

# PRIVATE SECTOR PARTICIPATION IN NIGERIA HIGHER EDUCATION INFRASTRUCTURE DEVELOPMENT

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Public private partnership (PPP) procurement route was introduced with the aim of increasing the capacity and quality of public services across the globe, whilst the PPP sector is now established and mature in many countries, realising the objectives of PPP has eluded many countries in Sub-Saharan Africa including Nigeria where the level of private sector participation in infrastructure provision remains low particularly in the Higher Education Infrastructure (HEI) sector. This study aims at exploring reasons for low participation, by evaluating the challenges associated with PPP procurement system in Nigeria HEI sector. Semi-structured interviews were conducted with stakeholders, the gathered data was analysed using thematic framework analysis and the result indicate that the private sector is reluctant to engage in partnerships with the public sector owing to stakeholders' challenges, integrity issues, as well as governance challenges. The study concludes that increased transparency and accountability in the tendering procedures will enhance the potentials of PPP in the HEI sector, and recommends that governance systems and procedures that minimise corruption and mistrust should be put in place.

Keywords: governance, higher education, partnering, procurement, stakeholders

## INTRODUCTION

In recent years, improved service delivery has been high on the agenda of many governments all over the world, this is because most governments do not have sufficient funds to meet up with public demands for innovative and improved service delivery. Consequently, they have resorted to partnering with the private sector in order to meet these demands. Amongst many partnerships arrangements available, the public private partnership (PPP) seems to be the most convenient collaborative arrangements for most developing Nations. PPP is said to be a cooperative venture between the public and private sectors (Grimsey and Lewis 2004) formed from the combination of the resource capacity and expertise of each sector, in order to provide a stronger base for delivering public services in a better, more efficient and effective manner.

It is one of the many other innovative procurement strategies introduced to complement or replace the traditional open competitive tendering route as the case maybe (Ahadzi and Bowles 2001). PPP allow assets financing especially when a particular government is not able to finance the needed facilities; in other words, it

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offers alternative source of financing for improved public service delivery and or new infrastructure development. (Li *et al.*, 2005). The main incentives for adopters of PPP are; (i) risks are allocated to the parties whom it is best fit, and (ii) projects are delivered on time and to cost. In addition, contractors are engaged early in the design stage thereby giving room for innovation in design and construction ideas.

Consequently, Nigeria government like other governments in other parts of the world have turned to PPP for the provision of infrastructures to enhance service delivery to the people. Some of the sectors which have benefited include transportation, power, and education. However, the level of private sector participation in the delivery of higher education Infrastructure (HEI) in Nigeria is evidently low as reported in a study carried out by Thomas and Thomas in 2013. Previous studies (Thomas and Thomas 2013), showed that there is the need to boost private sector participation in the HEI sector.

The main thrust of this study however is to examine achievements of PPP in other sectors of the Nigerian economy as earlier outlined with a view to understanding how it can be replicated in the Nigeria's public tertiary institutions' infrastructure which are already in a sorry state. In particular, this study seeks answers to this question; how can the Nigerian government enhance the participation of the private sector in the delivery of Higher Education infrastructure? The study will further explore reasons for low private sector participation in HEI; by evaluating the challenges associated with PPP procurement process in Nigeria. The study was conducted through the examination of relevant literature, followed by field investigation.

## **PUBLIC PRIVATE PARTNERSHIP IN NIGERIA HEI SECTOR**

Recently, the Nigerian government put in place some reforms for private sector participation in the development of the education sector. These reforms are Public-Private Partnership Initiative (PPPI), Adopt - a - School, Community Accountability and Transparency Initiative (CATI), Private Development Initiative (PDI) and Higher Education Collaboration (HEC) to mention but a few. According to Thomas and Thomas (2013), these reforms have not made any significant difference in the sector, and however acknowledged a knowledge gap in understanding the reasons behind private sector's reluctance to partner with government and recommended research into the factors that are restraining the private sector in the development of higher education infrastructure in Nigeria. The literature review conducted also exposed the fact that PPP is not new in Nigeria HEI sector, however it is mostly seen in the area of economic infrastructures such as students' hostels, but not in the area of providing academic buildings such as laboratories, libraries etc.

