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1.0 INTRODUCTION

The fact that Nigeria lacks the minimum level of infrastructure required to meeting the demands of global competitiveness in the 21st-Century is no longer new. The fact that infrastructural inadequacy has severely constrained productivity, economic growth, and global competitiveness is so glaring for all to see. The Global Competitiveness Report for 2017-2018 by the World Economic Forum ranked Nigeria 125 out of a total of 137 countries with a score of 3.3 on a scale of 1 to 7 (Where '1' implies extremely underdeveloped and '7' implies extensive and efficient by international standards). According to the WEF report, "... Nigeria's macroeconomic conditions are worsening (122nd, down 14), inflation (131st) is high at 15.7 percent, its budget deficit (99th) has reached 4.4 percent, and institutions appear more fragile (125th, down seven), adding uncertainty to the business environment." The country's national infrastructure stock is merely 30% to 40% or less of its GDP and this does not compare favourably with emerging economies, like South Africa and Brazil, which have achieved infrastructure stock levels in excess of 70% of GDP. Inadequate Supply of infrastructure was mentioned as the most problematic factor for doing business in Nigeria. Indeed, Nigeria's diminished competitiveness is directly attributable to the abysmal level of infrastructure development in the country.

1.1 This paper is arranged in nine Sections. It commenced by examining the issue of the nature of infrastructure and the implication for financing. It also looked at the catalytic role of infrastructure on economic growth and development, including the debilitating implication of its negligence by policy makers. Next, the paper attempted at establishing a nexus between infrastructure and economic growth and development.

The paper went further to determine the magnitude and structure of Nigeria's infrastructure gap and the implication on economic growth, and , development. Thereafter, the inadequacy of the implication on economic growth, and , development. Thereafter, the inadequacy of the traditional budgetary funding of infrastructure development, and the ways to quickly close the infrastructure gap, using alterntive methods of financing, was examined. Last, the paper presented how the public-private partnership (PPP) option could be used in filling the infrastructure gap, by delving into the policy, legal, regulatory, and institutional frameworks for using PPPs.

Dr Chiedu Ndubisi is a Nigerian professional with a distinguished record of achievement in infrastructure management, financing, and reform with particular emphasis on NiPost. Since 2013, he has been serving as faculty member at the Centre for Infrastructure, Policy, Regulation and Advancement, CIPRA, at the Lagos Business School. He recently retired as the Technical Adviser/Director, Planning & Research at the Nigerian Infrastructure Concession Regulatory Commission where he was responsible for the development of policy documents in support of the Federal Government's Transformation Agenda, alternative funding arrangements for major capital projects in Nigeria and the Technical Working Group Report on Critical Infrastructure in Nigeria. He was alternate at the FGN Economic Management Team from 2010 to 2013. As a World Bank Adviser at the Bureau of Public Enterprises, Abuja (Jan 2005 To Sept 2009), Dr. Ndubisi was project manager for Postal Communications. In this position, he was responsible for developing the Postal Sector Policy, establishing the legal and regulatory framework (Postal Reform Bill), forming the Postal Sector Regulatory Commission, and laying the ground for the liberalization of the Nigerian Postal Sector. Dr Ndubisi earned a PhD in Public Policy and Administration from the Walden University, a certificate in Strategic Negotiation from the Harvard Business School, an MBA in Management from Enugu State University of Technology and a B.Sc. in Economics from the University of Jos.

https://tradingeconomics.com/nigeria/competitiveness-index

2.0 FACTS ABOUT NIGERIA

Nigeria has maintained a growth rate of between 6% and 8% GDP growth in real terms since 2011. According to Goldman Sachs projections, Nigeria has the potential to be the 20th largest economy by 2025 on the basis of its GDP growth; 21st on per capita income (2025); and 12th largest economy, if Nigeria maintains its growth trajectory to 2050, overtaking Korea, Italy and Canada on GDP.

The countries financial institutions are well capitalised and the country's sovereign wealth fund managed by the Nigeria Sovereign Investment Authority (NSIA), currently has about $1.25 billion with a huge appetite for infrastructure coinvestment.

The net assets value (NAV) of the Pension Fund assets in Nigeria, based on unaudited reports, was N6.16 trillion (about US$ 17.11 billion) as at December 31, 2016. Only a paltry N1.02 billion or 2.83 million of the funds is available for infrastructure coinvestments. Clearly, this amount is insignificante when compared with the whopping infrastructure deficit of over $10 billion per annum.

Sadly, Nigeria has not been able to translate resources into efficient essential services such as electricity, water, roads, railways, ports, communications, etc., that are require to quickly address several critical infrastructure challenges, diversify the economy (Boston Consulting Group, 2016).

