



**COLLABORATION PROCESSES  
IN PARTNERSHIP WORKING:  
LOCAL REGENERATION IN NIGERIA**

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## ABSTRACT

Local regeneration partnerships are being actively implemented by the Nigerian government as an innovative policy to deliver public infrastructure and to improve the quality of public services, particularly to improve the living standards of the populace. Nigeria being the biggest economy in Africa has a huge amount of demands for high quality infrastructure projects and public services; this has necessitated socioeconomic reforms that have paved the way for Public Private Partnerships and partnership working. Nonetheless, the complexity of PPP arrangements in Nigeria, as it concerns bureaucratic practices in public institutions; limited competences of partner organisations in partnership arrangements; and opportunistic proponents in the collaboration processes of these partnerships amongst other challenges has constituted a dilemma for the public and private sectors to balance the interests of partner organisations.

In this thesis, the collaboration processes that influence, shape and impact on partnership working in Nigerian local regeneration partnerships are studied and the implications that results from these partnership working are explained. A qualitative inductive approach is adopted in this research, using a case study strategy to address the overall research aim. The qualitative study drew on data from 42 in-depth semi-structured interviews with participants from the public and private sector organisations involved in the collaboration processes of five local regeneration partnerships. Utilising the collaborative advantage concept as the guiding theoretical framework, wherein collaborative advantage imply that organisations should only collaborate, when an objective can be met that none of the organisations otherwise could have achieved on their own.

The findings of this research revealed that distinct factors within the Nigerian institutional environment have led to PPP policy adoption and implementation, but local context factors act as constraints in the implementation of partnership arrangements such that they have not turned out as expected. Competence gaps and limitations in the capacity of partners to make effective decisions with regards to the management of partnerships and in carrying out the terms of partnership agreements have necessitated the services of PPP consultants and transaction advisers in guiding the partnership process. The findings of this research also indicated that due to institutional and local conditions in Nigeria, partner organisations adapt operating procedures to mitigate against the risks faced in the partnership working. Consequently, the successful delivery of the partnerships goals had implications for the survival of the Nigerian local regeneration partnerships investigated. Furthermore, by utilising the collaborative advantage theory, it emerged from the empirical data that sustainability of partnership agreements, improved interaction among partners and the efficient provision of services are strategic elements of collaborative advantage that could be achieved in partnership working.

The research also contributes to knowledge by enhancing the collaborative advantage theory through its application in local regeneration partnerships and within the developing country context of Nigeria. The research delineated that the collaboration elements; mutual interdependence, trust, transparency and accountability have implications on the strategic decisions made during the collaboration processes of the five Nigerian local regeneration partnership arrangements. A conceptual model was developed for deeply understanding collaborative work in Nigerian local regeneration partnerships; this model's core thus allows its consideration to be applied to various forms of Public Private Partnerships within Nigeria and to a greater extent Public Private Partnership practices in sub-Saharan Africa. Based on the research findings of this study, a number of PPP policy recommendations are presented to raise the effectiveness of collaboration processes in Nigerian local regeneration partnerships.

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## **DEDICATION**

With all my love and admiration

I dedicate this thesis to my true inspirers and role models,

Father

Prof Oshioste Andrew Okwilagwe

Mother

Dr (Mrs) Eugenia Aikhemhe Okwilagwe

## DECLARATION

I declare that no material contained in the thesis has been used in any other submission for an academic award.

Signed.....

Date.....

Osikhuemhe Oshomiamhe Okwilagwe

## ACRONYMS AND ABBREVIATION

AFD	Agence Française de Développement
AFDB	African Development Bank
AICD	Africa Infrastructure Country Diagnostic
BOO	Build, Operate and Own
BOOT	Build, Operate, Own and Transfer
BOT	Build, Operate and Transfer
BT	Bus Transport
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CEPA	Cambridge Economic Policy Associates
DBFM	Design, Build, Finance and Maintain
DBFMO	Design, Build, Finance, Maintain and Operate
DBFO	Design, Build, Finance and Operate
DBFT	Design, Build, Finance and Transfer
DFI	Direct Foreign Investment
EOI	Expression of Interest
FAAN	Federal Airports Authority of Nigeria
FBC	Final Business Case
FCC	Federal Capital City
FCT	Federal Capital Territory
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
ICIR	International Centre for Investigative Reporting
ICRC	Infrastructure Concession Regulatory Commission
MDA	Ministries, Departments and Agencies