Furthermore, in order to achieve suitable legal and regulatory environment for PPP projects in Nigeria, the Federal Government of Nigeria passed the Infrastructure Concession Commission Act (ICRC Act 2005) which acts as the legal framework guiding private participation in public services. There are also sector specific agencies and laws that regulate the services. For instance, the ICRC Act regulates the participation of the private sector in financing, construction, development, operation, and maintenance of Federal Government infrastructure through concession or contractual arrangements. ICRC is also responsible for setting out guidelines to promote, facilitate and ensure implementation of (PPP) Projects in Nigeria with the objective of achieving better value for money (VFM) for infrastructure services and enhanced economic growth. Notwithstanding the existence of the ICRC Act and PPP legal framework, Nigeria still faces diverse challenges in the process of partnering.

Some of these challenges are as a result of poor planning, and inappropriate political involvement.

## **RESEARCH METHODOLOGY AND METHOD**

Qualitative research approach was deemed fit for the study because the desired data require a better understanding of the strategic issues in the HEI sector; seeing the true situation through the eyes of the stakeholders (Bryman 2012). Qualitative research method uses inductive reasoning, does not support natural science and positivism and views social research as subjective and continually changing (Bryman 2012). This study stands on interpretivism epistemological idea; which believes that the social world should not be studied in the same manner and procedures as it is done with natural sciences. This research was set to study the social world, people as well as institutions and therefore different from the study of natural sciences. On the ontological point of view; the study stands on constructivism, in which social entities and their meaning are not independent of social actor. Data was collected through semi-structured interview. Saunders *et al.*, (2012) opined that semi-structured interview is most suitable for an investigatory study, thereby giving opportunity to probe the participants further. This method does not need any predefined questions but the researcher must have clear understanding and view of the aspect to explore during the course of the interview (Saunders *et al.*, 2012).

### *Interview: Semi structured interview*

According to Bryman (2012), interview is a strategy by which data is collected during both quantitative and qualitative research. This exploratory study is interested in the participants' views, with rich detailed answers. There is therefore the need for flexibility and flexibility in research interview can be achieved through semi structured and unstructured interview (Bryman 2012), hence semi-structured interview was identified as most suitable method of data collection for this study, the participants who are the stakeholders were allowed to speak freely while answering open ended questions. Semi-structured interview does not require a set interview questions (Saunders *et al.*, 2012) rather an order by which the topics would be treated, this served as guide for the interviewer (Saunders *et al.*, 2012, Bryman 2012).

### *Sample Recruitment*

Stakeholders of PPP and HEI sectors in Nigeria were identified from literatures reviewed, the participants were recruited purposively using research question as the basis for recruiting them. Purposive sampling is referred to as a non-probability form of sampling in which research participants are not sampled randomly but are sampled purposefully so that the recruited participants are relevant to the research question to be answered (Bryman 2012), it does not allow for generalisation of a population but the research question dictates the participants (Bryman 2012). Stakeholders who are deemed relevant to this study were contacted, some of them were then able to introduce other stakeholders, who were thereafter contacted, this is a form of snowball sampling; a type of purposive sampling identified by Bryman (2012). The respondents are shown in table 1 below. The identified stakeholders were grouped into four (4): (i) higher institutions (end users), (ii) Federal government agencies (governing bodies overseeing all the activities of the higher institutions), (iii) Private sector (private developers) and (iv) Funding bodies (commercial banks).

