PUBLIC-PRIVATE PARTNERSHIP RELATIONSHIPS IN URBAN TRANSPORTATIONS IN NIGERIA

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ABSTRACT: This paper examines the existing public-private partnerships in Nigeria's urban transport development, particularly Lagos. It reveals general weaknesses in such relationships. The paper espouses the relevance of an integrated approach for achieving long-lasting relationship in urban transport management and controls.
The paper strongly advocates for a strategic public-private partnership relationship at ensuring a sustainable urban transportation in Nigeria. With strong political commitment and clear objectives and priorities; the appropriate mix desired for attaining efficient mobility in Nigeria's urban system would be ensured. The paper therefore recommends that Government should concentrate on legislation, regulation and creating conducive environment, not being an operator; it should also forge partnerships with the private sector and other stakeholders in policy formulation, reform and implementation.
Finally, this paper evolves strategic options and models for strengthening institutions that will enhance structural reform of private sectors' contributions.

RÉSUMÉ : La communication étudie les associations publiques-privées existantes dans le développement du transport urbain du Nigeria, en particulier le Lagos. Il révèle les faiblesses générales dans de telles relations. La communication soutient la pertinence d'une approche intégrée pour réaliser une relation durable dans la gestion et le contrôle du transport urbain.
La communication préconise fortement une relation stratégique d'associations publiques-privées pour s'assurer d'un transport urbain durable au Nigeria. Avec une grande implication politique et des objectifs et priorités clairs, le mélange approprié souhaité pour réaliser une mobilité efficace dans le système urbain du Nigeria serait assuré. La communication recommande donc que le Gouvernement se concentre sur la législation, la réglementation et la création d'un environnement favorable, sans être un exploitant ; il doit aussi forger des associations avec le secteur privé et d'autres dépositaires dans la formulation, la réforme et la mise en oeuvre de politiques.

Enfin, la communication développe des options stratégiques et des modèles pour renforcer les institutions qui augmenteront la réforme structurelle des contributions des secteurs privés.

1.0 The State of Transportation in Nigeria

The state of transportation in Nigeria can be classified into five major modes – Roads, Rail, Water, Air and Pipelines. The contribution of the transport sector to the economy of Nigeria if considered by the GDP tends to stagnate or decline at about 3% of GDP. Indeed the sector's real contribution to GDP continued to decline from 6% in 1981 to 3.12% in 1991 and 3.10% in 1998. In particular, road declines from 5.17% in 1981 to 2.90% in 1995 and to 2.86% in 1996 and 2.84% in 1997. It was shown that before the Structural Adjustment Programme (SAP), Transport sector contributed 5.98% to GDP in 1981, and 4.60% in 1985 before a continuous

1.1 Road Sub-sector

The road transport sub-sector accounts for more than 90 percent of internal passenger and freight movement in Nigeria.
At 1995 prices, it is estimated that the nation's road network has an asset nominal replacement value of N1, 850 billion.
The following are the other features of the road transport sector:

decline to its lowest 3.10% level in 1997 and 1998 respectively.

Assembly of motor vehicles in Nigeria contributed to loose steam due to very poor purchasing power of Nigerians coupled with some other factors militating against this industry like unfavourable exchange rate and relative prices of imported used vehicles.

- Most roads require rehabilitation instead of routine maintenance,
- There is increasing rate of road accidents and high fatalities,
- There exist multiplicity of agencies,
- Erratic funding of public road agencies,
- Introduction of the Structural Adjustment Programme escalated the prices of new vehicles and their spare parts,
- Mobility crisis in rural areas - Commercial motorcycling has become ubiquitous inspite of their poor safety records,
- Rural access roads throughout the country are in very deplorable condition; they are owned and managed by the local government who are least financially capable to maintaining them.

From the above therefore, there is need to provide and manage transport to help in maintaining the continuous survival of the society. Recognizing the complexities in the provision and maintenance of transport, there is further need to evolve effective, reliable and functional management objectives and policies that could yield public-private partnership framework in Nigeria's urban transport system.

Nigeria's road network fall into three categories, the trunks A, B & C owned and managed by Federal, State and Local Governments respectively. Road transportation has been the most popular means of movement in Nigeria. It accounts for about 90% of the movement of passenger and freight.

The total length of public roads in the nation's network is about 200,000 kilometres. Details of the distribution and their conditions are given in the table below:

TABLE 1: Distribution of the National Road Network.

