Public-Private Funding and Road Infrastructural Development in Nigeria

[1]Emoh, F. I., [2]Edemodu, C. A, [2]Oparaugo, K. O.

Abstract
Road infrastructure development in Nigeria has primarily been through the traditional forms of procurement strategies by the federal, state and local governments through budgetary allocations and door-financed loans and grants this thereby leaves the Nigerian road sector in a precarious situation. In recent time, with the demand for more road infrastructure arising from the population explosion and urban-rural migration coupled with the financial crisis experienced by the Federal Government resulting from global economic and financial crisis the Federal Government of Nigeria therefore sought to involve the private sectors in the development of road infrastructure facilities via Public-Private Partnerships (PPPs) like the developed countries so as to meet their economic growth. This paper examined the state of road infrastructure development through Public-Private Partnerships in Nigeria with emphasis on the strengths and limitation of PPPs. The chapter begins with a review of literature on the concept of PPP road infrastructure development in Nigeria. Academic literatures were also reviewed on PPP objectives, operational and financial characteristics in road infrastructure development in Nigeria

Keywords: effective, efficient, framework, public-private partnerships, development, strategy, institutional and regulatory

Introduction

Transportation is perceived as the cornerstone of civilization (Oni and Okanlawon, 2006), and one of the major contributor to economic development (Holtz-Eakin and Wachs, 2011). This contribution is however, dependent on the availability of road infrastructural facilities, which is recognised as a major driver of national economic growth and development (Queiroz and Gautam, 1992). Hence, Road infrastructure plays an important role to socio-economic and national development cannot be overemphasized. It is strongly believed that national growth is a function of adequate and well-functioning road infrastructures that underscores the production and free flow of goods and services within and outside the country's territorial boundaries. According to Obozuwa (2013), road infrastructure development in Nigeria has assumed a central importance in the fight to a more stable social and economic development, *ibid* further opined that the federal and many state governments in Nigeria are using infrastructure as the focal point of their administrations and policy enactments. In view of this, there is therefore the need for the development of road infrastructure base in Nigeria comparable to those of other developed nations in the world. Omisore (2014) position that the Central Bank of Nigeria (CBN) has estimated that the Federal Government of Nigeria will require US$100bn of investment in infrastructure development over next ten (10) years coupled with the Nigerian population growth and demands for infrastructural facilities in which US$14bn shall be for road maintenance and development.

[1]Department of Estate Management, Faculty of Environmental Sciences, Nnamdi Azikiwe University, Awka.
[2]Department of Estate Management, Faculty of Environmental Studies, University of Uyo, Uyo.

According to a report; Reforming Road Transportation in Nigeria (2009) cited in Federal Ministry of Work (2013), Nigeria is ranked top compared with other countries in Sub-Saharan Africa in terms of road network. The southern region has one of the lowest road network in the country when compared to its North-Central counterpart which has the largest road network in Nigeria being the seat of the Federal Government with an estimated 58,000km of road network made up of 18,000km, 15,000km and 25,000km for Federal, State and Local Government respectively which were grouped as Trunk A, B and C; connecting villages to cities, the distant with the near and the inter- land with the urban market (FMW+, 2013; Adamu, Lowe and Manase, 2015). Although between 1999 and 2012, the Federal Government of Nigeria has appropriated about N1.4 trillion for the road sector (Ogbodo and Jimoh, 2012; Njoku, 2013), therefore, the level of contribution of the road transport sector to national economic development could be affected by inadequate funding. (Foster and Pushak, 2011) observes that although a road preventive maintenance benchmark of $240 million per year is recommended; the government allocates about $50 million per year to preventive maintenance, hence, failing to reserve enough resources for this purpose. It is believed that the practice have been deeply entrenched in the system due to evidences of undue bias towards funding the construction of new roads, while under-funding maintenance of existing ones (Road Sector Development Team, 2010).

However, the nearly exclusive concentration of road infrastructure provision in the hands of the public sector in Nigeria, has led to failures in delivery of many road infrastructure facilities in the zone (Adamu, Lowe and Manase, 2015). Similarly, the traditional inefficiency associated with public sector in charge of the road infrastructure development in the country has affected the quality and reliability of services provided by the public sector in road infrastructure development in Nigeria as a whole (Adenikinju, 2003; Adamu et al., 2015).

Akampurira et al., (2008) concluded that, the provision of adequate and reliable physical infrastructure is important; given the role it plays in supporting the growth of industry and delivery of social services which enable the movement of people and goods, and so on. Li et al., (2005) recognized public private partnership (PPP) as an effective way of delivering value for money for public infrastructure and services. Hence, PPP seeks to combine the advantages of competitive tendering and flexible negotiation; to allocate risk on an agreed basis between the public sector and the private sector.

The present state of Nigerian roads provides additions to the rate of poverty particularly, among the peasants who as farmers, artisan and other petty traders inhabit mostly the neglected rural areas of the country. The persistence road decay in the nation continue to impact the economy negatively in all facets of life, requiring urgent remedy by all stake holders as the government, despite the perceived huge financial resources at its disposal could not handle the problem alone. Arising from the deplorable conditions of roads and other infrastructures in Nigeria which continued to ravage the economy and minimizing the welfare of the people, The objectives of this paper is therefore positioned to examine the rationale behind the persistent apathy of successive governments (Federal, State, and Local) in Nigeria from addressing the issues of deplorable roads despite their avowed interest in lifting the life-style of the majority of the citizens, The extent the improvement of these roads, either through construction, expansion, rehabilitation, or proper maintenance affect the development of the economy particularly the real sector and consequently, the wellbeing of the people, and Nigeria can successfully benefit from PPP, as a policy option, in her efforts towards sustainable economic growth. The rest of the paper is sub-divided into six sections and is concluded in section seven.

