

Public-Private Partnership and Nigeria's Infrastructural Development: a Panacea for Economic Growth

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Abstract: *This paper examined Public private partnership and Nigeria's Infrastructural Development as a panacea for Economic growth. Government's inability to provide adequate infrastructural facilities has elicited continuous outcry about the provision of enough public infrastructure for the good of citizens. The paper found that the task of infrastructural provision is too important to be left in the hand of government along, hence the need for private sector to key in the provision of the infrastructure in Nigeria to complement government effort. To succeed as a nation in improving infrastructural provision, there must be sincerity of purpose on the part of the parties involved in the contracts. The rule of law and the sanctity of the contracts must be maintained. The private partners should be able to play innovative role in the design, construction and ensure timely completion of the projects. Such projects should not be over-priced; rather it should be as realistic as possible. Government should see it as a legacy to bequeath to the citizens. There should also be a process of balancing the type of projects being executed with attendant impacts on the economy; which will go a long way in adding value to economic well-being of the citizens of the country. The major policy implication of this paper is that concerted effort be taken by government to provide incentives for private sector involvement in the task of financing as well as provision of infrastructural facilities to accelerate economic growth in the country.*

Keywords: *Infrastructural projects, Public-Private Partnership, Economic Growth, Public sector, Private sector.*

1. INTRODUCTION

In Nigeria, it is unarguable that the country suffers from a huge deficit of infrastructure and the infrastructure which is available is not being adequately utilized. The late President Umar 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 ₦4.529 trillion which was approximated at US \$3billion and Nigeria's annual GDP of approximately US \$300 billion was less than 2% of this figure. The foreign reserves which rose to an all-time high of about US \$62 billion in 2008 and is now less than US \$40 billion which is approximately insignificant. The World Bank recommends that 7-9 percent of the GDP of developing countries like Nigeria should be invested infrastructure. It should be noted that the exact figure invested in infrastructure annually is not accurate, hence the need for Public-Private Partnership to help bring the country closer to the expected desire of infrastructural development. It should be observed that Nigeria's recurrent annual expenditure is over 60% of our national budget, the remaining less than 40% for capital projects cannot deliver the needed good in the country in the

nearest future; except proactive steps are taken in pursuing this new initiative, the continuous decay in infrastructure and public goods will be very alarming.

In the light of the above, it is evident that the government alone even at the best of times cannot provide infrastructural requirements needed for the economic development of the country, hence, the call for the intervention from the private sector in the provision of public infrastructure. Public private partnership is therefore a necessary and important instrument for the attainment sustainable economic development.

The chairman of Bi-Courtney Group, Dr. Olawale Babalakin recently advocated for more Nigerian private investors to consider entering into the public-private-partnership (PPP) with the government to fasten development and a massive turn around especially in the aviation industry. (Power Sector Journal, July 2013). The chairman who spoke in Lagos said that there would be greater advancement in airport infrastructure if more Nigerians toe the line of PPP arrangements such as that of Bi-Courtney. He remarked that his company built the new terminal on the ashes of MMA Terminal 1 at no expenses to the government adding that the airport was completed within the time frame allotted to it by the government and the Federal Airport Authority of Nigeria (FAAN) gave them a letter of offer for 36 years.

Dr. Babalakin pointed out that if such PPP agreement continues in the aviation sector and other economic sectors of the country that Nigeria will be better for it as this would greatly increase revenue to the government as well as boost economic activities and growth in the country.

In Nigeria and other developing countries, sustainable access to healthcare 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 collaboration will be especially productive in promoting poverty alleviation through micro-finance, enhancing health through partnerships as has been the case with polio eradication and other child immunization efforts.

The contribution of PPP in the society cannot be overemphasized as it is useful in almost all aspects of life for example PPP can be useful in high priority projects as it helps in developing many aspects of the economy. Example, Federal Ministry of Health announced its intention to collaborate with the private sector in the new drug distribution policy in the country recently approved by the National Council on Health. The implementation of the policy roadmap is to take effect from June 2015. It is reduce proliferation of drugs distribution in the country and access to quality drugs easy.

2. REVIEW OF RELATED LITERATURE

Infrastructure according to the World Bank (1994) is an umbrella term for many activities referred to as “social overhead capital” and characterized by peculiar technical features (such as economies of scale) and economic features (such as spillovers from users to nonusers).

A public-private partnership (PPP) is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP, P3 or P³.

PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the basis of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by removing guaranteed annual revenues for a fixed time period.

