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PUBLIC PRIVATE PARTNERSHIPS: A CATALYST TO TRANSPORTATION INFRASTRUCTURE AND ECONOMIC DEVELOPMENT: WAY FORWARD.

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ABSTRACT

Public Private Partnership is a long term agreement between a government agency and a private partner for the delivery of good infrastructural development with the aim to come out with a reasonable output result and with both party sharing the financial risks, responsibilities and rewards inherent in the delivery of the projects. This paper critically examine areas of the transport sector that Public Private Partnership initiatives can significantly act as catalyst is in the provision of transport infrastructures such as roads and highways, light railways, ports, airports, dams, bridges and tunnels. Others are electricity power, oil and gas pipelines, water and sanitation, telecommunication and indeed the entire spectrum of infrastructure services. A pilot PPPs project has already been championed in Nigeria with the Lekki-Epe expressway. The project has faced bottlenecks due to the roadblocks that have been encountered with stakeholders. However, in it lies the learning we need to help facilitate subsequent projects. Concessions in the transport sector should not be looked at just from the lens of building roads and bridges but rather from the view point of peripheral gains that can be achieved from such project. Therefore the Federal Government should fully support the Infrastructure Concession Regulatory Commission (ICRC) as to regulate PPP infrastructure arrangement in the country concerning transport infrastructure development because without it (transport) there is no economic development.

Keywords: Transportation, Infrastructure, Public-Private-Partnership, Government, Project.

1. INTRODUCTION

The pattern of Nigerian urbanization has many implications on various areas of the country including determining the areas of road traffic origination and destination and also the entire transport system. Associated with these implications are various urban problems such as unemployment, environmental pollution, transportation problems, housing problems and generally inadequate infrastructural facilities of these sectors. This survey however is focused on the aspect of the transportation sector or system entirely, its reform development in the past and present. Transportation is the life-wire to human and its development and also the gate-way to any country's economic development. This means that without transportation there will be no economic development in the country. This is because when there is no road network and rail network, there is no connectivity and when there is no sea transport (seaport) and air transport, there will be no importation and exportation of finished products to and from the developed nations.

The rail mode of transport pre-dates its road counterpart in Nigeria. The reason this is premised on the fact that the development of the transport sector in Nigeria by the colonial administrators was primarily directed at exploiting the produce of the Nigerian economy. Transport system capable of conveying bulk goods over long distances became naturally attractive as a means of achieving the objective. The railroad laid in 1898 stretched from Iddo to Ota, stretching over 106/mm (32km) gauge. Major cities and towns such as Jebba, Ilorin, Enugu, Zaria, Gusau, Markurdi, Minna and PortHarcourt had been linked by 1930 with railheads at Kaura Namoda, Nguru, Jos and Maidugiri. The most recent railway constructed in 1964 from Kuru to Maidugiri was an extension of Boron rail that connected the extreme northeastern part of the country as well as the Aladja – Ajaokuta rail line which has not been utilized since the construction was completed. [1]

Presently, Nigerian railway system is an obsolete technology. The traffic gap which the railway transport supposed to fill up in the area of urban mass transit in our mega cities like, Ibadan, Lagos, Abuja, Kaduna, Port Harcourt etc. in the area of freight traffic and passengers are nowhere to be found, instead the articulated vehicles of the most private transport ownerships have taken over there by causing much traffic for the deteriorated roads that we have and taken up human lives due to the nature of the roads.

Airport and air navigational facilities constitute major infrastructure of the country's air services. From its three landing sites of Lagos, Kano and Maidugiri in the 1920's, Nigeria today has a total of 19 airports and 62 airstrips distributed all over the country. Because of the high fixed cost in the running of airports and the relatively low income, only three of the airports namely Lagos, Abuja and Kano operate at a commercially self-sufficient level, while others operate at substantial loss. Many of the airports in the country are far below standard in terms of availability of navigational tools [2].

