucky the third time because I think if we don't get it right the third time we would not have another chance. This happened, when I was in the US actually, in October 1999. I was in Chicago negotiating an equipment purchase deal with Motorola when I got a call from the Vice President's office. I was informed that the vice president wanted to talk to me.

I thought that was very strange because I didn't really know the Vice President. The President I have been meeting and have developed some kind of relationship. It was clear that it wasn't that he just liked me, it wasn't just that. It wasn't that I was clever or whatever, I think he just really liked me and I could get away with talking to him in a way that no one in Nigeria could at the time. He just

really liked me. I guess I was just a fresh, different, divergence from what was normally around him.

So I called the Special Advisor to the Vice President on Political Matters, a close friend of mine, Dr. Usman Bugaje. I said, please, your boss wants to see me. I'm in the US but I want to know "why does he want to see me. I have met him only once or twice, very brief meetings, why does he want to see me". He said, "Okay, I'll get back to you." He went, snoopied around and called me back and said, "Well, the Vice President is the Chairman of the Privatization Council." I said, "Yes." He said, "Well, he wants you to be the CEO of BPE and Secretary of the Council. He wants you to run the agency. He is replacing the current head." I said, "Oh, okay." "That's what he wants to offer to you if you'll accept." I said, "Okay, I will return to Nigeria, I will come and meet him as soon as I can."

Of course I thought about it. Well this is my dream job. Less than two years from that date, my friend and I drafted a law and now I am being offered the opportunity to implement the law. So I came to Nigeria and a few days later I accepted. I met with the President and the Vice President and it was announced and I went to the Bureau of Public Enterprises as Director General. I remained there for maybe four years. I left in July, 2003. I reported in November 1999, I left in July 2003 to be a cabinet secretary.

As Director General of the BPE, I had to implement the phasing that we agreed with President Obasanjo. So we proceeded with privatizing the easy ones. During my time we privatized all the government shareholding in the banks, insurance companies, and the cement plants. The petroleum products marketing companies were sold. I think we sold one or two of the vehicle assembly plants. While doing that we also began to undertake policy reform of all the key economic sectors. We took the monopoly sectors like electricity and did regulatory sector review, drafted new legislation that will establish an independent regulator and then proceeded to dismantle the monopolies, breakdown the companies and so on. We did that successfully for telecoms, we made some progress with electricity and transportation. For electricity supply we undertook the policy review, we drafted the law. We broke down NEPA - the electricity monopoly into 18 companies ready for privatization, then I left. Since then very little progress has been made on electricity privatization.

SCHER: Can I just jump in and ask you a question. You mentioned that you have easy ones and hard ones and I can see what a massive one electricity is and perhaps smaller government interest in cement is an easy one. But there is a range between those two. I was wondering what you took into account when you were identifying what were the easy ones and what were the hard ones. Were some more politically contentious? Were, like, I'd just be interested to know more about your thinking behind that process.

EL-RUFAI: *Well, the easiest ones were those that had already been partially privatized and already been listed on the Stock Exchange, so selling the outstanding interest of the government is easy. There is a valuation, the market valuation. These companies were already operating purely in the private sector realm, so it is easy, to sell them, like the cement plants. In most of the cement plants we owned just 30-40%, the rest is foreign owned and the shares listed on the stock exchange.*

With respect to the banks, there are nearly a hundred banks in Nigeria at the time, and the government had 20-40% interest in about six of them. Meaning that the banks partially owned by the Federal Government were just bit players. So

they were also easy, already listed on the stock exchange, and easy pricing and valuation one set of considerations. Operating in purely competitive markets was another consideration. The third consideration, of course, is political difficulty. Even then sometimes one's assessment of this difficulty can be wrong. I'll give an example because we thought that selling cement plants was not politically difficult. The cement plants had either Blue Circle or Lafarge as technical partners and the federal government shareholding was minimal, 20%, 40% tops. Benue Cement was one of such companies. This company is already well managed by the foreign partners. The foreign partners were fully in technical and management control, everything was working well. We went ahead to sell the government's shareholding. We had political difficulties because the Nigerian company that bought the bulk of the shares of the government (Dangote Cement) is owned by an individual that came from another part of the country other than where the cement plant was locate. So the local politicians there organized a village-level protest insisting that the privatization be reversed because we sold in an open bidding process to the highest bidder who they believe to be 'the wrong person' due to his ethnic origin.

This was a dispute that lasted three years because I was under pressure to reverse the sale, and I refused. I mean, even President Obasanjo called me said just cancel it. I said I won't. He said why? I said because once we allow this kind of objection to succeed, it is a slippery slope. Every company we try to sell, we will be at the mercy of the local politician that can just blackmail us. I said we have to show resolve; we have to show that we will not succumb to this kind of nonsense. It took three or four years. In fact it was resolved after I left. But I made sure that it was very difficult to reverse because I immediately paid the proceeds of sale into the federal treasury, kept quiet until I was sure it was spent by the government. I then went to President Obasanjo and said even if you order the sale reversed, it's too late. He asked why? I said, you've spent the money. Why did you do that? I said, well, to make it more difficult to reverse - you now have to go to the legislature and get an appropriations bill to actually pay back Dangote Cement and you don't want to do that, Mr. President.

So sometimes you look at all these factors. These are some of the issues we took into account to determine degree of difficulty but even then sometimes we got it wrong because you just can never say. Those were interesting times. So that's what we did. As I said, we sold the easy ones and along with that, proceeded to do what we call sector reform. At some point we realized that we had to do other things that were not privatization per se, but were needed to facilitate privatization. I'll give three instances.

As we took on the larger companies, we found huge pension liabilities that were unfunded. Because these are government companies, nobody really set aside any money to pay for future retirement benefits. It's like your Social Security; there isn't enough money to cover the future liabilities. So we had to figure out what to do because in many of the companies the amount of pension liabilities affected the value of the companies. Because whoever is buying will have to project the unfunded future pension liabilities and deduct it from the enterprise valuation. So we would be selling companies for like next to nothing and it was causing a political problem for us because people thought we were giving these things away for next to nothing, which is always the risk you take as you privatize.

So we had to set up a steering committee to study the problem of unfunded pension liabilities in public enterprises. The report was so interesting that when I made the presentation to the Council, I was taken first to the President and

subsequently to the cabinet to present it because the problem of pension liabilities that we found in state-owned enterprises, was even less serious than the hole in the civil service pensions. The federal government of Nigeria never set aside anything for future retirement benefits. Our version of limited 'Social Security' was never funded, it was assumed that the government would always have money to pay. So every year in the budget they put an amount for payments for pensions and so on. Nothing is being set aside. The US is better; you are setting aside something, it's just not enough. In Nigeria it was zero.

So I was given the task of putting together a group to design a funded pension system for the country based on what we did for public enterprises. So we now sponsored another study including visits to Chile and many countries to come up with the legal, regulatory and administrative framework for that. We had to resolve the issue of pensions because privatization became increasingly challenging without addressing that problem. Then that initiative led to the enactment of the Pension Reforms Act of 2004. We also noticed that we didn't have an anti-trust regime in Nigeria. There was nothing, no competition and anti-trust regime. So we had to undertake another study on that and we drafted legislation for competition and anti-trust reform because some of the companies we're privatizing are huge, and even if they are in competitive markets, they are so big that they had a lot of market power. So we had to think of ways to mitigate that. So we did some work on that as well.

Of course, the most interesting one, which you will get more details from when you talk to Nuhu Ribadu, was corruption. Anywhere we went and we had lots of road shows around the world trying to attract investors, one thing that always came up was the scam letters that used to emanate from Nigeria. It was a big problem and big national embarrassment.

So when Nuhu Ribadu walked into my office in January 2003 with a letter that he had been appointed the Chairman of the Economic and Financial Crimes Commission, I didn't even know what the Commission was. I said, "okay, so what the hell is this, what is this EFCC?" He said, "the Commission was established to combat money laundering." I said, and "what is money laundering, explain it to me." Okay, he explained and he added that one of the first things he wanted to do was to take down the scam letters syndicates in the country. He said, "I know the people behind these scams, I know where they are. The police know where they are, but they are rich, they're influential, and they have become untouchable. I will take them down." That's how our conversation started.

I said, "you know, if you can take them down my life would be much easier, as attracting investors to our program will become easier." And that's how our partnership with Nuhu started. I did not know him before that day he walked into my office in January 2003. I said "okay, I have heard you, and what you want to do. Why are you here, why do you want to see me?" He said, "well, I just got this letter. I have no office, I have no staff, I have no budget. I have a commission on paper; I have nothing. This is January, I'm not in the 2003 budget so I'm not going to get a penny from the government, can you help me?"

So I gave him three of my staff, three of my aides began to work with him. We gave him two suites of offices in our building and the EFCC started operating from the BPE. I went to the Privatization Council and made a case that under Section 9 of the Privatization Act, the Council could support the EFCC with a grant of a million dollars from the proceeds of privatization because if it is successful in taking down the scam letters operations in Nigeria, it will "facilitate" privatization, it will help privatization. The omnibus provisions in section 9 of the

Act allow us to do things like that. So using the Section 9 justification I got the Council to approve a million dollars for him and within three weeks he had shut down scam letters operations in Nigeria. It was very impressive, everyone was impressed. That was when everyone within the government and outside notice, people got to know who he was, before that he was just an anonymous police officer.

Of course with the grant we gave him after some time he moved out of BPE, rented offices and by the following year he had his budget and lived happily ever after. So these were some of the things we did and by the time I left BPE we had privatized I think was between twenty and thirty companies. We had contributed more than 500 million dollars to the Treasury, more than 500 million dollars. The only large ticket privatization we got partly done then was the privatization of Nitel, the national telephone company which unfortunately was inconclusive, but we got 132 million dollars deposit for the shares and those that bought could not complete the sale, but the 132 million dollars was nonrefundable, so we walked away with 132 million dollars for selling nothing. Really that was cool —I liked that, strictly abiding by the contractual terms and no more.

