



Engaging the Private Sector in Developing the Nigeria Education Infrastructure: A Policy and Strategy Perspective

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Introduction



“Why are there no infrastructure PPPs investment in the Nigeria education sector?”,

When- there are documented evidence of successful education infrastructure PPP’s success in, countries such as the United Kingdom, Canada, Germany etc. (Anais and Straub, 2019 ; Mahmudora, 2013)

Records have shown a zero investment in education infrastructure in Nigeria, despite recording a significant use of PPP in the delivering of most of her economic infrastructures

Despite

- the use of PPP in most of its economic infrastructure development- power, roads and ports
- the Nigeria government, agreeing to a well-structured and managed education system being the foundation of any nation’s economic growth and development (*as implied in the Nigeria Economic Recovery and Growth Plan, 2017*).



Research Gap & Positioning



- Sustainable Development Goal- 4 (UN-SDG4), education is critical to every nation's development
- Developed countries has adopted the concept of PPP in the delivery of education infrastructure with positive results (Muhmudova, 2013, 14)
- It adoption in developing countries has proved to be difficult and complicated (Alam and Rasheed, 2010, 876; Ebele, 2014).
- This is worrying; considering the fact that several studies, have identified a positive link between the quality of education and that of its infrastructure design and operation
- Most research has focused on the performance debate and not why, the private sector is not investing in educational PPP in the developing countries
 - The few research on the “why” has been generic and not sector specific

The Research Question

What are the challenges facing the development of education PPP infrastructure projects in Nigeria, from the perspective of Institutional and regulatory framework

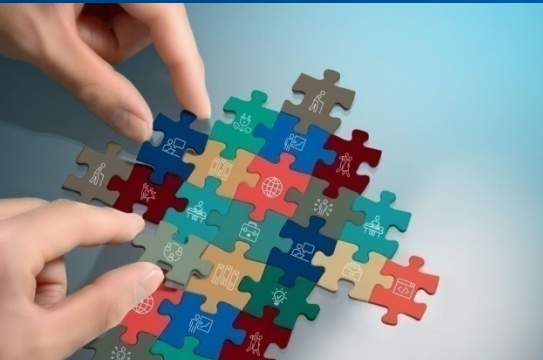


Research Aim, Relevance and Delimitation

Introduction

- To examine the challenges in developing PPP education infrastructure in Nigeria, from the perspective of institutional and regulatory framework.
- To help in bridging the infrastructure gap in the education sector, by offering a perspective on what is needed to be done to develop a structured project pipeline that is attractive to PPP.
- To establish a framework for targeted meaningful development in the education sector through a robust PPP.

Scope -designed to cover only the first stage of a PPP education infrastructure - project development and appraisal phase in Nigeria



Literature Review

Understanding Public-Private Partnerships (PPPs)

- PPPs has no precise and common accepted definition.
- PPPs are “long-term contractual” relationships between a government and private partner(s) for either all or part delivery of infrastructure and/or services (**Languille, 2017, 146**).
- PPP (according to the ***National Policy on Public-Private Partnership of the Federal Government of Nigeria***) are
“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. ... each party shares in the risks and rewards potential...”



Literature Review

Education Infrastructure Public-Private Partnerships (PPPs)