Economic theory as put forward by the 20th century revolutionary economist John Maynard Keynes advocated strong support for government spending to create jobs and to allow utilization of unutilized capital at a time of economic downturn when employment of capital and labour was high. It is not surprising therefore, that scholars have engaged in research exercise overtime, attempting to investigate the long term possible relationship between public expenditure on infrastructural development and the growth rate of the economy.

In a study conducted by Kweka and Morrissey (1999), in Tanzania on government spending and economic growth, it was established that public investment on physical infrastructure and human capital contributed positively to the economic growth of the nation. In related studies on Saudi Arabia by, Al-Yousify (2000), and Abdullah (2000), it was discovered that the government expenditure contributed to economic growth. Similar outcome in result was arrived at in India in the study by Ranjan and Sharma (2008). This position did not receive the approval of others who argued that on the contrary; an increase in government expenditure rather than promoting economic growth will actually slows down the performance of the economy. In this category are Laudau (1986), Barrow (1991), Engen and Skinner (1992), and Folsters and Henrenkson (2001). This argument is built on the point that attempt to increase spending by government will induce increases in taxation and borrowing, which in turn would reduce income, aggregate demand and discourages hard work, innovation, and creativity. Equally, higher profit tax will create higher costs of production which could negatively affect investment expenditure and the earnings of several firms. Where government financed infrastructure development with borrowed funds from the banking sector, it will crowd-out the private sector, thereby reducing private investment in the economy. In era of political activities, politicians hold on to power, sometimes increase expenditure and investment in unproductive ventures or in items which could better be officially handled by private sector, thus misallocating resources that could impede growth rather than improvement. The Nigerian government expenditure pattern on infrastructure has not escaped the attention of scholars, because literature is replete with various contributions on the subject to facilitate comparison on the impact of such spending on the growth of the economy.

However, Al-Fario (2002) in his work on Public Expenditure and Economic Growth concluded that an insignificant relationship exists between government consumption expenditure and the rate of economic growth. Israel (1991), in a study carried out to analyze the economic rate of return of World Bank financial project from 196884 showed transportation investment particularly on roads to be very productive. Thus, an efficient road network could reduce the time and cost of movement of goods within a country and equally facilitates connection among the different parts of the country which enhances interaction. Anyanwu, Adebusuyi, and Kukah (2003) in their article on maintenance of Highway in Nigeria observed that the growth of economic activities in Nigeria depended on the level of improvement on the roads. Aigbokhan (1999), in his study on infrastructure opined that, infrastructure variables have positive correlation with private investment and economic growth, and that promoting investment led-growth requires adequate funding on infrastructure to create new capacities and equally maintaining the existing ones. Expenditure on roads enhances distribution of goods and services through national and international markets and good transport linkages reduce transport costs, while promoting industrial development. Familoni, citing Aigbokhan (1999), in a paper “Evaluating Investment on Basic Infrastructure in Nigeria” gives examples of infrastructure as public utilities such as power, telecommunications, piped water supply, sanitation and sewage, solid

waste collection and disposal and piped gas as well as public works which include roads, major dams and canals for irrigation and other transport projects like urban and inter urban railways etc. To Aigbokhan public infrastructure does three things: It provides services that are part of the consumption bundle of residents. Large-scale expenditures for public works increase aggregate demand and provide short-run stimulus to the economy and it serves as an input into private sector production, thus augmenting output and productivity. The provision of economic infrastructure can expand the productive capacity of the economy by increasing the quantity and quality of such infrastructure. Improvements in maintenance would enhance the quality of existing infrastructure giving rise a vent of surplus. Roads and transportation are very essential to every member of the society for meaningful living. Transport is very critical to economic growth; a direct relationship exists between a country's economic prosperity and kilometres of paved roads (Queiros and Gautam, 1992). Thus economic infrastructure such as road provides the foundation where upon a solid structure of growth and development can be adequately erected, but a weak and fragile foundation might not provide for a super structure to build on. On the situation of road network in Nigeria Delaney (2008), says "Identifying the extent of decay in Nigeria's infrastructure is not a difficult task; from transport to health, from energy to utilities, decades of malaise and underinvestment have taken over their toll on the nation's infrastructure" This state of decay was captured in 1999 at the inception of the democratic dispensation after long era of military aberration in governance in Nigeria, when the former president of Nigeria, President Obasanjo said, "Transport is the lifeline of the economy and social interaction. An inefficient transport system implies stagnation in all sectors. Our priorities in this sector will be the design and implementing a new policy on road maintenance" The setting up of the Federal Roads Maintenance Agency (FERMA) was perhaps a fall-out from the President's observation and as the new policy direction of restoring dignity on Nigerian roads, despite the earlier intervention of the Petroleum Trust Fund (PTF) on some road rehabilitation. These government agencies have not been able to impact positively in putting the roads in good condition, rather rapid deterioration is being witnessed all over the country.