But you know it was quite an interesting time. But you know the biggest challenges then, much more than the technical aspects of the sale, - because privatization is quite mechanical really. You do the reviews, you do the due diligence, you value the company, you put it up for bidding, the highest bidder wins, it's just very easy - but the trade unions, the management of the companies, the politicians that benefit from these public enterprises, those are always the stakeholders that fight all the time and I guess I made all my enemies from those groups of people and I still have them in huge numbers.

BLAIR: Could you talk a little bit about the coalition that you built, the people that you could count on for your support when you were dealing with the trade unions and the management?

EL-RUFAl: *Actually, when I was in the BPE I was more or less alone, there was no team then, but I had two very powerful supporters. As I said the President just liked me, he didn't like privatization very much okay, but he liked me. Somehow he thought that I was a well-intentioned but probably naïve young man but he liked me. So politically he supported me most of the time. We had a few arguments for instance over Nigeria Airways, the national aviation carrier. He didn't think we should go ahead with its accelerated privatization and I thought we should, because he liked the minister in charge of aviation more than he liked me, so there was a lot of bad blood.*

The Vice President (Atiku Abubakar) was the Chairman of the Privatization Council and was solidly behind privatization. So I had two very big men. I also engaged intensely with the media. Most Nigerians didn't really care about these companies because they don't function well- - not providing services and perceived to be arrogant and corrupt. I mean there are very low levels of public sympathy towards the government-owned companies. Nobody loved our national electricity company or our telecoms company; everybody hated them because they just made everyone's life hell. So it was very easy for us to engage intensely with media to bring out how badly these companies were doing and we kept giving that message. We also took our media leaders abroad, showed them how really well managed privatized companies were. So we got largely the media with us. The unions we had to defeat.

Luckily in Nigeria the unions were weak because of prolonged years of military rule, so they are not as organized as say the unions in South Africa. In one or two cases, the electricity union for instance which was relatively better organized, we had to confront and restrain — when we announced our plans to privatize the electricity company and sent the draft law to the national assembly, they threatened to go on strike so we went to court and got an restraining injunction. The threat of imprisonment for anyone who goes on strike, because the law in Nigeria allows unions only to go on strike in the event of a "trade dispute" and the change of ownership of a government-owned company did not amount to a trade dispute. So we went to court and a judge in chambers, ex parte, granted all our prayers and we just slapped the leaders of the unions with threats that if any of their members go on strike tomorrow, you're going to prison for contempt.

So with the unions we had to just play hard ball, but we also put out a lot of information in the public domain to show how badly the companies were doing, how they were not serving the public interest but serving the private interest of a few, - the contractors, the politicians and so on. It was a major battle and I was jumping from one controversy to another, constantly—I was a moving target of the politicians. It was mostly politicians and contractors, those vested interests that benefitted from procurements, were the problem rather than the ordinary man on the street, so it was easy. As long as we put out the information on a consistent basis public support for us and the privatization program was sustained.

BLAIR: Can we move to talking a little bit about the beginning of the economic reform team, how you got on that, how that got formed and—?

EL-RUFAI: *So what happened then, as I said when I was in BPE I was more or less alone. During the first term of the Obasanjo administration, there was no organized reform team as such. There were pockets of people doing their stuff but no team, no real coordination — and the Minister of Finance (Adamu Ciroma), to be fair to him during the Obasanjo first term, was quite supportive, but he wasn't prepared to fight my battles. He was an old man and he had an accident and went and spent over a year in Germany and someone was acting, so it was not really easy. So I was more or less alone between 1999 and 2003. Then Nuhu Ribadu got appointed in 2003 and as I said, we began a partnership, the basis of which I have already described. Then in March 2003, I still remember, I was feeling quite frustrated and I said, look, it's time for me to go back to the private sector, my previous life. And I have things to do - a law degree to complete and so on. I applied to Yale, for Yale World Fellows program because I was planning to leave the BPE in September 2003. Then something happened.*

Obasanjo called us, three of us, and said we should go to London and meet with Baroness Lynda Chalker. Baroness Chalker was Secretary for Overseas Development under Margaret Thatcher. She was a cabinet secretary under Margaret Thatcher and she had become a very good friend of Obasanjo. She chaired an investor advisory council for President Obasanjo. So he called us, three of us, Oby Ezekwesili is one, she is in the World Bank (as Vice President - Africa) and maybe you should talk to her. Oby did a lot of interesting stuff, a pioneer in many areas of reform in Nigeria. In fact, the only person I would say was with me then between 1999 and 2003, was Oby because she was in Nigeria but she was not holding a strong position to be able to help out a whole lot, but she was there. We constantly compared notes and we worked on a few committees, so on. She is now Vice President Africa for the World Bank.

The other person was Suraj B. Yakubu, the head of the Investment Promotions Commission. So we went to London. He just said go and see Baroness Chalker in London. We said okay. We went to London. This was in April 2003. Baroness Chalker now said to us the reason why President Obasanjo sent us to London was because he was confident of winning the elections and the election results were announced the day after we got to London and he was declared the winner. Many people complained that the elections were not perfect, but hey, Bush Junior's 2000 elections were not perfect either. So she said—and he really thinks that his second and final time should be a legacy term. His legacy was that he wanted to get Nigeria's \$30 billion foreign debt sorted out. These were the words she used. So he had asked her to do some kind of plan for his second term. But she suggested that he should send some Nigerian reformers that are grounded to look at the plan and see whether it made sense, because this plan was written by some British consultant or whatever.

So this plan was presented to us and we read it overnight and we came back to begin discussions. It was a good plan. We didn't have much by way of amendments. But then, once we agreed on the plan and the amendments Baroness Chalker said we need good people to implement this plan. She thought—she wanted to know what we thought, but she thought that she would recommend that Obasanjo appoints me Minister of Finance or Economic Advisor and Oby will be the Economic Advisor or Minister of Finance. I disagreed, I said, "No, I don't think that is a good idea. I don't think Obasanjo will ever appoint me Minister of Finance." She said, "Why?"

I said, "Because I have been having problems working with him. I don't think you should have problems working with your Finance Minister, it should be a very smooth relationship and I just don't think we'll ever have that relationship with him. I mean we have a relationship with Obasanjo but every once in a while it gets quite tense." So I told her "I don't think he will do it. In any case, if you say that what Obasanjo wants to achieve is to get his debt written off, his best bet is to appoint someone else his Finance Minister."

She said, "Who do you have in mind?" I named Ngozi Okonjo-Iweala. She had never heard of her. I said, "She is a Vice President in the World Bank and she has spent over twenty years in the bank. She built her career there. She has degrees from MIT (Massachusetts Institute of Technology) and Harvard and she is good, she is really good." Oby concurred. Suraj thought Ngozi was the perfect Finance Minister.

Baroness Chalker was very excited. World Bank Vice President from Nigeria, a woman, oh that was cool. So she said, "Yes, then that's it then, so but what about you guys, what are you going to do?" I said, "Look, Baroness, I am gone, I am going, I think I have had enough, I've done what I can do, I'm not interested." She said, "Well, that's for President Obasanjo to decide, but you know I'm going to strongly recommend Ngozi for Finance Minister and then we'll see how it goes." So we left.

I left for Washington the afternoon of April 23rd to report myself to Ngozi - to tell her I have suggested that she should be Finance Minister without her permission and in case she gets a call she should know I take full responsibility. I flew into Washington and took a cab straight to her office. I got to Ngozi's office and she was meeting with a couple of her staff and I was seated outside, waiting. Then she came out and said, "Look the President of the Bank wants to see me, and he says it is urgent. I will be back and then we catch up" I said, "Okay." I didn't have any chance to talk to her. Apparently Obasanjo had called the World Bank's

President at that point and told him that he wanted to offer Ngozi the job and needed him to know and also to persuade her to accept.

So Ngozi went up and came down and was looking quite confused. I said, "What is the problem?" She said, "Is that why you're here?" She started quarreling with me. "Is that why you're here? Obasanjo just called my boss saying that he wants me to be Finance Minister, I can't do this, I can't leave this job. I can't be Finance Minister in Nigeria. The pay is poor, how do I pay for my three children through Harvard?" Because she had two kids studying at Harvard then and the third was on the way. So I said, "Oh my God." She said, "Yes, you look guilty" and all that.

Anyway so we sat down and I told her what happened and I apologized for suggesting her without prior consent. I said, "That's why I came to more or less report myself but unfortunately Obasanjo beat me to it and called before I did." I said to her, "You must accept." She said, "But you know the pay is awful." I said, "Ask for your salary here to be continued, something must be worked out. You can't pull your children out of college just because you want to serve your country, something must be worked out." So basically that's what happened. Ngozi now said, "Okay, if I am going to do this, you must be part of it." I said, "I'm not going to be part of anything, I've already told Baroness Chalker that I'm out." She said, "I don't care, if you're not doing it, I'm not doing it. You got me into this trouble, you get me into this sea, we have to swim or sink together." Ngozi flew to Nigeria, met with Obasanjo and agreed the terms of the appointment. A Diaspora fund was set up with the assistance of the UNDP with contributions from donors to ensure that Ngozi (and one other Minister) continues to get a decent salary for two years. It was still about half of her World Bank salary, but at least it covered tuition to Harvard for three children.

She also insisted to Obasanjo that I must be part of the team. And one of the good things that Ngozi did was also to convince all of us that for these things to work there had to be a solid team. I could see that immediately because I worked alone and it was tough operating without a team. We more or less sat and handpicked that team. (Charles) Chukwuma Soludo was brought in by Ngozi, was a student of Ngozi's dad and she knew him and so we recommended that he should be the Economic Advisor. He was Economic Advisor for two years before moving to the Central Bank as Governor.