MMA 1	Murtala Muhammed Airport Terminal 1
MMA 2	Murtala Muhammed Airport Terminal 2
MOU	Memorandum of Understanding
NIFUND	Nigerian Infrastructure Fund
NRA	Nigerian Railway Authority
NRC	Nigerian Railway Corporation
NURTW	National Union of Road Transport Workers
OBC	Outline Business Case
OPPP	Office of Public Private Partnership
PFI	Private Finance Initiative
PPP	Public Private Partnership
PSC	Private Sector Comparator
RFP	Request for Proposal
SOP	Standard Operating Procedure
SPV	Special Purpose Vehicle
STMP	Strategic Transport Master Plan
TOR	Terms of Reference
USA	United States of America
UK	United Kingdom
VFM	Value for Money

# CHAPTER ONE

## INTRODUCTION TO THE RESEARCH

### **1.1 Background of the Research**

Collaborative activities have become more prominent and extensive in many countries around the world (Appuhami, Perera and Perera, 2011; Selsky and Parker, 2005; Berger, Cunningham and Drumwright, 2004). Particularly significant is that through various collaborative activities such as strategic alliances, joint ventures, Public Private Partnerships and co-ordinated service delivery, participants gain appreciation of their interdependence and pool together their resources to increase variety in their range of responses to the issues at hand (Hastings, 1996; Trist, 1983). From this stance, Gray (1996, p. 58) defined collaboration as a “logical and necessary response to turbulent conditions under which organisations become interdependent with each other and they offer solutions by building a collective capacity to respond to turbulent conditions”. Himmelman (1996) also argues that collaborations have a practical purpose of contributing to the alleviation of various societal issues, especially as it concerns Public Private Partnership (PPP) forms of collaborations.

With governments experiencing macro-economic problems, budgetary constraints and huge deficits, these partnerships are actively being used for the financing and development of public infrastructure and in the delivery of services (de Bettignies and Ross, 2009; Berger, Cunningham and Drumwright, 2004). The variety and extent of PPPs in recent years have widened from international partnerships to include national and local concerns (Selsky and Parker, 2005; Xie and Stough, 2002; Beauregard, 1998; Ward, 1990). Accordingly, PPPs in the past three decades have become strategic and operational approaches for delivering certain policy interventions in developed and developing countries. There was a total of 1,970 PPP projects worldwide with a total value in fees and invested capital of US\$774 billion between 1985 and 2011 (PricewaterhouseCoopers, 2013; Public Works Financing, 2011). In these PPPs, individual organisations have collaborated to address challenges facing various sectors such as education, transportation, health care, infrastructure, environmental sustainability and local regeneration (Kwak, Chih and Ibbs, 2009; de Bettignies and Ross, 2004; Broadbent and Laughlin, 1999).

The literature on PPPs is vast, with majority of the research focused on industrialised countries which indicate that PPPs have been adopted and implemented extensively in the provision of public services and to tap into the private sector funding capacity in countries like Australia, the Netherlands, Germany, Canada, Ireland, Korea, Japan, Spain, New Zealand, the UK and the USA (Wanke and Barros, 2015; Hodge and Greve, 2007; Broadbent and Laughlin, 1999). These countries have PPP experience in nearly all infrastructure and service sectors, for instance, road, rail, airport, buildings, water, health, education and other social projects. Among these developed economies, the UK is viewed as the country with the most extensive PPP implementation (Bloomfield, 2006). Initially launched as the ‘Private Finance Initiative’ (PFI) model in 1992, 722 projects had reached financial closure at the end of 2011 with a total capital value of £57.7 billion (HM Treasury, 2016). The model was revised over concerns of value for money and re-launched as ‘PF2’ in December 2012, through issuance of a new policy document and revised guidance document by the Conservative-Liberal Democrat coalition government (Buisson, 2013).

Emerging and developing countries likewise have also adopted and implemented PPPs; for instance, in countries like, China, Turkey, India, Mexico, Colombia, Brazil, Philippines, Kenya, Nigeria, Ghana and South Africa. They have been expressed as a solution for keeping up with the growing need for sufficient and effective public services in these countries (Appuhami, Perera and Perera, 2011; Miraftab, 2004).