Most of these roads constructed more than three decades have become very deplorable due to neglect and sometimes lack of proper maintenance. The Central Bank of Nigeria in (CBN, 2003), observed that, most of the Nigerian roads have not been rehabilitated once since they were constructed; major cracks (longitudinal and transverse), depressions, broken down bridges and numerous potholes make road transport slow and unsafe. Currently, about 51%, 58.3%, and 61.0% respectively of Federal paved roads made up of the (Trunks A and F), State paved roads classified as (Trunk B), and Local Government

The 2006/7 Global Competitiveness Report cites infrastructure as one of the twelve pillars which are fundamental to a country's ability to compete, but in this report, Nigeria ranked 95th in the world overall, behind countries such as Botswana and Namibia. In terms of road infrastructure considered as the second pillar, Nigeria ranked 114 out of 131 countries in the world (Delaney, 2008). The funding of road building has from inception of nationhood been the prime responsibilities of the various governments, but the realities in Nigeria today is that, infrastructure investments are lumpy with large up-front costs, long term streams and tend to be in fixed location hence are not usually attractive to investors who are willing to invest. Despite this fact, the public sector must still create good environment that could allow private participation in funding and maintaining roads and other infrastructures. An acknowledged fact in literature about infrastructure development in Nigeria is poor maintenance. The various development plans have always

emphasised the importance of infrastructure particularly, functional road network in Nigeria where it accounts for over 90% of urban and rural mode of movement of goods and people. d as (Trunk B), and Local Government. Wasike (2000), observed that major problem culminating in the poor state of the Nigerian roads is that the construction standard has always been very low and ineffective coordination.

As the economy develops, more goods need to be transported, more people will travel, more products produced: all these can only be possible with a transport network equipped to handle the large volume of goods that a country of about 140 million people needs. Nigeria's transport sector contributes less than 3% to the real GDP, with road transport accounting for over 83% of sector output. The number of vehicles on the road has increased by more than 30% since the beginning of this millennium, struggling to transverse a mere 193,200 kilometres of roadways, of which 15% is paved. The annual cost of the poor road networks has been estimated to be in N80 billion by OECD. Still, neglect and poor maintenance of roads by all tiers of government, the views of Adesanya (1999) captures the consequence that "when maintenance is deferred, two things happen thus: the costs of operating vehicles in the short-run will likely increase; while in the long-run the rehabilitation of paved roads every 10-20 years will be more than three times as expensive for the government, in terms of cash as carrying out road maintenance on regular basis"

Nigerian Economy in Perspective

This recent rebasing of Nigeria's GDP, which changed base year from 1990 to 2010 and the subsequent increase in the industries measured for GDP calculation, has increased the size of the economy of the most populous black nation by 75%. This success is traceable to strong growth indices, improved macroeconomic stability, expanding population and also demands friendly markets which have attracted attention from international investors in recent years in country's economy growth. In the last two years, Nigeria attracted the highest portfolio investment inflows.

Masetti (2014) stated, that Nigeria now leads in Africa ahead of South Africa, cannot rejoice yet when compared with population figures, Nigeria is more than three times the size of South Africa. This implies that even after the GDP rebasing Nigeria's GDP per capita is just about one-third the size of South Africa's. Therefore, her higher nominal GDP, Abuja is next to Johannesburg in terms of GDP per capita by a wide margin. Also, when compared to South Africa's diversified economy Nigeria's reliance on primary commodities leaves much to be desired, not to mention the lead being enjoyed by South Africa's financial markets.

Nurudeen and Usman (2010), are of the view that increase in government spending on socio-economic and physical infrastructures will promote economic growth. For instance, government expenditure on health and education improves the productivity of labor and increases the growth of national output. Further, expenditure on public infrastructure and utilities such as roads, water, communications, power, waste management and so on, reduces production overheads, encourages private sector investment and increases profitability of firms, thus stimulating economic growth.

On the other side of the divide, however, Folster and Henrekson (2001) refute the submission that the increasing government expenditure will promote economic growth, rather they assert that higher government expenditure may reduce overall growth of the economy. They are of the opinion that, to fund rising expenditure, government may hike the area of taxes. Higher income tax reduces an individual's purchasing power, increases production costs and also reduces profitability and reinvestment. This in turn has a negative multiplier effect on income and aggregate demand. In the same vein, borrowing especially from banks to finance expenditure is not really an

option. This is because government will be in competition with private sector for limited funds thus reducing private investment.

Furthermore, the relevance, preference and priority of projects embarked upon by government in recent times seems to be synonymous with lingering and consistent case of misplaced priority. In order to score cheap ratification and perpetuate themselves in power, politicians in collaboration with top civil servants increase expenditure and investment in white elephant projects that have no direct bearing on the lives of the masses and in most cases results in uncontrolled projects. Also projects that are better handled by the private sector due to the experience they have on the job are handled by government. To this end, government occasionally misallocates resources and thereby clogs the growth of national output.

Since the discovery of crude oil in Nigeria, government expenditure has continued to rise due to the huge receipts from its production and sales, and the increased demand for public infrastructure like roads, communication, power, and water. Tactlessly, consistent upsurge in government expenditure has not metamorphosed into significant economic growth and development, as Nigeria still ranks among the poorest countries in the world. Added to this, is gradually dilapidating infrastructure that has led to the closure and relocation of many industries, thereby causing high level unemployment.

Models of Public-Private Partnerships in Nigeria

Olufowose (2008) succumbed that transport infrastructure services in Nigeria are insufficient and in deplorable conditions. Nigeria's transport sector backed about 2.4% of real GDP in 2004 with road transport accounting for about 86% of the transport sector. He stated further that of the total 193,200km of roads in the country, only 15% of are paved and about 23% of the paved roads are in bad conditions, requiring urgent reintegration. The situation still remains the same now. Considering the wide infrastructural chasm, urgent investments are needed particularly in power generation, transportation, waste disposal and water supply in Nigeria.