Water transportation is almost dead in the country except in the riverside areas that people living around the areas are making use of the water transport. Such places are Rivers, Bayelsa, Benue, Kogi, Cross River, Akwa Ibom, Delta, Edo States and some part of Lagos, Niger Kebbi, Kwara, Taraba, Adamawa, Ondo and Bornu States etc. Furthermore, in Nigeria many people hardly make their journey trips through water transport such as ferries, boats and canoes. All these effects on our collapsed inland waterway and railway have caused heavy congestion on our roads and much financial and human cost in the country. Maritime transport has boosted Socio-economic development worldwide. The close link between seaports and the economic growth of developing areas is well established in literature [3]. Unlike the case of ports in Asia and Western Europe, Nigerian ports are unattractive to shippers as a result of several crises such as corruption, congestion of cargoes, insecurity of cargoes and excessive charges. It has been reported that Nigerian ports are among the slowest and the most expensive ports in the world by the end of the 1990s. [4]

Transportation infrastructure is important for social and economic development all over the world; as it provides linkages between manufacturing and markets, communication between various communities, regions, countries and international trade. The accessibility it creates allows easy transportation of citizenry to employment, health services, and education facilities. Mobility opens doors and allows people project, plan and decide on possibilities that abound in the professional world. Therefore, transportation must be seen as the key instrument for development. The interdependencies between transport and economic and spatial developments; will help transportation to achieve the following functions in any society:

- Support the government policy of Regional and Sectorial development
- Promote sustainable development
- Provide efficient interregional connections between the major activity centers.

Transportation infrastructure consists of railways, highways, waterways, pipelines, ports and airports. The characteristics of the roads and railways in Nigeria today are:

- Railways has 3,557km in length of which more than 95% are narrow gauge[5]

Roads have length of 194,000km of which approximately 55,000km is paved [6].

However, due to the policy errors of the past, the Nigerian economy, after fifty years of political independence and economic governance and management, the country has suffered from fundamental structural defects and remains static in terms of transportation infrastructural development. The huge earnings from the enormous crude oil deposits are monetized giving rise to unprecedented ostentatious lifestyle and unequal distribution of income. Corruption is endemic and has eaten deep into every facet of national life. The productive and technological base is weak. outdated, narrow. inflexible and externally dependent. The infrastructure is poor, inadequate and lacks maintenance. The effectiveness of incentives has been generally low, giving rise to inadequate utilization of the factors of production. Political and policy instability discourages foreign investment despite the huge domestic market and the strategic location of the nation. The obvious effects have produced a weak private sector largely oriented towards distributive activities. How can we break out of this vicious cycle? It requires a sound re-thinking into the development agenda with regards to the various key issues relevant to developing countries.

In Nigeria, the roads are distributed among the three tiers of government as seen in table 1 below; these roads are in dire need of maintenance and repair due to excessive heavy traffic and the failure of government in aspect not putting the railway and the inland waterway transport system in the right position that is needed.

Table 1: Road Distribution in Nigeria

Parts of Government	Total Road Lengths (Km)	Percentage (%)
Federal Roads (Trunk A)	34.100	17
State Roads (Trunk B)	30.500	16
Local Government Roads (Trunk C)	130.600	67

Source: Infrastructure Concession Regulatory Commission

The transport sector like its counterpart sectors has largely been ignored. The large infusion of wealth from oil led to passive economic policies. lack of preparation from the government on how to handle such wealth; massive government spending and a total reliance on oil revenue. The effects of misguided policies from the past started taking its toll in Nigeria. The country became a consumer nation; most consumer goods were imported due to lack of industry. Unemployment as at 2007 stood at 4.9%: with 70% of the population below poverty line [7]. On the political side, the migration from military to civilian rule and governance from 1999 has gratefully been steady. So how do we take the country to the next [illegible] China and Singapore [illegible] more in infrastructure". [illegible] economic opportunities for all.