There are usually two fundamental drivers for PPPs. Firstly, PPPs are claimed to enable the public sector to harness the expertise and efficiencies that the private sector can bring to the delivery of certain facilities and services traditionally procured and delivered by the public sector. Secondly, a

PPP is structured so that the public sector body seeking to make a capital investment does not incur any borrowing. Rather, the PPP borrowing is incurred by the private sector vehicle implementing the project and therefore, from the public sector's perspective, a PPP is an "off-balance sheet" method of financing the delivery of new or refurbished public sector assets.

Typically, a private sector consortium forms a special company called a "special purpose vehicle" (SPV) to develop, build, maintain and operate the asset for the contracted period. In cases where the government has invested in the project, it is typically (but not always) allotted an equity share in the SPV. The consortium is usually made up of a building contractor, a maintenance company and bank lender(s). It is the SPV that signs the contract with the government and with subcontractors to build the facility and then maintain it. In the infrastructure sector, complex arrangements and contracts that guarantee and secure the cash flows make PPP projects prime candidates for project financing. A typical PPP example would be a hospital building financed and constructed by a private developer and then leased to the hospital authority. The private developer then acts as landlord, providing housekeeping and other non-medical services while the hospital itself provides medical services.

A 2013 study published in *State and Local Government Review* found that definitions of public-private partnerships vary widely between municipalities: "Many public and private officials tout public-private partnerships for any number of activities, when in truth the relationship is contractual, a franchise, or the load shedding of some previously public service to a private or nonprofit entity." A more general term for such agreements is "shared service delivery" — municipalities joining together, with private firms, or with nonprofits to provide services to citizens.

3. ORIGINS OF PUBLIC-PRIVATE-PARTNERSHIP

Pressure to change the standard model of public procurement 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.

The idea that 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.

Initially, most public-private partnerships were negotiated individually, as one-off deals, and much of this activity began in the early 1990s.

PPPs are organized along a continuum between public and private nodes and needs as they integrate normative, albeit separate and distinct, functions of society—the market and the commons. A common challenge for PPPs is allowing for these fluctuations and reinforcing the intended partnership without diminishing either sector. Multisectoral, or collaborative, partnering is experienced on a continuum of private to public in varying degrees of implementation according to the need, time restraints, and the issue at hand. Even though these partnerships are now common, it is normal for both private and public sectors to be critical of the other's approach and methods. It is at the merger of these sectors that we see how a unified partnership has immediate impact in the development of communities and the provision of public services.

3.1. Origin of PPP in Specific Countries

3.1.1. Britain

In 1992, the Conservative government of John Major in the UK introduced the private finance initiative (PFI), the first systematic programme aimed at encouraging public-private partnerships. The 1992 programme focused on reducing the Public Sector Borrowing requirement, although, as already noted, the effect on public accounts was largely illusory. The Labour government of Tony Blair, elected in 1997, expanded the PFI initiative but sought to shift the emphasis to the achievement of "value for money," mainly through an appropriate allocation of risk. However it has since been found that many programs ran dramatically over budget and have not presented as value for money for the taxpayer with some projects costing more to cancel than to complete.

3.1.2. Australia

A number of Australian state governments have adopted systematic programmes based on the private finance initiative (PFI). The first, and the model for most others, is Partnerships Victoria.

3.1.3. Canada

The federal conservative government under Stephen Harper in Canada solidified its commitment to P3s with the creation of a crown corporation, P3 Canada Inc, in 2009. The Canadian vanguards for P3s have been provincial organizations, supported by the Canadian Council for Public-Private Partnerships established in 1993 (a member-sponsored organization with representatives from both the public and the private sectors). As a proponent of the concept of P3s, the Council conducts research, publishes findings, facilitates forums for discussion and sponsors an Annual Conference on relevant topics, both domestic and international. Each year the Council celebrates successful public-private partnerships through the National Awards Program held concurrently with the annual conference in November.

At lower levels of government P3s have been used to build major infrastructure projects like transit systems, such as Viva (bus rapid transit) and Ontario Highway 407.

3.1.4. India

The Government of India defines a P3 as "a partnership between a public sector entity (sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement system."

The union government has estimated an investment of \$320 billion in the infrastructure in the 10th plan. The major infrastructure development projects in the Indian state of Maharashtra (more than 50%) are based on the P3 model. In the 2000s, other states such as Karnataka, Madhya Pradesh, Gujarat, Tamil Nadu also adopted this model. Sector-wise, the road projects account for about 53.4% of the total projects in numbers, and 46% in terms of value. Ports come in the second place and account for 8% of the total projects (21% of the total value). Other sectors including power, irrigation, telecommunication, water supply, and airports have gained momentum through the P3 model. As of 2011, these sectors are expected get an investment of Rs. 20, 27,169crore (according to 2006–2007 WPI).^[11]

3.1.5. Japan

In Japan since the 1980s, the third sector refers to joint corporations invested both by the public sector and private sector. In rail transport terms, a *third sector* railway line is a short line or network of lines operated by a small operator jointly owned by a prefectural/municipal government and smaller interests. Third sector lines are generally former JR Group (or Japanese National Railways (JNR) before 1987) lines that were divested from the national company.

