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Public-Private Partnership and Infrastructural Development in Nigeria: The Rail Transportation Sector in Focus

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Authors' contributions

The idea to do a study on Public-Private Partnership was first mooted by author AOS who offered to provide the required academic mentorship. Thus, this paper is the outcome of scholarly collaboration between the two authors. Author AOS modified the topic after it was proposed by author LAO. Author LAO designed the study and wrote the first draft of the paper which was presented at the Conference of 50 years of Public Administration in Nigeria. Author AOS has carried out extensive review of the paper and obtained additional information which improved the quality of the paper especially since it was first submitted to SCIENCEDOMAIN international. All authors read and approved the final manuscript.

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ABSTRACT

The global movement for the transformation of governance has brought about sundry innovations in public administration. One of such innovations is the Public-Private Partnership (PPP), which is fast becoming an attractive menu in the list of global best practices. The initiative recognises the

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potency of the private sector in the good governance project, and therefore seeks to encourage the synergy between the private sector and the public sector for improved service delivery. In Nigeria, the urgent need to arrest the continuing infrastructural decay has compelled the government to key into this approach. Public-private partnership in infrastructure development is expected to improve the state of socio-economic infrastructures and to also provide the much needed enabling environment for productive activities. There is an abiding concern in this paper to examine the viability of this partnership in the Nigerian rail transportation sector. Within the framework of the New Public Management, the paper argues that this initiative in public service delivery is rooted in the system of a mixed economy with emphasis on the use of economic markets as a model for resource mobilisation and utilisation. The paper employed the descriptive/analytical approach to review related literature which serves as basis to generate and discuss findings. The findings revealed that the Nigerian railway is facing both internal and external challenges resulting in poor performance. It prescribes the Build-Own-Operate-Transfer (BOOT) option of concessioning for the Government in the resuscitation of Kafanchan-Makurdi-Enugu-Port/Harcourt rail track as a means of testing the viability of PPP for the development of infrastructural facilities. The paper outlines the challenges to be addressed by the Government for the successful implementation of the policy some of which include; the development of a robust National Infrastructure Master Plan (NIMP) and a consistent programme of capacity building in the area of manpower development.

Keywords: Governance; infrastructure partnership; public service; private sector; rail-transportation.

1. INTRODUCTION

Since the 1990s when the crisis of governance in Africa took the centre stage of global intellectual discourse, there have been widespread debates on the role of the state in a world caught up by tremendous social transformation. This transformation has been inspired by dramatic events in the global economy, which have fundamentally changed the environment in which states operate [1]. In its contribution to the debates, the United Nations observed that; an important objective of governing institutions is to promote constructive interaction between the state, the private sector and civil society [2]. However, one notable dimension to the debates that has generated considerable literature is the recognition of a workable partnership between the state (public sector) and the market (private sector) to efficiently execute the governance project.

The increasing citizens' demands on government coupled with declining revenue base of the state and the inability of the public sector to efficiently discharge its statutory responsibility have all combined to force a reappraisal of state capacity to achieve the concrete goal of good governance. Thus, the clarion call to roll back the state is a predictable consequence of this reappraisal, while the emergence of New Public Management (NPM) represents the intellectual response to the requirements of limited but responsive government. This new approach has made available a menu of options some of which

include; public-private partnership, performance contracting, decentralized management, citizens' charter, privatisation etc [3]. This new approach represents, a paradigm shift in public administration with a set of principles and practices that are being transmitted to developing countries [4].

A considerable number of developing countries have keyed into these menu in an effort to reverse their deteriorating state of public service delivery. In Nigeria for example, public-private partnership is being adopted to arrest the near collapse of infrastructural facilities in the country. Infrastructure is the basic physical and organisational facilities required for effective operation of a society, especially a modern economy. The functioning of the economy and the municipal facilities for human comfort are part of the irreducible requirements of modern society. The importance of socio-economic infrastructures in modern society is not limited to the fact that it adds value to human existential comfort, it is also essential for productive activities as they provide an enabling environment for sustainable development [5]. For instance, efficient and reliable public transportation system enables the free movement of goods and services and provides opportunity for the mobilization of human capital for productive engagements. The Nigerian railway which came into being in 1898 is one of such public infrastructures whose fortunes declined progressively since the late 1980s. The situation is such that apart from the failure to

connect major towns and cities to railway lines beyond what was achieved in the 1970s, the operations of the Nigerian railway went into total halt due largely to poor management, obsolete equipments, and claims of non availability of fund for the expansion of its operations [6].

