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Public-Private Partnerships in Nigeria: Prospects and Challenges

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Abstract
Public Private Partnership has been said to be a long term agreement between government agency and the private sector for the provision of infrastructure which is great deficit in Nigeria and other developing countries, promote efficiency in the management of public facilities and the efficient delivery of goods and services with both parties sharing in the risks and rewards. This study employed the descriptive analytical technique as it best suits the purpose of this research to investigate the very poor implementation of public-private partnership in addressing the huge infrastructural deficit in the country. The study employed the political-economy approach to descriptive analysis to explore the bottlenecks and misconceptions around public-private partnerships in Nigeria. Based on these challenges recommendations were made.
Keywords*: Concession, Infrastructure, Franchise, Management contract, Build-Own and Operate, Build-Operate and Transfer,Afterimage, Leasing.*
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I. Introduction

According to the National Council for Public Private Partnerships, a governmental agency (federal, state, or municipal) and a private sector firm enter into a contract to form a public-private partnership. The public and private sectors' assets and abilities are combined through this arrangement to offer a service or facility for use by the general public. Each partner shares in the risks and profits associated with providing the service and/or facility, in addition to sharing resources. In essence, the emphasis on service delivery and a true partnership that involves sharing risks and gains are the main characteristics of a PPP (P^3).

PPPs have been used to supply services all over the world in industries like power, education, highways, and aviation as well as in some particular areas of defense services like facility maintenance and the purchase and training of simulators. The contract between FAAN and Bi-Courtney Aviation Services for the Build, Operate, and Transfer (BOT) of MMA2 Domestic Airport Terminal in Lagos serves as an example of a PPP in Nigeria.

In areas including leasing, franchising, concessions, equity, and joint venture involvement, Nigeria is receptive to public-private partnerships. PPP initiatives are being prioritized by many states, with Lagos State anticipating that 70% of its present and future projects will be in the public-private partnership format.

Increased private investment in the main infrastructure sectors and the PPP infrastructure market is the goal of the public-private partnership Initiative Project. The initiative includes technical assistance for regulatory change as well as capacity building for ministries, departments, and agencies. In order to create commercially successful public-private partnership transactions, it also provides assistance with project preparation and consultancy services. The Viability Gap Facility and Financial Intermediary Loan Facility both offers infrastructure financing for projects. The task was supposed to be finished in 2017.

The primary public-private partnership organization in Nigeria is the Infrastructure Concession Regulatory Commission (ICRC), whose major goal is to encourage private sector finance of investments in the nation's infrastructure. The ICRC supports the establishment and implementation of efficient public-private partnership procedures for the federal government, its ministries, and development organizations. Creating a transparent, effective, and equitable procedure for managing all facets of public-private partnership project implementation and monitoring, and applying this process consistently to all pertinent projects, are some of its key goals, ensuring the effective performance of any concession agreements or contracts that the government enters into securing adherence to the ICRC Act. Together with roads, bridges, ports, railroads, logistics centers, gas and petroleum infrastructure, water supply, water treatment and distribution, solid waste management, educational institutions, transportation systems, housing, and healthcare facilities, the ICRC is also in charge of these things. The Infrastructure Concession Regulatory Commission (ICRC) was founded in 2008 by the Federal Government of Nigeria in accordance with the Infrastructure Concession Regulatory Commission Act, 2005.

Public-private partnerships (PPPs) are now increasingly frequently used to replace or improve public infrastructure. Public infrastructure projects that require substantial up-front investments includes highways, light rail, bridges, seaports, airports, water, sewerage, hospitals, and schools, etc.

Public infrastructure, basic social services, and utilities are essentially the responsibility of the government. However, due to the global depreciation of oil and gas prices, as well as the impact of tax fraud and withholding by residents, among other things, the government of Nigeria is currently short of funds for the provision of basic services and the development of infrastructure, much like the government of practically every other country in the world. Public-private partnerships were created as a result of the government's incapacity to handle the growing burden of delivering and maintaining infrastructure as well as the requirement to control private citizens' investments in infrastructure development, risk-sharing, and infrastructure improvement (Public-private partnership).