3.1.6. Russia

The first attempt to introduce PPP in Russia was made in St. Petersburg (Law #627-100 (25.12.2006), "On St. Petersburg participation in public-private partnership").

Nowadays there are special laws about PPP in 69 subjects of Russian Federation. But the biggest part of them are just declarations. Besides PPP in Russia is also regulated by Federal Law #115-FZ (21.07.2005) "On concessional agreements" and Federal Law #94-FZ (21.07.2005) "On Procurement of Goods, Works and Services for State and Municipal Needs".^[16] In some ways PPP is also regulated by Federal Law №116-FZ (22.07.2005) "On special economic zones" (in terms of providing business benefits on special territories - in the broadest sense it is a variation of PPP).

Still all those laws and documents do not cover all possible PPP forms.

In February 2013 experts rated Subjects of Russian Federation according to their preparedness for implementing projects via public-private partnership. The most developed region is Saint Petersburg (with rating 7.8), the least – Chukotka (rating 0.0).

By 2013 there are near 300 public-private partnership projects in Russia.

3.2. Public Private Partnership Initiative in Nigeria

The strategic objective for the Infrastructure Concession Regulatory Commission, (ICRC), 2005 is to accelerate investment in national infrastructure through private sector funding by assisting the Federal Government of Nigeria and its Ministries Departments, and Agencies (MDAs) to implement and establish effective Public Private Partnership's (PPP) procurement. The act provides for the participation of private sector in financing the construction, development, operation, or maintenance of infrastructure or development projects of the Federal Government through concession or contractual arrangements; and the establishment of the Commission to regulate, monitor and supervise the contracts on infrastructure or development. The scope of the Federal Government's programme for PPP is the creation of new infrastructure and the expansion and refurbishment of existing assets at the federal level.

In addition, number State governments are considering using PPP to develop infrastructure. Although each State is responsible for its own investment projects, many PPP projects within a State will be financed with the support of a guarantee by the Federal Government. In providing any such guarantees, the government will have regard to best practices as exemplified by its own PPP policy and guidelines. These are extracts of the government on PPP policy.

According the Nigerian president Dr. Goodluck Ebele Jonathan "This administration is committed to a PPP regime where the private party is able to recoup its investment with returns, and public is not in any way short-changed. To him if Nigeria genuinely seeks to attract private sector investments to upscale our infrastructure, we must adhere to the rule of law and the sanctity of contracts as enshrined in the ICRC Act and other relevant laws.

According to vice president of Nigeria Arc. Namadi Sambo "Public Private Partnership will remain a key approach to infrastructure investment and we should continue to strengthen our PPP frameworks and expand the PPP market in Africa.

According to Dr. Ngozi Okonjo Iweala Nigerian Finance Minister "One thing we all agree on is that the government will never be able to raise the resources needed to close the infrastructure gap in Nigeria Strong sustainable PPPs; private sector with the public sector acting as regulator can help.

According to World Bank "Infrastructure offers significant investment opportunities for long-term investors, even in a time of global crisis. It is important, both for economic recovery and long-term development".

3.3. Growth and Decline

From 1990 to 2009 nearly 1,400 PPP deals were signed in the European Union, representing a capital value of approximately €260 billion. Since the onset of the financial crisis in 2008, estimates suggest that the number of PPP deals closed has fallen more than 40 percent.

Investments in public sector infrastructure are seen as an important means of maintaining economic activity, as was highlighted in a European Commission communication on PPPs. As a result of the significant role that PPPs have adopted in the development of public sector infrastructure, in addition to the complexity of such transactions, the European PPP Expertise Centre (EPEC) was established to support public-sector capacity to implement PPPs and share timely solutions to problems common across Europe in PPPs.

PPPs provide a unique perspective on the collaborative and network aspects of public management. The advancement of PPPs, as a concept and a practice, is a product of the new public management of the late 20th century and globalization pressures. The term "public-private partnership" is prey to thinking in parts rather than the whole of the partnership, which makes it difficult to pin down a universally accepted definition of PPPs.