The near comatose state of rail transportation in Nigeria has been a source of concern to government, the investing community and development partners. In an analysis of the percentage contribution of the various modes of transportation to Gross Domestic Product (GDP) between 1981 and 2003 in Nigeria, the rail transportation sector was found to have contributed 2.60 percent in 1981 representing its highest within the period under review [7]. It recorded steady decline, accounting for only 1.20 percent of GDP in 2003. Operational facilities in the sector are in deplorable conditions such that most are either non-functional; or partly functional and fast falling into disuse. This has hampered socio-economic development. This appalling state of affairs has been the result of many years of underinvestment and poor maintenance. It has been observed that;

Nigeria needs to make massive investments beyond the means available to government in order to close its yawning infrastructural gap. To this end, the Federal Government believes that the private sector can play an important role in providing some of these new investments through public-private partnership [8].

In the light of the forgoing policy statement, the paper examines the public-private partnership as a viable menu of options to improve the state of rail transportation system in Nigeria. It seeks to address the following questions: What are the prevailing conditions responsible for the lacklustre performance of the Nigerian railway? Which of the available forms of PPP is most suitable for the development of rail transportation in Nigeria? What are the essential conditions that must be fulfilled for an enduring, and mutually beneficial partnership to occur between the government and the private sector in Nigeria? To realise these, the paper is organised into eight sections: Section one which is the introduction is already undertaken here. Section two presents the methodology adopted for the study. Section three articulates a theoretical framework for the study. Section four explores the literature to provide a conceptual base for the study. Section five examines the PPP in the Nigeria railway.

Section six discusses fundamental findings arising from the study. Sections seven and eight present the conclusion and recommendations respectively.

2. METHODOLOGY

The methodology employed in the study is both descriptive and analytical. This approach relied on official records and a considerable volume of related literature. In respect of official documents, the reports of the World Bank, the United Nations, the Economic Commission for Africa (ECA), and the Nigeria's National Policy on Public-Private Partnership were utilized. Furthermore, the review of literature provided a wide range of scholarly opinions on similar subject matter of studies that were undertaken in both developed and developing countries including Nigeria. To this end, the article uses literature review to identify policy solutions for the management of the Nigerian railway.

2.1 Theoretical Framework

Contemporary approach to governance in developing countries was largely inspired by the wide-ranging reform programmes of the Anglo-Saxon nations such as Australia, Canada, the United Kingdom and the United States. These reform programmes have engendered a new orientation in public sector management popularly referred to as the New Public Management (NPM). The new public management represents a paradigm shift from traditional model of organisation and delivery of public service to a market-based public services management. It explores the use of market incentives to root out the pathologies of government bureaucracy. A perusal of the philosophy and thrust of the reform of public service in Nigeria suggest an orientation towards the underlying doctrines of NPM. As a theory of contemporary public administration, NPM is adopted as our framework of analysis in this study. "New Public Management (NPM) is an incarnation of a new model of public sector management in response to the challenges of liberalisation, international competitiveness and technological changes" [9]. The model is an attempt to implement the 3Es of Economy, Efficiency and Effectiveness. It refers to the adoption of new values of governance to establish greater accountability, legitimacy and credibility of the system. The doctrines of NPM include: emphasis on entrepreneurial management in contrast to traditional

bureaucracy; explicit standards and measures of performance; the promotion of competition in the provision of public services; and the promotion of discipline and parsimony in resource allocation [10].

While the traditional model of public administration has been scored for its slavish adherence to rules and procedures which results in inefficiency and public service deterioration, the new public management holds a lot of attractions for governments that are bent on revolutionary changes. The defining characteristics of the new model are:

...it entrepreneurial dynamic, its reinstatement of The market as a potentially more proficient provider of public service than the state; and its proclaimed Intention to transform managerial behaviour [11].

The foregoing arguments are closely associated with intellectuals with unqualified faith in the efficacy of the market for efficient resource allocation. Inspired by the triumph of the market friendly economies, this school of thought argue that big-size governments constitute obvious impediments to growth and sustainable development. They submit that:

...the state's capacity, its ability to promote and undertake collective action efficiently is over extended. Therefore, reductions and refocusing of the state's activities are needed to improve macroeconomic stability, as well as the implementation of stronger incentives for performance [12].

However, a new dimension to the debates is the emphasis on good governance and public management favouring the retention of a strong public sector, working in tandem with the private sector to efficiently deliver public services. Thus, despite the clarion call to roll back the state, there is a growing consensus in the literature about the capacity of the state: "Re-engineering" [13] or "Invigorating" [14].