3.0 INFRASTRUCTURE-DEVELOPMENT NEXUS: THEORECAL INVESTIGATION

According to the Mayor of Bogota, "A developed country is not a place where the poor have cars. It's where the rich use public transportation". This insightful and remarkable quote,

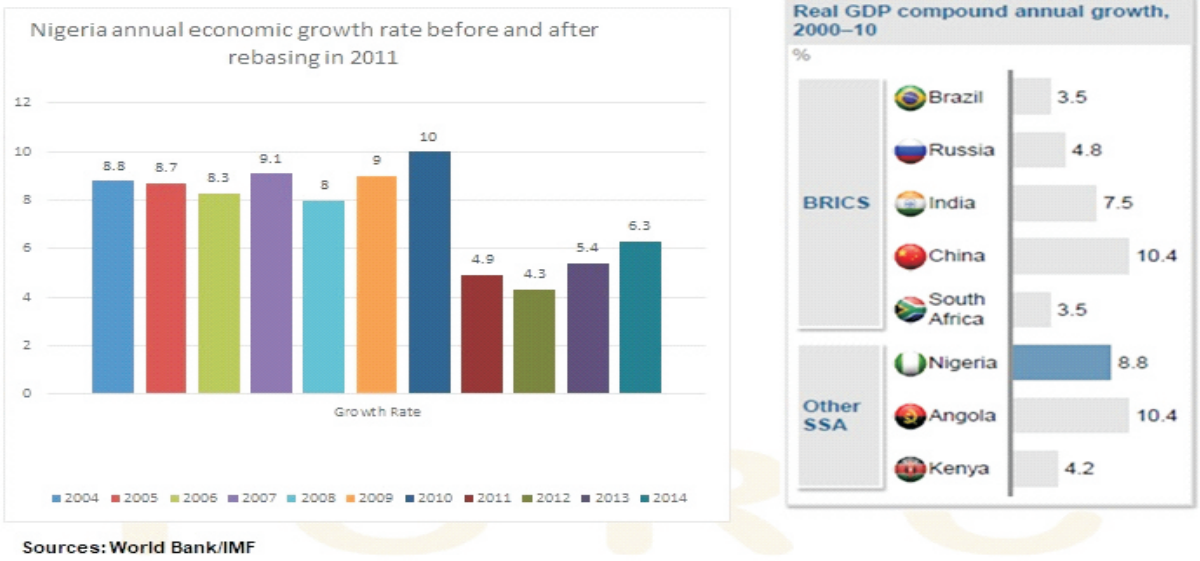

Figure 2: Gross Domestic Product (GDP) for Selected Countries

Source: Adapted from World Bank Performance Indicators, 2014

https://www.quora.com/What-is-the-meaning-of-this-thought-A-developed-country-is-not-a-place-where-the-poor-have-cars-Its-where-the-rich-use-public-transportation

Africa's Infrastructure: A Time for Transformation, World Bank, November 2009

perhaps, best illustrates the relationship between infrastructure and development. This unique relationship was further stressed by Chairman Mao, who remarked that "If you want to grow rich build a road. The World Bank estimated that poor infrastructure across Africa reduces economic growth by 2 per cent annum. Infrastructure's contribution to GDP in Emerging Economies is between 11 to 16 per cent but between, 1 to 3% in Nigeria .

Evidence exists that the absence of robust infrastructure often hampers the efficiency and effectiveness of economic activities that enhances growth, wealth and job creation, and overall national development. The World Bank has indeed described Infrastructure stock inadequacy as the vital missing link with respect to achieving the Sustainable Development Goals, SDGs .

3.1 Economic Impact of Infrastructure

Infrastructure affects economic diversification, competitiveness, growth, and development through reductions in transaction costs, international competitiveness, domestic market development, economic diversification and structural changes; and improvements in welfare and quality of life of the citizens ;. These can be explained as follows:

Cost reduction: Infrastructure development contributes to the growth of the economy through its effects on production, investment and employment. Productive activities in the real sector utilize infrastructure such as electricity, telecommunications, water, and transport services as intermediate input. A 1988 survey of manufacturing establishments in Nigeria reports that infrastructure accounts for about 9 per cent of variable costs, with half of this share going to electric power . According to the Manufacturers Association of Nigeria (MAN), the cost of power and electricity input alone ranges from 44 per cent to 70 per cent of variable cost in Nigeria (Kessides, 1993).