A public-private partnership (PPP) is a legally binding arrangement whereby the private sector delivers infrastructure assets and services that were previously provided by the government. PPPs are not defined legally in Nigeria. PPP is defined as "the participation of the private sector in financing the construction, development, operation, or maintenance of infrastructure or development projects of the federal government through concession or contractual arrangements" in the explanatory memorandum to the Infrastructural Concession Regulatory Act of 2005 (ICRA).

As a result, a public-private partnership may be described as a joint effort between the public and private sectors that involves each side maintaining its own identity and duties while working together to execute a project based on an agreed-upon allocation of tasks and risks. It's a way for governments to raise money and provide things that they couldn't otherwise, including necessary public services and infrastructure.

Because to the intricate nature of Public-private partnership transactions, it is essential that all contracts, including auxiliary and subcontracts be created and negotiated with the utmost care and concern to ensure that they are all in sync. In order to prevent a mismatch between the main contract and the lesser subcontracts, care and attention to detail are typically taken. The term "force majeure" in one contract, for instance, should have the same meaning in other related contracts. Likewise, the proposed dispute resolution system should stipulate the same procedures and consolidation in all contracts. Because of this, it is crucial that the major players enlist a strong and knowledgeable Transaction Advisory Team.

In order to avoid potential stalemates brought on by non-compliance, it is also crucial to take local legislation, rules, and requirements for permits, licenses, and approvals into consideration when negotiating Public-private partnership contracts.

Every federal government ministry, agency, company, or entity engaged in infrastructure development and financing is permitted to enter into contracts with private sector proponents for infrastructure construction, financing, and operation by the ICRCA, which is Nigeria's primary regulatory body. The ICRC establishes the institutional and regulatory framework for MDAs to communicate with the private sector on infrastructure projects, as stated in the ICRCA. Nonetheless, the Act primarily covers federal MDAs engaged in federal projects, leaving out infrastructure and state governments.

In order to fund, build, renovate, manage, operate, or maintain an infrastructure or service, public authorities and the private sector work together in a public-private partnership. In order to offer the infrastructure or service, all public-private partnerships fundamentally involve some sort of risk sharing between the public and private sectors. In order to differentiate a public-private partnership from the more conventional public sector model of public service delivery, sizeable and, at times, considerable elements of risk must be allocated to the private partner. Contractual and institutional public-private partnerships are the two main types.

Contractual Public-Private Partnerships are substantially more common, especially in emerging economies, even though institutional Public-Private Partnerships have been highly successful in specific situations, notably in nations with well-developed institutional and regulatory capacities. This agreement between the public and private sectors differs from service contracting in that the private sector partner typically makes a sizeable cash or equity investment in the project and the public sector receives access to additional income or service delivery capabilities.

The commercial partner provides all or a portion of the funding for the infrastructure or service. The party most suited to manage each specific risk is chosen among the public and private partners to receive the risk distribution. Public-private partnerships are intricate arrangements with many participants and comparatively significant transaction costs. A procurement strategy that puts the emphasis on payment for successfully delivering services is public-private partnership (the performance risk is transferred to the private partner).

In contrast to the conventional input-based model of public service delivery, where the emphasis is on payment for the successful delivery of services, public-private partnerships are an output-performance-based structure. To maximize synergies and deter low-capital/high operating-cost proposals, public-private partnerships frequently include bundled services (i.e., design, construction, maintenance, and operation). An innovative and dynamic method of risk management in the provision of infrastructure and services is provided through public-private partnerships.

User-based payments are the most common form of remuneration for the private partner in public-private partnerships (i.e., toll roads, air port or port charges) Public authorities may receive compensation for availability through private financing initiatives (PFI), power purchase agreements (PPAs), and water purchase agreements (WPAs). In user-based payment structures, a combination of the aforementioned factors may mean that the government or public authority must contribute financially to the project in order to reduce certain risks, such as demand risk, or to make sure that full cost recovery is compatible with affordability standards and the general public's capacity to pay. Government support programs can take a variety of shapes, including contributions, investments, guarantees, and subsidies, but they should be carefully planned out and put into place to allow for the best possible risk distribution between the public and private sectors. The goal is to increase private capital mobilization per unit of public sector contribution when there is government assistance. The PFI model, one type of PPP, is based on availability payments. For the provision of public services, this system supplies capital assets. This concept, which was created in the U.K., is applied to many infrastructure projects and provides the private sector with significant incentives to deliver infrastructure and services on schedule and within budget. Governments and public authorities can extend the expense of public infrastructure projects across a number of decades by using PFIs. In addition to increasing budget certainty, this frees up limited public resources for other social objectives.