Infrastructure [illegible] the inadequacy of it, as is the case with Nigeria [illegible]. Notwithstanding Nigeria's [illegible] [8]

A [illegible] [9] [illegible] Federal Government of Nigeria [illegible]

This paper will help to improve the Nigeria's transport sector through the use Public Private Partnerships as a catalyst to transport development. It will examine the nature of infrastructure and how it relates with the financing of PPP projects, the current status of our roads, [illegible] and the policy thrust in the road sector towards [illegible] infrastructure development.

1.1. SIGNIFICANT OF INFRASTRUCTURE

Infrastructure forms the major foundation of all development in a country. The building of the major highway system immediately provides jobs for construction labour, engineers, architects, masons, artisans, and a whole range of professionals involved in their construction, besides facilitating and enhancing other economic activities. It increases the demand for such construction materials as bitumen, granite, cement, and the like, and for the services for all manners of construction subcontractors and project managers. It also increases the scale and depth of a whole range of financial services involved the funding of the construction. In other words, it will create wage, salary and fee incomes for labour and services, interest fees for financiers, profit for equity investors and at the same time increase aggregate demand, which acts as short term stimulus to the economy [6].

The impact of infrastructure on economic development does not stop there. When a highway is in place, its mere existence reduces the cost of production through faster and cheaper evacuation of goods and provision of services. It contributes to the diversification of the economy by bringing into production such factors that would have been uneconomical to employ in the absence of the highway. The highway also allows for greatly enhanced production and trade through faster and more efficient evacuation of goods, and eventually for the development of efficient and effective supply-chain management techniques that greatly enhances productivity over the years. It also engenders continued investment in infrastructure and innovation in industries making use of the highway profitable. In other words, the existence of infrastructure in a society raises the quality of life by creating amenities, providing consumption goods and contributing to macroeconomic stability. Infrastructure thus plays a critical role in promoting economic growth through enhancing productivity, improving competitiveness, reducing poverty, linking people and organizations together through telecommunications and contributing to environmental sustainability.

1.2. FINANCING INFRASTRUCTURE

Traditionally, government has been the sole financier of infrastructure projects and has often taken responsibility for implementation, operations and maintenance as well. The national fiscal budgets have therefore been the principal sources of financing infrastructure development. In Nigeria, it is the norm to wait for a capital infusion through the fiscal budget to rehabilitate or replace, rather than maintain the infrastructure. However, declining financial resources is making this option less feasible, thereby accelerating infrastructure deterioration.

Evidence abound that funding infrastructure through budgetary allocation is volatile, rarely meets crucial infrastructure expenditure requirements in a timely and adequate manner, and usually receives a larger brunt of fiscal retrenchment in times of financial crises. It also has the greater potential for mismanagement. The greater the potential for mismanagement for this type of government expenditure, the lower the quantity and quality of infrastructure Most often than not, increased expenditure on public infrastructure does not translate to increased stock of capital goods. For instance, between 1999 and 2007, Nigerian government spent through direct budgetary allocation, about N2 trillion on such basic infrastructure in agriculture and water resources, transportation, education, health, power generation and distribution. Contrary to expectation, these expenditures, often determined by political and other considerations, has neither been matched by commensurate increase in the stock of capital goods, nor in the services that they provide [6].

There is therefore a gradual recognition that this may not be best way to execute/finance these projects. Such considerations as cost efficiency, equity, allocation efficiency and fiscal prudence, have increasingly played a role in determining the financing methods that will meet the need of modern, efficient infrastructure that delivers cost effective public services for accelerated and sustained economic growth. First, privately implemented and managed projects are likely to have a better record in delivering services, which are cheaper, and of a higher quality. Second, as hardly any infrastructure project uniformly benefits the entire population of the country, it may be more appropriate to impose user charges which recover the cost of providing these services directly from the user rather than from the country as a whole. If users are to be charged a fair price then the project acquires a purely commercial character with the government then needing to play the role only of a facilitator. Third, since users are likely to pay for services that they need the most, private participation and risk return management has the added benefit that scarce resources are automatically directed towards those areas where the need is the greatest. Finally, due to their large initial outlays, infrastructure projects largely generate fiscal deficits that are often unsustainable.