Type of Pavement	Federal	State	Local Govts.	Total
Paved Trunk Roads	26,500	10,400	-	36,900
Unpaved Trunk Roads	5,600	20,100	-	25,700
Urban Roads	-	-	2 1,900	21,900
Main Rural Roads	-	-	72,800	72,800
Village Access Roads	-	-	35,900	35,900
Total: Kms	32,100	30,500	130,600	193,200
Percentage	17	16	67	100

Paved Roads			
	Good	Fair	Poor
Federal Roads	50%	20%	30%
State Roads	30%	30%	40%
Local Govt. Roads	5%	20%	75%

Unpaved Roads			
	Good	Fair	Poor
Federal Roads	6.0%	56.6%	37.4%
State Roads	7.0%	49.5%	43.5%
Local Govt. Roads	4.2%	38.4%	57.4%

Source: Road Vision 2000 Steering Committee Information Brochure, Pp. 4 Transport in Nigeria in 2020.

In the course of road construction, provision was unfortunately not made for its maintenance needs. Developing the capacity for planned programme maintenance and stable maintenance framework remained largely unchanged from the pre-independence period with continuing reliance on government funding even in the face of its dwindling financial resources and competing demands from the other sectors of the economy.

The failure to reform the existing system to meet the present day realities and challenges has put this country's considered investments in roads in jeopardy to the point where:

- less than 50% of the national road network are today in good or fair condition

- the road assets is estimated to be suffering an annual loss of value of about N80 billion due to lack of maintenance; and
- road users suffer an additional vehicle operating costs of N53 billion due to poor condition of the roads.

The above total annual financial loss of N133 billion per annum represents about 5.5% of Nigeria's 1994 Gross Domestic Product (GDP). When these losses are added to the economic costs from road accidents, loss of productive man-hours etc., arising from poor condition of the road network, it becomes clear that the situation really needs urgent attention.

It is very clear that government alone cannot adequately undertake the funding of transport services. Therefore, the need for policies aimed at improving the performance of the country's road sector.

1.2 Rail Sub-sector

The statutory Railway Corporation operates the rail system. The Nigerian Railways still suffer the following problems:

i. Structural problem with the rail network – at the moment, the NRC railway network still comprises of 3, 505 kilometres of narrow gauge (1.067 metres) single tracking.
ii. Several railway equipment such as the signaling system and communication system are obsolete.
iii. Steep gradients, inconvenient grades, poor track alignment and sharp curves (as much as 175 m radius or 10 degrees) have contributed to the limitation of permissible train speed to a maximum of about 65km/h. The effect of this is that turn-around or transit time is unnecessarily lengthened.

1.3 Air Sub-sector

Some of the problems affecting the air transport industry in Nigeria include the following:

i. Over-aged and ill-maintained aircrafts, poor search and rescue operations, obsolete, navigational aids and air control facilities.
ii. The Nigerian Airways (national carrier) has been over whelmed with debts burden running into hundreds of million of naira.

1.4 Maritime Sub-sector

Maritime transport in Nigeria is also bewildered by problems of inadequate serviceable equipment for major port operations and maintenance facilities for ships are inadequate.

1.5 Inland Water Sub-sector

Nigeria is blessed with a dense network of rivers, streams, creeks, and coastal lagoons which provides huge potentials for the development of an efficient inland water transport. This sub-sector is still very underdeveloped.

1.6 Pipeline Transport Sub-sector

Pipeline transport is becoming an important overland mode of transporting petroleum from refineries. This sub-sector has the potential of substantially relieving the road sector of petroleum tankers that contribute to the damage of the highways and also highway accidents.

2.0 General Constraints

A critical assessment of the current mobility status, transport and communication policies in Africa in general and Nigeria in particular shows high level of undesirable results. It is simply epileptic. The following deficiencies are inherent in the existing policy and its implementation:

- weak implementation and enforcement procedure;
- lack of multi-modality, integration, coordination and optimum utilization of all existing modes, with less transport – induced environmental degradation;
- corruption and indiscipline;
- environmental deficiencies and conflicting responsibility among different
- levels of government over land-use controls;
- lack of data and management information;
- obsolete transport rules, regulations and laws;
- energy crisis – fuel scarcity;
- lack of professionalism - manpower, human and institutional capacity building and utilization in mobility;
- poor macro economic climate;
- less consideration of socio-cultural, economic and citizens' participation;
- lack of measurement of transport impacts on the environment;
- less involvement of the private sector in transport and communication project financing and management;

- inadequate and unstable sources of funding/of financing;
- inadequate institutional and legal framework for transport and communication management;
- technological constraints – research and technology
- government sponsored transport activities have been beset by these vices- corruption, mismanagement, dependence on treasury funding, poor services, arrogance and insensitivity, parasitism and inequities;
- very low standard of social infrastructure in most African countries.