The majority of public-private partnerships were initially negotiated separately, as one-time arrangements. But, the private finance initiative (PFI), the first organized program intended to promote public-private partnerships, was launched in 1992 by the Conservative administration of John Major in the United Kingdom. Although, as already mentioned, the impact on public finances was mostly illusory.The 1992 program's main goal was to reduce the public sector's borrowing requirement. The PFI was maintained by Tony Blair's Labor government after it was elected in 1997, but the emphasis was changed to achieving value for money, primarily through a proper risk allocation.

Objective of the Study

This study's main goal was to evaluate the potential of public-private partnerships for building much-needed infrastructure, offering effective services at reasonable prices, and freeing up limited public funds for other social investments. At the same time, it also identified significant obstacles to PPPs' successful implementation in Nigeria.

II. Literature Review

Public-Private Partnerships (PPPs)

- According to the Commonwealth Local Government Manual, a public-private partnership (PPP) is, conceptually, a partnership of organizations from the public and private sectors for the delivery of public services. In PPPs, four groups of actors have been listed as relevant. These are the public sector, non-profit organizations, community-based organizations, and the corporate sector. PPPs management approaches and systems come in a variety of forms, including:
- Contracting out, which is when a governmental agency awards a contract to an outside private business?
- Franchising/Concession: A private partnership assumes control of the operation of a service, the collection of fees, and possibly the financing of brand-new fixed asset investments.
- Afterimage: Public authorities build and own the assets, but they hire others to do operations and upkeep while they are being paid
- Leasing: Making use of equipment/assets without purchasing but paying a lease.

- Privatization: Public service is entirely sold to a private partner.
- Management contract: Private organization takes over responsibility for managing a service to specified standard by using staff, equipment,etc. of public authority.
- Build Own and Operate (BOO): Partnership between public and private sectors whereby the private firm may build, own and operate the asset/service.
- Build-Operate and Transfer (BOT): Same as BOO but the asset/service will be transferred to the public sector after a period of time.
- Management Buyout (MBO): The management of well run internal functions negotiates the purchase of that function and becomes a private venture.
- Co-operatives: Self-governing voluntary organizations designed to serve the interest of their members, working in partnership with public authorities.

Contracting out is the PPP method that is used the most frequently. Sohail contends that there are no precise PPP classifications that can be created because the classification of partnerships depends on the services involved, the partners' personalities and strengths, and the PPPs' intended goals. Partnerships are essentially institutional frameworks that define the roles, responsibilities, and accountability procedures for the relationships that govern the partnerships (formal or implied). Meeting public needs is the primary goal of PPP, which could not have been accomplished without cooperation. Through PPPs, the public sector will be able to keep a portion of service ownership and administration, avoid charges of "wholesale" service delivery transfer to the private sector, and still effectively fulfill its function as political accountability to its people.

Types of Public-Private Partnership:

Build-Operate-Transfer (BOT)

A facility is constructed to the specifications agreed upon by the public agency, is run by the private partner for a predetermined amount of time under a contract or franchise agreement with the agency, and is then turned over to the agency at the conclusion of the predetermined amount of time. The period of the contract or franchise must be long enough to allow the private partner to receive an acceptable return on its investment through user fees because, in the majority of situations, they will also supply some, if not all, of the funding for the facility.

Build-Own-Operate (BOO)

Without giving up ownership to the government, the contractor builds and manages the facility. There is no requirement for the public sector to acquire the facility or take title; legal ownership of the facility still belongs to the private sector. If all IRS conditions are met, a Build-Own-Operate transaction can be eligible for tax-exempt status as a service contract.

Buy-Build Operate (BBO)

Buy-Build Operate is a type of asset sale that entails renovating or enlarging a current facility. The private sector organization purchases the asset from the government and performs the upgrades required to run the facility profitably.