The conclusion that can be gleaned from these arguments is that the emergence of new public management has further blurred the thin line that separates transactions in the public domain and transactions in the private domain by the evident movement towards market style management of the public sector. However, one immutable point of departure is the motive that underlies the actions of bureaucrats and those of business

executives. Whereas the former is prompted by the desire to maximise social benefits (public good), the latter is engaged in discreet calculations to maximise profit making [15]. The first question then arise; how can the social cost of public policy implementation serve as a restraint from bureaucratic impropriety, just like the desire to minimise personal cost impels the business executive to engage in consummate rationality?

It is the attempt to answer this question that necessitated the 'marriage of convenience' between the private sector and the public sector. Thus, PPP seeks to midwife a delicate balance between the motives of social benefits and profit making in the hope that a more inclusive goal of socio-economic transformation can be realised. The second question; is the framework of new public management within which PPP is conceptualised a guarantee for efficient public service delivery? Efficiency suggests the frugal use of limited resources (finance, time, human resources, etc) to achieve the greatest possible social benefits. It is therefore assumed that efficient public service delivery should be the predictable outcome of the balancing act between public interest and private interest.

In the light of this new orientation, it is the contention of the authors that the Nigerian rail sector which has almost grinded to a halt in many states of the federation in the last two and a half decades may be resuscitated through an enduring policy regime of public-private partnership. This partnership is understandably rooted in the system of a mixed economy with emphasis in the use of economic market as a model for resource mobilization and utilization for socio-economic transformation. With the engagement of private organisations which possess appropriate technical know-how, and adequate support from the government; the current situations where completion dates of contracts are variously being shifted due bureaucratic pathologies may become a thing of the past.

A case in point is the completion date of the Lagos-Kano rail line which has been shifted not less than three times at the instance of the contractors [16]. This fact supports the relevance of NPM's doctrine of explicit standards and measures of performance, which is in contradistinction with the traditional public administration that is associated with slavishness and procedural impropriety. Again, the relevance

of NPM is underscored by the emphasis on the deployment of appropriate capacity for efficient performance rather than the undue interference and politicisation associated with the bureaucracy which has frustrated previous efforts aimed at resuscitating the sector. The abrupt termination of the joint venture between the Nigerian Railway Corporation (NRC) and an Indian firm (Rail India Technical and Economic Services) in 1982, and the removal of Ogbemudia as the sole administrator of NRC in 1992 are instances of such interference.

2.2 Conceptual Analysis

2.2.1 Public-private partnership

The concept of public-private partnership has come to occupy an important place in public administration. However, the concept of PPP falls short of a universally acceptable definition. Rather, scholars have defined and used the term differently but in a manner that suggests consensus in meaning and characteristics. Marcellus [17] defines PPP simply as "a model of the NPM in which government collaborates with the private sector or other independent organisations in the provision of those public goods and services which the private and independent organisations can as well handle". Savas [18], shares similar view as he opines that PPP refers to any arrangement between a government and a private sector in which partially or traditionally public activities are performed by the private sector. It has also been defined as "...the pooling of resources (financial, human, technical and intangibles such as information and political support) from public and private sources to achieve a commonly agreed goal". This understanding suggests a collaborative effort based on mutual trust, division of labour and a comparative advantage in the sharing of responsibilities, risks and benefits. Henry [19] describes the model as intersectoral administration. He posits:

We observe that government is giving ground to governance, that is, the public, private and independent sectors increasingly are administering public programmes, delivering public services, and implementing public policies through contractual or collaborative arrangements. We call the implementation of these arrangements intersectoral administration, or the management and coordination of relationships among governments and

organisation in the private and non-private profits sectors [19].

From the foregoing clarifications, the nature and character of PPP has been made explicit. First, it is an arrangement or collaboration between (i) The government or its agent; and (ii) The private sector (either profit or non profit oriented). Secondly, it is designed around public goods or services (i.e. the kind of service needed by the members of the public, the absence or inadequacy of which may compromise the standard of living of the citizenry). Thirdly, such services or goods are such that the private sector alone is considered competent enough to handle them. The last point is particularly significant because not all aspects of governmental responsibilities that can be handed over to the private sector because of the security implications. Another important point from the definitions is that PPP arrangements come in different forms. For example, in Brazil, PPP contracts between the government and private entities establish a legally binding obligation to manage services, where the private sector is responsible for financing, investment and management. In the case of Ireland, PPP arrangement involves different combinations of design, construction, operation and finance [9].

PPP is a policy initiative of the government at any level to promote public interest and public good. Hence, the arrangement can be entered at all levels of government (local, state and federal). These collaborative ventures are built around the expertise and capacity of the project partners and are based on a contractual agreement which ensures an appropriate and mutually agreed upon allocation of resources, risks and returns. In the application of PPP for successful and efficient service delivery, certain conditions must be put in place. These conditions represent a combination of drivers, success factors and enhancement of value for money. They include appropriate risks allocation and risk sharing; competitive procurement process; government involvement by providing guarantees; avoiding delays and cost over-runs; and value for money. These associated benefits have been reported in the development of public infrastructures in the United Kingdom [20].