Oby continued her work on due process, procurement reform and governance. Working with Oby, we established the Extractive Industries Transparency Initiative. She was also directly in charge of all the procurement reforms. Oby did a lot. Oby did probably far more than any one of us. Far more than Ngozi, because Ngozi did very little apart from providing the direction, the leadership, the external face. Because she was World Bank staff and had been there for a while, and she knew all the finance ministers in other countries over the years, she was therefore quite effective in getting the foreign debts sorted out. But apart from that Ngozi did very little. The real work I think Oby did much more. Oby did more than all of us in my view followed by Nuhu Ribadu, who fought corrupt politicians. Then maybe followed by Charles, Chukwuma Soludo.

I think I did the least groundbreaking work because I had the FCT (Federal Capital Territory) to run which was not only the largest bureaucracy in the Federal Government but served as the laboratory of our economic reforms. So we experimented in Abuja, and I was in charge of that. We used the FCT Abuja to be where we'll test all policies. For instance, the reason why I ended up handling public service reforms was because when we decided on how to go about the reforms, I went to FCT and implemented everything, you know reduced

my staff, monetized benefits, aggressive re-training and all that—you know when I went to FCT I was told I had 26,000 staff. By the time I did staff audits, headcounts, physical, biometric audits - it turned out that 3,000 of them didn't exist. By the time we looked at qualifications and matched needs with what we wanted, we drastically reduced the headcount—by the time I left the FCT the headcount was down to 18,000.

Because of the successful experiment in doing the public service reforms, the President took public service reform from the control of the head of civil service and handed it over to me, rather late, in 2005. I did what I could with it. So it was, Ngozi said we should be a team and she went further. She said, "Look, the five of us must be the core of the team. So we meet, no matter how busy we are - we must meet every week." In the early days we spoke every day. We're all very busy, some of us were cabinet secretaries, others were heading executive agencies but we made sure we spoke every day. We also had absolute trust in one another. So if you come and tell me Oby is doing something wrong, I will just take the phone, call Oby and put it her on speakerphone and say, "This guy is her and on speakerphone and just told me that you are doing this, is it true?" By doing that we discouraged rumors, false accusations and all that. We absolutely trusted each other, we met regularly, we backstopped one another, we shared information and when you attack one of us, we all go into battle. We also confronted Obasanjo as a group whenever we feel things are going out of line.

Anytime we felt something was not going right the four of us would just walk to the office or residence and say, "Mr. President we want to talk to you alone." We would then lock the door and speak frankly - sometimes it could be quite nasty, abuses, insults, "you useless boys or girls, I'll sack all of you, I'll fire you." And we respond, yes you can Mr. President but you're doing the wrong thing, we don't agree. Often he does what is right. Once we are insistent, (all five of us initially—Charles dropped out,) Charles Soludo who went on to the Central Bank dropped out largely because there was competition for visibility and glory between Ngozi and Charles. Ngozi was the Finance Minister, she was the head of the economic team and she was the external face of economic reforms. Charles felt that he also needed some spotlight. We didn't care. We thought that as long as the work got done, we didn't care who took credit. Charles thought that who got credit was important.

In addition I guess, it was easier for us - Oby and I - because I had a high profile territory to run, I was always in the news. I was running the capital city, so anytime a President visits Nigeria, I welcome him, I get the photo ops more than anyone, okay? So I can't complain, but this was Charles' problem. He said look, we do all this work, I'm the economic advisor, but nobody remembers I did anything. It is Ngozi, Ngozi, Ngozi, so this was a problem. So he stopped coming to our meetings and dropped out and later moved to Central Bank and so on. But the four of us remained to the very end. I consider that very important - that trust, the ability to bond and backstop one another was key to a lot of our success.

SCHER: Shall we pause for a minute?

BLAIR: We're very interested in sort of two parts of the, sort of how politics of reform and we're interested in the context of this reform team how you built the coalition of people including Obasanjo and the other politicians whose support were necessary to get through the reforms, how you went about building that coalition, what the challenges to building it were, and how you sort of maintained it and kept people on board.

EL-RUFAI: What?

BLAIR: Either in terms of the civil service reform or the—?

EL-RUFAI: *I'll speak first generally and then come to civil service reform. I think the first key thing was the team we had, the fact that all four of us had had prior working relationships even though for short periods but quite intense. I told you I met Ribadu in January 2003 and by July I was in cabinet and we had formed the team and he was a member. But Ribadu, when you meet him you'll understand why he is so easy to get attracted to, he is so passionate about what he believes, what he does. He's passionate about law and order, about corruption being the root of all evil. In fact Nuhu thinks that if we can eliminate corruption, Nigeria would be fine. I disagree and keep telling that there are countries that have developed with high levels of corruption; corruption is not the root of all evils, there are others more serious in my view. Bad management is the root of all evil. But perhaps that's because that's my line, right?*

So Nuhu was there. And you see because I recommended and endorsed Nuhu to the group, because Ngozi liked and trusted me, trusted my judgment, and I had worked with Ngozi before, he was accepted. The first time I worked with Ngozi was between 1999 and 2000, when she came and spent six months in Nigeria helping Obasanjo set up a debt management office. We worked very closely together. So she has a lot of respect for, and trust in me. The moment I say, Nuhu is okay, that was it. It was taken for granted. So I think the foundation was getting this core of people that trusted each other and were willing to sacrifice for each other, I think that's the foundation.

The second was identifying the single legacy that Obasanjo wanted around which we could reform broadly. He must just want one thing. He was not interested in economic reforms as such. What he wanted was to get our debts written off. I guess we were clever enough to now craft a program around that. I think that for any reform to work, because I said so in my speech at CSIS (Center for Strategic and International Studies) that most political leaders would rather not reform. It is a reality. Status quo is better, it's safer, you don't rock the boat. But clearly after going through an election in which those that probably supported you and funded your election, are likely to be those that will lose from any serious economic reforms, this is reality everywhere. But, if you can get a political leader to have one overarching goal that he wants to achieve, one thing that he wants to do that would be his legacy, then you have a potential reform opportunity. If you can sell such a dummy of an overarching goal to a political leader, then you can pretty much craft a reform program around that and say that, you know, for us to get this, for us to achieve your legacy, we need to do A, B, C, D. Then we get to F. That's your legacy. I think basically that's what we sold to Obasanjo.

Having figured out that he wants debt relief we said, "Okay Mr. President, you know, you don't get debt relief unless we fight corruption because no parliament, no legislature will vote money, taxpayers' money in the country if at the bottom is this. You cannot get debt relief unless we have a slim, efficient public service. You cannot." So we basically crafted an IMF type program with the end goal being to get debt relief. I think any time, in any environment, this is the only way you can get reforms done - that is if the political leadership can see at the end of the tunnel some glory. Without it I think you'll fall down. In the case of Obasanjo we got him with the debt relief. We got it in the end, we got it.

Thirdly, I think we were lucky too, we had an international champion. So it wasn't just a domestic stakeholder issue which I'll come back to that, but we had Tony

Blair who liked Obasanjo, who was his friend, and Britain happens to be our biggest creditor. When we went Lancaster House and met with Tony Blair in July 2003, and said look, we are going to do this reform program, this, but what we want is British support, to write-off our Paris Club debts. Tony Blair said, "If you can do half of this, half of what you're promising, I promise you Britain will lead Paris Club members to get you out of your debt quagmire." So sometimes when Obasanjo falters a little Ngozi will call Gordon Brown who was Chancellor of Exchequer then and get Tony Blair to give him a call. So we had to sustain this focus.

It is always helpful to have someone, some external framer, that enjoys the confidence of the political authorizer, has no interest in what is happening internally, and enjoys the confidence of the ultimate political leadership. You know once in a while make calls to resolve difficult hurdles. That helped.

Within Nigeria I think the political leadership all realized that the debt burden was our biggest problem and everyone was willing to sacrifice a little bit to get it. So whenever we go to make presentations to the ruling party leadership, to the Senate, to the House of Representatives, we always start by saying, "Look, this is how much we borrowed, this is how much we pay to these buggers. This is how much we have to budget every year and our children and grandchildren will continue to be in debt. We have to get out of this. This must be our second independence. We got our political independence in 1960. Get this debt write off. This would then be our second independence, we must do it, we just must do it." Okay. Nobody disagrees with that. But you see, we tell them "those that we borrowed money from are saying, for them to write it off we have to do A, B, C, D, E. We hate these guys but you have to help us, we have to get this done. What we must not forget is the debt, we have to get rid of it. Okay?". So that is how we got all the stakeholders aligned to our economic reform program.

But more importantly, and I think, is luck. Oil prices began to rise. Because I think that with all this that we've done, if we did not have the cash to pay 12 billion dollars and get 18 billion written off, there would have been no deal. But we got lucky, oil prices started rising, and we had put in a fiscal rule to save excess oil revenues which was smart. That wasn't luck, we did it. We established an oil price based fiscal rule. We budget every year, say at thirty-five dollars a barrel and any revenues above that we put in a separate account that is not part of the budget and is untouched. That is how we accumulated a huge amount of money which would now put us in a position to pay Paris Club. We told them, when we were negotiating we said, "Look, we can't do more than this and you know guys, this is your last chance. If you don't take this money, it's here, it's on the table. If you don't take it, Nigeria will default. What are you going to do? Bomb us? One day another administration will come and say this doesn't make sense, how can we borrow 10 billion dollars and so far we've paid 40 billion and we're still owing 30 billion. Some crazy guy will say, I'm not paying, take a walk. What are you going to do?"

So they can see real money on the table and they had to balance that against future risky expectations, because you know — in the future anything is possible, so I guess they took it. It was quite interesting when I reflect on it. I think, in virtually every reform you must have these elements, how you—whether the elements exist or not, you must look or create them. Because unless you can focus the political leadership on something that they badly need, I don't think you would be able to survive implementing tough reforms. Can you pause?