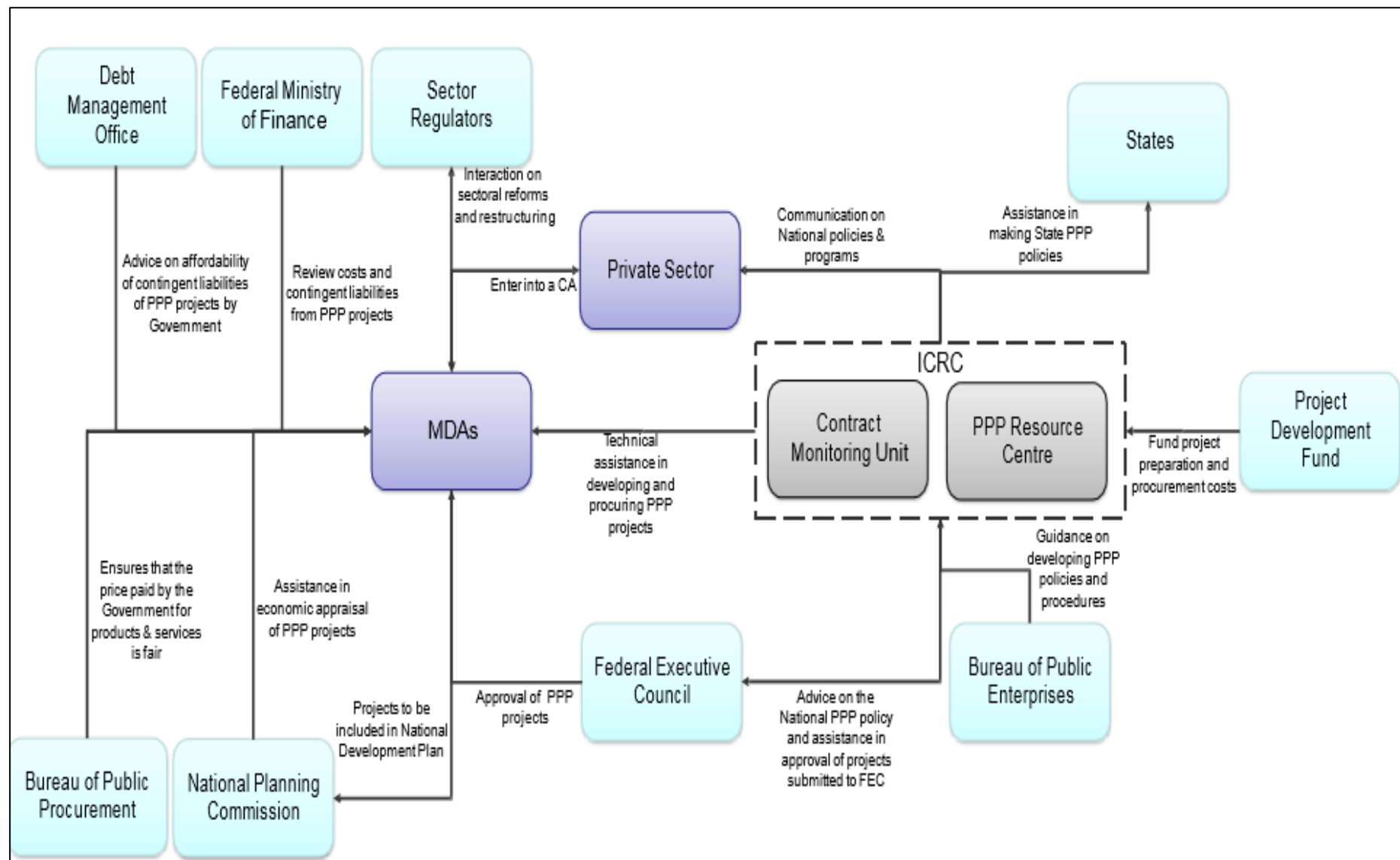
- One of the most significant trends in PPP discussed in the past decade.
- Education services are generally not viable so a combined capability of the private sector with the social responsibility obligation of the public sector is required for any PPP to work in the education sector (*Anais and Straub, 2019*).
- PPP in education is a means through which the reach and effectiveness of government funds can be extended, to the safety, efficiency and capacity increase of physical infrastructure as well as in innovation (*Umar and Tubosun, 2016; El-Rufai, 2011*).
- In Nigeria, the national policy for education recognised the need for PPP in the education sector. It states:

“The financing of education is a joint responsibility of the federal, state and local government and the private sector” (*National Policy for Education, 2004*).



Nigeria PPP Institutional Framework

Literature Review



Source: Draft Manual of PPP, 2017

Research Setting and Method



Research Strategy: Narrative inquiry approach - An open-ended, inductive and qualitative approach

- with the aim to explore and conceptualize human experience.

Data Source:

- World Bank’s Private Participation in Infrastructure (PPI) and Nigeria’s Infrastructure Concession Regulatory Commission (ICRC) datasets
- Interview (questions developed from the “World Bank Country Readiness Diagnostic for Public-Private Partnerships”).
- Storied experience of a CEO of a NGN25 billion mid-market infrastructure investment fund in Nigeria; purposefully selected based on his 20+ years of experience in infrastructure development across Africa and Europe
- Storied experience could take the form of having to perform an interview on an individual to obtain rich and free-ranging discourse around the topic of interest (Salkind 2010)



Results



Nigeria PPP Investment By Sector

- **US\$6.7 billion** in the Ports sector
- **US\$2.4 billion** in the Power sector
- **US\$.38 billion** in the Road sector
- **Zero investment** in Education and Health

Source: World Bank PPI Database, March 2020

Nigeria PPP Pipeline

- **24 projects** in the Energy sector
- **19 projects** in the Port sector
- **18 Projects** in Housing & Urban sector
- **14 projects** in the Education Sector
- **13 Projects** in the Health sector