2. THE STATE OF NIGERIA TRANSPORT SECTOR

The table below presents the state of infrastructure development in Nigeria with those of some selected countries. This demonstration highlights the importance for Nigeria to seriously address its transport sector infrastructure deficit. This deficit of transport infrastructure in Nigeria has compounded other challenges such as low GDP growth, limited

GDP per capita growth, unemployment, and stagnancy in the non-oil economic sector, poor public service delivery and a general increase in poverty levels.

Table 2: Comparison of Transport Infrastructure Stock of Selected Countries

Country	Population (million)	Area (Km Square)	Rail (Km)	Roads (Km)	*Airports
Netherland	16.72	41,543	2,811	135,470	22
Brazil	179.10	8,514,877	28,875	1,751,868	718
Turkey	96.81	783,562	8,697	426,951	90
India	1166.08	3,287,263	63,327	3,316,425	251
Nigeria	140.00	923,768	4,500	193,200	21

Country	Rail-Network (Km/100,000 Persons)	Road-Network (Km/100,000 Persons)
Netherland	17	800
Brazil	12	810
India	5	210
Nigeria	2.5	100

Source: CIA World Facts * Paved Civil Commercial Airports

3. PUBLIC PRIVATE PARTNERSHIPS IN NIGERIA

Public private partnership has been defined as arrangements between governments and private sector entities for the purpose of providing public infrastructure, community facilities and related services. Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners [10]. Public-Private partnerships relate to perceptions and practices affecting public private sector relationships in ensuring national/global health, development and well-being of the society, and the conceptual aspects of such relationships, including the role of the key players in collaborating to make these partnerships successful or otherwise [11].

Public Private Partnership is referred to as a form of cooperation between public authorities and the private sector to finance, construct, renovate, manage, operate or maintain an infrastructure or service. At their core, all PPP involve some form of risk sharing between the public and private sector to provide the infrastructure or service. The allocation of sizable and, at times significant, elements of risk to the private partner is essential in distinguishing a PPP from the more traditional public sector model of public service delivery. There are two basic forms of PPP: contractual and institutional. Although institutional PPP have been quite successful in some circumstances, particularly in countries with well-developed institutional and regulatory capacities, contractual PPP are significantly more common, especially in developing economies.

Public private partnership arose as a medium for infrastructure development, i.e. to make available adequate infrastructure through public private partnership's development.

Public private partnership can be said to be a crossover from the normal contracting of projects to private personnel to develop a particular project which the government will pay such private personnel for the provision of such projects and which may not later be fully completed. Here, essence of PPP is to see to the successful development of infrastructure by the contribution and collaboration of both the public and private sectors.

Public Private Partnership arose due to pressure to change the standard model of public procurement which arose initially from concerns about the level of public debt, which grew rapidly during the macroeconomic dislocation of the 1970s and 1980s. Governments sought to encourage private investment in infrastructure, initially on the basis of accounting fallacies arising from the fact that public accounts did not distinguish between recurrent and capital expenditures. Private provision of infrastructure represented a way of providing infrastructure at no cost to the public has now been generally abandoned; however, interest in alternatives to the standard model of public procurement persisted. In particular, it has been argued that models involving an enhanced role for the private sector, with a single private-sector organization taking responsibility for most aspects of service provisions for a given project, could yield an improved allocation of risk, while maintaining public accountability for essential aspects of service provision [12].