The application of PPP to develop and deliver a wide range of socio-economic infrastructures has become a regular practice in both developed and developing economies. In the former, the United Kingdom is acknowledged as the forerunner in

private sector involvement in public service delivery. The government of UK is particularly associated with the introduction of Private Finance Initiative (PFIs). This initiative has provided the needed impetus for other countries to key into the PPP policy framework [21]. For example, the Australian government has used PPPs to deliver several social infrastructural projects. Ireland has used them for transport infrastructure. In the Netherlands, social housing and urban regeneration programs have been delivered through PPP arrangements. India is investing heavily in highways through PPPs. Japan has around 20 new PPPs in the pipeline while in Canada, 20% of new infrastructure are designed, built and operated by the private sector. The USA is a pioneer with contracting out and has started experimenting with other forms of PPPs. In similar vein, emerging democracies from central Europe are also following suit [20].

Barriers/obstacles hampering successful implementation of PPPs in different countries have also been identified. In a research carried out in UK to identified barriers to partnerships in the public sector within the UK construction industry, Burns and Coram [22], observed that barriers are product of four factors, namely: the lack of experience among both purchasers and providers of long-term partnership arrangements; the aversive nature of the public sector; the pressure on departments from Ministers to minimise risk; and government guidelines on competitive tendering which make it difficult to enter into long-term agreements. Similarly, Mahalingam [23], in his study of PPP experience in Indian cities listed some barriers which include; distrust between public and private sectors, lack of political will, absence of an enabling institutional environment, lack of public sector capacity, poor project design and structuring. Under this arrangement, the private sector participation is helpful in bringing technical and managerial expertise, improving operational efficiency, infusing financial resources and introducing competitiveness.

PPP should not be seen as government abdicating its responsibilities or a reduction in responsibility and accountability of the government. Indeed, the arrangement provides grounds for government to discharge its responsibility more effectively. The government remains accountable for service quality, price certainty and cost effectiveness (value for money) of the partnership. "Under the PPP

format, the government's role gets redefined as one of facilitator and enabler, while the private partner plays the role of financier, builder and operator of the service or facility" [9]. PPP aims to combine the skills, expertise and experience of both the public and private sectors to deliver higher standard of services to customers or citizens. The public sector contributes assurance in terms of stable governance, citizens' support, financing and also assumes social, environmental and political risks. In the context of infrastructure development, the policy framework of PPP can also be construed as an approximation of best practices which include practices that: (1) Have a demonstrable and tangible impact on improving people's quality of life; (2) Are the result of effective partnership between the public, private and civil society sector; (3) Are socially, economically and environmentally sustainable [24].

The partnership in PPP could take many contractual forms with varying degrees of risk, responsibility, financing and the accompanying benefits for the private sector. However, most common forms of PPP options include [9]:

2.2.2 Service contract

In this form of partnership, a public authority contracts out the provision of specific services connected with the felt needs of the infrastructure concerned to a private provider for a specific time period (normally less than five years) in return for a management fee. However, the government agency retains the overall responsibility for the operation and maintenance of the system except for the particular contracted services and it bears all the commercial risks. The government also owns and finances the fixed assets and provides the working capital. The management fee or compensation to the private firm is generally on the basis of time, a lump-sum fixed fee, or cost-plus, or physical parameters (like number of water bills sent out, number of bed-rolls supplied, etc).

2.2.3 Management contract

The private partner performs specified tasks under a management contract for a period of three to five years in return for a payment from the government. In this type of PPP, the government owns the assets, invests its capital and bears the commercial risks. This

arrangement, though similar to the service contract, permits the private partners to take day-to-day decisions and hold them responsible for operating and maintaining the system, but it does not make the private partner responsible for any capital risks.

2.2.4 Lease

In this arrangement, the government enters into a long-term lease agreement with a private company or builder to develop and operate an expanded facility with its (private company) own fund. The private entity pays a lease rental to the government, and is entitled to keep the revenue to recover its investment plus a reasonable return during the lease period and assumes the operational risks.