Table 3 Key Enterprises or Economic Sectors for Privatization in Nigeria

AVIATION	TRANSPORT	TELE-COMMUNICATION
1. Federal Airport Authority of Nigeria (FAAN) 2. NAHCO 3. Nigeria Airways Ltd. 4. Skypower	1. Nigerdock Ltd. 2. Nigeria Railway Corp. 3. Nigeria Ports Authority 4. Inland Waterways 5. National Unity Line (NUL) 6. Leyland Nigeria Ltd. 7. Nigerian Truck Manufacturers Co. Ltd. 8. Peugeot Automobile of Nigeria Ltd. 9. Volkswagen of Nigeria Ltd. 10. Steyr. Nigeria Ltd. ↓ *Virtually liabilities*	1. Nigerian Telecommunication Ltd. (NITEL) 2. Nigerian Mobile Telecommunication Ltd. (M-TEL). 3. Nigerian Postal Service (NIPOST) ↓ *The Third Lowest Tele-Density on Earth*

Source: Fieldwork, 2003

3.0 Case for Privatization and Sustainable Development

The general economic downturn or recession globally has made it difficult if not impossible to invest endlessly without management and control consciousness on the transport sector. Again, the vehicular accident rates have attracted public outcry because of the alarming and frightening figures emanating from accidents in the country.

Furthermore, the global warming effects and dilemma as well as the ozone depletion issue has made the transport sector particularly automobile to be highly criticized due o smoke emission.

In another dimension, urban mobility situation in Nigeria can be described as near immobile not because there are no vehicles, rather due to traffic congestion and traffic hold-ups vis-à-vis street trading and general absence of off-street parking infrastructure and facilities. In addition inter-modal transport development is weak.

In the case of Nigeria, vehicles for urban movement cannot be described as available. Many vehicles and buses in use; are in complete state of disrepair, rickety and unduly overloaded with passengers. Apart, the numbers of vehicles available in the country are even too low to cope with passenger demand.

In the case of the maritime sector, cargo safety and security is increasingly more problematic and complex.

Again, the globalization of the world through information technological changes, and improved management information systems, pose serious treat and problem for Nigeria to cope with the pace at which the entire world is responding to the technological and information dynamics.

The rail system up to 1970 contributed more than any other mode of transport to the mobility needs of the nation particularly in the aspect of freight movement. Railway has been developed as a strategy for urban containment and regional development.

From the above issues raised, there is need to marry all the forces sharpening the transport sector as it relates to other socio-economic sectors together. To achieve this, there is need to establish a transport policy which will act as the beacon and search light through which

sustainable transport could be pursued and achieved. It is an attempt to align, redress as well.

The National Transport Policy for Nigeria summarized the Nigeria transport system functioning in a crisis. There exists abundant evidence that the nation's transport system and the transport management, approaches, procedure have not been able to achieve the policy objectives set out in the National transport policy. This is to say that the transport situation in the country exists in a crisis situation.

These crisis situations are created in the existing imbalance between resource allocations in modes, the inadequacy of existing infrastructural facilities and the general misalignment between the objectives of transport parastatals, operators and the material and organizational resources for them.

The implication is that these have led to the existing transportation problems which include poor accessibility, high transport cost, energy crisis (fuel) urban traffic congestion, high accidents rate, environmental pollution and general anarchy on the transport operation.

There is need to provide and manage transport to help in maintaining the continuous survival of the society. Recognizing the complexities in the provision and maintenance of transport there is need to evolve effective, reliable and functional transport management objectives and policies that could yield sustainable transport objectives of the 21st Century.

Accepting the importance and versatile role played by transport in our daily living, it therefore calls for deliberate planned and managerial approach through which the transport sector could be sustained and allowed to contribute positively to the economic growth information of the 21st Century unhindered.