3.1. IMPORTANCE OF PUBLIC PRIVATE PARTNERSHIP

The development of infrastructure is arguably the single most important factor for economic development as infrastructural facilities are the wheels on which any economy runs and it provides the enabling environment for sustained economic growth and wealth [13]. In Nigeria, it is unarguable that the country suffers from a huge deficit of transport infrastructure together with other infrastructure and the infrastructure which is available is not being satisfactorily utilized. In 2009, the late President Musa Yar'Adua announced that the country needs more than US $19 trillion to provide the needed adequate infrastructure in Nigeria and the aggregate estimate for federation account receipts for the year 2009 was N4.529 trillion which is approximately US$3 billion and Nigeria's annual GDP of approximately US$300 billion is less than 2% of this figure. The foreign reserve which rose to an all-time high of about US$62 billion in 2008 and is now less than US$50 billion is approximately an insignificant. The World Bank recommends that 7-9 percent of the GDP of developing countries like Nigeria should be invested in infrastructure. The exact figure invested in infrastructure annually though not accurate, it is unlikely that Nigeria has ever attained the recommended percentage and this is especially so considering the fact that 7-9 percent of the Nigeria's is almost equivalent to the gross annual revenues of government from which recurrent and other non-infrastructure related capital expenditure is incurred. In the light of the above stated, it is evident that the government alone even at the best of times can't afford to provide infrastructural requirements which is needed for the economic development of a country, thus there is the call for the intervention of the private sector. Public private partnership is therefore a necessary and important instrument for the attainment of sustainable economic development [14].

In most countries, the rationale to undertake projects e.g. e-government and ICT are compelling. All levels of government require modernization, new technologies, better efficiency, and improved services for citizens and customers. However, many of the upgrades and modernization required is not only capital intensive and expensive, but is also complex to manage and outside of the scope and skill-set of most government agencies. By having the private sector perform an e-government or ICT service, on behalf of the government, a potential "win-win" solution can be realized where the private sector finances and operates a system, the government is in a better position to "ensure" effective delivery of the service, and the customer/citizen is receiving a higher quality service and is engaged more constructively in customer interfaces with the public sector. In Nigeria and other developing countries, sustainable access to transport sector and other socio-economic services and products can be accomplished through public-private partnerships, where the government delivers the minimum standard of services, products and or care, the private sector brings skills and core competencies, while donors and business bring funding and other resources. Such collaborations will be especially productive in promoting the transport infrastructure to a higher level and poverty alleviation through job creation, enhancing health through public private partnership.

Various projects earmarked for concessions in Nigeria include the following: the Murtala Mohammed Airport Domestic Terminal (MM2), Seaports, upgrading of the Lekki-Epe corridor, the Ibgidi Bridge, the Second Niger Bridge, Federal Highways, four international Airports and the Nigerian Railways. Concession contract are typically defined by four features, they are (i) the contract governing the relationship between the concession-granting authority and the private concessionaire (operator), (ii) an award of a concession for a limited but potentially renewable period, (iii) the responsibility of a concessionaire for investment and development of new facilities under the supervision of the state or regulator and (iv) the remuneration of a concessionaire based on contractually established tariffs collected directly from users [15].

3.2. TYPES OF PUBLIC PRIVATE PARTNERSHIP

There are many models of Public Private Partnership that the government can involve themselves in the provision and management of the transport system. They includes- Outright privatization, - Equity Privatization, - Concessioning

-BOT: Build, Operate and Transfer

-BOO: Build, Operate and Own

-BTO: Build, Transfer and Operate

-BOOT: Build, Own, Operate and Transfer

-DBFO: Design, Build, Finance and Operate

-DCMF: Design, Construct, Maintain and Finance

-BBO: Buy-Build and Operate

-CSOM: Contract, Services, Operations and Maintenance

-OMM: Operations, Maintenance, and Management

-DB: Design-Build

-DBO: Design Build-Operate

-Lease/Purchase

-Sale/Leaseback

-Tax-Exempt Lease

-Outscoring

-Management Contract

-Commercialization

-Franchising

3.3. OPPURTUNITIES AND BENEFITS OF PUBLIC PRIVATE PARTNERSHIP

In industrialized economies, there is a growing commoditization and privatization of public services, undertaken through the establishment of public private partnerships. This is for a very good reason. Besides filling the resource gap in project delivery and operation, PPP arrangements does engender acceleration of project delivery, a faster implementation of projects, and reduced whole life costs of project. Besides, it offers better risk allocation between public and private sectors, offers better and sustainable incentive to perform, engender accountability in fund utilization, and improve the overall quality of service. Evidence also abound that it leads to the generation of additional revenue and overall value for money for the entire economy. State policy is becoming increasingly "market driven', managing national politics in such a way as to adapt to the pressures of transnational market forces. These are various benefits of Public Private Partnership:

- Speedy, efficient and cost effective delivery of projects
- Value for money for the taxpayer through optimal risk transfer and risk management
- Efficiencies from integrating design and construction of public infrastructure with financing, operation and maintenance/upgrading
- Creation of added value through synergies between public authorities and private sector companies, in particular, through the integration and cross transfer of public and private sector skills, knowledge and expertise.
- Alleviation of capacity constraints and bottlenecks in the economy through higher productivity of labour and capital resources in the delivery of projects
- Competition and greater construction capacity (including the participation of overseas firms, especially in joint ventures and partnering arrangements)
- Accountability for the provision and delivery of quality public services through performance incentive management/regulatory regime
- Innovation and diversity in the provision of public services
- Effective utilization of state assets to the benefit of all users of public services
- Faster implementation

  The allocation of design and construction responsibility to the private sector, combined with payments linked to the availability of a service, provides significant incentives for the private sector to deliver capital projects within shorter construction timeframes

- **BETTER RISK ALLOCATION:** A core principle of any PPP is the allocation of risk to the party best able to manage it at least cost. The aim is to optimize rather than maximize risk transfer, to ensure that best value is achieved.
- **ACCELERATION OF INFRASTRUCTURE PROVISION:** PPP often allows the public sector to translate upfront capital expenditure into a flow of ongoing service payments. This enables projects to proceed when the availability of public capital may be constrained (either by public spending caps or annual budgeting cycles), thus bringing forward much needed investment.
- **REDUCED WHOLE LIFE COSTS:** PPP projects which require operational and maintenance service provision provide the private sector with strong incentives to minimize costs over the whole life of a project, something that is inherently difficult to achieve within the constraints of traditional public sector budgeting

- **IMPROVED QUALITY OF SERVICE:** International experience suggests that the quality of service achieved under a PPP is often better than that achieved by traditional procurement. This may reflect the better integration of services with supporting assets, improved economies of scale, the introduction of innovation in service delivery, or the performance incentives and penalties typically included within a PPP contract.
- **BETTER INCENTIVES TO PERFORM:** The allocation of project risk should incentivize a private sector contractor to improve its management and performance on any given project. Under most PPP projects, full payment to the private sector contractor will only occur if the required service standards are being met on an ongoing basis [16].

4. PUBLIC PRIVATE PARTNERSHIP A CATALYST FOR TRANSPORT INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

Public Private Partnership (PPP) Project means a project based on a contract or concession agreement, between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges. Private Sector Company means a company in which 51% or more of the subscribed and paid up equity is owned and controlled by a private entity. While there is no single definition of PPPs, they broadly refer to long-term, contractual partnerships between the public and private sector agencies, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the public sector. These collaborative ventures are built around the expertise and capacity of the project partners and are based on a contractual agreement, which ensures appropriate and mutually agreed allocation of resources, risks, and returns.

PPPs do not mean to reduce responsibility and accountability of the government. They still remain public infrastructure projects committed to meeting the critical service needs of citizens. The government remains accountable for service quality, price certainty, and cost-effectiveness (value for money) of the partnership. Government remains actively involved throughout the project's life cycle. Under the PPP format, the government 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. PPPs aim is 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. The private sector brings along operational efficiencies, innovative technologies and managerial effectiveness, access to additional finances, and construction and commercial risk sharing [16]

[17] In his extensive research on PPP projects internationally had discovered five main CSFs, which include economic viability, appropriate risk allocation via reliable contractual arrangements, sound financial package, reliable concessionaire consortium with strong technical strength, and favourable investment environment. [18] Presents nine critical success factors from the experience of World Bank in conducting PPP projects worldwide. The factors include: careful planning of PPP contract, solid revenue and cost estimate, user willingness to pay and communication plan, extensive feasibility study with the use of PPP expertise, compliance with contractual agreement, appropriate legal and regulatory framework, strong institutions with appropriate resources, competitive and transparent procurement, mitigation and flexible in managing macro risks.