According to the National Council for Public-Private Partnerships (2012), a PPP is well-defined as a contractual agreement between a public agency (federal, state or local) and a private sector entity. Over this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, every party shares in the risks and rewards potential in the delivery of the service and/or facility. Public Private Partnership can also be labelled as an agreement between governments and private sector firms for the provision of public infrastructure, facilities and services. It is a contractual arrangement between public and private sector partners which requires the private sector to invest in the development, financing, ownership, and operation of a public utility or service and responsibilities shared so that the partners' efforts are complementary. The private partner may contribute considerable cash or equity in the project and the public sector may also contribute but eventually gains access to new revenue or service delivery capacity. It also refers to a form of cooperation between public agencies and the private sector to finance, design, build/construct, renovate, manage, operate or uphold an infrastructure or service utility which involves some form of risk sharing.

Egbewole (2011) believed that the allocation of sizable and, at times significant, elements of risk to the private partner is essential in distinguishing the PPP from the additional traditional public sector model of public service delivery. There are two basic forms of PPP: contractual and institutional. Although institutional PPP has been quite successful in some circumstances, particularly in countries with well-developed institutional and regulatory capacities, contractual PPP

are meaningfully more common, especially in developing economies.
While around is no universal consensus about the definition of public-private partnerships, the following elements typically characterize a PPP: The infrastructure or service is funded, in whole or in part, by the private partner. Risks are spread among the public partner and private partner and are allocated to the party best positioned to manage each individual risk. PPP is a complex structure that involves multiple parties and relatively high transaction costs. PPP is a procurement tool where the focus is payment for the fruitful delivery of services (the performance risk is transferred to the private partner).

Oyedele (2012) identified the following types of PPP model:
Build, Operate, Transfer (BOT); here the private investor faces the test of construction risk, operating risk and social, and environment risk, endeavors to make profit, and thereafter transfer ownership to government at the ending of the time stated in the contract. Under this model, the contractor may be a developer and financier who will build and own the property with the agreement that the client will retain the property in the future. This model is usually used for specialized facilities like hospitals, schools and housing.

Design, Build, Finance, Own (DFBO); in this model, the venture is 100% private sector possessed. The challenge here is that of regulatory risk, project risk and creeping taxation. It is a Public Finance Initiative (PFI) in which a private sector firm apprehended a development idea, design, construct it, operate it and own in perpetuity.

Design, Build, finance, Operate and Transfer (DBFOT); in this model, the private investor is charged with the responsibility to design a project, build it, finance it and operate in an agreed period of time, subsequently transfer ownership title and operations to the government. The second Niger Bridge, currently under construction, is being built by a Julius Berger - Nigeria Sovereign Investment Authority (NSIA) Motorways Investment Company (JB-NMIC) consortium. This model is being applied under a concessional period of 25 years.

Build, Own, Operate and Transfer (BOOT); this is alike to DBOT model however the private sector partner will have a complete ownership for a given period of time, during which it directs the affairs of the enterprise with meddling from the public sector
Rehabilitate, Operate and Transfer (ROT); this is an agreement to rehabilitate existing public infrastructure, operate it for an agreed period of time and transferal ownership to government at the expiration of the contract.

Joint Development Agreement (JDA); this model cheers the private and public sector to come together and sponsor the development of a project from scratch. At completion, both parties sustain the stakes in the management and running of the venture.

Operation and Maintenance (OM); in this model, the operation and maintenance function of the project, typically existing, is contracted to the party that has the experience, resources and technology to carry out the function ownership and management remnants with the initiator

Management/Lease Contract; Management contract and lease contracts contain a private firm taking over the management and control of a public enterprise for a given period of time although the facility continues to be owned by the public sector. The public sector could retain the accountability of financing the investments in fixed assets. In the case of management contracts, the public sector also finances working capital. In this plan, it is 100% Public sector owned.

Outsourcing; this is where government outsources some associate services to the private sector such as billing, postage, stationary supplies, metering, transport, or cleaning.

Leasing Contract; In Lease Contract, the private investors shape the infrastructure and lease it to government below finance or operating lease.

Greenfield projects; With Greenfield projects a private body or a public-private joint venture builds and operates a new facility for the period specified in the project contract. The facility may return to the public sector at the end of the contract period or might remain under private ownership.

Divestiture; Another procedure of private participation in infrastructure is divestiture where a private entity buys an equity stake in a State-Owned Enterprise through an asset sale, public offering or mass privatization. For a country where the majority of the citizens is stricken via poverty, whatever model is adopted would place the benefit of citizenry at top most priority.

Concession; this is a collaborative agreement between a government and private developer(s) to design and develop facilities through combination of participants which include the financiers, contractors and consultants. The developers may not unavoidably be the financiers of the project.

Factors that can Boost PPP in Nigeria

The federal government desires to appreciate factors that impact would-be-investors in their choice of investment outlet in Nigeria. Some of these factors, according to Abiola and Francis (2011), are financial market, economic, socio-political, and environmental factors. The Nigerian financial sector remains somewhat underdeveloped. Its ratio of bank deposits to GDP is only one fifth that of Indonesia or South Africa, and it shows only around half as much outstanding credit relative to GDP. Over 60.0 percent of the outstanding credit goes to the government, compared to 30 percent for Indonesia and 10 percent for South Africa. The ratio of Nigeria's private sector credit outstanding to GDP is only about 12 percent.