BLAIR: We're back with Mr. El-Rufai, so maybe we could move, move on to talk a little bit about Public Service Reform. Be talking—starting out with some sort of operational details, how you got—you said gotten started by doing the reforms in Abuja and maybe you could talk a little bit about sort of what the goals of the reform were and then you started to talk about removing ghost workers and looking at the workers who didn't have the appropriate competencies. How did you chose who to fire and who to keep, in some settings that's a, those are a difficult and politically contentious problems?

EL-RUFAI: Yes, but that's why I'm here, on exile, because I didn't bother about those politically contentious problems — anyway as I said we realized that Public Service Reform was a key component of our reform agenda and we spent sometime looking at Public Service Reform, and how to go about it. Several questions needed answers to craft an implementation strategy. We asked whether we should do it in phases (gradualist) or just do it at one go (shock therapy). Should we just look at the core Civil Service or should we also include the state-owned enterprises?, what about the military and the police, they are all part of the public service, so how do you sequence that?. And we studied countries that have done this and we found that there are no clear lessons. No one has ever done public service reform well. You either have a very good public service because you had it right from the beginning like Singapore or not, if it already works like New Zealand you can do certain things to make it much better but when you have a broken civil service you are really screwed up. It is hard to fix it. And that was what we had in Nigeria.

BLAIR: What was the, what was the overall goal of the program, was it to reduce the size of the payroll or make it more effective?

EL-RUFAI: We had three goals, the first was to make it more effective because our civil service really just sucked, it was terrible. And in the 60's we used to have a very effective civil service, you know, maybe in the 70's but something went wrong during the military era. The second was to pay the civil service—the public service well. Public service pay in Nigeria is like one quarter of private sector pay and many people say that is the major cause of corruption entry, not corruption maintenance. Okay most people are forced by the poor pay to begin to engage in corrupt activities but then they get so rich that they should stop if it was just the money but they remain in corruption. But clearly it may be true, it is probably true that the low levels of pay contribute to corruption entry.

Now but to pay people very well and be able to attract the best and brightest into the public service, the numbers must also make sense. And when we took over the economy in 2003, 65 percent of Nigeria's budget went towards running the government, okay, payroll and the cost of tea, coffee, paper in the office accounted for 65 percent of the annual budget. Our goal was to invert that and make it 35/65 in favor of capital investments and away from consumption spending, and we achieved it more or less by the time we left because oil revenues increased and we also decreased running costs of government. We took certain measures to decrease the cost of government and one of them was reforming the public service, reducing the numbers, getting out many that ought not have been in the public service in the first place, because they are not qualified, they had not sat entrance exams, they were just smuggled in during the era of military rule.

So we got the numbers down, I was in charge of that, we fired some 35,000 plus public servants out of a total of 165,000, so we got rid of nearly a quarter of the civil service. That's part of the reason why I'm not a very popular guy with some

people. Okay, but many of these people were unqualified or were engaged in criminal activities but the process of discipline them was just taking ten years. For instance, I had a school headmaster in Abuja who had raped two of his students and got three pregnant, but the process of subjecting him to the discipline of dismissing him for what he had done, just took like five years. I just came and did it in two weeks by using shortest cut to get him - when I read the public service rules, I got criminal charges filed against him for statutory rape, I got one of the parents to agree to testify. Once the criminal charges were filed, he was arrested by the police, he was tried and convicted in a Magistrate Court. The moment he was convicted, it enabled the FCT Administration to dismiss him without any process, but all this is after five years —you know the guys set up committees, disciplinary committee to interview him, get evidence, get people, I mean a fifteen year old who had been raped you want her to come before a committee and admit that she was raped. What kind of nonsense is that, so anyway - so many of these were really bad cases and you know we just got rid of them, we found ways to get rid of them.

We also increased the pay of public servants and we had a Blue Ribbon Commission study this and do a road map how public service pay will be increased by ten percent every year, such that about five, six years public service pay will be at least 75 percent of private sectors pay.

BLAIR: And that was across the board?

EL-RUFAl: Across the board. Okay and we did the first increase of fifteen percent. I was there and our successors were supposed to be doing five to ten percent annually depending on revenue levels but I don't think they have done that. So it's frozen again and the problem remains. Third, we looked at the pay structure and did something about it. In this country (the USA) for instance you get a paycheck, you get an amount of money every month, from that you pay your rent or your mortgage, you pay your bills and so on. In Nigeria, indeed, in most of Africa, you get a basic salary, which is very low and then you get housing allowance, transport allowance, this allowance, that allowance and you put all that together and that's your total pay.

Now many of the services that you get are provided by the government for instance if you're a senior public officer, you get free housing, you get government-provided housing. So you may be on the pay of \$10,000 but the government will rent for you a \$100,000 home because you are entitled to free housing at whatever cost - no limits. It doesn't matter how the government provides it, you must get free housing if you are of a certain grade. In some cases the government provides the housing because it has built houses. In Abuja, the federal government had about 30,000 houses that we built that public servants just occupy and use free of charge. Okay, the only thing they lose is their housing allowance, which is a token amount compared to the market rental value of the houses they occupy.

So we took a decision to rationalize the pay and monetize all the non-cash benefits such that everyone gets one paycheck that covers everything. Second we sold all the federal government houses, apart from a few occupied by certain grades of public servants. For instance, the President's house, of course, the Vice President, and maybe the Speaker of the House, Chief Justice and Senate President. Apart from those all the houses occupied by political office holders or public servants were sold. To the public servants if they are in occupation and have been paying rent, or auctioned in a public auction, publicly- advertised auction, which every Nigerian can bid and the highest bidder wins and we

opened the bids on TV so you know the winner, no games at all. We did that and by the time I left we had sold some 24,000 out of the thirty-odd thousand houses. So we pretty much sold most of them and that changed the way people regarded the houses - as I said, now that you know all the houses had been sold - it's your house—the cost of maintaining the house, which are paid from the ministry's budgets now disappeared because you know we don't need to maintain houses anymore.

It got so bad in many cases just to change the bulb, people would wait for the government to pay for that, and they would rather live in darkness in their own homes than to buy a bulb. So we got rid of all that and that brought the overhead costs in many ministries down, all provisions in the budget for maintenance of residential facilities went off the books, you know. We also sold all the cars, the government had, I don't know a quarter of a million cars because apart from senior officials—(above a certain grade officers are entitled to a car and a driver, okay and the gas that goes into the car.) - And this was quite wasteful, so you know we decided that we would sell all the cars, we will discount the purchase prices by 50 percent and offer them for sale, - they will be valued and we sell at the 50 percent discount just to get rid of them. Because many people had their personal cars so they didn't want to own a second car but if it was government owned and maintained sure, you know. And these government cars were very interesting because they consume about three times as much gasoline as other cars, which meant the drivers were also stealing the gas.

So we sold all the cars at 50 percent discount and we gave everyone three years to pay for the cars so that no one had an excuse to buy, you know. And to enable people buy their houses we had to create from the scratch a mortgage system. Up until then, Nigeria had no mortgage system, so I led the work on that. We had to write two new laws on securitization and foreclosure and we got the equivalent of Fannie Mae and Freddie Mac, - Federal Mortgage Bank of Nigeria - to float a 100 billion naira bond, which was guaranteed by the federal government, which enabled any public servant or any private individual that bought one of our houses to go to a bank, the bank will lend him and the federal mortgage bank would refinance the bank so the banks were taking no risk.

So that was the only way to enable people buy the houses —we had to create this because the people could not pay for the houses upfront, until then - the only way to buy a house in Nigeria is to pay 100 percent cash - and we knew that was impossible with this situation. So we did that, but the net effect of that was that by the time we left in 2007, the federal government budget had become inverted as we wanted in favor of more capital investment. We had, we had only 30 percent of the budget spent on personnel and overhead costs and about 70 percent was on investments, on capital projects, which was a major achievement. It was helped not just by what we did but by the fact that oil revenues had gone up and expenses had not gone up as fast, okay but still it was some work.

How did we choose who to go and who not to go, we set up a committee of civil servants to draw up guidelines who should go and they came up with eight criteria. If you would like I can send you, I can email to you the final report of the public service reform team.

BLAIR: That would be great.

EL-RUFAI: Yes, because I did a presentation to the Cabinet just before we left, which summarized everything we did but we had criteria which were strictly applied across all the ministries, departments and agencies and all the names came to

us and we calculated what their benefits, their terminal benefits were. We gave them generous payoffs to go and we also put them through four weeks of pre-retirement training just to prepare them psychologically for life after retirement. We got entrepreneurs to come talk to them about opportunities, what to do with their money. They shouldn't go marry a new wife or buy a new car and all that, so we tried to do all that, I hope that it worked because I left the country shortly after - that's why I don't know.

But you know I'll send you that presentation, so you see what we did and if you have any follow-up questions feel free to ask. But this is basically what we did — you know we also went ahead and installed a computerized personnel management system for the civil service, it was financed by the World Bank. It's called the IPPIS (Integrated Personnel and Payroll Information System), I can't remember all the details now but you'll see it in the presentation. But we got that in place and we had started implementing it in 5 ministries or so, we had not covered all of the ministries we started with five pilot ministries and it was supposed to cover all the agencies —I don't know, I hope they have done it, but it was when implemented it will have all the records, all the personnel records with biometric data of all public servants so it will be impossible to create ghost workers and so on. And all the payments for salaries, whatever would be totally electronic so you know, you cannot divert checks or play any games, which we found a lot of when we were doing the diagnostics.

I hope they have completed the IPPIS implementation with e-payment system, you know, you see because of our success in doing that the President asked me to chair another committee, cabinet committee on identity management. So we used that platform, and experience to establish an identity system for Nigeria. Okay we have a commission, National Identity Management Commission, they are supposed to issue to every Nigerian above the age of eighteen, a biometric ID card that will contain not just personal details, but even financial information, health records, etc. on one card and I think they are working on implementing it now.