[19] Analyzes twenty one successful factors which grouped in to five generic success factors for BOT project in China. These factors are: reasonable risk sharing mechanism, financial system and policy for BOT projects, the improvement of regulation and policy, rational pricing mechanism, effective supervising mechanism. [20] Conducts a study with focused in UK and Canada and observed that principles that need to be addressed in order to ensure the successful implementation of a PPP program include: understanding the objectives of using private finance when selecting a PPP approach, proper allocation of risks to the private sector, establishment of legal framework, assessing the value for money when selecting a delivery system, creating a PPP unit for policy development and implementation, maintaining transparency in the contract selection process, standardizing the procurement procedures, and the use performance specifications.

Not all projects with private sector participation are PPP projects. Essentially, PPPs are those ventures in which the resources required by the project in totality, along with the accompanying risks and rewards/returns, are shared on the basis of a predetermined, agreed formula, which is formalized through a contract. PPPs are different from privatization. While PPPs involve private management of public service through a long-term contract between an operator and a public authority, privatization involves outright sale of a public service or facility to the private sector. A typical PPP example would be a toll expressway project financed and constructed by a private developer. Also concession of Nigeria Port Authority is another typical example of PPP. The pioneer and the successful PPP Road Infrastructure Project in Nigeria is the Lekki Toll Road Project and is the first road transport PPP in Nigeria. The project cost is USD 430 million. Benefits are: • Better road transportation •

Journey time saving • Improved road safety. The Nigeria PPP candidates are ADF Public & ADB Private Sector.

The successful concessionaires of the port include Hutchison Ports Holdings. PSA Corp. ICTSI and Mersey Docks, CMA-CGM. Bollore Group. APM Terminals and Panalpina [21][22]. Each terminal operator was expected to pay between $5 million to $100 million depending on the terminal as part of the assurance that concessionaires will maintain equipment and infrastructure in areas of operations. Concession of Nigerian ports has been described as one of the world's largest concession programmes based on awards of 20 long-term port concessions. consideration of two new legislative acts governing the port sector and a draft of an acts establishing an independent regulator for all mode of surface transport [4]. Activities in the maritime industry in Nigeria show that the Federal Government of Nigeria has taken a lead in the promotion of Public Private Partnership for development of infrastructure. The partnership is expected to promote socio-economic development in the country, through this expectation is yet to have impact to the majority in the citizens of Nigeria. Spanning a two year period which began in late 2004. the Nigeria Federal Government implemented one of the most ambitious port concessioning programmes ever attempted. The success of this programme resulted from the government determination. as well as the need to remedy massive short comings in the sector. which sharply inhabited economic development. However, the Nigerian seaports are constrained by congestion with ships waiting on the high sea to discharge their consignment and the country losing billions of naira as demurrage increase on both the containers at the ports and on the ship waiting berth.

A winning bid for the concession of the Nnamdi Azikwe International Airport (NAIA) Abuja was awarded in 2006. However, the deal was revised by the next government that took over by the past government and renegotiations have been stalled by warring government parties over who should oversee the sale of the airport [23]. However, some success has been recorded by the Nigerian aviation sector with the concession of Murtala Muhammed Airport Terminal 2 (MMA2). After fire gutted the domestic terminal of the Murtala Muhammed Airport international in Lagos. the Federal Government made a decision to redevelop the airport using private sector investments under a Public Private Partnership Scheme. In 2003, a private company, Bi-Courtney Limited was awarded the concession by the Federal Government of Nigeria to design, build and operate the Murtala Muhammed Airport, Lagos Domestic Terminal and ancillary facilities. Despite early teething problems, passengers at MMA 2 have expressed satisfaction with their experience at the terminal. The described it as a "new form of public-private partnership, one in which the public shoulders all the risk, and the private sector gets all the profit"[25]. Public private partnerships have fundamentally been about giving private investors and financiers high returns with low risks, at the long-term expense of taxpayers and the public. The financial backers of PPPs were able to borrow capital at lower rates of interest, thanks in large part to unregulated and often fraudulent activities in financial markets. This narrowed the interest rate spread between private and public sector borrowing rates, allowing PPPs to appear more financially attractive than otherwise. They were still a bad deal for taxpayers, but low private sector costs of borrowing meant that faulty accounting didn't have to cover up as much.