The financial market sector

The Nigerian financial sector functions primarily as a channel to finance government debt and secondarily to the private business sector. This is of course the opposed of what is necessary for vibrant economic growth (King, 2003). Huge amount of money is required to fund ecological development in Nigeria. The annual funding requirement surpasses the capacity of government, thereby necessitating the need to seek intervention of the private sector

Political and Governance Factors

Nigeria has changed its leaders many times but the social, economic and political problems remain unsolved. The country depicts a case study in oil-based wealth being squandered by poor governance and internal strife. Given Nigeria's location and ports, the country could be an economic hub for western and central Africa particularly in the environmental development sector. Out of 52 years of flag independence, the military has ruled for about 30 years while democratic regimes have intervened for about 22 years. The unstable political prearrangement and weak economic administration have taken its tolls on all sectors of the economy. The Index of Economic Freedom ranks Nigeria as a mostly un-free economy due to high trade barriers, heavy regulation, and excessive government intervention. Accordingly, foreign investment outside the oil sector has been impaired. Efforts to address the political and governance challenges in Nigeria through proper resources management, transparency and accountability, security, rule of law, honesty among others require strategies that will strengthen the country's fundamental development problems.

Corruption Factor

There have been no commensurate improvements relative to the huge amount of money allegedly spent on the ecological/environmental sector due to institutions and performing of new laws to actualize a policy of a corruption free society. Some of which include the Independent Corrupt Practices Commission (ICPC), Economic and Financial Crimes Commission (EFCC), Due Process Office, Failed Bank Decree No. 18 of 1994, Advance Fee Fraud Decree No 13 of 1995, Money Laundering Act of 2004, Enactment of Fiscal Responsibility Act 2007 and Public Procurement Act 2007. Nevertheless, wide corruption has worsened service delivery and the country's rating. It ought to be noted that Transparency International ranked Nigeria as 134th with 2.4 scores in corruption perception index, in 2010. Currently in November 2012, Nigeria has been ranked as the 35th most corrupt country the world over.

Economic and Social Factors

The structural imbalance of the Nigerian economy rests a concern. Nigerian economy is based on the export of crude oil. Incapacity to diversify the base of the economy impairs domestic production. Also, social indicators in Nigeria remain weak in general and are below the average for sub- Saharan Africa. According to the 2009 Nigeria Living Standards Survey (NLSS), the proportion of people living below the poverty line is estimated at 54.0 percent. Weaknesses in power infrastructure deter sustainable economic growth. The Investment Climate Assessment of Nigeria, in a survey completed in 2008 with the joint support of the World Bank and the Central Bank Nigeria finds that electricity is the most binding constraint to doing business in Nigeria for more than 80 percent of firms. The survey also finds that electricity-induced indirect losses of firms account for 61 percent, followed by transportation (26 percent), bribery (11percent), theft, robbery and crime (2 percent).

corruption. Various efforts have been geared towards good governance and anti-corruption. Protuberant among the existing efforts are creation anti-corruption a cardinal programme and setting up of

Environmental Factors

Deforestation, degradation, aforestation, spillage constitute environmental challenge in Nigeria. Environmental effects may arise under the power sector projects especially the rehabilitation of existing power plants and construction of new ones. The primary national instrument for the preventive parameter of activities that could impact negatively on the Nigerian environment is the Environmental Impact Assessment (EIA) Act 86 of 1992. The Act needs to be enforced and be made mandatory for an EIA to be conducted prior to the construction of projects to recognize and mitigate negative impact that may arise as a result of the project.

PPP Experiments in Nigeria

PPP interventions in Nigeria has been bedeviled with various forms of obstacles, however, this ought to be seen as mere teething problems. At the earliest stage of its introduction in Canada, the framework was labelled as "Problem, Problem, and Problem. Sotola and Ayodele (2011) are of the opinion that the controversy and problem surrounding PPP could be less damaging if public authority transferring public utilities to private sector make efforts at transparency and public education all through the project life circle.

The Olokola FTZ Gas project was conceived as a PPP venture involving Ogun, Ondo and a consortium companies in the oil and gas industry. Though this project is not officially closed, the commitments from political leadership have waned, with a change of government in the states. In making efforts to repair the

Lagos/Ibadan expressway, the federal government of Nigeria engaged the services of Bicourtney Nig. Ltd in a Concession exercise to develop and manage Lagos-Ibadan Expressway into five lanes. Bicourtney Limited was anticipated to coordinate the financial and technical contributions of other partners and not to act as the contractor, but to be the manager of the concession. Managing the concession involves arranging for finance and reputable contractors to develop the road. However, this effort botched because Bicourtney could not get a financier, and rather turned itself into a contarctor. Government, of recent, had to revert to the former contracting system by engaging the services of Messrs Julius Berger Construction, and RCC. However, the company's aviation arm was fruitful in the construction of the local wing of Murtala Muhammed International airport.

In the same vein, Oyedele (2012), identified the tests of the Kuto-Bagana Bridge over the River Benue, which is a PPP venture between the federal government, Kogi and Nasarawa State governments. One of the states, Nasarawa paid its counterpart fund of N1billion to the development partner, though other parties could not meet up with their obligation.

The Victoria Island - Epe Express Road also failed because the concessioner Lekki Concession Company (LCC) failed to carry along other stakeholders. Without adequate consultation and approval, LCC wanted to construct three toll gates within a distance of less than 5 kilometres. Concerned Nigerians kicked against the idea and threatened legal actions. The state government was compulsory to construct alternative roads that leave road users with options. This is in line with United Nation's rule on PPP. Cutting corners affected Messrs Maevis airport landing fee-collection concession at Murtala Muhammed Airport, Ikeja. The venture failed because of the alleged costly non-receipted amount paid upfront by the concessioner.

The perennial problem of the Ajaokuta Steel Rolling Mill also arises to mind. Recently an attempt to use public private partnership in reviving the facility attracted some public outcry. The inability of the government sector to achieve the steel mills in Nigeria has caused a near comatose situation for the steel industry. The latest of such is the concession approved Global Infrastructure Holding, supposedly owned by a past President. The concession involved National Iron Ore Manufacturing Company, Ajaokuta Steel rolling mills and Delta steel rolling mills. Sentiments and public outcry bedeviled the project.