Contract Services Operations and Maintenance

To deliver and/or maintain a certain service, a public partner (federal, state, or local government agency or authority) enters into a partnership agreement with a commercial partner. The public partner maintains ownership and overall administration of the public facility or system under the private operation and maintenance option.

Operations, Maintenance & Management

A facility or system providing a service is operated, maintained, and managed by a commercial partner under a contract with a public partner (federal, state, or local government body). The public partner retains ownership of the public facility or system under this contract option, but the private party may contribute its own funds to the facility or system. All private investment is thoroughly evaluated in terms of how it will affect operational effectiveness and cost savings during the contract's duration.

Design-Build (DB)

When a private partner works with a public agency to design and build a project, this is known as design-build. This kind of collaboration can speed up the process, save money, offer more reliable guarantees, and shift more project risk to the private sector. By having just one organization accountable to the public owner for the design and construction, it also lessens conflict. The assets are owned by the public sector partner, who is also in charge of their operation and upkeep.

Design-Build-Maintain (DBM)

Design-Build-Maintain is identical to a DB, with the exception that the private sector partner will be in charge of facility upkeep for a while. Benefits are comparable to those of a DB, but maintenance risk is divided between the private sector partner and maintenance is now covered by the guarantee. The assets are owned and administered by the public sector partner.

Design Build Operate (DBO)

The design, building, and operation of a capital improvement are all covered by one contract. Unless the project is a design-build-own-operate project, title to the facility still belongs to the public sector. With this approach, the owner first enters into a design contract with an architect, then enters into a construction contract with a different constructor, and then completes and operates the project themselves.

By enabling the overlap of the design and construction phases of the project, a straightforward design-build strategy establishes a single point of responsibility for both design and construction and can hasten project completion. The public sector often manages the operations phase of a project under a separate operations and maintenance agreement. The continuity of the private sector's engagement is maintained by combining all three passes into a DBO strategy, which also makes it easier to finance public projects privately using user fees collected throughout the operations phase.

Developer Finance

In exchange for the right to erect homes, businesses, and/or industrial facilities on the property, a private party pays the building or enlargement of a public facility. The facility may be operated by the private developer with government oversight in exchange for capital contributions. The function is made available to the developer, who may also earn money from user fees in the future.

Enhanced Use Leasing (EUL)

The Department of Veterans Affairs (VA) has an asset management program known as an EUL that can incorporate a variety of leasing arrangements (such as lease/develop/operate and build/develop/operate). EULs allow the VA to lease property it owns for a long time to the private sector or other governmental organizations for non-VA purposes in exchange for fair compensation (cash or in-kind) that advances the mission or activities of the VA.

Lease Develop Operate (LDO) Or Build Develop Operate (BDO)

In these partnerships, a private party rents or purchases an existing facility from a public agency, makes its own investments in renovation, modernization, and/or expansion, and then administers the facility in accordance with a contract with the public agency. Through LDO and BDO agreements, a variety of various kinds of municipal transit facilities have been leased and built.

Lease-Purchase

A lease-purchase agreement is a contract for installment sales. In this arrangement, a new facility is financed, built, and leased by the private sector to a public organization. The public body pays the private party its agreed-upon lease payments. With each payment, the public agency builds equity in the building. The public agency either owns the facility when the lease term is over or buys it from the landlord for the amount of any outstanding rent.

According to this agreement, the facility may be run during the lease term by either the public agency or the private developer. The General Services Administration has used lease-purchase agreements to construct federal office buildings, and several states have used them to construct prisons and other forms of correctional facilities.

Sale Lease Back

This is a deal in which the owner of a facility leases it back from the new owner after selling it to another party. For a variety of reasons, both public and private enterprises may enter into sale-leaseback agreements. The selling of a public facility to a public or private holding company for the purpose of reducing governmental liability under specific statutes is an inventive application of the sale-leaseback approach. In accordance with this agreement, the government that purchased the facility leases it back and keeps it in use.