Table 1: List of respondents

S/No	Organisation	Department	Designation	Research Instrument	Interview Date	Interview Duration
1	University of Lagos	Department of Works and Physical Planning	Director	E-mail	Responded on 03/07/15	Not applicable
2	Obafemi Awolowo University	Physical Planning and Development Unit.	Director	Telephone	25/05/15	55mins
3	University of Abuja	Department of Physical development	Director	Telephone	28/05/15	35mins
4	Obafemi Awolowo University	Project Implementation Committee	Chairman	Telephone	18/05/15	70mins
5	Federal Ministry of Education (FME)	Department of Tertiary Education	Director	Telephone	19/08/15	40mins
6	Bridgup Nig Ltd	Administration	MD/CEO	Skype	02/09/15	48mins
7	Researcher in the field	Heriot-Watt University	Lecturer	Face to Face	04/05/15	65mins
8	Researcher in the field	Obafemi Awolowo University	Lecturer	Skype	23/05/15	80mins

## DATA COLLECTION AND ANALYSIS

Data was collected via semi-structured interviews, which gave opportunities for flexible open ended answers. The interviews took between 25 and 80 minutes; all the interviews were conducted between May and September, 2015. In total 8 stakeholders were interviewed, four (4) of which were interviewed via telephone, one (2) via skype, one (1) face to face and one (1) preferred that the questions be e-mailed, which was answered and sent back via e-mail. All the participants are over 40 years of age, have over ten (10) years' experience and hold at least a degree which qualified them to be considered to have sufficient knowledge in this area of research. Prior to the interviews, introductory e-mails we sent to the participants with brief narration of the research and further followed up with telephone calls.

Different approaches were considered for the analysis of the research data, thematic framework analysis was considered suitable for the purpose of this study; thematic framework analysis is a matrix-based method of ordering and synthesising data (Ritchie *et al.*, 2013), this approach was developed on the basis of conducting applied qualitative research at the National Centre for Social Research in the United Kingdom (Ritchie and Lewis 2003, Bryman 2012). The data was therefore analysed in accordance with the five stages of thematic framework analysis; familiarisation, identifying a thematic framework, indexing and sorting, charting and mapping/interpretation.

The data was typed out and transferred into NVivo; NVivo is computer-aided qualitative data analysis software (CAQDAS) which is designed to help researchers in the analysis of qualitative data (Bryman 2012). All the interview responses were then

read through again and again to have a grasp of the full content of the data, this is the familiarisation process; the idea behind familiarisation is for the researcher to become conversant with the research data before the process of sifting and sorting (Ritchie and Lewis 2003, Ritchie *et al.* 2013). In the process of familiarisation, a set of themes were identified based on the content of the research data which is inductive in nature, the themes are the issues raised by the respondents which formed the thematic framework within which the research data were sorted as posited by Ritchie and Lewis (2003).

The identified themes were entered into NVivo as Nodes, followed by sorting and coding the research data into same nodes (themes) which they relate to. The process of doing this is referred to as indexing in framework analysis (Ritchie *et al.*, 2013). The codes which are relevant to the research question were organised into categories of themes. After the process of sorting and indexing of the research data into different nodes in NVivo, a matrix was created for each of the themes by charting the research data for each case and code within the themes and hierarchical arrangements as well as into sub-themes this forms the thematic framework. At this stage of the work, coded data were reviewed to be sure that they were properly coded and also to see if there are any more left out. The connections between the codes were also reviewed; some sub themes were also identified, table 2 below shows the identified themes and sub-themes.

*Table 2: Identified themes and sub-themes*

Themes	Sub Theme
Governance	Transparency
	Corruption
	Autonomy
	Funding
Stakeholders	Inexperience
	Opposition

## FINDINGS

In order to determine the reason for low participation of the private sector in the HEI sector, the views of the stakeholders were examined and the findings corroborated what had been identified in the reviewed literature. It was noted some institutions have been able to partner with the private sector in the area of providing student accommodation using Build Operate Transfer (BOT) model of PPP; examples are 400 bed space capacity student hostel for the University of Lagos, University village at the Obafemi Awolowo University Ile Ife, where about 16 developers have partnered with the institution to provide student accommodation ranging from 100 to 400 bed spaces using BOT Model. However, some respondents opined that inability of both government and the private to adhere to the terms and conditions of the agreement which usually result to conflicts is the major challenge faced by this particular procurement route in Nigeria. PPP is termed risk transferring cooperation between the government and the private sector; if this cooperation is not well managed then the desired success will not be achieved (Vries and Yehoue 2013).