2.2.5 Concession

Concession is another form of partnership available under PPP. However, concessioning can be any of the following:

- (a) *Design-Build-Finance-Operate (DBFO)*: This model empowers the private sector to design, finance and construct a new facility under a long term lease, and to operate the facility during the term of the lease. The private partner transfers the new facility to the public sector at the end of the lease term or to have the lease renewed.
- (b) *Build-Own-Operate (BOO)*: Here, the private sector finances, builds, owns and operates a facility or service in perpetuity. The public constraints are stated in the original agreement and through regulation by the public authority. According to Marcellus [17], the deregulation of the telecommunication sector in Nigeria serves as an example of this method. The key players in the sector; MTN, Globacom, Zain and the rest, build own and operate their facilities. This is however done under the supervision and regulation of the National Communications Commission.
- (c) *Build-Own-Operate-Transfer*: A private entity receives a franchise or concession from government to finance, design, build and operate a facility. In return, the private company collects user fees for a specified period to off-set its investment. At the end of the fixed period, ownership is transferred to the public sector authority even if the operation remains with the private entity.

2.2.6 Infrastructure/infrastructural development

Infrastructure is a term which describes certain essential facilities within the human society. Fulmer [25] defines it as the physical components of interrelated systems providing commodities and services essential to enable, sustain or enhance societal living conditions. Bannock et al. [26], notes that, "also called social overhead capital, infrastructure is basic to economic development." Improvements in it can be used to attract industries to a disadvantaged area. Similarly, the World Bank [27] describes infrastructure as an umbrella term for many activities referred to as social overhead capital, and characterised by peculiar technical and economic features. They include services from:

- a) Public utilities-power, piped water supply, telecommunications, sanitation and sewage, solid waste collection and disposal, and piped gas;
- b) Public works-roads and major dam and canal works for irrigation and drainage; and
- c) Other transport sectors-urban and interurban railways, urban transport, ports and waterways, and airports.

The foregoing examples show that infrastructure refers to a number of activities or services which shared some qualities. These qualities, according to Anyanwu et al. [5] are:

- (i) Indivisibility: Such services are indivisible among its users. Examples include gas turbine for the generation of electricity; bridges, etc.
- (ii) Investment in them requires heavy capital outlay.
- (iii) Investment in infrastructural facilities takes a long gestation period.
- (iv) They have low variable cost compared to the total cost.

Thus, infrastructural facilities are indispensable in modern societies. Their indispensability is not only due to the comfort they provide humans, but also because of what Anyanwu et al. [5], call both "a demand and supply effect". They have a demand effect because investment in them calls for the output of other sectors of the economy (e.g. steel for bridges, wood and forest products for railway tracks). They have a supply effect because their outputs are vital inputs into other industries. Therefore, they are major lubricant in

the wheels of economic growth and development. Good infrastructure raises productivity and lowers productivity costs. Infrastructure services also help the society to contribute to environmental sustainability. Socio-economic infrastructures which include; clean water and sanitation, non polluting sources of power, safe disposal of solid waste and better management of traffic in urban areas provide environmental benefits for all income groups.

However, due to huge capital outlay required, and the long years of gestation for the investment to yield returns, infrastructural service are beyond what an average private investor can provide. This explains the reason why in the Nigerian context, government has been the major provider of these services. Having realised the important role of infrastructure in the development of modern society, successive governments have invested heavily in all aspects of infrastructures in Nigeria, including electricity, communication, water, transportation, etc. However, the level of development in these infrastructures is not commensurate with government investment, and more importantly the needs of the populace and the required support for the economy are not being met.

2.3 The Nigerian Railway

The railway is also known as rail transportation. It is the second form of land transportation. In Nigeria, rail transportation started during colonial administration and continued to expand until the 1980s when its fortunes started declining in terms of both government investment in the sector and the actual expansion of rail transportation facilities across the country. Due to the decay and eventual neglect of the sector, road transportation became the major means of conveying goods and persons across cities and villages in Nigeria. This situation has brought about several negative implications for socio-economic development in Nigeria.

Apart from the problem of government interference, Odeleye [6], listed other operational problems confronting the Nigerian railway to include:

- (i) Technical problems such as tight curves, steep gradients, rail buckling with associated track/speed limit;
- (ii) Poor communication;
- (iii) Lack of freedom to set tariffs;
- (iv) Underfunding;

- (v) Falling rolling stock levels;
- (vi) Plummeting traffic levels (fright and passengers);
- (vii) Inflexible bureaucracy;
- (viii) Volatile and militant labour union.

The Nigerian Railway Corporation presently has a network of 3,505 kilometres 2,178mi of track and a fleet of 200 locomotives. While all networks are old narrow-gauge single track running diagonally across the country, about 75% of the locomotives are non operational. In effect, there is no East-West network, no operating standard gauge, and almost no double track in the existing system [6]. Expansion of the rail network with new technology could usher in monorails, automated guided trains and light railways. The current average speed of 20 km/h caused by factors such as worn out facilities in the sector, high gradients, sharp curves, and other track problems is part of the key issues that the PPP arrangement would address. There is also the need to change from current Diesel locomotives to electric or at least steam locomotives.