Although PPPs have enjoyed a global reach in popularity, there is still much to be known around the notion of partnerships, about what is new about partnerships in various empirical contexts, especially from the context of developing countries and what can be learnt from these empirical contexts. As emphasised by Appuhami, Perera and Perera (2011), PPP policy reforms in some developing countries are still in a developmental phase and in many cases, PPPs do not always proceed to their implementation stages. Discussed in their empirical paper was the case of Sri Lankan government that introduced PPP policy reform in 1992, the same year it was introduced in the UK, however at the time of their research in 2011, only 11 PPP projects with a total investment of US\$843 million were completed. Furthermore, Selsky and Parker (2005, p. 866), in their research on cross-sector partnerships to address social issues suggested areas for further research. One of such suggested areas for further research and ascribed as valuable contributions was to investigate “how

partners overcome (or exploit) sector differences to learn about their social issues, learn from each other, or encourage stakeholder learning”. Another suggested area for further research by Mitchell-Weaver and Manning, (1991) was how PPPs can be adapted to meet specific needs in developing countries, for instance, in promoting the economic activities of informal sectors.

The type of PPPs being investigated in this research are those formed to address local regeneration (de Bettignies and Ross, 2009; Muir, 2004; Ball, Le Ny and Maginn, 2004); more specifically, local regeneration issues in Nigeria (Ozohu-Suleiman and Oladimeji, 2015; LCC, 2015; Idris, Kura and Bashir, 2013). Local regeneration partnerships are argued to be an expression of the desire for and implementation of these collaborations for the physical, economic and social renewal of areas which have been subject to decline (de Bettignies and Ross, 2009; Muir, 2004; Davis, 2002). Thus, local regeneration usually involves individuals from different organisations and sectors (Barr and Huxham, 1996). These local regeneration partnerships have also come to be symbolised by a broad range of projects which enhance the capacity of economic activities (McCarthy and Pollock, 1997). According to Babatunde, Perera and Zhou (2016, p.82), “both the Federal and State Governments of Nigeria are ameliorating the key infrastructure challenges through the involvement of the private sector in infrastructure development projects via Public Private Partnerships”. Andrews and Entwistle (2010, p. 680) have also argued that in theory,

*“public sector partners, for example, may hold particular mandates or powers, which enable them to target “wicked issues”; private sector partners may possess the ability to maximise value for money and thus deliver outcomes at lower cost; whereas non-profits are often credited with a greater capacity to communicate with excluded groups, which could, in turn, enhance the equity of service outcomes”.*

The Nigeria’s government recognises that it faces the challenge for increased capacity for social and physical infrastructure provision even more so as the country’s population currently stands at over 173.6 million (National Bureau of Statistics (NBS), 2012). The mismanagement of the country’s resources over the years has been viewed to have greatly constrained Nigeria’s economic growth and development (Ogochukwu and Bahir, 2013; Olaseni and Alade, 2012). This has led to insufficient funding by

both the Federal and State Governments in maintaining local infrastructure and service provision (Daramola *et al.*, 2005). As Wetley and Vredenburg (1991) and Trist (1983) pointed out, the cause for local regeneration partnerships has been attributed to socio-economic turbulence which generates unplanned consequences; some of these consequences have significant social implications that usually exceed the scope of any one organisation. Consequently, looking at the Nigerian PPP environment, the perceived need for PPPs in Nigeria reflects powerful forces shaping the country's institutional and economic reforms, especially with responsibilities for addressing local regeneration issues passed from federal to state levels and with each state expected to do more with less financial funding.

The Minister for Budget and National Planning, Senator Udoma Udo Udoma in an address on the 2016 budget and strategic implementation, the Minister stated that the Federal Government would continue to support the implementation of PPPs in the development of infrastructure in Nigeria. He also encouraged other Federal Ministers to consider concession arrangements for major infrastructure projects. The Minister made it clear that the Federal Government was establishing an infrastructure fund to raise about US\$25 billion within the next three years as part of efforts to encourage private sector participation in infrastructure (Udoma, 2016). The Nigerian Infrastructure Fund (NiFund) is to be aimed at addressing the huge demand for sustainable infrastructure development in the country, especially in transportation, power, works and housing sectors by soliciting investment commitments from domestic and foreign private investors as well as from development finance institutions (The Guardian, 2016a; Adepetun, 2016).