Global Competitiveness: Globalisation has transformed the traditional organization of production and marketing to the management of logistics, leading to cost savings in inventory and working capital, and permitting rapid response to changing consumer demands. The result has been intensified competition in finance, trade and investment. The net effect of the drastic reduction in transportation costs, lower the cost of doing business, increased global competitiveness, increased profitability, incomes, employment and the cost, service and quality of international trade (Kessides, 1993). Nigeria is currently ranked 125 of 137 countries in global competitiveness with the uncompetitive state of public infrastructure.

Domestic Market Development: Empirical studies in developing countries indicate that rural (farm-to-market) roads have a major effect in improving marketing opportunities and reducing transaction costs. The marketing of agricultural commodities, excluding the stages of processing, often accounts for 25-60 per cent of final prices for foodstuffs in developing countries, of which about a half are marketing costs, attributable to transport alone (Kessides, 1993). In Nigeria, for instance, 30-40 per cent of the market price of agricultural produce, particularly food crops, consists mainly of transport costs and other incidental services (Kessides, 1993). Farm-to-market costs on the rural road network are three times as high as what they could be with satisfactory road rehabilitation and subsequent maintenance.

Economic Diversification and Structural Changes: Infrastructure generates economic diversification through technological innovation and changes in the structure of production and consumption. As with industry, infrastructure has a direct effect on production costs and profitability of agriculture, as well as creates significant structural changes on the rural economy. Improved rural roads in Thailand, for instance, with attendant reduction in transport cost, was found to shift local demand away from some cheap locally-produced goods to imported substitutes as costs of competing manufactured consumer goods were reduced. The improved roads were found to contribute more non-farm jobs than were lost. Infrastructure provides the key to modern technology in practically all sectors. While the railroad and

electric power brought significant changes in markets and production in the past, these are insignificance compared to recent advances in informatics, digital technology, telecommunications and the growth of the internet.

These technologies underlie a very large share of production/distribution activities in secondary and tertiary sectors of the modem economy, including commerce, banking, government, and culture and tourism (Kessides, 1993) Batten & Karlsson, 2012).

3.2 The Malaysian Experience

Malaysia is made up of two main landmasses (Peninsular Malaysia and East Malaysia), with its capital in Kuala Lumpur. Figure 3 shows the country's main road, the North-South Expressway, transverses the entire length of the Peninsula for about 800km (500 miles) long and passing through seven of the country's 13 states.

The construction of this North-South road through PPP arrangement, following the financial crises, literally transformed the entire economy of Malaysia.

Before the development of the road, the traffic situation in Peninsula Malaysia was similar to what currently obtains in Nigeria.

Following the development of the road, 200 residential areas, 44 new townships, 20 industrial parks, and 9 business centres sprang up along the corridors.

Figure 3: Expressway Routes in Malaysia

Source: https://en.wikipedia.org/wiki/Malaysian_Expressway_System

3.3 The Senegalese PPP Experience

Nearer home in Senegal, the African Development Bank (AfDB) financed four major infrastructure projects with EUR 185million directly, and facilitating EUR 1.3 billion additional investments through the PPP model. These projects are Expansion of the Dakar container terminal; Sendou power plant; Dakar-Diamniadio toll highway; and New Blaise Diagne International Airport. Figure 4 is a pictorial depiction of the four projects . The synergistic and catalytic effect of these four projects on the economy of Senegal is better depicted by Figure 5 below.