U.S. city managers' motivations for exploring public-private service delivery vary. According to a 2007 survey, two primary reasons were expressed: cost reduction (86.7%) and external fiscal pressures, including tax restrictions (50.3%). No other motivations expressed exceeded 16%. In the 2012 survey, however, interest had shifted to the need for better processes (69%), relationship building (77%), better outcomes (81%), leveraging resources (84%), and belief that collaborative service delivery is "the right thing to do" (86%). Among those surveyed, the provision of public services through contracts with private firms peaked in 1977 at 18% and has declined since. The most

common form of shared service delivery now involves contracts between governments, growing from 17% in 2002 to 20% in 2007. "At the same time, approximately 22% of the local governments in the survey indicated that they had brought back in-house at least one service that they had previously provided through some alternative private arrangement."

3.4. Controversy (Problems) of PPP

A common problem with PPP projects is that private investors obtained a rate of return that was higher than the government's bond rate, even though most or all of the income risk associated with the project was borne by the public sector.

It is certainly the case that government debt is cheaper than the debt provided to finance PFI projects, and cheaper still than the overall cost of finance for PFI projects, i.e. the weighted average cost of capital (WACC). This is of course to attempt to compare incompatible and incomplete economic circumstances. It ignores the position of taxpayers who play the role of equity in this financing structure. Making a simple comparison, however, between the governments' cost of debt and the private-sector WACC implies that the government can sustainably fund projects at a cost of finance equal to its risk-free borrowing rate. This would be true only if existing borrowing levels were below prudent limits. The constraints on public borrowing suggest, nevertheless, that borrowing levels are not currently too low in most countries. These constraints exist because government borrowing must ultimately be funded by the taxpayer.

A number of Australian studies of early initiatives to promote private investment in infrastructure concluded that, in most cases, the schemes being proposed were inferior to the standard model of public procurement based on competitively tendered construction of publicly owned assets (Economic Planning Advisory Commission (EPAC) 1995a, b; House of Representatives Standing Committee on Communications Transport and Microeconomic Reform 1997; Harris 1996; Industry Commission 1996; Quiggin 1996). In 2009, the New Zealand Treasury, in response to inquiries by the new National Party government, released a report on PPP schemes that concluded that "there is little reliable empirical evidence about the costs and benefits of PPPs" and that there "are other ways of obtaining private sector finance", as well as that "the advantages of PPPs must be weighed against the contractual complexities and rigidities they entail".

One response to these negative findings was the development of formal procedures for the assessment of PPPs in which the focus was on "value for money" rather than reductions in debt. The underlying framework was one in which value for money was achieved by an appropriate allocation of risk. These assessment procedures were incorporated in the private finance initiative and its Australian counterparts from the late 1990s onwards. Another model being discussed is the public-private community partnership (PPCP), in which both the government and private players work together for social welfare, eliminating the prime focus of private players on profit. This model is being applied more in developing nations such as India.

3.5. Privatization of Water

After a wave of privatization of many water services in the 1990s, mostly in developing countries, experiences show that global water corporation has not brought the promised improvements in public water utilities. Instead of lower prices, large volumes of investment and improvements in the connection of the poor to water and sanitation, water tariffs have increased out of reach of poor households. Water multinationals are withdrawing from developing countries and the World Bank is reluctant to provide support.

The privatization of the water services of the city of Paris was proven to be unwanted and at the end of 2009 the city did not renew its contract with two of the French water corporations. After one year of being controlled by the public, it is projected that the water tariff will be cut by between 5% and 10%.

Contract management is a crucial factor in shared service delivery, and services that are more challenging to monitor or fully capture in contractual language often remain in municipal control. In the 2007 survey of U.S. city managers, the most difficult was judged to be the operation and management of hospitals, and the least difficult the cleaning of streets and parking lots. The study revealed that communities often fail to sufficiently monitor collaborative agreements or other forms of service delivery: "For instance, in 2002, only 47.3% of managers involved with private firms as

delivery partners reported that they evaluate that service delivery. By 2007, that was down to 45.4%. Performance monitoring is a general concern from these surveys and in the scholarly criticisms of these arrangements."

3.6. Health Services

A health services PPP can be described as a long-term contract (typically 15–30 years) between a public-sector authority and one or more private sector companies operating as a legal entity. The government provides the strength of its purchasing power, outlines goals for an optimal health system, and empowers private enterprise to innovate, build, maintain and/or manage delivery of agreed-upon services over the term of the contract. The private sector receives payment for its services and assumes substantial financial, technical and operational risk while benefitting from the upside potential of shared cost savings.