There were concerns about civil liberty and all that at that time, but I did think about it, I'm more concerned about it now. But at that time there was some debate, but you know we just said no we need to be able to identify every Nigerian. Because many people that commit offenses and claim to be Nigerians are not Nigerians. Because they can come into Nigeria from any African country and easily get a passport, there are no controls to prevent any black person to get a passport and we know that, so we thought it was a matter of national importance to be able to definitely identify a Nigerian.

BLAIR: Sorry go ahead.

SCHER: Can I just pull it back a little bit, sorry to jump in there Graeme, but I don't mean to sort of hound you on this issue, but in terms of identifying 35,000 people that you did remove from the service, you mentioned some were corrupt and some were poorly trained, poorly qualified. How did you go about actually selecting those people or identifying those people from the ranks of a much, much larger organization?

EL-RUFAI: *Well, we issued the criteria to all the permanent secretaries and it was the job of the permanent secretaries to ensure that the criteria were strictly applied, okay. So they would send us names with the files and randomly we select one or two files to check that, to make sure that you know it's being done. Secondly, we also took an extra step, we published the names and gave people the opportunity to*

petition if they felt that they were wrongly classified. Let's say okay one of the criteria was if you failed promotion exams three times, okay you have to sit exams to be promoted. If you sit for exams three times and you failed you should go, okay. So if your name was listed as having failed promotion exams three times and you failed only two you can petition. I say no, I failed only two I still have a third chance and give us documents to prove otherwise because we know there is room for victimization. People can put the girl that they sexually harassed and she you know, so we knew, so we opened it up. So the Permanent Secretaries do this, they send it to me, I chair the Public Service Reform team and my team now published everything and says okay, these are the names sent and these are the reasons.

Okay one of the criteria I remember is medically unfit, okay if you are always sick, you know, there are people who have not gone to work for two years, they have medical problems, yet their salary runs okay it's time for you to retire, be on a reduced salary, a pension, but if you feel that you are fine, fine you know, prove it to us, you know.

So we gave everyone an opportunity to petition me as the team leader if the persons feels that he had been listed for retirement unfairly or unjustly outside the set criteria, you know—and interestingly there were some that voluntary said I'm not on the list for severance but I want to go. The terminal benefits were so good, some chose to do something with their lives, and left service. Most of the very good ones chose that option, you know, many. So many of them we had to now start appealing to go. Many just chose to voluntarily retire, they wrote letters of voluntary retirement.

SCHER: Did you have the option to not accept their retirements; I mean could you say no you have to stay?

EL-RUFAl: Yes we had the option.

SCHER: Yes.

EL-RUFAl: Yes because they are public servants and we had the option not to accept their application to retire prematurely, and in a couple of cases we said no, you're going nowhere, you got to stay, you know, but in a really nice way.

BLAIR: Yes.

EL-RUFAl: Many that put in papers for retirement were those whose promotions had been delayed unfairly, so many of those that did that, you know signaled to us that we needed to look and say okay, why? And many of them we got rectifications done and all that, and they opted to stay.

BLAIR: So some of these things were very unpopular as I'm sure you would agree, kicking people out of their homes and—

EL-RUFAl: Yes.

BLAIR: Firing ghost workers—someone was, someone was taking that ghost workers check. What did you do about sort of creating a public constituency for these reforms? You talked a little bit about this earlier with the privatization, but what were kinds of appeals that you made?

EL-RUFAI: No you know, you know generally speaking in Nigeria public servants are not well regarded, most Nigerians think their public servants are crooks, corrupt and lazy, okay. So there isn't a lot of public sympathy towards them, and many Nigerians correctly feel that these guys are living in these huge houses at our expense.

So when we tried to do in this case was put out a lot of information, this is why we are doing what we are doing, these are the reasons, this is the amount of money that is going towards maintaining government-owned houses, this is the amount of money that we spent on gasoline for these government vehicles, — you know once you brought out the information—part of the reason why I think governments in Africa get away with a lot is because there is no information transparency. Okay, once you come out and say this is what is going on, the public servants run for cover by rather than fight.

Of course the civil service establishment don't like me, they think I'm the devil incarnate, you know I did all this and they think it must be because I hate civil servants. I say, okay let's say go on TV and debate it and no one will show up because I have better reasons to show that we needed to do what we were doing than for them to say you know, you know the government of Nigeria must take care of me to the detriment of everyone and everything else. I mean there are only three million public servants in Nigeria, all the people who work for federal, state and local governments and the state-owned enterprises, are just three million, we were over 150 million then. And these 3 million people consume a large percentage of the resources of the country delivering poor or no services at all, and it's just unfair.

So what we did was largely to bring out information to show that there was no malice, no victimization, everyone had an opportunity to petition and disagree. We were complying with rules that had been pre-approved and that was it. Yes, I ejected people from their houses because they refused to pay the deposit or subsequent payments on time and it was tough, but somebody's got to do it. Of course now I reflect and wonder whether I should have been the person, but, you know hey, I've done it you know and quite frankly I have no regrets.

You know, I think that it needed to be done, the further things are being reversed now pisses me off but you know it's life but ultimately you know for Nigeria to make progress we have to do those things, we have to do them again and again and more and more otherwise the country will never sort itself out. We believed too much what we were doing, we really believed it all, it wasn't just you know, let's reform because it was a fad. Because we sat and we debated, as I said we wrote our reform program, we wrote our economic program, we didn't talk to any World Bank or IMF, we sat down and wrote it because we all know what was wrong, we needed to fix this, we needed to fix that. What do we need to do, we did it, we believed in our program and we implemented it.

BLAIR: One of the things I've read about how you were successful in getting the technical parts of the reform done is that you were able to surround yourself with very competent technocrats. How did—one of the issues heard around the world is how you, how you deploy staff and create a staff that is effective so we could talk for a couple of minutes about sort of how you, how you designed and the organizational structure and how you bring in these staff and find the first people that have the capacities that you know that you need for privatization or civil service reform?

EL-RUFAl: Well you know that, you know that is a tough one and I think that's one area we, I don't know whether I have done very well is times of sustainability, but you see the reality is when you have a job to do—is it too hot for you?

BLAIR: The coffee just right.

EL-RUFAl: Oh okay. You know when you have a job to do I think you just have a duty to yourself to do whatever it takes to get that job done. When I got to the Bureau of Public Enterprises I knew I needed people with investment banking, accounting and legal backgrounds to get the job done. We didn't have enough in the BPE so first thing we did was to look at those that just don't fit and we asked them to leave and then advertised in national newspapers and describing what we were looking for. We got 3,000 applications for 100 places, you know and we pruned that down to I think about 2,000 that were qualified, they took a GMAT (Graduate Management Admissions Test) type of aptitude test and we picked the highest scorers and hired them.

You know, the hired staff were put through internal orientation and then sent all on training, as described earlier - you know attachments with investment banks and so on and so forth. So I got a few good ones locally, then I got lucky. Because USAID (United States Agency for International Development) came to me with 10 million dollars and said look this is a grant to support privatization. First it wasn't untied, as initially they said, "Okay you can use this grant but we'll get you consultants from the US," I said, "No, thank you, you'll damage my program." They said, "Why", I said, "Well look, if I have a foreigner sitting here advising me, and I'm privatizing state assets," They'll say, "Oh yes he's doing it for the IMF or worse, the CIA (Central Intelligence Agency)," My credibility is gone. So they said, "Well you know we can't help you", they left, two weeks after they came back and said, "Okay the funds are now untied, no conditions. What can we do?"

I said we have Nigerians all over the world working with investment banks, law firms and so on, some of them may also be US citizens, so you can take back some of your grant money, because I know the game. But it has to be Nigerians otherwise the program will lose credibility. So they agreed, so you know I got people from Morgan Stanley, from Clifford Chance and Goldman Sachs and such places - they were paid top dollar, they came and worked with me in BPE. But they came in as consultants, so the challenge was how to integrate them with the rest of the regular staff. What I did was to also offer to the staff the same chance, I said look if anyone of you wants to move out of regular public service job and be a consultant and be paid much more money in dollars submit your resume and compete. But we don't select who is qualified, USAID has a consultant here in Virginia who looks at the qualifications and picks those found suitable.

And two of our regular staff actually got picked as consultants and they went on to other jobs after BPE. So with that, everybody realized okay you know this not an exclusive club, I had the opportunity, I just chose not to do that. So that helped integrate the team somewhat, and I also got them train our staff a lot and I came to Harvard Business School Executive Education and got three slots set aside in their general management programs where I sent BPE staff. I get a letter every year of thanks from Harvard Business School because I think at a point I was their biggest market, single market because every—you know the PMD (Program for Management Development) program for global leadership, AMP (Advanced Management Program), there is always someone from BPE in any class, sometimes two or three and because we had the USAID money and later World Bank funding. The DFID (UK Department for International Development)

also came and gave us 10 million pounds you know could spend it on that and other efforts to advance the privatization program.

So we got the staff trained and the confidence levels of the regular public servants were also raised. So that worked very well, such that today the BPE is one of the most competent public service organizations in Nigeria and many ministers that are looking for technical assistants or special assistants still go to BPE and pick them. Because the staff are really good — we spent a lot time and money, mostly donor money training them, into quite competent and confident persons. And because the entry hurdles were quite high the staff were really clever people so they learnt quickly - they used to catch on quickly on new concepts and so on.

But in the FCT that was difficult, it was difficult to do that, first because I didn't have donor money, administering the FCT is not as sexy as privatization and second the FCT being a regular federal organization had rigid staff entry criteria and so its hiring practice was more like in the civil service. So I didn't have as much flexibility as I had in BPE to inject new blood, but still I had to come with my team as personal staff and aides. So I had to approach UNDP and got them to fund some of my personal staff, - I got them to fund about ten of my technical support staff. Their annual pay were higher than mine. But again with FCT we budgeted a lot of money training to upgrade the skills of the public servants and the way they think, it was mostly the way they think. They just think different, you know and that helped. We were able to mainstream them because by the time I was getting ready to leave FCT, and I told them I was not going to be in the next administration, I had to look for jobs for them. So many of the personal staff we came with converted into regular public servants and are there now in the FCT.