Figure 4: Senegal PPP Infrastructure Development

Source: https://www.afdb.org/en/projects-and-operations/selected-projects

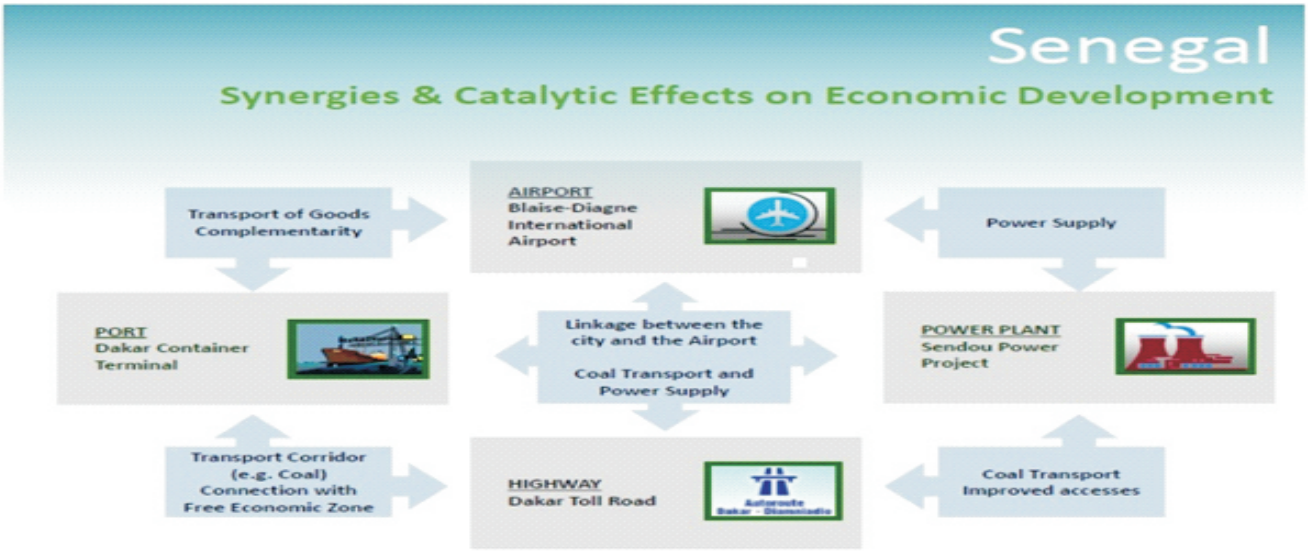

Figure 5: Senegal PPP Infrastructure Development

Source: https://www.afdb.org/en/projects-and-operations/selected-projects

4.0 NIGERIA INFRASTRUCTURE GAP and COMPETITIVENESS

According to the NIIMP document, the International Benchmark for core infrastructure is about 70% of GDP. By 2012, Nigeria infrastructures spend was between 20 - 25 per cent of GDP (USD 461 billion)., and compares unfavourable with those of other emerging economies, such as Brazil (47%), India (47%), China (47%), South Africa (47%), Indonesia (47%), and Poland (47%) in the same year .

The infrastructure spend comprise public and private investment of about $10bn with ICT (28%), transport (23%), energy (19%), and others (30%). Figure 5 below illustrates the result of this expenditure pattern over the years.

For instance, whereas Nigeria's power consumption per capita was 138 kWH (enough to power a light bulb), those of India, Brazil and

South Africa were 498 kWH, 2,384 kWH, 4803 kWH respectively. In the same vein, whereas India, Brazil and South Africa have 19, 30, and 17 houses per 100 people respectively, Nigeria has only 7 km.

The result of the above infrastructure expenditure pattern over the years is evident in the state of energy, transport, agriculture and water resources, social infrastructure and security sectors today. No airport in Nigeria is certified by the International Civil Aviation Organization (ICAO). The country's port facilities have fared better due to the concession of the ports and inflow of private capital. Months after the concession of the Apapa-Lagos container terminal, delays for berthing space dwindled, and shipping lines reduced congestion surcharge from $525 to $75, saving the Nigerian economy an estimated $200 million a year. However, it is now common knowledge in the maritime industry that Nigeria's existing seaports, especially the Lagos ports system is overstretched.

With capacity for 60mn metric tons of cargo handling, the ports run at 100mn metric tons with the renewed delays in cargo handling and processing. Furthermore, the multiplicity of ports with shallow berthing draughts outside the Lagos port complex, requiring constant unsustainable dredging costs, together with additional transshipment cost significantly