The private entity is made up of any combination of participants who have a vested interest in working together to provide core competencies in operations, technology, funding and technical expertise. The opportunity for multi-sector market participants includes hospital providers and physician groups, technology companies, pharmaceutical and medical device companies, private health insurers, facilities managers and construction firms. Funding sources could include banks, private equity firms, philanthropists and pension fund managers.

For more than two decades public-private partnerships have been used to finance health infrastructure. Now governments are increasingly looking to the PPP-model to solve larger problems in healthcare delivery. There is not a country in the world where healthcare is financed entirely by the government. While the provision of health is widely recognized as the responsibility of government, private capital and expertise are increasingly viewed as welcome sources to induce efficiency and innovation. As PPPs move from financing infrastructure to managing care delivery, there is an opportunity to reduce overall cost of healthcare.

The larger scope of Health PPPs to manage and finance care delivery and infrastructure means a much larger potential market for private organizations. Spending on healthcare among the Organization for Economic Cooperation and Development (OECD) and BRIC nations of Brazil, Russia, India and China will grow by 51 percent between 2010 and 2020, amounting to a cumulative total of more than \$71 trillion. Of this, \$3.6 trillion is projected to be spent on health infrastructure and \$68.1 trillion will be spent on non-infrastructure health spending cumulatively over the next decade. Annually, spending on health infrastructure among the OECD and BRIC nations will increase to \$397 billion by 2020, up from \$263 billion in 2010. The larger market for health PPPs will be in non-infrastructure spending, estimated to be more than \$7.5 trillion annually, up from \$5 trillion in 2010.

Health spending in the United States accounts for approximately half of all health spending among OECD nations, but the biggest growth will be outside of the U.S. According to PwC projections, the countries that are expected to have the highest health spending growth between 2010 and 2020 are China, where health spending is expected to increase by 166 percent, and India, which will see a 140 percent increase. As health spending increases it is putting pressure on governments and spurring them to look for private capital and expertise.

3.7. Product Development Partnerships

Product development partnerships (PDPs) are a class of public-private partnerships that focus on pharmaceutical product development for diseases of the developing world. These include preventive medicines such as vaccines and microbicides, as well as treatments for otherwise neglected diseases. PDPs were first created in the 1990s to unite the public sector's commitment to international public goods for health with industry's intellectual property, expertise in product development, and marketing.

International PDPs work to accelerate research and development of pharmaceutical products for underserved populations that are not profitable for private companies. They may also be involved in helping plan for access and availability of the products they develop to those in need in their target populations. Publicly financed, with intellectual property rights granted by pharmaceutical industry partners for specific markets, PDPs are able to focus on their missions rather than concerns about recouping development costs through the profitability of the products being developed. These not-for-profit organizations bridge public- and private-sector interests, with a view toward resolving the

specific incentive and financial barriers to increased industry involvement in the development of safe and effective pharmaceutical products.

International product development partnerships and public–private partnerships include:

- Sandy Springs, Georgia, USA, City services are performed in a public-private partnership. Sandy Springs, at first glance, appears to be run just like other similarly sized cities, with a council-manager form of government. However, it is the first city in the nation to outsource services to such a great extent to a private sector company. The city's police department took over services from the county on July 1, 2006 with 86 Police Officers from all over the State of Georgia, and is now staffed by 128 officers. The city's fire department began operations in December 2006. The department consists of 97 full-time firefighters. It is staffed by 91 full-time firefighters and 52 part-time firefighters. The police department answered 98,250 calls in FY 2010 while the fire department handled 17,000 responses to 8,205 calls for service.
- The PATH Malaria Vaccine Initiative (MVI) is a global program of the international nonprofit organization Program for Appropriate Technology in Health (PATH). MVI was established in 1999 to accelerate the development of malaria vaccines and ensure their availability and accessibility in the developing world.
- The Roll Back Malaria (RBM) Partnership was founded in 1998. RBM is the global framework for coordinated action against malaria. It forges consensus among key actors in malaria control, harmonizes action and mobilizes resources to fight malaria in endemic countries.
- The Drugs for Neglected Diseases Initiative (DNDi) was founded in 2003 as a not-for-profit drug development organization focused on developing novel treatments for patients suffering from neglected diseases.
- Aeras Global TB Vaccine Foundation is a PDP dedicated to the development of effective tuberculosis (TB) vaccine regimens that will prevent TB in all age groups and will be affordable, available and adopted worldwide.
- FIND [1] is a Swiss-based non-profit organization established in 2003 to develop and roll out new and affordable diagnostic tests and other tools for poverty-related diseases.
- The Global Alliance for Vaccines and Immunization is financed per 75% (750 Mio.US\$) by the Bill and Melinda Gates Foundation, which has a permanent seat on its supervisory board.
- The Global Fund to Fight AIDS, Tuberculosis & Malaria, a Geneva-based UN-connected organisation, was established in 2002 to dramatically scale up global financing of interventions against the three pandemics.
- The International AIDS Vaccine Initiative (IAVI), a biomedical public–private product development partnership (PDP), was established in 1996 to accelerate the development of a vaccine to prevent HIV infection and AIDS. IAVI is financially supported by governments, multilateral organizations, and major private-sector institutions and individuals.
- The International Partnership for Microbicides is a non-profit product development partnership (PDP), founded in 2002, dedicated to the development and availability of safe, effective microbicides for use by women in developing countries to prevent the sexual transmission of HIV. See also Microbicides for sexually transmitted diseases.
- Medicines for Malaria Venture (MMV) is a not-for-profit drug discovery, development and delivery organization, established as a Swiss foundation in 1999, based in Geneva. MMV is supported by a number of foundations, governments and other donors.
- The TB Alliance is financed by public agencies and private foundations, and partners with research institutes and private pharmaceutical companies to develop faster-acting, novel treatments for tuberculosis that are affordable and accessible to the developing world.
- A UN agency, the World Health Organization (WHO), is financed through the UN system by contributions from member states. In recent years, WHO's work has involved more collaboration with NGOs and the pharmaceutical industry, as well as with foundations such as the Bill and Melinda Gates Foundation and the Rockefeller Foundation. Some of these collaborations may be considered global public–private partnerships (GPPPs); 15% of WHO's total revenue in 2012 was financed by private foundations.

- The United Nations Foundation & Vodafone Foundation Technology Partnership, a five-year, \$30 million commitment, leverages the power of mobile technology to support and strengthen humanitarian work worldwide. Partners include the World Health Organization (WHO), Data Dyne, the m Health Alliance, the World Food Program (WFP), Telecoms Sans Frontieres, and the UN Office for the Coordination of Humanitarian Affairs (OCHA).

Similar public-private partnerships outside the realm of specific public-health goods include:

- The United Nations International Strategy for Disaster Reduction (UNISDR) is part of the United Nations Secretariat and its functions span the development and humanitarian fields. Public-private partnerships for disaster management bring together the private sector for PPP models with a tool box of partnership opportunities towards resilience, capacity building, and sustainability goals.^[31]
- The public-private partnership for improving teaching and learning in schools in Abu Dhabi, United Arab Emirates.

3.8. Financing

A key motivation for governments considering public private partnerships is the possibility of bringing in new sources of financing for funding public infrastructure and service needs. It is important to understand the main mechanisms for infrastructure projects, the principal investors in developing countries, sources of finance (limited recourse, debt, equity, etc.), the typical project finance structure, and key issues arising from developing project financed transactions. Some governments utilize a public sector comparator for calculating the financial benefit of a public private partnership.

A number of key risks need to be taken into consideration as well. These risks will need to be allocated and managed to ensure the successful financing of the project. The party that is best placed to manage these risks in a cost-effective way may not necessarily always be the private sector. However, there are a number of mechanisms products available in the market for project sponsors, lenders and governments to mitigate some of the project risks, such as: Hedging and futures contracts; insurance; and risk mitigation products provided by international finance institutions.

3.9. Centralized Units

The World Bank (2007) states that governments tend to create Centralized PPP Units as a response to weaknesses in the central government's ability to effectively manage PPP programmes. Different governments suffer from different institutional failures in the PPP procurement process, hence these Centralized PPP units need to address these different issues by shaping their functions to suit the individual government needs. The function, location (within government) and jurisdiction (i.e. who controls it) of dedicated PPP Units may differ amongst countries, but generally these include:

- Policy guidance and advice on the content of national legislation. Guidance also includes defining which sectors are eligible for PPPs as well as which PPP methods and schemes can be carried out.
- Approving or Rejecting proposed PPP projects i.e. playing a gatekeeper role that can occur at any stage of the process i.e. at the initial planning stage or at the final approval stage.
- Providing technical support to government organizations at the project identification, evaluation, procurement or contract management phase.
- Capacity building i.e. training of public sector officials that are involved in PPP programmes or are interested in the PPP process.
- Promote PPPs within the private sector i.e. PPP market development.