Tax Exempt Lease

By taking out a loan from a private investor or financial institution, a public partner can finance capital assets or facilities. Typically, the asset is purchased by the private partner who later transfers ownership to the public partner at the start or end of the lease term. State and federal tax laws do not apply to the portion of the lease payment used to cover interest on the capital investment. A wide range of capital assets, including computers, telecommunications systems, and municipal vehicle fleets, have been financed by tax-exempt leases.

Turnkey

A public organization enters into a contract with a private investor or vendor to design and construct a whole facility in line with predetermined performance standards and criteria agreed upon by the organization and the vendor. The private developer makes a fixed-price commitment to build the facility and assumes the construction risk associated with fulfilling that promise. In a turnkey agreement, the private partners typically employ expedited construction methods (such design-build) and are not constrained by conventional public sector procurement laws.

Concessions

An agreement between a private firm and the government grants the company the sole authority to manage and invest in a public utility for a specified period of time. Other types of agreements between public and private parties, such as lease and management contracts, are conceptually similar to concessions but differ in the operator's rights and compensation. All governments struggle with the difficult topic of who should own public assets. Governments throughout the world have been forced to shift their stance toward private ownership of such assets due to budgetary constraints as well as their recurrent inability to maintain these assets. As a result, policymakers have developed numerous strategies for including the private sector in the upkeep and management of public assets. As a result, concession agreements—in which ownership rights remain with public authorities but operating rights and accompanying profits are transferred to private players—have grown in favor globally.

Concession contracts are typically defined by the following four features:

- The contract governs the relationship between the concession-granting authority and the private concessionaire. The concession-granting authority is the government, an inter-ministerial commission, or less common–and the least appropriate–the regulatory agency.
- The concession is awarded for a limited but potentially renewable period, during which concessionaire enjoys the exclusive right to use the assets, exploit existing facilities, and develop new ones. The contract determines conditions under which concessionaire uses these facilities and the prices at which it provides the service. The facility continues to be publicly owned.
- The concessionaire is responsible for all investments and for developing all new facilities, many of which are specified in the contract, under the supervision of state or regulator. The concessionaire retains control and user rights over the new assets until they are handed over at the expiration of the contract. The contract might contain a clause specifying compensation for investments not fully amortized by the end of the concession period, and clauses specifying causes and remedies for early termination of contract and stating penalties and fines for non-compliance with agreed upon terms.
- The concessionaire is remunerated based on contractually established tariffs (with appropriate guidelines for review and adjustment) collected directly from users. These prices are typically regulated through rate-of-return or price-cap mechanisms, usually driven by the principle of efficient financial equilibrium allowing the firm to earn a fair rate of return on its investments. If revenues do not cover costs, compensation mechanisms are established.

Concessions are frequently much more intricate than these fundamental characteristics would suggest given the variety of contexts in which they are utilized. Concession agreements frequently include additional responsibilities and rights that call for ongoing regulatory oversight in the form of monitoring compliance, balancing conflicting interpretations, adjusting tariffs in the event of an emergency, conducting periodic tariff reviews, and renegotiating triggers and terms. So, the government's role comprises establishing guidelines for competition throughout the bidding process as well as enforcing contract terms and regulatory compliance. Generally speaking, in order to assure efficiency, the awarding process must be competitive. Nonetheless, in some extraordinary circumstances, the government must award the concession directly or through bilateral talks. As a result, there are two methods for granting concessions: direct award and open bidding.

Benefits of Public-Private Partnership

A public agency (federal, state, or municipal) and a private sector organization enter into a contract as part of a public-private partnership. The public and private sectors' assets and abilities are combined through this arrangement to offer a service or facility for use by the general public. Each participant shares the possible risks and profits associated with providing the public service and/or facility, in addition to the resources. Transportation, water/waste management, urban planning, infrastructure and utility development, financial management, and education are examples of industries where PPPs have been successfully implemented. Projects involving public-private partnerships are long-term alliances (typical projects have the duration between

20 and 40 years). Another distinguishing characteristic of PPP projects is that, unlike projects based on outsourcing, the private partner assumes the risk for the capital invested. PPP initiatives allow for the best possible risk distribution and allow each partner to accept the risks that they can best manage.