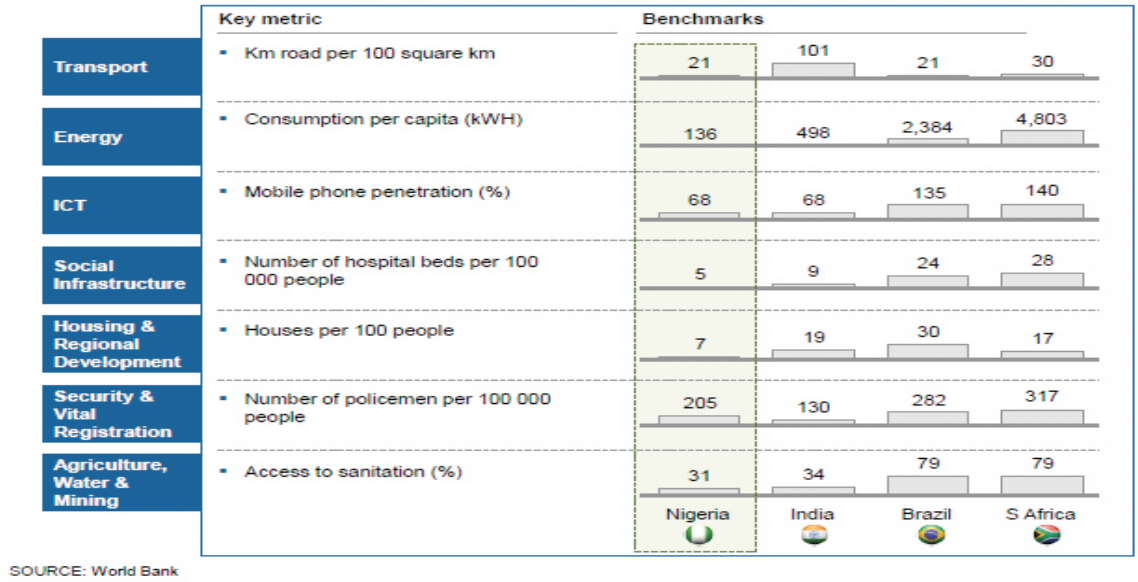

Figure 6: Benchmarking Nigeria's Infrastructure Spend (2012)
Source: From http://www.niimp.gov.ng/?page_id=1059

reduces the viability of most of the ports currently in the Niger Delta region.

The Nigerian Rail transport system, which consists of 3"6' narrow-gauge single track lanes, extending from South-West to North-East and from South-East to North-West and the newly build standard gauge lines, has nearly remained underdeveloped and out-modelled. We also have many abandoned rail projects and poor connectivity with our ports with respect to the rail system. The country has a 25 year Railway Master plan to connect the entire country. This plan has remained on the shelf, due to paucity of resources.

Based on a 30-year National Integrated Infrastructure Masterplan (NIIMP), Nigeria requires an expenditure of US$ 3.10 trillion in 30 years to launch the economy on an accelerated growth path.

A significant proportion of the planned investment of US$ 3.10 trillion or about 48 per cent is expected from the private sector by way of

public private partnership (PPP) arrangements. The expenditure requirement for the first five years of the plan comprises energy (US$13bn), transport (US$11bn), Agriculture. (US$3.2bn) and ICT (US$3.7bn). Others are housing (US$1.4bn), social information (US$2.1bn) and vital registration and security (US$ 0.6bn).

5.0 INFRASTRUCTURE DEVELOPMENT VIA PUBLIC-PRIVATE PARTNERSHIP (PPP)

A Public-Private Partnership is a contractual agreement between a public agency (federal, state or local) and a private sector entity.

Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility (Nat. Council on PPP USA). The goal is to combine the best capabilities of the public and private sectors for mutual benefit.

The PPP procurement methods have some distinct advantages. First, there is evidence of better quality in design and construction than under the traditional procurement method. It focuses on the whole life cost of the project, comprising the capital and maintenance costs throughout the life of a project. Thus, repairs and maintenance are planned at the outset and, in consequence, assets and services are maintained at a pre-determined standard over the full length of the concession.

PPP also uses private finance, expertise, and innovation, leading to international best practices and value-added. Besides, the PPP process makes it difficult to avoid taxes and requires a full analysis of projects risks at the outset.

Moreover, PPPs create efficient and productive working relationships between the public and private sector and, under PPP, helps the public sector develop a more disciplined and commercial approach to infrastructure development. As the private sector will not receive payment until the facility is available for use, PPP structure encourages efficient completion, on budget without defects.

5.1 Public Procurement

In a market economy such as Nigeria, the provision of goods and services are either undertaken by the public (public goods) or private sectors (private goods). For private goods, the consumption is rival for the consumers and it is possible to exclude individuals who cannot pay the price from its benefit. Bread, for instance, is a private good and those who cannot afford the price cannot enjoy the benefits. For this reason, the market provides private goods, which are available only to those that paid for them (Musgrave and Musgrave, 1976).

For public goods, consumption is non-rival and non-excludable; meaning that it is impossible to exclude anybody that did not pay from enjoying the benefit or from consuming the good in question. Once it is provided to one person, it becomes available to everybody. There is no incentive for the private sector to be interested in the provision of such public goods.

The responsibility for provision of public goods falls under the ambit of the government in a market economy.

However, under certain circumstances, public goods could become price-excludable and/or congestible (Hyman, 2013). Congestible public goods, including public parks, roads, bridges, and highways, have the potential for, or possibility of, congestion.

At the point of congestion, the condition of non-rivalry is violated and the public good become price excludable. Both the private and the government can provide such goods and services.

There are other public goods, such as education and healthcare, which individuals can consume individually and both the private and the government can produced.

These goods and services are price excludable public goods.