Public sector provision of goods and services in particular has been almost a total disaster in many parts of Africa, due to the culture of poor management that has become the hallmark of such activity. This poor management culture has been exhibited in the following key areas of public sector economic management:

(a) Inadequate or conflicting objectives,
(b) Poor human resources management,
(c) Lack of strategic planning,
(d) Lack of expertise in technical management,
(e) Weak capital structures of public enterprises,
(f) Poor and inadequate systems and procedure,
(g) Poor debt management,
(h) Persistent loss making,
(i) Inappropriate tariff (or pricing) policies, and
(j) Absence of the audit culture, accountability and transparency.

3.1 Models for Privatization of Mobility Sector

Privatization of transportation and mobility sector will involve replacing the state by private interest fully or partially.

Various option exist for privatizing or for private sector participation in the transportation sector:

- Management contracts
- Divestiture
- Deregulation and withdrawal
- Contracting services
- Build-Operate-Transfer (BOT)
- Build-Operate-Transfer and Renewable Operation and Maintenance (BOT + ROM).
- Build-Own-Operate-Transfer (BOOT)
- Build-Operate-Maintain (BOM)
- User-Investors-Strategy.

3.2 Strategies

The underlisted strategies must be promoted and advocated for:

1. Creating livable cities is paramount to citizenry and Gender sensitiveness including the disadvantaged group – aged, disabled, children and women.
2. Public and non-motorized transport being a clean transport solution
3. Use of alternative fuels such as the hydrogen fuel cells for the propulsion of buses and trains
4. Information Technology (IT) – systems giving buses and trams priority at traffic lights
5. Rising public awareness of the societal costs of automobile
6. Transfer journeys from the car to public transport, walking and cycling; to reinvent safe, attractive streets for walking and cycling; to use land-use planning to reduce the length of journeys and look for ways of participating in social activities that generate less traffic.
7. Encouraging examples of good transport practice exist throughout the world

8. Long-term vision is to achieve transport which is sustainable for health and the environment, which meets the needs of the present without endangering the ability of future generations to meet theirs – this of give us sustainable mobility
9. Political will and public acceptability democratization.
10. The support of major African financial institutions is required in the development of the private sector in Africa.
11. African economies should be made investor – friendly in the context of the current liberalization and globalization of trade and commerce that are sweeping across the globe. For instance, the so-called Asian Tigers of Hong Kong, South Korea, Singapore and Taiwan have achieved some measure of economic success of high rates of foreign investment in-flows, and transforming their private sector to become the engine of growth.

3.3 Strategic Options for Improving Mobility in Nigeria Partnership Framework

This is introduced to and strongly recommended for correcting internal and external imbalances. But certain assumptions must have been satisfied:

i) the objectives and targets for these programmes are agreed to;
ii) the mechanics to be used in its implementation are known;
iii) the skills needed for its management are available;
iv) the cost be incurred is known;
v) other supplementary reforms have been put in place;
vi) knowledge about proven successful experiences is available or could be obtained;
vii) better law enforcement and compliance philosophies, discipline, and positive thought;
viii) citizens participation and empowerment;
ix) institutional radicalization and increasing PSP;
x) prioritization and rationalization schemes due to the poor macro-economic climate;
xi) need for articulated policy that will integrate transport, communication, telematics and sustainable development;
xii) eradicating the sale and use of adulterated and leaded fuel; and promotion of research on alternative energies such as electricity and solar;
xiii) human and institutional capacity building and utilization – professionalism; and
xiv) database and information.

3.4 Potential Benefits

- Government should promote an enabling environment for the attraction and retention of the private sector's interest in transport, communication and telematics management. Government should be actively involved in dialogue and education of the general public on the need for private financiers and transport users' involvement in transport management financing.
- A legal framework should be put in place to ensure policy continuity for private sector participation in transport, communication and telematics management and financing
- Creation of National Roads Board and Road Fund
- Introduction of user charges as a sustainable funding
- Appropriate monitoring, control and evaluation mechanisms, as well as checks and balances to ensure that corrective measures can be taken quickly to keep the project on track before resources are wasted
- Modernization of the roads and road rehabilitation, railways and waterways must be pursued.
- Nigeria should encourage development policies towards local fabrication of parts and subsequent development of a Nigerian car in the nearest future. Hence, the issue of production of flat sheets, foundry industry development, plastics, glass and rubber manufacturing should be given special attention. In addition, human resource development must be accorded prime position especially in engineering and management discipline.
- Railways is dead in Nigeria; there is need for restructuring of railway organization, ensuring adequate resource allocation, revisiting the issue of serviceable rolling stocks, aging wagons and coaches. For the

long-run survival of the railways, adequate infrastructure should be put in place, and this will include expansion of existing gauges, developing the East-West rail links, embarking on linking all state capitals with railways, and modernizing railway workshops in the country.