So I think to get the job done you need to get high level skills, but one must look at how to mainstream those skills into the rest of the public service as well as upgrade the skills of those that are there reasonably otherwise that would be a lot of resentment and us versus them kind of thinking. I think that in the BPE I did it reasonably well, I don't think I did it very well in FCT because I did not have as much flexibility on the money, and the employment system.

BLAIR: What were the some of the more difficult challenges without the money at the FCT?

EL-RUFAl: *Well you see the BPE had 180 staff, the FCT had 18,000 so in terms of scale you know, I mean if you have 180 staff and you have ten million dollars you can pretty much send all the 180 on the program abroad once a year, okay. 18,000 if I say I'll do that, the entire budget for infrastructure for Abuja would go towards staff training. So it was not just the money but it was also the scale of the problem. So I don't know I think we were able to train maybe 1,000 out of 18,000 in four years but you can't do much more than that otherwise — even if I get ten million dollars, for 18,000 staff that's nothing, ten million dollars for 180 that's a lot so there was the issue of scale.*

BLAIR: And by training, you mean again by sending to the United States or doing workshops or—?

EL-RUFAl: *You know some doing workshops, some attaching them to organizations even within Nigeria but mostly I like—I sent some of my staff, they spent three months in Cape Town just to learn how a nice, well-organized city runs. We had to pay them for being there plus their cost of being there, while their salaries were*

running in Nigeria. You know, these are some of the things I wanted to do a lot more of but we couldn't due to financial constraints.

SCHER: Sorry were they attached to specific government agencies within Cape Town?

EL-RUFAl: *Yes, I cannot recall exactly where but assume they were attached to the mayor's office or something. It was part of what was negotiated during the bi-nationals between Nigeria and South Africa.*

SCHER: Okay, I see.

EL-RUFAl: *You know so, it was the scale. Maybe if I had remained as FCT minister for say ten years, I'd have figured out a better way, but you know in four years what more can one do?*

SCHER: Can I just ask this topic of training, you mentioned quite a few things, sending people overseas, attaching them to ministries and agencies within Nigeria or somewhere else in Africa, okay and so on. Workshops, those sorts of more I guess conventional types of training procedures. In your experience what seemed to be the most effective form of training in terms of importing the most skills and perhaps the shortest amount of time and for the cheapest amount of money spent. I'm not sure if this question is too specific, but if you had to sort of rank these different training procedures, what is your, I guess your favorite training process for your staff?

EL-RUFAl: *Well I can tell you the favorite of the staff, it is to go some institution in the UK or the US, it gives them a chance to travel, get nice per diems and no exams at the end. The staff liked that, but in my view the most effective were the work experience attachments because the staffs had to learn real skills. And when I was in BPE I used to incorporate such requirements in all our consulting contracts with the investment banks - to take two of our staff for six months, okay we pay for it, I know but the fact that they had to take our staff, who will then work on the project and the team for three months, six months in the UK, or the US. This was very helpful. Some of the best people we had were the ones that went through those programs because when you take someone from Nigeria who is used to driving to work at 9:30, closing at 4:00 and going home and you throw him into a work environment in the UK where he has to wake up at 5:00 take the tube, be on time, you know the discipline is important. So you get people to acquire not only the technical skills but also changes in attitude and the person comes back proud that he has been on attachment with Morgan Stanley or such like - so he had to show that he had been to Morgan Stanley or Goldman Sachs, through superior performance and improved work attitude - you know I found that to be far more effective then going to HBS (Harvard Business School).*

I like HBS, I mean I've done programs there but nothing in my view is as good as these on-the-job training attachments, particularly for organizations that have to deliver on something. Privatization is a transaction-oriented program in which we have to deliver on sales of government assets. In the FCT we had to deliver on keeping the city sane, clean, functioning. The most useful kind of training is job attachment, you know - so skills acquisition, attitude condition and so on and so forth can learned, this is it I think.

BLAIR: Could we move to talk a little bit about your, a little bit more specifically about your time in Abuja, working in Abuja. I don't know what you would call your, the most successful parts of the reform you did there, some of things that come to mind are the land titling reform or kind of cleaning up the ministry and civil

service and cleaning up the city and sort of greening it. What—can you talk a little bit about what you thought were the greatest successes and what you thought the keys were to those.

EL-RUFAL: You know it's interesting I'm been asked this question and I have to think about it because I have to write about it in some detail in my forthcoming book. What is the most important thing I would say I've done in Abuja? I think by far the most fundamental thing that we did was the digital land titling - computerising the land register. I think it is the most fundamental paradigm shift we effected and it is what generates the largest source of anger towards me up until today. And this I think, is because you know politicians and senior people in governments particularly in Africa don't like information transparency. And we not digitized the register, but were rushing to actually put all the land records on the web before I left office, but we couldn't quite finish, we still had issues to sort out — I'm still thinking of putting all the land records on the Internet — I have the complete records up to a point - around mid 2007 on my laptop - and perhaps post it all on the web because people don't want others to know how much land they have grabbed, you know. I think that is the most fundamental thing that we did, because it formed the basis for many other things in urban management. For instance, if you go to any city in Nigeria and get on any street and you are looking for house number ten. You'd probably won't find it easily, maybe the first house on your left would be number six, then next one would be number fifteen and so on. This is because in general in our country, we maintain plot numbers instead of properly numbering houses. You know the planners just lay out plots and number them but that should not be maintained as the addressing system.

No city managers in Nigeria have numbered the buildings in a sequential manner such that you have odd numbers on the left and even numbers on the right or something like that. So delivering letters is a near impossible task, and letters in Nigeria are not delivered to an address but only to post office box. So if you want to write me a letter you can't write 4202 Plummers Promise Drive, you have to include a P.O. Box number because the postman will not be able to find any home or office address quite easily. There is no logical system of identifying any address. We did an accurate addressing system in Abuja because once we computerized the land register and have the GIS (Geographic Information System) it was just a small additional to the GeoMedia software to just number the buildings—and then our staff went round physically and affixed the appropriate number to each of the properties.

So throughout Nigeria, it is only in Abuja that you have that quality of addressing system. And you know these little things of introducing order in a situation of chaos is what is missing in most of Africa. If something as basic as that is not done, you can't deliver letters, and courier companies can't operate. You know it was a massive change achieved by just doing one small thing, it's so simple to do if you have everything on the Geographic Information System. We were able to do it while no other city in Nigeria has done it and we did it in something like two months. It didn't cost us much money, you know, so yes I think the establishment of Abuja Geographic Information System (AGIS) is probably the most fundamental thing we did. We get credit for many other things but I think that is the most important thing.

The second, I think is creating a structure and system for Abuja to be run as a city. When I was appointed Minister of Abuja I inherited a Ministry of Federal Capital and after operating for almost a year, I realized that worst way to try to run the city was through a rigid organization like a federal ministry. Managing a city needed a totally different structure. For instance, I didn't need a permanent

secretary and many of the paraphernalia of a Ministry — I therefore made the case for, and got the President to gazette the dissolution of the ministry and the deployment of the permanent secretary and other redundant offices. It was unprecedented because government organizations once created just don't die even when not needed, but I killed one - a powerful one. I killed the Ministry of Federal Capital Territory; it has remained dead even now they have not been able to revive it. They have sent a permanent secretary to the Federal Capital Territory Administration but it's still not a ministry.

How I came to the conclusion to dissolve the Ministry of FCT was quite simple. We have streetlights all over the city, okay, streetlights are public goods, you can't charge people for using streetlights, you can tax them and then use the money to keep the streetlights working. When a lamp or two in a row of streetlights go off, you need to replace them as soon as possible. Now in the ministry, to get the approval to buy one lamp you need to go through four levels and then it goes to someone who will say yes, go buy the lamp. By the time the decision and procurement processes are done with, there are more than one lamp are not working, and the cycle goes on and on. I concluded that one can't just run a city like that. If a lamp is dead, it needs to be replaced immediately. So you need a faster animal to respond to these kinds of challenges. Picking garbage and issues of municipal services need timely provision and response. You know, I concluded that a city is a living organism and cannot be run the way you run the Ministry of Information, that has no very clear targets to deliver.

I looked at every way to privatize the maintenance of streetlights, I couldn't find a strategy that makes sense. I said okay we'll just hand over the management of the lights for fees to private companies just to make sure that whenever one of the lights goes off it gets fixed within 24 hours. So we did a bid process and all that and we even had maintenance equipment that would take you up to the level of the lamps. We leased those equipment to the companies that won the competitive bids.

And the structure of our civil service is that civil servants are "pooled" - that is posted around every ministry every few years. You don't join the civil service and spend your whole career in one ministry or organization. You spend four years here in the Ministry of Information, next, in three years you're in the Ministry of Foreign Affairs, in another three years you're in the Ministry of Finance. And to run a city you need people that know the city and specialize in its administration, and remain there working for the city. I just couldn't afford to have people being posted very few years, so I went to the President after about eight months. I said, "Mr. President this is not working," he said, "Why," so I explained to him and he agreed that what I said made a lot of sense. I said, "We have to abolish the ministry," he said, "Don't tell anyone, go and look at the law or the subsidiary legislation to amend - something I can do quietly because if the civil servants know they will fight you." I said, "Fine," so I went quietly, used a private lawyer to draft the dissolution order, and the President signed it and gazette it. And when I assembled the management of the ministry and announced it, it was a big shock. But since then Abuja has run better and we would not have been able to do what I wanted us to do if we did not abolish the ministry when we did. That was interesting; you know and I recall Obasanjo said, "But how come nobody thought of this," I said, "I don't know." I just knew that you know you can't run this city, this way and I had to figure out what to do to get it done.