3. DISCUSSION

Undoubtedly, undertaking the rehabilitation and expansion of the rail transportation sector with modern technology and across the country would require heavy sum of money which the Government cannot undertake due mainly to revenue constraints. This fact has been acknowledged by observers in the sector. For example, Odeleye [6], suggests that on account of the capital intensive nature of railway infrastructure, the Nigerian government should liberalise the sector and encourage competition to enable private sector participation in ownership, funding and operations. In the light of this suggestion, the concession option of Build-Own-Operate-Transfer (BOOT) is attractive for the partnership between government and the private sector. This is not to suggest that other options that exist are not applicable. As a matter of fact, a combination of different degrees of ownership, funding and control determines the type of PPP that may be formed [28]. Therefore, government have to consider which PPP arrangements allow for the optimum transfer of responsibilities and risks to the private sector in order to realise the maximum social benefits. The desirability of BOOT lies in its comparative advantage relative to other PPP options. First, the concession approach is more flexible as it allows the investors longer years of operating the

infrastructure. This opportunity is not available under the service and management contract approaches (the facility is usually leased for a period not exceeding five years).

In comparative terms, the BOOT option is more appropriate for the development of infrastructure in the rail sector than the lease option. This is because unlike BOOT, the lease option involves the payment of rent by leaseholders to government. It is instructive to note that under the policy framework of PPP in Nigeria, revenue generation is not the concern. Rather, the overriding objective is infrastructure development contributing to efficient service delivery. Furthermore, among the three options of concessioning, BOOT is the only alternative that offers the government the opportunity to superintend the development of the infrastructure while being financed by the private sector. In doing this, a company would be appointed as the concessionaire of a particular route with the authority to design, finance, and build the facility in line with modern standards. It shall be the responsibility of the government through the Concession Regulatory Commission to monitor the construction, and ensure compliance with standard specification agreed in the Memorandum of Understanding (MOU).

Furthermore, a piece-meal approach should be adopted in order to test the viability of this scheme. In other words, the Government should experiment with a few routes in the country so as to appraise the viability of PPP. This approach is suggested not because the PPP might fail to deliver expected output, but in order to give room to identify and deal appropriately with infractions which may come to play. Therefore, the Kafanchan-Makurdi-Enugu-Port Harcourt routes stretching about 737Km can be concessioned for some years to a private developer in order to establish its workability in Nigeria.

The two major routes existing in the country are the Western and Eastern routes. The Western routes comprised of the Lagos-Abeokuta-Ibadan-Oshogbo-Ilorin-Jebba-Kaduna-Zaria-Kano on a stretch of 1126 km; while the Eastern railway line covers Port/Harcourt-Enugu-Makurdi-Lafia-Jos-Bauchi-Gombe-Maiduguri. The former is the most economically viable given that it connects major commercial cities in the country; Lagos, Kano among others. Hence, any investor to whom the routes are concessioned can operate profitably. However, the Kafanchan-Makurdi-Enugu-Port/Harcourt routes are considered less

viable in terms of passenger and freight movement. It will therefore take a serious commitment for any private concern to invest and operate on these routes.

When investment on the Western rail routes is completed, the private partner(s) can operate the facility and charge at a mutually agreed rate between the government and the investors. Alternatively, the funding of the project may be shared between the Government and the private company in such a percentage that the private sector would provide the greater proportion of the finance. Experience from this pilot project in terms of cost of implementation, efficiency, effectiveness and opinions of the commuters/public at large would serve as critical inputs in the design and implementation of other routes in the country. Fig. 1 below shows the map of Nigeria and the existing rail tracks across the states of the country.

The Build-Own-Operate-Transfer (BOOT) option is beneficial in a number of ways. First, concessioning the rail transportation sector to private developers would mean that the federal government has made a major break-through in public transportation system. Thus, government can concentrate on more crucial issues of creating an enabling environment through regulation. Two, leakages and widespread corruption usually associated with government contracts in the public service may be eliminated through an accountability framework that involves strict application of the legal provisions of the partnership, a regime of due process and a political leadership that is committed to honest and transparent oversight of the public bureaucracy. Another important benefit inherent in this arrangement is that, since the private sector developer has serious stakes in the project (in the form of finance, risk and the expected returns), such investor is compelled to deliver high quality services according to agreed criteria of performance.