Another distinguishing feature is that, unlike other initiatives where the public and private sectors collaborate, the outcomes of this cooperation are predetermined from the start. As a result, on one hand, the public sector precisely determines the kind of service the private sector must offer, as well as its level of quality, cost, and regulatory framework. On the other hand, the private sector carries out the whole project by providing the finance and upkeep. The basic implementation condition of a PPP project is its ability to achieve, from the point of view of the public sector, a greater benefit in relation to the expenditures, compared to the situation when the public sector implements the given project by itself, using its own forces and from its own sources, i.e. respecting the principle of value for money.

The advantages of Public-Private partnerships (PPPs) include the following:

1. Speedy, efficient and cost effective delivery of projects.
2. Value for money for the tax payer through optimal risk transfer and risk management.
3. Efficiencies from integrating design and construction of public infrastructure with financing, operation and maintenance/upgrading.
4. 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.
5. Alleviation of capacity constraints and bottle necks in the economy through higher productivity of labour and capital resources in the delivery of projects.
6. Competition and greater construction capacity (including the participation of overseas firms, especially in joint ventures and partnering arrangements).
7. Accountability for the provision and delivery of quality public services through performance incentive management/regulatory regime.
8. Innovation and diversity in the provision of public services.
9. Effective utilization of state assets to the benefit of all users of public services.
10. Faster implementation.

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

Public-Private Partnership and Economic Growth

Because infrastructure facilities constitute the backbone of every economy and create the conditions for long-term economic growth and riches, it is conceivably the most significant aspect in economic development. Unquestionably, Nigeria has a severe infrastructure shortage, and the infrastructure that is already in place is not being used to its full potential.

According to the late President Musa YarAdua, Nigeria needs more than US$19 trillion to build the necessary infrastructure. The estimated total federation account receipts for 2009 were N4.529 trillion, or about US$3 billion, and Nigeria's annual GDP of US$300 billion, or less than 2% of this amount, is less than this amount. The foreign reserves, which peaked in 2008 at about US$62 billion is currently less than US$50 billion, is essentially insignificant.

The World Bank advises developing nations like Nigeria to invest 7-9 percent of their GDP in infrastructure. Although the exact amount invested in infrastructure each year is not known, it is unlikely that Nigeria has ever reached the recommended percentage. This is especially true given that 7-9 percent of Nigeria's GDP is almost equal to the gross annual revenues of the government, from which recurrent and other capital expenditures unrelated to infrastructure are incurred.

Given the aforementioned, it is clear that private sector engagement is necessary since even in the best of circumstances, the government cannot afford to provide the infrastructure requirements necessary for a country's economic progress. Hence, public-private partnerships are a crucial and essential tool for achieving sustainable economic development.

The case for implementing projects like e-government and ICT is generally strong. Modernization, new technologies, enhanced efficiency, and better services for people and consumers are needed at all levels of government. But many of the necessary modernizations and upgrades are not only capital-intensive and expensive, they are also difficult to manage and outside the purview of most governmental organizations. It may be possible to achieve a "win-win" solution where the private sector finances and operates a system, the government is in a better position to ensure effective delivery of the services, and the citizen receives a higher quality service, value for money, and engages more constructively by having the private sector perform an e-government or ICT service on behalf of the government.

Public-private partnerships, where the government provides the minimum standard of services, products, and/or care, the private sector brings skills and core competencies, and donors and business bring funding and other resources, can be used to achieve sustainable access to healthcare and other socioeconomic services and products in Nigeria and some other developing countries. Such partnerships will improve health as has been the case with polio eradication and other child immunization campaigns, and they will promote poverty alleviation through microfinance..

The value of PPP to society cannot be overstated because it is applicable to practically all facets of daily life. For instance, PPP can be helpful in accelerating the completion of high-priority projects for which the agencies lack the necessary skills and resources to complete the project.

Problems and Challenges of Public-Private Partnership

Regulatory Issues

Until 2005, there was simply no regulatory framework for public-private partnership in Nigeria. There was clearly practical knowledge gap on the part of the regulators in dealing with public-private partnership in Nigeria. These posed major problems on both sides of the transaction and may have accounted for some of the challenges been faced. The practical knowledge gap in public-private partnership in Nigeria is responsible for the perception that it is primarily for revenue generation rather than to provide infrastructure or services required by the public. A cursory examination of the Infrastructure Concession Regulatory Commission Act 2005 suggests that the commission has very little effective powers and might end up being largely a monitoring and policy making entity without the capacity to enforce compliance particularly on the side of the government. The Act has however not contained any detailed provisions to ensure compliance and it has also not given the commission sufficient power to supervise concession and enforce compliance with its provisions.