In 2004, the Ogun state government unveiled a cargo Airport initiative under a PPP framework. The project was located in Iperu/Ilishan axis in Ogun East Senatorial district. The design of the project was based on the framework that the state government would kick-start the project with on-site mobilization of contractor and some designated private sector members will ensure the conclusion. By 2009, the project has been abandoned due to controversies and allegations of corruption. Gateway Hotels, owned by the state government, remained closed due to disagreements surrounding concessioning agreements. The concessioning of many publicly owned projects to private firms has become a major debate in public discourse in Ogun state since the coming on board of a new administration. The government had instituted a probe into the public-private partnership ventures arrived into by the previous administration in the state.

All is not gloom, however, in various PPP interventions in Nigeria. Some successes were recorded starting with the development of the oil industry immediately after oil was discovered in Oloibiri in Bayelsa State in 1956.

Having no expertise on ground to mine the black Gold, government turned to multinationals in the oil industry for partnerships. Further, the development of Dolphin Estate, Lagos, in the 1980s was

through PPP by the Lagos State government and HFP Construction Limited. This, no matter how little, has paid to upscale housing provision in Lagos. Adopting the Design, Build, Finance and Own (DBFO) model, the Millennium Park, Maitama Abuja was designed and developed by Salini Construction Company Limited. Where wholesale privatization or commercialization of existing structures appears impossible, government adopts PPP on a partial basis. Sotola and Ayodele (2011) submitted that in accepting a sectoral view of some parastatals within the government, it was discovered that public private partnership has been employed in form of granting concessions to divest or privatise many units. In the Nigeria Port Authority (NPA), 16 terminals have been concessioned to private firms.

Lagos state, which pride itself of having the largest economy in Nigeria, also recorded achievement in some of its PPP projects especially in public transportation such as the LAGBUS and BRT. The Bus Rapid Transit (BRT) service has eased the movement of people along its routes thereby making way for convenient means of transport in a city with abysmal traffic jams. With a homogenous billing system, the service makes life easier for Lagosians as the sudden hike in bus fare by the regular commercial buses can be avoided. One fact that shows the effect of BRT on transport cost is that it carries about 4,192,950 passengers per month. These passengers would have been at the mercy of commercial transport drivers who have no fixed price and predictable programme.

Challenges of Public-Private Partnership in Infrastructural Financing in Nigeria

According to NPC (2006), Nigeria being Africa's most populous nation also duos as its biggest infrastructural market. Construction is the mainstay of infrastructural development. All other sectors of the economy like manufacturing, education, health, sports etc., depend on construction industry for performance. However, with the obvious decay in infrastructure, and the letdown of existing contracting methods, due to capricious degrees of corruption, adoption of PPP appears to be an attractive alternative. Oyedele (2012) asserted that the focus of PPP is on end results and standards, and not on processes as the case is with traditional contracting. PPP provides the best quality and value for the taxpayer's money.

Adoption of PPP in infrastructural development will afford adequate and affordable infrastructures, employment, rural development and tax as a form of income for government. PPP has been successfully used in the provision of infrastructures world over. According to Oyeweso (2011), the infrastructure gap is very wide in Nigeria because of the recklessness of past and present leaders in the provision of infrastructures. With PPP, governments are now attaining greater provision of infrastructures.

PPP helps the government to emphasis and to engage in more capital investment than it would by following conventional procurement methods. It is akin to taking out a mortgage, with public bodies being forced to pay the true market rate for capital. Commercial companies deliver the initial capital and in theory assume the risks associated with construction and maintenance in return for guaranteed leases that will allow them to cover costs and make a profit. Instead of building new offices, schools and IT facilities, local councils now lease them from commercial companies, thereby providing the provider of these 'asset-based services' with a secure low income. Despite the above, there exists some challenges. A key function of the government is the provision of infrastructure for the populace. Most Nigerians still view the transfer of this responsibility to the private sector as gross inefficiency especially where it is marred with controversies, as it is the case with Nigeria. PPP has been seen by many pundits to be, elitist, exclusive and

diversionary. Pricing is a major economic obstacle. Citizens are concerned that, if not curtailed, their collective future will be mortgaged to the elites, especially in situations where there are no existing and/or efficient alternatives. Some pundits are rather conservative, as they see PPP as the leeway employed by powerful firms and multinationals, primarily driven by profit, to gain entry into the public sector.

Oyedele (2012) opined that PPP will always be a more expensive method of funding capital projects because of the requirement to finance the profits of the private firms and the additional borrowing costs. This has caused an affordability gap for many public service organizations. PPP has also been viewed as indicative of the secret and conspiring relationship the government has with big businesses. This can be likened to a face saving relationship for political benefaction and electioneering sponsorship. Another problem is that the complexity of many PPP agreements. Most are designed in such a way that it defeats the very essence of democracy- as government of the people by the people and for the people. Closely related is the responsibility factor, PPP places on successive administrations on the supposition that government is continuum. With Ogun State, Nigeria as case in point, these administrations may not wish to continue with the contract, where there are no binding laws. Public Private Partnership can be more successful if there is clearness in the partnership.

The objectives of this paper is therefore positioned to examine the rationale behind the persistent apathy of successive governments (Federal, State, and Local) in Nigeria from addressing the issues of deplorable roads despite their avowed interest in lifting the life-style of the majority of the citizens, The extent the improvement of these roads, either through construction, expansion, reintegration, or proper upkeep affect the development of the economy chiefly the real sector and consequently, the wellbeing of the people, and Nigeria can successfully benefit from PPP, as a policy option, in her efforts in the direction of sustainable economic progress. The rest of the paper is sub-divided into six sections and is concluded in section seven.