BLAIR: For the reforms were—the reforms land titling in particular where you couldn't do this kind of in the middle of the night where things, people were going to know that you were going out there and setting up the GIS system and taking people

out where they weren't allowed to be. How did you build up the support for this and then maintain it as you—

EL-RUFAI: You know to implement the GIS project, we had to present and sell a dummy to everyone. It was evident nobody was happy with the system existing at the time - the paper-based system, the file-based system nobody was happy with. The only people that were happy were those that were in a position to hide files and make money out of it - basically by getting the same plot of land allocated to two, three different people and now collect bribes from everyone of them to resolve the dispute in one's favor. So it is a small group that was benefiting and everyone else resented them and were unhappy.

So what we did was to get a German consultant and contracted the project design, hardware and software implementation to the firm. We signed an agreement with the firm but agreed with that the firm was going to work with a dozen of my staff and I picked six of the staff of the lands department that had a good reputation for honesty and so on, and picked another six that were suspected to be part of the problem to constitute the 'counterpart team'. And we knew they were part of the problem, but we thought that if we excluded them from the process, more of the paper-based land files would disappear - making the clean-up and digitization difficult and incomplete and so on. We needed everybody on the table and because the work entailed trips to Germany and all that they were all quite happy and they all came out with every information they had. And we managed to capture maybe 98 percent of all the geo-spatial data. As soon as we were done, I fired the six officers that were suspected to be part of the land racketeering problem.

BLAIR: Sorry the six were?

EL-RUFAI: I had a dozen staff working as part of the counterpart for the consultant, six were really good, six we picked the worst six, those that were hiding the files, we knew, everybody knew them. To some extent, you know, everybody knew these were the corrupt guys — and if you look at the houses they live in, the cars they drive you know that they were doing something funny - living well above their means - because they couldn't afford those things on the government salary they draw. I was heavily criticized for including them in the counterpart team, - "these are the criminals," many complained. I said listen "I'm not here to get rid of anybody, we are here to get all the information in the GIS and we need these guys, let's take these things a step at a time". Nobody, I told no one what my plans were, and as soon as we're done I retired them from the services of the FCT administration. And because we had a computerized system, once we changed the passwords and the secure access configurations, there was nothing they could do to have access and perpetrate their rent-seeking behavior. We got rid of them and the other 'good six' you know, we promoted and so on.

And everyone was happy, everyone, virtually everyone in FCT because the land racketeering was a small club and we had got all the key insiders out. And by the time all the other land-related departments had online access to the same records, everything changed — that was another problem we solved. You know you have the land department which did the land allocations and kept the records, but you know there are other departments related like Development Control that give approvals for builders, like Urban Regional Planning that actually do the city planning, these guys felt kept out of the whole land business but by the time we had GIS on the network, the Development Control people had access to the same data that the lands people had, the Urban and Planning people all had access. So because we democratized the information it became

more difficult for abuses to take place and hiding information was no longer an option or even possible. If you want some information, you go to lands, and people don't give you, you can go to Development Control. I have this plot I need to know this, this and that, and any land owner can get the same information from multiple sources. We removed information asymmetry.

And when we threatened that as soon as we finished the project, we are posting the land records on the web and for a payment of a token fee using paper or credit card you can check any land record you want, the panic was palpable. You just pay an amount per land record. And we had set up that system, you know everybody there realized that it doesn't make any sense to hide any information, you know. Once you remove the information asymmetry, you know the cost of these things - the information, the plot of land - just came down drastically. It was, but I guess since other states have not been able to do it there must be some resistance but I didn't, I didn't see a lot of it in Abuja when I came but I guess also, you know what people told me after I left was that people were scared of me, people thought I was coo-coo, totally mad!. I was a madman and there was no point confronting me. You know when a freight train is coming at you on high speed, there is no point standing in the way. They saw me as a crazy guy you know, so maybe that helped me, I don't know I haven't thought about it much really, but maybe that helped.

SCHER: We have taken a lot of your time, I just—

EL-RUFAl: *I'm fine, I'm fine you take your time.*

BLAIR: Okay, I think I will just ask just one more question about Abuja and then we can get to a couple, just a couple of concluding questions. As you—we talked a little bit about setting up your staffing system in—oh sorry—actually I am going to just move on to this, sorry.

So some of your, some of the reforms we've talked about have, there's been some level of continuity into the Yar'Adua administration and some of them, some of them haven't had as much success as you've said, what do you think it counts for some of the weakening support for the economic reforms or the privatization and are there sort of strategies that you, that you could have used to—?

EL-RUFAl: *Well.*

BLAIR: It's a big question?

EL-RUFAl: *It's a big question and it's something I've been thinking a lot about to tell you the truth and I alluded to it at my speech at CSIS. You know I think that we went to a lot of trouble to ensure continuity, we thought that if we had a successor from our party, who is educated, and enlightened - and who appreciated that the reform path we pursued was maybe the only alternative Nigeria faced at the time, then policy continuity will be assured. But we were thinking as technocrats and naive do-gooders. You know do-gooders generally think if they do good then everything will be fine, but the world is quite not like that. One thing I've learned now, and one of the biggest mistakes we made was that we refused to engage ourselves deeply with politics. We thought it was tainting because you know we saw ourselves as professionals in temporary jobs, we would have a life after this assignment and we didn't want to mix with all these criminally-minded politicians. And you know we will just do the right things, we just needed to go and minimally interact with them to convince them that this is why we need to do what we have*

*to do, this is where we want the country to go. But other than that we didn't sit at the principal political tables. I think that's our biggest mistake and my new line is **"political reform is more important than economic reform"**.*

And I think the reason why most reforms in Africa have failed was due to the tendency of the multi-laterals and the bi-laterals to focus on economic reform when the key to thinking through and sustaining the governance reforms is better quality political leadership. And not enough effort, - or thought is given to political reforms. And I think that's what happened in Nigeria, we just took it for granted that because what we were doing was right it would be sustained. However, the stakeholders that were losing from these reforms are far more vocal than those that benefited or would benefit from the reforms. Because the thing about reforms is that they have a time lag, you start doing the right things that hurt people, and that are difficult and the results don't really come until a few years down the road - sometimes you need to wait a decade to see the positive outcomes, sometimes say in education sector, even a generation, while the pain is immediate, and the response of the current vested interests vociferous and now!.

Now the guys that are losing out today for a better tomorrow are pissed and because of the structure of our society are often very powerful persons, typically well- connected persons and can easily capture the political elite and push their agenda. I think that was our mistake, if we were sitting at the major political tables, if we had chosen to also be involved deeply in the political process, if we had been more involved in party-level politics, maybe one of the reformers would have been president today. This would have ensured the continuity of what we were doing much more than saying politics was for politicians and then watch while an uncommitted outsider like current President Umaru Yar'Adua, who just stood by while the reforms were taking place, without really understanding them or buying into them, takes over. Because someone who doesn't understand or who has not fully bought into something can easily be convinced not to continue with it.

To be fair to Yar'Adua, he has not been reversing reforms as much as just stopping their continuation, okay but the damage is the same or worse!. He has reversed a few privatization transactions, which quite frankly I agreed with because I think that one or two like the petroleum refineries and the steel plant, were rushed. I think privatization gets a bad name when it is rushed and not very transparent. Russia is the best example of this. It is better to take your time and do it transparently then to rush it for some short term benefit. Because public property is a sacred thing one must be careful how one disposes of it. So I did not even have problems with some of the privatization reversals, but the biggest damage Yar'Adua's government is doing right now, is putting on hold all policies - like pressing pause on the tape recorder so there is no movement, policies not being reversed, but not moving forward either. That is a clear proof of a lack of understanding. Because if you don't like something it makes to just reverse it and go in the opposite direction but at least that is some movement. But when you pause and do nothing, as Yar'Adua has done, it's worse than reversing and this is what has been happening in Nigeria today.

So I think that we made a major mistake there. My advice to every reformer is this - "In addition to implementing your economic reforms ensure you sit at the political table. Don't think that politics is too dirty for you to participate in or think that these politicians are just no good and you stay away. Sit there with them, observe them, understand how they think, convince them, persuade them. You must do the politics otherwise your economic reforms will be short lived."

BLAIR: So when you say political reform you mean getting the political coalition for the reforms margined?

EL-RUFAl: *More than that getting the political coalition, you can patch that kind of coalition together at the time that you are doing the economic reforms. Sit at the political table when other things other than economic reforms are being discussed. Be there when the future of the party is being discussed, when the leadership is being selected be there always because if you sit there with them then you'll hear their grumbles about what they don't like about the reforms and maybe, maybe you can throw some light as to the logic behind your work. And maybe if you're sitting at the table you may end up taking the leadership or influencing its direction significantly. But if you keep away, they will plot to undue everything you've done, you'll just be shocked at how fast and easy all will be undone. We are all in a state of shock now, Nuhu is in exile, I am in near exile, when I go back to Nigeria I am likely to be arrested and detained, I know that, but I know that can't arrest me and then detain me longer than Nelson Mandela, so I will go back, okay but if we had just put in a little bit of effort in politics maybe one of our soul mates would have been president today.*

And you see part of the reason why I am being targeted by the current Nigerian government is because the President (Yar'Adua) and his inner circle believe that I could challenge him for the presidency in the future. Because in 2007 there were rumors that I could be the one that Obasanjo might asked to run and Yar'Adua knows that, so he sees me from day one as a threat and that is why they have to create all kinds of tales about me to smear and discredit and so on and so forth, ahead of the 2011 contest. Because Yar'Adua is an astute politician, and he looks around and thinks - "who are my threats, political threats? But as technocrats, we didn't think like that. We just thought that if we did the right thing and did good the results would be clear. I mean look I get messages from people saying that Abuja is going back to what it was - disorderly, dirty, disorganized. It's no longer clean, it is no longer this and that, no but who cares, who really cares? They (Yar'Adua's circle) don't care about doing good, you know. And because everybody looks out for his best, personal best interest, you know nobody will stand up for anything in the public interest. So I think that was our biggest mistake and I think that reformists all over the world should spend as much time on politics as on economics and I'm not talking about the politics of reform or getting coalitions, no, sit at the political table, be active in the party. Whatever the politicians are doing find time to do it, then you will survive long-term otherwise you'll end up like us - smeared, persecuted, in exile in prison, or even dead.