### *Governance*

According to Bevir (2012) governance can be referred to all processes of governing either formal or informal and PPP projects are said to be a sub-set of the tools of government i.e. institutional arrangement through which public policy is mediated (Hodge *et al.*, 2010), therefore suitable governance mechanism should be designed in such a way that the interest of the public will be properly protected (Hodge *et al.* 2010). Most participants advocated for good governance, some of the participants question the efficiency of Infrastructure Concession Regulatory Commission (ICRC); the agency which is in charge of all PPP projects in Nigeria. Participants advocated for proper monitoring process, and robust institutional/legal framework. The process of awarding contracts and going into partnerships are judged not transparent and should be looked into in order for the PPP to be successful in the country. Hodge *et al.*, (2010) opined that PPP usually comes in different number of legal forms which all have implication in allocating roles and responsibilities between all the parties that are involved in the PPP arrangement. Whichever legal form a PPP arrangement takes will depends largely on the legislative framework (Hodge *et al.*, 2010 Vries and Yehoue 2013).

### *Transparency*

This study finds that the inability of the government to be transparent enough in the process of project award is one of the reasons why the private is not keen in partnering with the government to provide infrastructure. UNECE (2004) advocated the need for fairness in the process of awarding contracts with clear goals which can easily be measured. Government has to be transparent in the procurement process, the selection processes, shun corruption and take into account the interests of the stakeholders (UNECE 2004). In undertaking a PPP project, there is a need for the government to know whether the PPP project will achieve Value for Money (VMF), with the goals of the project clearly defined (UNECE 2008). Government should also make sure that the procurement procedures are followed to the later.

PPP is a good initiative but if parties could be honest with themselves, I think it can pull through

### *Corruption*

Corruption is also seen as one of the challenges PPP projects are currently faced in the country; the participants posit that if corruption is reduced to the minimum, PPP will thrive in Nigeria. Vries and Yehoue (2013) opined that it is important to fight corruption in order to achieve functional public services, the effect of corruption in the three stages of a construction project; namely, decision, tender, and execution stages can greatly affect the success of a PPP project. At the design stage a corrupt officer could decide to execute a project based on his or her interest (Hodge *et al.*, 2010) and most times the cost of public services are unnecessarily increased as a result of corruption (Vries and Yehoue 2013).

### *Funding*

It was gathered from the study that government is the major financier of Higher Education in Nigeria; most of the funds are received annually from the Federal Government through the appropriate Ministry, Department and Agencies (MDA) that are in charge of all levels of education and Universities; Federal Ministry of Education and National University Commission respectively. The amount of funding made available to these institutions are not adequate and therefore cannot allow proper provision of infrastructure. The participants opined that funding is the major

challenge; this problem ranges from inadequate funding to mismanagement of the available funds. PPP procurement route is also limited by the inability of the developers to access funds, some private developers are not able to access proper funding, while some who are already into partnerships are not able to complete on-going projects as at when due for completion. Apart from inadequate funding, the institutions themselves misappropriate the available funds, where the available funds are used in providing infrastructures which are not crucial, by not prioritizing the needs of the institutions.

#### *Autonomy*

The fact that the institutions do not have total autonomy to be able to partner with the identified private organisations is said to be a problem in the partnership arrangement. There is therefore the need for the individual institutions to have a degree of autonomy in order to be able to reach out to potential partners.

There is the need for university autonomy, in order for them to work; a level of autonomy is needed. Universities should be free to reach out to partners

#### *Stakeholders*

A stakeholder is anyone who can be affected or can influence the achievement of an organisation (Chinyio and Olomolaiye 2010), and their views differ from each other's view (Chinyio and Olomolaiye 2010), the ability to achieve proper stakeholder management is said to be crucial to the success of any PPP project (El-Gohary *et al.* 2006). Nigeria PPP stakeholders have very low experience in the area of PPP procurement system; the participants stated the need to properly educate the stakeholders on PPP procurement method, and also the need to carry along important stakeholders throughout the process of procurement. This is because stakeholders of a construction project are as important as much as the clients of the projects (El-Gohary *et al.* 2006), such as the users, customers and members of the community etc.