It is sad to note that the Lagos-Kano rail tracks awarded in November 2009 and expected to be delivered after 10 months is yet to be completed. In fact, one of the contractors handling the rehabilitation of the rail track withdrew from the project by ceding the Jebba-Minna axis of the project to the China Civil Engineering Construction Company (CCECC). The company alleged non-release of fund by the government as the major reason for the withdrawal [29]. It may be recalled that delay in release of fund for

project execution has been identified as one of the factors responsible for poor performance of annual budget since 2009 [30]. This pathology is associated with the contract system which is increasingly becoming unsuitable for the delivery of socio-economic infrastructures that are capital-intensive. Under the PPP arrangement, once projects are executed, delivered and are operational, there will be significant improvement in the rail transportation which would lessen the pressure on roads, and reduce the number of accidents. This approach had brought about modern and efficient rail transportation for notable countries around the world, such as Japan, Argentina, Sweden, India and a number of African countries like Burkina Faso, Cote d'Ivoire, Cameroon, and Madagascar [31].

However, for the concession arrangement or any other form of PPP to be successful in Nigeria, a number of challenges must be firmly and adequately addressed. These challenges according to Olaopa [32], include; crafting appropriate and workable institutions which will facilitate a conducive atmosphere for functional PPP, legal frameworks within which the PPP arrangement could be enforced, and policy consistency and support from the political

leadership. In the area of institutional arrangement, the establishment of Infrastructure Concession Regulatory Commission (ICRC) to superintend concession agreements between the Federal Government and the private sectors is a step in the right direction, but a lot still need to be done. Related to this is the legal framework which should guide the enforcement of PPP. All the necessary legal issues must be sorted out appropriately. This is in addition to the particular memorandum of understanding (MOU) which would list out all the details and nature of partnership. Moreover, the will and support on the part of political leadership would create the necessary attitudinal change on the part of public sector officials to be receptive and supportive to the idea of private sector participation in public service delivery.

Closely related to support from the political leadership is the issue of capacity building which has not been adequate enough to support public policy implementation. There is evidence to suggest that the outcomes of the system-wide reforms of the public service that started in 2001 are more in deficit, especially in the area of human resource management [33].

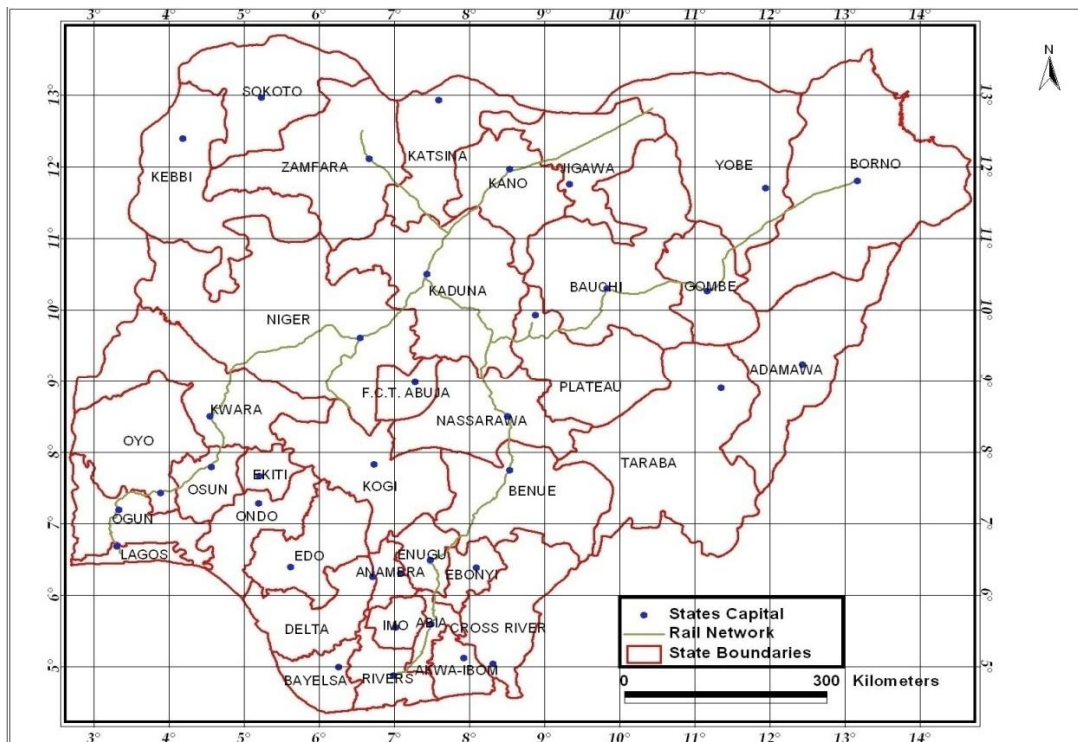


Fig. 1. Above illustrates the rail transportation network in Nigeria

Thus, adapting reforms to local conditions remains a challenge due largely to paucity of personnel to implement and institutionalise best practices. This challenge must be addressed. Moreover, consistent and long term planning that address current challenges and make provision for the future is key to sustainable infrastructure development. This is evident in the experiences of the advanced industrial societies of Europe and North America. Even the very recent experiences of the 'Asian Tigers' is instructive on the primacy of planning for sustainable development. In Nigeria, it is sad to note that there is no comprehensive information on the infrastructure requirements that will serve as basis for a comprehensive long term planning.