BLAIR: Were there other challenges or traps that can or did subvert reform while you were there, that the description, which could help other reformers?

EL-RUFAl: *I don't know I think and this is after thinking about it for two years, I think that when things are going well you never know who your real enemies are. And sometimes, sometimes even your boss could be your enemy but you won't know. I say this because you know as I said we realized President Obasanjo had this legacy perspective and we crafted a program around that, but you see as soon as we got the debt relief we became targets, okay? So this is a case of politics again, you know. We crafted a program and it was successfully done. The leader of the economic team, Ngozi got such a high profile that "Time" magazine picked her as one of the world's 100 most influential people and a few months later she lost her job because the President began to think, ah, Obasanjo wasn't among the 100 most influential people, his finance minister was.*

Okay perhaps for Ngozi, that was a mistake, yes maybe. They say don't outshine your boss right, but we did so well that some of us did outshine the boss and I don't know what to tell reformers because when this is happening you will not even know or notice. I don't think Ngozi lobbied or paid anyone for "Time" Magazine to pick her as one of the one of the 100 most influential people in the world, I don't think so. But if you're in that position, make sure you're not on that list. Because some of the problems that we had was that we became too successful at what we were doing. I think, that's everybody's problem I guess.

BLAIR: Where there other strategies—you've talked a little bit about taking advantage of this reform moment where Obasanjo said you know I'd like to end the foreign debt, are there any strategies you used, you talked about giving a plan of steps to get there are there other strategies you used to convince him of the particular reforms. The civil service reform, the various parts of that—the strategy is to convince him to get him on board of those?

EL-RUFAl: *Well you know as I said we crafted everything around getting to that goal, so anytime we go with one reform idea we tie it to that goal, but what I have always done and you see I learned this at the Kennedy School - that I was doing it in the wrong way. So I am surprised that we succeeded pretty well, - what I've always done is when I have a situation I collect as much information as I can find—I get the facts and then I get the counter-factual, okay. When I present my facts and my argument and what will the other side argue, I think about those and what I would respond to and then I go out, okay and sit and say, you know Mr. President or whoever it is these are the facts. This in my view is the solution, these are the issues that should be raised by those against the solution and the facts and these are my responses and this is what I want to do and I need you to give me the go ahead. That usually works and with Obasanjo it worked most of the time, because he is quite a logical person - so again it depends who your boss is, who you have to sell this too. But it worked with Obasanjo most of the time, because when you present him with facts and logic that is infallible, he accepts, even if he doesn't like it. So if it was another president that approach may not work.*

*But at the Kennedy School, I got introduced to something called framing. I learned that there's a new field called Cognitive Science and it was very interesting because when I was in government I always thought that if you have your facts and your logic and thought of your counter-factual and you sit with a person and say okay these are my facts, pa, pa, pa and he has no response to your arguments or he brings up his arguments and you explain them away, then he must agree with you otherwise he's evil. That's what I used to think, Cognitive Science has taught me now that the person that disagrees is not necessarily evil, but perhaps for some genuine, deeply embedded reasons!. And I don't know whether it's real science or one of these coo-coo sciences, anyway, but I bought books on it you know *Don't Think of an Elephant*, *The Political Mind*, George Lakoff, you know there are books on this stuff.*

I have now learnt that people can agree that your facts are right but refuse to accept your conclusions, but I didn't understand that then. I thought that anyone that cannot defeat my argument and my facts but refuses to accept my position must be evil or he's corrupt or he has a personal interest preventing his concurrence. But it turns out according to cognitive science, that people find it easier to accept something new when they can associate it with something they all ready know and accept. I didn't used to do that, you know, maybe I did it by default in some cases, but that was not my usual approach. And maybe if I knew

what I know now I would have approached some of the things I did differently. The nuance of language, what words you pick to describe something, you know, all matter in persuading audiences to accept your point of view. I then understood why in South Africa they referred to privatization as restructuring. Privatization raised all kinds of fears amongst the trade unions and the ANC (African National Congress) so you know they chose, you know that is framing but they called restructuring of public enterprises — it meant the same thing except that they didn't intend to do any serious privatization, I don't think they have done any, have they?

SCHER: Bits and pieces.

EL-RUFAl: Yes, you know, but I think every reformer must learn how to frame, how to present a very difficult or otherwise unacceptable subject, in a way that it will sound as benign, as non-threatening, as possible. Related to something people can connect to - because don't say privatization find another word, - say if the state-owned enterprise is not efficient, use efficiency arguments just don't, just don't talk about change of ownership. If people don't like private ownership talk about efficiency, say we want to make this efficient, we want to make it work better — provide better quality services. And once people accept that, it is easier for you to come back to them and say listen there are three ways of making it efficient, we can fire 2/3 of the staff, they will say, no, no we don't want that, we can sell it to a foreign company. No, no, no we don't want that or we can sell it to locals, maybe that's easier and we'll list the shares on the stock exchange, you know so every citizen can also have an equal opportunity to buy bits of the company.

You know this kind of approach, is framing, but Nasir El-Rufai in 1999 would go out boldly and say - look these companies don't work, they are this, they are that, the best solution is to sell them to a private company because the private company has an incentive to make them work because the investor has raised its money to pay for the company. You know I think framing is one of the most important things I learned at the Kennedy School. Sit down, look at where you want to go, look at the audience and what you think they can connect to and present your story, your reform argument in line with where they are coming from and link it to what they can connect with. It is easier to convince them, then to talk technical jargon. I didn't used to think like that. How I was even being able to do what I did, now surprises me.

BLAIR: Maybe for one last question, I don't know if you have any final questions Dan?

SCHER: I actually have one more if you don't mind, just to something you mentioned earlier. You spoken a fair amount about this so I don't mean to make you talk more about it but this idea of getting involved with party politics, to some degree at least from the small amount of reading I have been able to do about your activities and Nuhu Ribadu's activities a lot of what you were able to accomplish was because you were in many ways fairly independent especially in Nuhu's case he got tagged as being Obasanjo's personal Doberman, even though there was no real evidence to that effect.

EL-RUFAl: Yes.

SCHER: And by involving yourself more in party politics as you suggest, wouldn't you perhaps have in some ways compromised the independence you had to push through some of these more difficult reforms? I mean how do you walk that very fine line between being someone who's independent and able to get things done

and being somebody who's associated with a political party and a particular point of view?

EL-RUFAL: Okay you see in the case of Nuhu his job as a career public servant required that he should not be involved directly with party politics; well he was basically a policeman okay? But in my own case both as head of the privatization agency or cabinet minister, it was naive of me not to be involved in party politics. And I think that exercising independence is a personal decision you take. Being in the party does not mean you become an political automaton—I mean the party cannot tell you to do what is wrong, but when they suggest it, you are there to explain why it is not possible, okay, if you are not there they will grumble and complain and will wait for the time to undermine you. This is my point.

SCHER: Okay, okay, I see, I see.

EL-RUFAL: Yes you must be there, they must see you as one of them and then you keep using the opportunity to explain why what you are doing is important for everyone in the long term. You must be seen as one of the boys but in the case of Nuhu it really in fact part of Nuhu's albatross was the fact that he got too closely involved with Obasanjo's intolerant politics, and in his position I would not have done, got as involved with Obasanjo as he did but Obasanjo really got to like him and tried to draw him close. I understand that, but the nature of his job was such that it was important to keep a distance from the politicians, which he did not do very well in my view. But in my own case, our Constitution impliedly requires every minister to be a member of a political party. So the ruling party knows I'm a member, I hold a party card and before I was cleared by the Senate I had to show that I had been a party member so there was nothing new there but in Nuhu's old position it's slightly different.

You have to be independent, you have to do what is right and being there will not change it okay, but it gives you the opportunity, as I said, to explain why you are doing what you are doing even though it appears not so nice to them, you know.

SCHER: Okay Graeme.

BLAIR: Okay so maybe for just one last question, our program helps leaders share their experiences and innovations in building institutions in kind of difficult places, was there any kind of strategic advice or technical information or assistance as you were, as you were starting the process of reform in your civil capacities that you would have liked to have had then, we are always on the lookout for these kinds of things?

EL-RUFAL: I have mentioned one. I should have gone to Kennedy School before my public service career began. Really seriously, if I had gone to Kennedy School in '98 before I got into government I would have been far more effective and probably slight less despised by our successor administration, you know. I think training in public administration, public policy is key to getting a person to think in a particular way. I came into government with a business degree and business thinking and so on. And maybe that helped me push through certain things, you know, I said someone commented when you have a freight train coming down, the guy is smart you don't just let him be and wait him out, you know and yes they waited me out. I'm out now, they are changing many things, but I wished I had done this ten years ago, truly. Maybe I would have done many things differently, so the value in the Kennedy School experience is much more than what I read, but what I learnt from people of similar backgrounds. You know today because of the internet there is a lot of information and experience out

there that you can just read, you can just absorb, so you don't even need to go to Kennedy School I guess, but certainly some exposure in public policy and experiences of others, helps, helps a lot. What else, I can't think anything of more right away, I'm an old man, nearing 50 you know.

BLAIR: Well thank you very much Mr. El-Rufai it's been a pleasure speaking to you and this has just been an extraordinary experience for us.

EL-RUFAI: Thank you.