- Air services' performance, especially in 1997 and 1998 showed that the sector is in very poor business performance in the last few years. As such, air services operation should be revisited with a view to encouraging private Nigerians and foreign participation in air transport business as there are enough airports and passengers to warrant investment in this area. There should be sound policies initiated to streamline operational modalities of the air transport business in Nigeria. The Nigerian Airways Limited should be given substantial degree of autonomy and allowed to function as a profit optimizing commercial outfit.

African countries and Nigeria in particular should be ready and determined to meet with the challenges of transport in the next decade. The basic fundamental problems must vigorously be addressed. In this regard, Nigeria must set up a Technical Committee represent major stakeholders in the industry, to prepare a 'National Transport Development Plan'. Both private and public sectors must contribute meaningfully to this report. Such a report should go a long way in assisting policy makers as well as policy advisers in charting a 'sustainable' path for the transport sector of the Nigerian economy.

The present civilian administration in Nigeria is trying its best in fashioning out or implementing appropriate macro-economic measures. Therefore, an enduring blueprint for the planning, operation and administration of transport in Nigeria is desirable.

4.0 Conclusions

The maintenance situation of national transport infrastructural facilities is far from satisfactory. The public sector funds through budgetary allocations are just not sufficient to maintain the facilities; other ways of raising the needed funds from the users must evolve. The strategy is to identify areas where the private finance initiative (pfi) would provide a more efficient and effective solution to the perennial problems of road degradation, tolls collection, roads and waterways improvement, as well as epileptic performance of rail system etc.

4.1 The Suggested Strategy for Direct Involvement of the Private Sector

- identification of activities (tolled roads/highways, bridges, etc) where the private finance initiative (pfi) will make further significant progress in its efficiency;
- determination of the optimal lease conditions (fee payable to government, maintenance, tolls and other collectibles from users, etc.) applicable for a project
- development of proposals for the development of the pfi practice in the selection of participants by the public sector in its management of contracts;
- encouragement of potential private sector participants in the initiatives;
- assisting current public sector departments to use the initiative to provide more and better services on the basis of the public expenditure/budget provisions available to them.

The major advantage of this initiative is the ability of the private sector to promote efficiency, improve services and stimulate fresh flow of increased capital investment in the public services sector.

For sustainability of the models of private sector participation; the following reforms will be needed: cost recovery, joint ventures, risk sharing and policy reliability.

A critical analysis of the existing situation has revealed the following:

- Public enterprises/state capitalism has failed woefully to live up to expectations. It is outdated and unsustainable.
- Privatization in inevitable
- All other supporting policies to make economic reform successful are being pursued, so Nigeria is sure to succeed
- Commitment to living up to expectation involves honesty, corrupt-free, timely and transparent implementation of the public enterprise reform programme.

With the above challenges and prospects; African countries must encourage the growth and development of their private sectors, in order to allow for private initiative to:-

a. inject market discipline

b. result in closer monitoring of economic performance
c. create greater accountability and evolve better management policies
d. serve as a long-term source of raising revenue for the government, and
e. encourage share ownership by members of the public leading to a more efficient mobilization of savings within the economy.
f. the regulatory environment in Africa should be such that permits and promotes private sector development

There is a need for the strengthening of institutions that will not only enhance structural reform but also will aid the development of the market system itself and, hence, the private sectors.

In Nigeria, the application of information technology is still relatively insignificant; hence, it has not radically transformed the Nigerian transport industry in spite of its immense benefits. In order to increase information capacity in all the branches of the Nigerian transport industry, basic telecommunication equipment must be available and functional, and accessibility to computers, relevant software applications and transport data must improve considerably. Issues relating to adequate funding, constant power supply, skilled manpower and the procurement of powerful, upgradable computers (with sufficient spare parts back-up and regular maintenance) are also vital if information technology is to be given its rightful place by all actors in the Nigerian transport industry.

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