On a final note, we observe that in the context of new public management, cost-benefit analysis is a critical requirement of public policy implementation. The abiding concern is to ensure that less tax money is applied to produce more and in the process prevent leakages and waste in public service delivery. The option of BOOT fits into this policy framework, with the object of sharing the cost of public service delivery between government and the private sector in the most efficient manner. However, we are quick to also observe that in Nigeria, cost sharing between partners in PPP will depend greatly on the government level of tolerance for corruption and infractions. Therefore, a regime of managerial accountability is required for a results-oriented BOOT. Since cost effectiveness is central to PPP policy framework, it can reasonably be argued that BOOT is a departure from business as usual that had hitherto overburdened the Nigerian tax payers. Cost effectiveness is the requirement of a friendly investment climate. Working in tandem, both requirements will make BOOT a preferred option to trigger the transformation of socio-economic infrastructure in Nigeria.

4. RECOMMENDATIONS

In the light of issues discussed, observations made and the findings established, the following recommendations are proffered:

- (I) To address the infrastructure deficits in Nigeria, there is urgent need for a comprehensive National Infrastructural Master Plan (NIMP). As a strategic plan, NIMP should set the agenda for a comprehensive government intervention to address the infrastructural deficits in the country. It involves a detailed sectoral

analysis of the infrastructural requirements of the nation and a plan of action to address them on an incremental but sustainable basis. For example, an analysis of inter-sectoral synergy in the plan will demonstrate how infrastructural facilities in the power sector is critical to an efficient rail transport system, and how railway infrastructure can trigger a wide range of multiplier effects in manufacturing, commerce, tourism etc.

- (II) In the light of the foregoing recommendation, the PPP Act should be reviewed to expand the scope of responsibilities of the Infrastructural Concession Regulatory Commission to include the development of NIMP. The legal framework should also spell out a workable degree of institutional autonomy sufficient enough to enable the ICRC superintendent the implementation of NIMP.
- (III) To optimize the application of PPP in infrastructure development, there is need for institutional collaboration. This collaboration engenders respect and support within the institutional landscape of public administration. It is therefore recommended that the ICRC and the Bureau of Public Procurement should forge this collaboration. While not extenuating the operational autonomy of both institutions, the legal framework can work out areas of collaboration that will ensure that the PPP policy is implemented according to agreed criteria of performance.
- (IV) Finally, a consistent programme of capacity building in the area of man power development is urgently required if Nigeria must realise the full benefits of PPP. As an innovative approach to public service delivery, PPP in Nigeria is still confronted with the challenge of adaptation to local peculiarities. In other words, government should appreciate the fact that international best practices are subject to local conditions. Thus, capacity building that accommodates a comparative approach where the experience of other countries that have recorded remarkable success in the use of PPP comes handy.

5. CONCLUSION

Government exists in every political system as the agent of the state and acts on behalf of the

state to provide existential services to her citizens. However, due to the dynamic nature of human society, there has been continuous debate on the changing roles of the state, in terms of which approach would bring about maximum benefits for the citizenry. Moreover, the increasing demands of the citizenry which accompany the welfare State have put pressure on public treasury to do more. However, widespread official corruption in the Third World particularly Nigeria, coupled with the problem of inefficiency have extenuated the capacity of the state to do more. Within the framework of NPM, this paper was devoted to examining the response of the Nigerian Government to roll back the state particularly in the development of infrastructural facilities.

The now familiar doctrines of NPM which are discussed in the earlier part of the paper are found to be consistent with the principles required to revolutionise public service delivery in Nigeria. In this connection, the paper suggested the Build-Own-Operate-Transfer (BOOT) option of PPP as a strategy for transforming rail transportation, and other public infrastructures in the country. In addition to many other benefits, this arrangement would insulate the Nigerian railway from the slavishness and inefficiency that has characterised its management over the years. However, this initiative should not be interpreted to mean government abdication of its responsibilities, but as a proactive strategy to reverse decades of government failure to meet public expectations. The modest achievement recorded in the use of PPP to unbundle and transform the telecommunication sector is instructive in any attempt to assess the viability of PPP in rail transportation sector in Nigeria.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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