A 2013 review which targeted research based on the value of centralized PPP Units (and does not look at the value of PPPs in general or any other type of PPP arrangement as the review was aimed at providing evidence in terms of decision making to whether to set up, or not, a Centralized PPP Unit) found-

- No quantitative evidence: There is very little quantitative evidence of the value of centralized PPP coordination units against ministries or government agencies individually procuring PPP projects. Most of the studies available on PPP Units tend to focus on their role and only carry out brief descriptive analyses of their value.

- **Limited Authority:** The majority of the PPP Units reviewed in the literature do not play a particularly important role in approving or rejecting PPP programmes or projects. Whilst their advice is used in the decision making process by other government bodies, the majority do not actually have any executive power to make such decisions themselves. Hence, when they have more authority their value is seen to be higher.
- **PPP Units differ by country and sector:** Government failures, in regards to PPP units, vary by government. The requirements for PPPs also vary by country and sector and so do the risks involved (i.e. financial, social etc.) for the country government. Hence PPP Units need to be tailored to solve these failures, properly assess risks and be located in the correct government departments where it can command the most power. PPP Units can play a number of important roles in the PPP process, however not all PPP Units will play the same role as their functions have been tailored to individual country needs. In some cases, limits to their authority have curtailed their effectiveness.
- **Implicit value:** The lack of rigorous evidence does not prove that PPP Units are not an important contributor to the success of a country's PPP programme. The literature review does show that whilst there is no quantitative data, there are widespread perceptions on the importance of a well-functioning PPP unit for the success of a country's PPP programme.

The author of the 2013 review found no literature that rigorously evaluates the usefulness of PPP Units. The literature does show that PPP Units should be individually tailored to different government functions, address different government failures and be appropriately positioned to support the country's PPP Programme. Where these conditions seem to have been met, there is consensus that PPP Units have played a positive role in national PPP Programmes.

3.10. Specific Cases

While some PPP projects have proceeded smoothly, others have been highly controversial. Australian examples include the Airport Link, the Tunnel, and the Sydney Harbour Tunnel, all in Sydney; the Southern Cross Station redevelopment in Melbourne; and the Robina hospital in Queensland.

In India, public-private partnerships have been extremely successful in developing infrastructure, particularly road assets under the National Highways Authority of India and Midday Meal Scheme with Akshaya Patra Foundation

In Canada, public-private partnerships have become significant in both social and infrastructure development. PPP Canada Inc. was created as a Crown corporation with an independent Board of Directors reporting through the Minister of Finance to Parliament. Its mandate is to improve the delivery of public infrastructure by achieving better value, timeliness and accountability to taxpayers, through P3s. The Corporation became operational in February 2009 with the appointments of a chair of the board of directors and a chief executive officer.

PPPs exist in a variety of forms in British Columbia through the focused efforts of Partnerships BC, a company registered under the Business Corporations Act that is wholly owned by the Province of British Columbia and reports to its shareholder the Minister of Finance. Projects include the Canada Linerapid transit line, the Abbotsford Hospital and Cancer Centre and the Sea-to-Sky Highway project. In Quebec, a number of notable PPPs include the McGill University Health Centre, the new western extension of Auto route 30 and Université de Montréal's Hospital Research Center.

In the UK, two-thirds of the London Underground PPP was taken back into public control in July 2007 after only four and a half years at an estimated cost of £2 billion and the remaining one-third was taken back into public control in May 2010 after seven and a half years for a purchase price of £310m. The Government had paid advisers £180m for structuring, negotiating and implementing the PPP and had reimbursed £275m of bid costs to the winning bidders. The 30-year PPP contract for the refurbishment of the MOD Main Building in London was estimated to give a saving of only £100,000 as compared to the £746.2m cost of public procurement. The refinancing of the Fazakerley Prison PFI contract following the completion of construction delivered an 81% gain to the private sector operator. The NATS PPP saw 51% of the UK's air traffic control service transferred to the private sector, however following the decline in air traffic after the September 11 attacks, the Government and BAA Limited each invested £65m in the private sector operator in 2003.

In Newfoundland Robert Gillespie Reid contracted to operate the railways for fifty years from 1898, though originally they were to become his property at the end of the period.

4. MODELS OF PUBLIC-PRIVATE PARTNERSHIPS (PPP)

The following terms are commonly used to describe partnership agreements in most of the countries that adopted PPP as a measure to ensuring adequate provision of infrastructure in the economy.

Private Finance Initiative (PFI): this model provides capital assets for the provision of public services. Developed in the U.K., this model is used for a large number of infrastructure projects and gives the private sector strong incentives to deliver infrastructure and services on time and within budget. PFIs simultaneously allow governments and public authorities to spread the cost of public infrastructure projects over several decades.