These low borrowing rates for the private sector were not based on economic fundamentals or realistic calculations of risk in the private sector. Private financial institutions engaged in cover-ups and miscalculations of true financial position of the company as well as passing on of undisclosed risks to unsuspecting investors. The unregulated financial markets allowed financial speculation to flourish, siphoning funds away from productive investments in the real economy. As a result, the paper economy grew, but real economy stagnated. Then the whole house of cards came crashing down, as a result, private financing costs for PPPs have increased and will continue to stay relatively high, while costs of public borrowing have tumbled. This will continue to make PPPs both more costly and more risky for the public. There are many factors that affects PPPs, they are:

- Regulatory Issues
- Legal Issues
- Funding Issues
- Political Issues
- Cultural Issues

5. CONCLUSIONS

The investment and development of transport infrastructure promotes economic development. Undoubtedly, Nigeria's infrastructure deficit has stymied its economic growth, restricted productivity and limited its competitiveness. The challenges of the delivery of critical infrastructure continue to impact negatively on the cost of doing business, investment and capital inflow into the country. A clear departure from the old ways of doing things is imperative if the country is to create and sustain modern, efficient infrastructure that delivers cost effective public services for accelerated and sustained economic growth. The infrastructure market in Nigeria is vast and wholly undeveloped and unexploited. The sectors [illegible] infrastructure development such as roads and highways, light railways, ports, airports, [illegible] bridges and tunnels. Others are electricity power, oil and gas pipelines, water and sewerage, telecommunication and indeed the entire spectrum of infrastructure services.

A major PPP project has already been championed in Nigeria with the Lekki-Epe expressway. The project has faced bottlenecks due to the roadblocks that have been encountered with stakeholders. However, in it lies the learning we need to help facilitate development projects. Concessions in the transport sector should not be looked at just from the lens of building roads and bridges but rather from the view point of peripheral gains that can be achieved from one project. Positive gains have been recorded in places like Hong Kong with the MTR and to a lesser extent at the Lekki-Epe expressway where a number of hotels and businesses have sprung up. Though Nigeria has seen positive growth signs in the past decade, it seems the average Nigerian is yet to benefit from the growth. Therefore, part of the government's mandate is to ensure that Nigerians are part of the envisioned growth by reducing the disparity in income and increasing access and affordability of education, health, and other social services through roads accessibility.

5.1 RECOMMENDATIONS

- The importance of public private partnership cannot be overemphasized thus government must continue itself making provision of those materials that can facilitate an orderly development of PPP for example providing a strong framework for the private sector in order to build their confidence in the scheme.
- Public opinion should be properly managed and assurance should be made to enlightening and educating the public as an important stakeholder by constantly disseminating information to the public at large.
- The capital market should be developed and deepen and powerfully empowered such that it will suit the necessities and requirements of the public private partnership projects and also, political, regulatory and economic stability should be ensured.
- The government should enhance laws, regulations and institutions or put in place new ones where needed and improve the environment to achieve better participation and encouragement of the private sector in the provision of better infrastructures to the community.
- It is the expectation that with the enactment of specific laws on privately financed infrastructure projects, there will be greater private participation in infrastructure provision

and development thereby bringing about the much needed infrastructural development in a developing economy such as Nigeria.

The Federal Government should fully support the Infrastructure Concession Regulatory Commission (ICRC) as to regulate PPP infrastructure arrangement in the country concerning transport infrastructure development because without it (transport) there is no economic development.

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