Discussion and Conclusion

This study had examined public-private funding and road infrastructural development in Nigeria. It is vital to state that, the huge fund sunk into the construction, reintegration, and maintenance of roads in Nigeria in the last three decades is badly reciprocated by the poor and deplorable current state of these roads. Road remains the major tool of easing the mode of moving goods and people across the country to accelerate economic and business activities. The poor conditions of the Nigerian roads have created grave danger to lives and properties subsequent from several accidents. Maintenance and supervision of these roads coupled with sharp practices of corruption by government agents and lack of transparency are part of what created the present state of these roads. Arising from conclusion are the following recommendations:

Several Nigerian roads were constructed without proper design and where, they existed, construction works were not followed to specification, hence sub-standard materials were used culminating in delivery of poor work could not resist the stress of use and soon became worn out. To avoid this, it is suggested that all road designs, construction and rehabilitation work should be handled by competent engineers who must give assurance on the roads for a specified period.A situation of neglecting roads for too long period would aggravate the cost of repairs and maintenance. Constant subjection to transparent check and repairs will save costs and allow for more road expansion in the country. It is very palpable that government's ability to finance and maintain these roads is becoming a very serious

shackle calling for help for its release. It is being optional that time has come for the government to allow for private contribution in the construction, rehabilitation, and maintenance of roads. In this regards, they must co-opt those interested into the financing and maintenance department to jointly plan the procedures of delivering qualitative and sustainable roads to invigorate the economic activitiesAn important area requiring serious attention is the implementation of axle-load limits or restrictions and the damage being caused by heavy goods vehicle to major highways in Nigeria. There is no doubt that several heavy vehicles carry loads beyond their permitted limits particularly those from the Northern parts of the country. If the enforcement of axle-load limit is enforced there will be lessening of financial commitment in terms of expansion, rehabilitation and general maintenance.

Adoption of Public Private Partnership (PPP) as an effective cure-all to the infrastructural deficit in Nigeria, hence sustainable economic growth, appears to be farfetched. Over the years, a alarming level of distrust for government has been built in Nigeria, such that in situations where there are genuine efforts on the part of government to right some injustices with PPP, the idea becomes dead on arrival.

A lot of work still needs to be done in the areas of training as stakeholders must be conversant with rudiments of PPP, and also orientation of Nigerians on PPP. For PPP to work in the provision of infrastructure in Nigeria there is need for enabling laws to be house-trained in each state of the federation. These laws must take into cognizance the sensitive nature of public properties, and ensure steadiness in governance. Corruption is the nuisance of our society. No true development can occur where sentiment and greed holds sway in our contracting procedures. Further, partisanship and nepotism must be avoided by leaders in all areas of life, especially when it comes to infrastructural provision. These factors drive new governments to review or withdraw existing contracts. Sustainable economic growth is a mirage without a corresponding level of infrastructural development. Hence PPP should be adopted with sincerity of purpose by government and the private sector and trust from the citizenry.

Unfortunately, there is inconsequential partnership between the public and private individuals in the area of road infrastructural development. The opportunities of the PPP application to road infrastructural development of Nigeria are obviously felt, but are not utilises. It is hoped that PPP in the transport sector will lead to a competitive market, improved supply of transportation products and services, improved cost retrieval, increased capital investment, provision of jobs for the unemployed, as well as increased rate of sustainable economic growth. To ensure efficiency and efficiency towards a successful PPP in the Transportation sector, the government should address the critical challenges faced by the Nigerian people in their environment. Administration and leadership are vital ingredients in the growth and development reckoning for public-private partnership. Thesuccess of PPP be contingent largely on effective leadership.

References

Abdullah, H. A. (2000). The Relationship between Government Expenditure and Economic Growth in Saudi Arabia*, Journal of Administrative Science* 12(2) pp. 173-191, 2000.

Abiola, A. G. and Francis, O. A. (2011). Towards a Public Private Partnership in the Nigerian Power Sector: Challenges and Prospects. A paper presented at the 4th Annual Nigerian Association for Energy Economics/International Association for Energy Economics (NAEE/IAEE) International Conference Green Energy and Energy Security: Options for Africa Sheraton Hotel & Towers, Abuja, Nigeria, April 27-29, 2011.

Adamu, M., Lowe, J., and Manase, D. (2015). Conceptual Framework for Public-Private Financed Road Infrastructure Development in Nigeria. *International Journal of Engineering Research and Technology*, 4(8), 586-590.

Adenikinju, A. F. (2003). Electric Infrastructure Failures in Nigeria: A Survey-Based Analysis of the Costs and Adjustment Responses. Energy Policy, 31, 1519-1530. http://dx.doi.org/10.1016/S0301-4215 (02)00208-2.

Adesanya, A. O. (1999). An assessment of the recent initiatives in the funding and management of Federal Roads in Nigeria, Niser Monograph series 3, Ibadan. NISER.

Akampurira, E., Root, D. and Shakantu, S. (2008), Factors Constraining the Implementation of Public Private Partnerships in the Electricity Sector in Uganda, available at www.cib2007.com/papers, Accessed 19 January, 2017.

Al-Fario, A. F. (2002). Public Expenditure and Economic Growth in the Gulf Cooperative Council Countries", Applied Econometrics pp. 1187-1193.