Finance Only: A private entity, usually a financial services company, funds a project directly or uses various mechanisms such as a long-term lease or bond issue.

Operation & Maintenance Contract (O & M): A private operator, under contract, operates a publicly-owned asset for a specified term. Ownership of the asset remains with the public entity.

Build-Finance: The private sector constructs an asset and finances the capital cost only during the construction period.

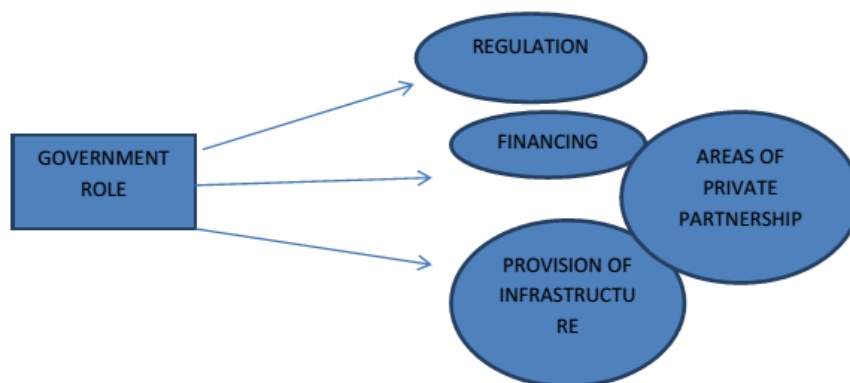
Design-Build-Finance-Maintain (DBFM): The private sector designs, builds and finances an asset and provides hard facility management (hard fm) or maintenance services under a long-term agreement.

Design-Build-Finance-Maintain-Operate (DBFMO): The private sector designs, builds and finances an asset, provides hard and/or soft facility management services as well as operations under a long-term agreement.

Build-Own-Operate (BOO): The private sector finances, builds, owns and operates a facility or service in perpetuity. The public constraints are stated in the original agreement and through on-going regulatory authority.

Concession: A private sector concessionaire undertakes investments and operates the facility for a fixed period of time after which the ownership reverts back to the public sector.

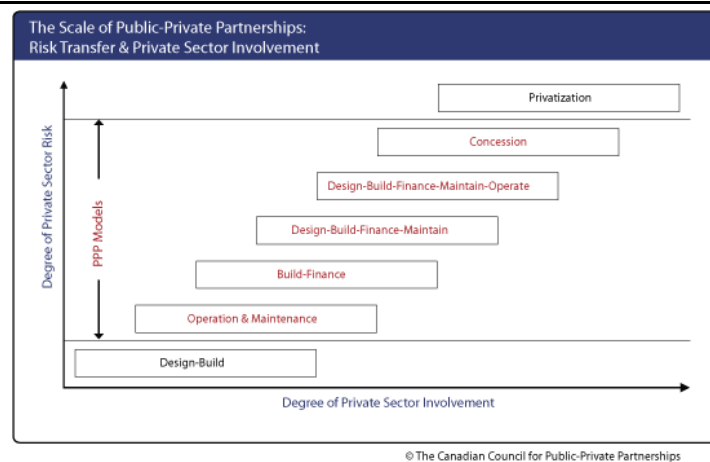
Nature of Collaboration



The model above shows that Government has three role to play in PPP i.e. regulation, financing and provision of infrastructure, while private sector has only two role to play in PPP i.e. financing and provision of infrastructure on concessional agreement for certain period.

Scale of Public-Private Partnerships

The options available for delivery of public infrastructure range from design-build to outright privatization, where the government transfers all responsibilities, risks and rewards for service delivery to the private sector. Within this spectrum, public-private partnerships can be categorized based on the extent of public and private sector involvement and the degree of risk allocation. A simplified spectrum of public-private partnership models used in Canada follows:



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5. CONCLUSION REMARKS

This paper examined Public private partnership and Nigeria’s Infrastructural Development as a panacea for Economic growth. The paper found that the task of infrastructural provision is too important to be left in the hand of government along, hence the need for private sector to key in the provision of the infrastructure in Nigeria to complement government effort. To succeed as a nation in improving infrastructural provision, there must be sincerity of purpose on the part of the parties involved in the contracts. The rule of law and the sanctity of the contracts must be maintained. The private partners should be able to play innovative role in the design, construction and ensure timely completion of the projects. Such projects should not be over-priced; rather it should be as realistic as possible. Government should see it as a legacy to bequeath to the citizens. There should also be a process of balancing the type of projects being executed with attendant impacts on the economy; which will go a long way in adding value to economic well-being of the citizens of the country.

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