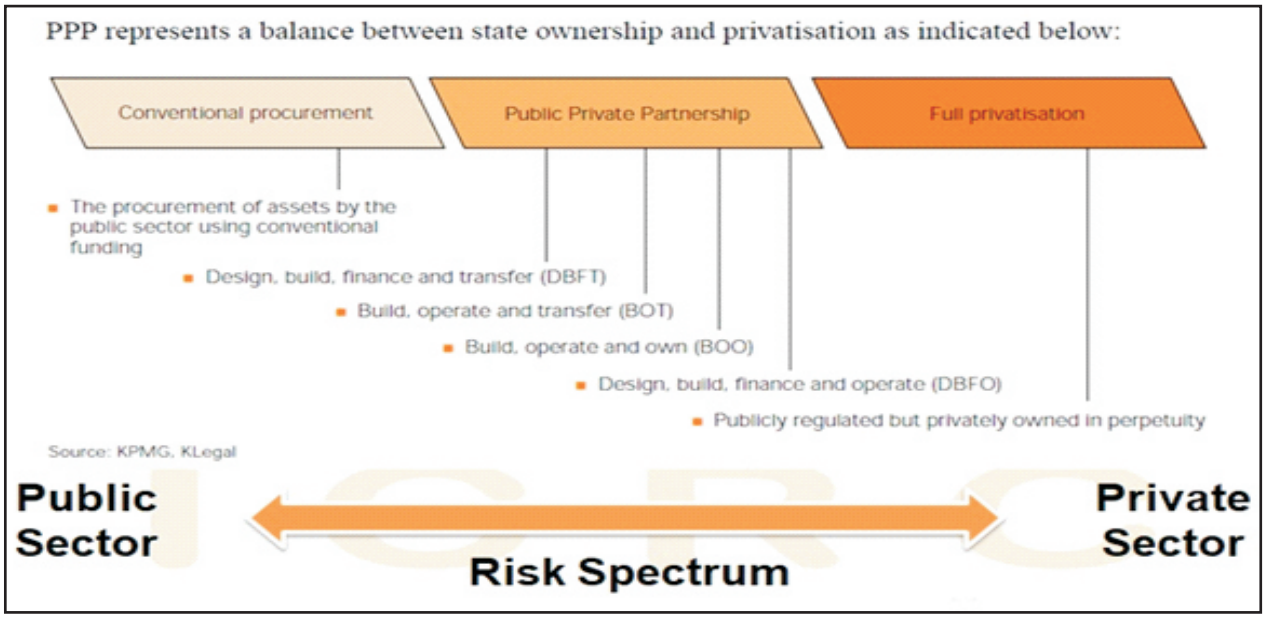

Figure 7: Public Sector Procurement Continuum

Source: https://www.gfmag.com/magazine/february-2003/cover-story-a-tangled-debate

In the public procurement, therefore, PPPs will be best suited for the procurement of such public goods and services including (a) congestible public goods, such as public parks, roads, bridges, highways, etc.; and (b) price excludable public goods such as education and healthcare. It is for these reasons that PPP lies midway between full privatisation and traditional EPC procurement in the public continuum.

5.2 Benefits of PPPs to the Government and Taxpayers

The benefits of PPPs for the government and taxpayers include: improved service delivery; improved cost-effectiveness; increased investment in public infrastructure; improved budget certainty; makes better use of assets; and other benefits.

- Improved Service Delivery: PPPs provide an opportunity to improve service delivery by allowing both sectors to do what they do best. Government's core business is to set policy and protect public interest. It is better positioned to do that when the private sector takes responsibility for non-core functions, such as operating and maintaining infrastructure.

- Improved Cost-effectiveness: By taking advantage of private sector innovation, experience and flexibility, PPPs can often deliver services more cost-effectively than traditional approaches. The resulting savings can then be used to fund other needed services.

- Increased Investment in Public Infrastructure: Investments in hospitals, schools, highways and other provincial assets have traditionally been funded by the State and, in many cases, have added to levels of overall debt. PPPs can reduce government's capital costs, helping to bridge the gap between the need for infrastructure and the State's financial capacity.

- Reduced Public Sector Risk: Public sector risk is reduced by transferring to the private partner those risks that can be better managed by the private partner.

- Improved Budget Certainty: Transferring risk to the private sector can reduce the potential for government cost overruns from unforeseen circumstances during project development or service delivery.

Services are provided at a predictable cost, as set out in contract agreements.

- Makes Better Use of Assets: Private sector partners are motivated to use facilities fully, and to make the most of commercial opportunities to maximize returns on their investments. This can result in higher levels of service, greater accessibility, and reduced occupancy costs for the public sector.