Al-Yousif, Y. (2000). Does Government Expenditure inhibit or promote Economic Growth", Some Empirical Evidence from Saudi-Arabia. *India Economic Journal*.

Anyanwu, C. M., Adebusuyi, B. S., Kukah S. T. Y. (2003). Highway maintenance in Nigeria, lesson from other Countries A CBN Research Department Occasional paper 27.

Barro, R. (1991). Economic Growth in Cross Section of Countries, *Quarterly Journal of Economics.*

CBN, (2003). Highway Maintenance in Nigeria, Lessons from other Countries Research Department Occasional Paper No 27.

Delaney, E. (2008). Frontier Infrastructure, The Way Forward for Nigeria, Lagos, *Zenith Economic Quarterly*, Vol. 3 No. 1, Zenith Bank Plc, 2008

Egbewole, Q. A (2011), Examining Public Private Partnership in Nigeria: Potentials and Challenges, a long essay submitted to the Faculty of Law, University of Ilorin, Ilorin, Nigeria, in partial fulfillment of the requirement for the award of the degree of Bachelor of Law (ll.b hons) in Common Law.

Engen, E. M. And Skinner, J. (1992). Fiscal Policy and Economic Growth NBER Working Paper, 1992.

Familoni, In Aigbokan, B. E., (1999). Evaluating Investment on Bank Infrastructure in Nigeria, Proceedings of the 8th Annual Conference of the Zonal Research Unit (organized by CBN Research Department in Kaduna).

Federal Ministry of Work. (2013). Compendium Report on Road Infrastructure and Related Development in Nigeria. PISION Abuja.

Folster, S., Henrekson M. (2001). Growth effects of Government Expenditure and Taxation in Rich Countries European Economic Review 45(s).

Foster, V. and Pushak, N. (2011). Nigeria's infrastructure: a continental perspective, in Sustainable Development Department Policy Research Working Paper 56862011, Africa Region, The World Bank.

Holtz-Eakin, D. and Wachs, M. (2011). Strengthening connections between transportation investments and economic growth, Bipartisan Policy Center, Washington, D.C.

King, D.T. (2003). Nigeria Financial Sector Assessment. Report for USAID/Nigeria. IBM Business Consulting Services, Arlington.

Kweka, J.P, Morrissey, (1999). Government Spending and Economic Growth, Empirical Evidence from Tanzania (1965-1996) DSA Annual Conference Inc New Haven.

Laudau, D. (1986). Government and Economic Growth in LDC'S", An Empirical Study; *Economic Development and Cultural Journal* (35).

Li, B., Akintoye, A., Edwards, P.J. and Hardcastle, C. (2005), Critical success factors for PPP/PFI projects in the UK construction industry, Construction Management and Economics, 23, 459-71.

Masetti, O (2014), Nigeria- the number one African Economy, Deutsche Bank Research Briefing on emerging markets, assessed online-May 2014.

Njoku, J. (2013). The roads funding war, Vanguard, Vanguard Media, 2013 (20 February).

National Population Commission (2006). Government Press, Lagos.

Nurudeen, A and Usman (2010), Government Expenditure and Economic Growth in Nigeria, 1970-2008: A Disaggregated Analysis*, Business and Economics Journal,* BEJ 4.

Obozuwa, D. E. (2013). PPP as a Tool for Development in Nigeria. FPPPN Admin.

Ogbodo, J. A. and Jimoh, A. M. (2012). Reps panel laments state of roads after N1.4tr vote, The Guardian, 2012 (11 December).

Omisore, S. (2014). What Makes an Infrastructure Project Bank-able. Infrastructure Stakeholders Forum, Stanbic IBTC.

Oni, S., and Okanlawon, K. (2006). Nigeria's transport infrastructural development: an integral part of the national economic empowerment and development strategy (NEEDS), *Journal of Social and Policy Issues*, 3(2), 7-13.

Olufowose, E. (2008), Infrastructure Finance in Nigeria: Air and Water Transport, 2nd Annual Banking and Finance Conference of the Chartered Institute of Bankers of Nigeria (CIBN) 28th 30th October, Abuja, pp. 1-3.

Oyedele, O. A. (2012). The Challenges of Infrastructure Development in Democratic Governance, Construction Economics and Management, 1, 6119.

Oyeweso, S. (2011), Provision of Infrastructure Foister Development. Being Paper delivered at the 1st Year Remembrance of Engr. Bola Lashengbe at Leisure Spring Hotel Osogbo on October 13, 2011.

Available at http://www.osundefender.org/?p=21066 . Accessed on January, 2017.

Queiroz, C. A. V. and Gautam, S. P. (1992). Road infrastructure and economic development: some diagnostic indicators, Infrastructure Operations Division, Western Africa Department and Transport Division, Infrastructure and Urban Development Department, World Bank, Washington, DC.

Ranjan, K. D., Sharma, C. (2008). Government Expenditure and Economic Growth, Evidence from India, The ICFAI, *University Journal of Public Finance* 6(3).

Road Sector Development Team, (2010). Federal roads development project: environmental/social screening and scoping report - final report: Benin-Akure-Ilesa Road, Federal Government of Nigeria.

Sotola, O. and Ayodele, T. (2011) Public-Private Partnerships in developing countries: A Systematic Literature review, IOB Study- Initiative for Public Policy Analysis; Public Private Partnership Will It Fix Infrastructure in Nigeria, 378/2013.

The National Council for Public Private Partnerships, (2012) White Paper: Testing traditions, assessing the added value of public private partnerships.

Wasike, W. S. K. (2001). Road Infrastructure Policies in Kenya: Historical Trends and current Challenges, Kenya Institute for Public Policy Research and Analysis, 2001.