Source: ICRC, March 2020

Zero investment in the social infrastructure sector



Findings and Discussions



Sub-categories	Key challenges identified from the interview analysis	Theme
Stakeholder support and ownership	<ul style="list-style-type: none"> • General apathy to PPP initiatives in the sector, due to socio-political reasons • No support for PPP in the Federal Ministry of Education • No defined education infrastructure development plan 	There is no adequate stakeholder's support from both the government and the public
Legal and regulatory framework	<ul style="list-style-type: none"> • Inconsistencies and overlaps between laws and regulations • The process of obtaining licenses, permits, and planning approvals is not predictable • Inter agencies rivalry • Frequent policy change and track record of government disobeying court injunctions 	Lack of clarity and transparency in the policies and regulation governing PPP in the sector
Institutional framework	<ul style="list-style-type: none"> • lack of coordination across the various government agencies • No experienced PPP development unit at the supervising ministry • Very slow PPP processes – high transaction cost • No standard documents and processes for the development of PPP in the sector 	Inconsistent strategies used to engage the private sector and conflicting agendas across government agencies
Financial mechanism	<ul style="list-style-type: none"> • The framework for accessing fiscal commitments and contingent liabilities are not clear and transparent • No funding for the development of PPP- government is not willing to bear the cost. 	Lack of financial mechanism to facilitate the development of viable projects

Findings and Discussions



- a. The enabling environment (policy, regulatory and institutional framework), governing PPP in Nigeria does not support the development of education infrastructure.
 - i. No education-related PPP project reached a financial closure nor proceeded to the procurement stage (*as seen from the descriptive analysis*).
 - ii. Support for education related projects, from the Nigerian government and the public is very weak
 - iii. Private investors have shown lack of interest to invest in the education sector through PPP due to its inconsistent, weak and unclear policy, legal and regulatory framework
- b. The support from the ICRC and Federal Ministry of Finance throughout the PPP procurement process is not done in an institutionalized or systematized way. For instance, there are no guidelines or regulations currently in existence for cases of unsolicited proposals.
- c. The government did not build a fiscal support mechanism into the overall PPP framework, as well as in the affordability and fiscal sustainability of PPP projects.



Practical Implication and Recommendations



Implication: the burden of attracting private sector in education PPP falls heavily on the government; through creating an enabling environment that can facilitate an attractive well-structured pipeline.

Recommendations:

- Putting in place a clear policy thrust for the sector with a stable and long-term vision is necessary.
- A broader stakeholders' engagement to ensure the public is well informed about the value of PPPs.
- A clear and transparent PPP institutional framework that target simplicity, efficiency, and transparency should be built.
- A robust PPP enabling policy, legal and regulatory environment that recognise the peculiarity of each sector.
- Diligence should be given to ensuring that the ICRC Act of 2015 and all relevant secondary legislations, including tariff and permits are aligned and harmonized with existing public procurement and sector policies.
- Tools that enhance private sector engagement such as risk mitigation, products and financial incentives should be provided to cover risk and provide the required resources needed to develop PPP project in the education sector.

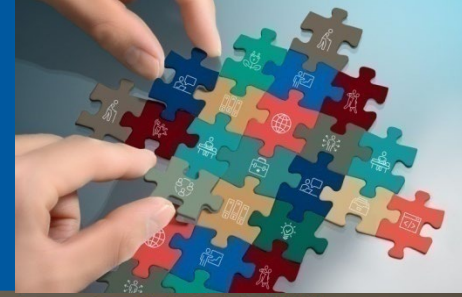
Future Research



- Worthy of further scrutiny are
 - The wide issues relating to coordination, stakeholder support and institutional alignment around PPP in general and the education sector in particular.
 - Stakeholders engagement strategy for the education sector.
 - Issues relating to accountability, viability and having an attractive pipeline of PPP project that are being experience in the education sector.
... such as the application of ancillary revenue/value capture and government payments in the development of sustainable models.



Conclusion



- The Nigerian government has not invested much in education infrastructure to be able to provide a quality and affordable education for its citizens nor attracted private investments sufficiently well.
- Lack of clarity and transparency in the policies and regulation governing PPP for the Nigeria education sector is not comforting to investors, even though they are generally comforted by the clear methods of interaction with the key public sector entities as well as the simplified processing steps.
- Therefore to ensure the proper execution of PPP projects and subsequently afford quality education for its citizens,
 - The Nigeria government must create an enabling and sustainable environment, including institutional and legal framework, that fosters private investment in PPP education project.





THANK YOU



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