- The use of private finance enables the public to have access to improve services now, not years away when the government's spending plan permits.

- The expertise and experience of the private sector encourages innovation, resulting in shorter delivery times and improvements in the construction and facility management processes. Developing these processes leads to best practice and adds value.

- The tax payer also benefits by avoiding paying higher taxes to finance infrastructure investment development.

- The PPP process requires a full analysis of projects risks at the outset. This fuller examination of risks, by both the government and lenders, means that cost estimates are robust and investment decisions are based on better information.

Other benefits of PPP to the government and tax payers include construction is completed to plan and to budget; repairs and maintenance are planned at the outset and, in consequence, assets and services are maintained at a pre-determined standard over the full length of the concession.

5.3 Benefits of PPPs to the Private Sector

PPPs give the private sector access to secure, long-term investment opportunities. Private partners can generate business with the relative certainty and security of a government contract. Payment is provided through a contracted fee for service or through the collection of user fees – and the revenue stream may be secured for as long as 50 years or more. Also, private sector partners can profit from PPPs by achieving efficiencies, based on their managerial, technical, and financial and innovation capabilities. Furthermore, the private sector partner can also expand their PPPs capacity and expertise – or their expertise in a particular sector – which can then be leveraged to create additional business opportunities. For example, the company can market its experience in other jurisdictions, once it has established a track record of working successfully with the public sector in Nigeria.

5.4 Enabling Environment for PPP

Enabling environment must be in place to ensure security and predictability of investment and value-for-money (VfM). The enablers include favourable investor climate, public commitment, risk management, and public sector capacity. PPP arrangements thrive under well-defined legal and regulatory frameworks, PPP policy and supportive national and sectorial laws. These frameworks allow contracts to be determined with certainty, allow parties understand the boundaries of their engagement, and allow contracts to be determined with certainty. The absence of a favourable climate leads to increased riskiness, cost and suboptimal project performance.

Public commitment is reflected in strong political support and appropriate policy framework consisting of land and right-of-way, permits, licenses, guarantee of alternative routes on transport projects, access to government capital grants and loans. Examples of enables include, viability gap funding (VGF), sovereign guarantees, toll fee policy, construction of complementary facilities, and sanctity of contracts.

PPPs are averse to uncertainty. Uncertainty are political, legal, or regulatory. Uncertainty increases project cost and prevents private investment. The existence of effective frameworks for identifying and procuring the

partner in the best way to mitigate and limit uncertainty.

5.0 THE PPP FRAMEWORK IN NIGERIA

The Infrastructure Concession Regulatory Commission Act , Act 2005; together with the National Policy on PPP which provides guidance on PPP project structuring, provides the legal and regulatory framework for PPPs in Nigeria. In addition, the Presidential Circular of September 2013 directing all MDAs to engage with the Federal Ministry of Finance (FMoF) and the ICRC before commencing PPP projects, and the establishment of PPP units in all ministries, departments, and agencies of the Federal government, provide further support and clarity to the existing framework.

6.1 Governance Structure:

The Commission reports to the President through the Secretary to the Government of the Federation. The Governing Board composed of a Part–time Chairman, the Secretary to the Government of the Federation, Attorney General of the Federation, and the Minister of Finance. Others include the Governor of the Central Bank of Nigeria, one member from each of the **6** geo-political zones of the country, and the Director General ICRC-Member/Secretary.

6.2 ICRC's Functions

Based on the enabling legislation, the ICRC is required to regulate public private partnership (PPP) procurement by guiding MDAs in structuring PPP transactions for both green field and brown field infrastructure (*Pre-Contract regulation*). The Commission is also required to take custody of all executed agreements and ensuring compliance (*Post-Contract Regulation*); issue PPP regulations and guidelines; and collaborate with State Governments to develop a sustainable national framework.

It is important to clarify certain issues relating to the powers and duties of the ICRC that has often been misrepresented in public discourse. First, the ICRC, as a regulatory agency, does not initiate PPP projects. It is the responsibility of the MDA responsible for providing the underlying public service to Identify, prioritize and select projects for PPP procurement. Second, it is also the MDA's responsibility to prepare and develop the infrastructure projects. Third, the approval of the project for procurement through the PPP arrangement is the responsibility of the Federal Executive Council. Last, it is not the responsibility of the ICRC to enforce court judgments over PPP transactions. That is the mandate of the courts.