The absence of a well defined open and accessible procurement process for public-private partnerships is another regulatory issue of concern. By now, there should have been detailed rules and regulations detailing the processes and procedures for applying for and securing an infrastructure concession in Nigeria. Unfortunately, that has not happened yet.

Inconsistency in policy is another regulatory issue in public-private partnership projects in Nigeria. Incessant changes in relevant political office holders and the Chief Executives of Regulatory agencies is also a major problem with public-private partnership projects for example the MMAII concessionaire over 7 years has had to deal with 6 different Ministers and 5 different Chief Executives of the Federal Airports Authority of Nigeria (FAAN), each with different policies, divergent opinions and perspectives on Concession Agreement and concession itself.

Legal Issues

There is the need for the reform of our administration of justice system to ensure speedy pace of justice delivery. The slow pace at which the Justice delivery system works is also a major impediment to doing business in Nigeria and subsequently impacts negatively on public-private partnerships in Nigeria. Efficient Justice delivery system and prompt conflict resolution are essential ingredients constituting conducive operational environment for public-private partnerships; it also helps to avoiding interruptions in service delivery. Public-private partnerships often involve large investments in immobile assets, which leave investors vulnerable to expropriation and political pressures. Finally, concessions generally consist of intricate web of legal arrangements for the construction, financing, and operation of infrastructure. In situation of dispute resolution, this implies the need for expertise in dealing with these complexities.

Funding Issues

Infrastructure development requires a long term finance and raising long term loans remains a challenge in the country especially from the Nigerian banking sector, and raising funds internationally has never been any easier. An alternative source of long term funding is the capital market, particularly the bond market but this may also not be adequate as the Nigerian's capital market is still too shallow and under-developed for green-field infrastructural projects.

The practice in other countries is that government give sovereign guarantees to the concessionaires of key infrastructure as well as other incentives to make it easier for the concessionaire to raise finance.

Political Issues

This is a very important aspect of public-private partnership because where there is the absence of political will towards PPPs, and then its success rate becomes slimmer. Sometimes, a new administration may not be interested in the concession and may deliberately frustrate it; or may want to re-concession it entirely. For these reasons concessionaires try to speed up commissions of projects before the existing administration to an end leading to high contingency costs and sometimes not meeting standards.

Perception Issues

Public-private partnership projects encounter serious resistance from the labor unions, civil-servants, off-takers, due to the negative perceptions from the general public who view concessions as transfer of public assets to private individuals. Public-private partnership are meant to be partnerships between the public and private sector in which responsibilities, risks and obligations are shared between each side in order to guarantee the greatest benefit to the public. Unfortunately, some civil servants tend to see the private sector concessionaire as the enemy that wants to take their jobs and incomes; hence the concessionaire is seen as an adversary that must be overcome at all cost. Another challenge is the belief that the government is not bound to honor its contractual obligations or that the government can unilaterally rescind contracts it entered into voluntarily.

III. Conclusion

Under the Infrastructure Concession Regulatory Commission Act of 2005, the ICRC was established with the purpose of addressing the nation's physical infrastructure deficit, which is impeding economic growth. Public-private partnership is still work-in-progress Nigeria. Public-private partnership participation in Nigeria should generally be encouraged and enhanced because the advantages far exceed the disadvantages. To ensure that the basic needs of the people who are the intended beneficiaries of these partnerships are sufficiently met, it is crucial that both the public and private sectors embrace transparency and accountability.

IV. Recommendation

The terms of the contract in Nigeria govern the compensation paid to the private party in a Public-private partnership transaction. Public-private partnership road projects, such as toll highways, frequently use user fees as their primary source of funding. The government may also directly pay the private party in the form of subsidized payments, minimum revenue guarantees, availability payments (where the government pays when the private party provides services that fulfill specific quality requirements), or minimum revenue guarantees.

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