Government has already started training staff on PPP procurement method as stated by one of the participants. Stakeholder's opposition is another problem such projects usually face in Nigeria, this is evident in the Lekki Road project in Lagos Nigeria, the community, passengers and commercial drivers were not willing to pay toll as a result charged the Lagos state government to court, in cases like this, ability to address the imputes of the stakeholders of a PPP project is very important for the Project to be successful (El-Gohary *et al.*, 2006), these are some of the reason why El-Gohary *et al.*, (2006) opined how important it is to gauge the opinion and the interests of stakeholders in the development of PPP projects that relates to their needs.

## **DISCUSSIONS**

One of the main challenges identified through the analysis of the data is the problem of governance system of PPP in Nigeria. The structures by which PPP projects are set up, coordinated and ran is termed the governance, this includes the process of making decision (van den Hurk and Verhoest 2015). Governance is also said to be a practice undertaken by human beings who are guarded by power, positions and perceptions (Chhotray and Stoker 2009), these practices are political activities, decision-making which are most times dependant on personal interests (Chhotray and Stoker 2009). PPP as cooperation between the government and the private sector, involves the sharing of risk between the two parties, therefore there is need for PPP governance to be properly examined because of the complexities of PPP projects and the partnership itself (van den Hurk and Verhoest, 2015).

The other identified problem is the stakeholders; the inability to properly manage the relationships of the PPP project stakeholders, the fact that they are not usually properly been involved is the major reason for stakeholder resentment. El-Gohary *et al.*, (2006) opined that the opposition of the public as a result of different factors were reported as the major reason for the failure of several PPP projects, there is the need to ensure proper stakeholder involvement in the process of PPP procurement (El-Gohary *et al.*, 2006), starting from the planning/design phase as well as the construction phase (El-Gohary *et al.*, 2006).

Stakeholders of a construction projects are interrelated to each other, either formally or informally, while the clients, and contractors of a construction projects are linked through legal contracts (Chinyio and Olomolaiye 2010). Also, stakeholders could have both positive and negative influence on construction project throughout the duration of a project (Olander 2007), the general perception of stakeholders of a construction project usually affect the outcome of the project either positively or negatively (Olander 2007). It was also gathered that the private sector is not keen to invest in projects that cannot yield returns commensurate with the level of risk, hence the lack of interest in social infrastructure such as higher education infrastructure when compared with other sectors of the economy. Therefore, there is the need for Nigeria government to address the issue of profit and risk in order to achieve success in higher education PPP projects.

## CONCLUSIONS

According to UNECE (2008), there are six widely accepted core principles of good governance in PPP; participation; which is the level of participation of the stakeholders, decency; adhering strictly to the rules and regulations of the process, transparency; clarity and openness in the process of making decisions, accountability, fairness, and efficiency. All these are said to be closely linked to each other (UNECE, 2004), the literature review conducted revealed that these six principles are lacking in the Nigeria PPP procurement process. (UNECE, 2008) opined that good governance in PPP will no doubt yield economic benefits, and further advocate the integration of the following into the practice of PPP; participation, decency, transparency, accountability, fairness, efficiency and sustainable development. Following the literature review carried out as well as the investigatory survey conducted, how then has Nigeria PPP performed using the six identified core principles of good governance in PPP? It could be concluded that Nigeria PPP has not performed well enough to be compared with the international best practice of good governance of PPP.

The study concludes that the private sector is reluctant to engage in partnerships with the public sector owing to stakeholders' challenges such as stakeholders' inexperience and opposition, integrity issues; as well as governance system. The study recommends increased transparency and accountability in the tendering procedures will enhance the potentials of PPP in HEI sector, governance systems and procedures that minimise corruption and mistrust should also be put in place. For a successful PPP project, there should be proper stakeholders' engagement, as well as good project governance.

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