6.3 The PPP Process

The PPP process comprises a number of iterative but sequential phases starting with project initiation, through to project preparation, project procurement, project implementation and ending with the return of the asset to the government. Underlying this process is an assumption of expert knowledge, experience, and skills required to go through these phases. The MDAs will identify the projects at the project initiation phase. The MDA are required to engage the ICRC prior to commencing PPP process to ensure viability and bankability of proposed projects. The MDA also need to consult and engage with the FMoF to structure financing and ensure alignment of project and its contingent liability with the FGN's fiscal objectives prior to commencing PPP projects

The ICRC Act requires the MDA to engage a Transaction Adviser (TA) as required under the Public Procurement Act of 2007 to provide professional guidance throughout the PPP process. The TA will prepare the Outline Business Case (OBC) for the review and subsequent issuance of the OBC Certificate of Compliance. Thereafter, the MDA submits OBC to the Federal Executive Council (FEC) for approval and upon the FEC approval, the MDA's commences the procurement of private partner under the guidance of the TA. Upon procurement, the MDA negotiates with preferred investor and submit the Full Business Case (FBC) to the ICRC for further review and issuance of an FBC Certificate of Compliance. The MDA is also expected to submit FBC to the FEC for final approval. Afterwards, the MDA signs the PPP contract with the private partner and forwards the signed contract to the ICRC for custody; and the MDA and preferred PPP Project Proponent (investor) achieve financial

close.

Subsequently, the ICRC and the MDA will conduct regular joint inspections of the project until the end of the contract.

6.4 PPP Principles

There are a number of principles that provide guidance to the PPP process. The principle of are value for money (VfM), public interest, output requirements, transparency, risk allocation, competition, and capacity to deliver.

While VfM principle requires that project's appraisal take into account not only cost but also risks and quality of public service to be provided, public interest requires that the service to be procured under the PPP arrangement must be in the public interest, there must be adequate and prior consultation with stakeholders before commencement.

The principle of output requirements requires that the concept of "verifiable service standards" should be used as basis for output or performance based specifications.

Whereas transparency of procurement transaction is a key requirement of the law, the principle of risk allocation requires that the project risks be allocated to the party best able to manage them.

The principle of competition is fundamental to the PPP to ensure affordability, as completion tends to reduce project costs. Besides, it is a legislative requirement that no project is procured without subjecting it to competition.

Last, the principle of capacity to deliver ensures that private sector operators wishing to partner with government to deliver and operate infrastructure have the capacity to handle the responsibility.

7. CONCLUSIONS

Nigeria has developed a 30 year NIIMP requiring an infrastructure spend of over $ 3.1 trilion dollars over 30 years to achieve the benchmark 70% infrastructure stock for emerging countries. Sectoral spending requirements over the next 5 years are Energy ($48 billion), Transport ($36 billion), and Agriculture and Water ($18.5 billion). It is expected that over 40% of this infrastrcture spending will come from the private sector.

For the aviation sector, the spending requirements are estimated to be $5 billion over the next 5 years and $50 billion over the 30 years NIIMP timeframe. In truth, Nigeria is in a race for funding with other countries.

A French company signed $1.5 billion for the 25 year Power and Water Purchase Agreement for its 6th Independent Water and Power project in Abu Dhabi. India plans to spend $1 trillion in its 12th development plan, making its PPP regime more competitive.

The Indonesian Central Government has decided to use PPP financing in the region of $31.47 billion in its infrastructure development. The Saudi Arabia reconstruction and expansion of Medina airport at a cost of US $ 1.2 billion under a Build-Transfer-Operate PPP model (Source: ACCA Global Report 126 and Partnership Bulletin).

The FGN is looking to Public-Private Partnership (PPP) to meet its critical infrastructure gap and improve resource management/service delivery to the people. By so doing, it hopes to shares risk and responsibility with the private sector, but ultimately retain accountability and control with improved resource utilisation and service provision; while avoiding the politically contentious aspects of full privatisation, unemployment, higher prices and corruption.

This paradigm shift is inevitable, given the increasing mismatch between government resource and expanding and competing needs.

PPPs offer dependable and sustainable funding, increased accountability, accelerated infrastructure provision and faster implementation of projects. Nigeria's huge infrastructure deficit has also thrown up opportunities for investment in virtually all physical infrastructure and resource extraction

sectors, notable roads, rail, waterways, aviation education and power.

Case studies show that those partnerships that have been most successful in Africa have been characterised by thorough planning, good communication, strong commitment from parties and effective monitoring, regulation and enforcement by government. Project preparation is key PPP.

With the appropriate legal and regulatory framework and strong political commitment, the FGN government believes that PPP will offer value for money to Nigeria and good opportunities for investors, and ultimately fill the infrastructure gap.

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