Public Private Partnerships are clearly seen by the Nigerian government as a useful policy in supporting local regeneration efforts and they now occupy a central place in the local regeneration of Nigeria's cities and rural areas (Onyemaechi and Samy, 2016; Iloh and Muktar, 2013). As regeneration programs need to be successful in improving the quality of life of the local communities where they are being implemented (Stadtler, 2016; Berry, McGreal, and Deddis, 1993; Healey, Davoudi, and O'Toole, 1992); it thus becomes imperative to investigate partnerships in achieving local regeneration goals within the empirical context of a developing country such as Nigeria. The core issue for this research emerged from the limited understanding regarding the strategies for collaboration processes in achieving Nigerian local

regeneration partnerships goals. This gap in the PPP literature, which chapters two and three discusses more fully, served as a motivation for the researcher to undertake the research and to address this gap. This chapter thus introduces the background to the research and the rationale behind the research topic. An overview of the empirical context of the study, the research aim and objectives are addressed in this chapter. The research methodology, contributions and an outline of the structure of the thesis are also presented.

## **1.2 Research Context**

Nigeria is an emerging market that is considered a middle-income economy with a Gross Domestic Product (GDP) of US\$405.08 billion, but considered to have fast developing financial, service, telecommunication, and entertainment sectors (World Bank, 2016a). The post-1999 reforms have influenced the country's institutional environment through the process of decentralisation, leading to a raise in privatisation and commercialisation (Olaseni and Alade, 2012). Although Nigeria is considered Africa's largest economy, in terms of the level of social and physical infrastructure development, it still lags behind other African countries like South Africa, Kenya and Botswana. In comparison, to the years of cumulative experience on PPPs that a country like South Africa has, the country still has a long way off in bridging the gap in infrastructure development (Babatunde, Opawole and Akinsiku, 2012).

In addressing the infrastructure challenges in Nigeria, a World Bank report stated that about US\$14.2 billion per year is needed over the next 10 years (Foster and Pushak, 2011). Oluwasanmi and Ogidi (2014) state that the Nigerian government is moving progressively towards an economy that is private sector driven and one of the main objectives is to promote effective implementation of necessary policies, for instance, provision of enabling laws to regulate PPP arrangements. The on-going reforms in the public sector can only affirm the need for the adoption of PPPs in the country. One of such reforms is in the rail transportation sector, where there has been a drive to revitalise local communities and townships through investment into a number of railway projects and to boost social and economic activities (both internal and external trade) in these local areas (Abubakar, 2016).

One of these rail projects is the 187km Abuja-Kaduna rail project which was successfully completed in 2016 and connects various townships between the Federal

Capital City, Abuja and the Northern commercial capital, Kaduna (Nnabugwu, 2016). The intended benefits are to encourage rail travel by local residents as opposed to road travel and to provide an alternative for the transportation of goods at lesser costs. As reported by the Vanguard Newspaper, the local council chairman in the town where the rail line terminates expressed optimism that the train services in and out of the town was a potential avenue for revenue generation to the local area. One of such potential revenue generation activities was a local transport service which had seen the application for the building of a motor park close to the rail terminal by the local chapter of the National Union of Road Transport Workers (Vanguard, 2016).

It can be suggested that the desire and need for infrastructure development and improved service delivery is one reason for the Nigeria Government to look at the practices of PPPs and could also indicate why PPPs, as a policy approach has extended into federal and state local regeneration of communities. According to Couch, Sykes and Borstinghaus (2011), when policy makers in a country are faced with a new crisis, there is usually the trend to implement or adopt policy solutions that have been implemented in the past or implemented in another country. Successful regeneration programs should thus improve the quality of life of the local communities where they are being implemented. According to Azubike (2012, p. 90), "Governments in Nigeria have in recent years turned to private participation in infrastructure development through Public Private Partnerships (PPPs) in order to leverage the financing capabilities of the private sector". As argued by Lasker, Weiss and Miller (2001), the collaborative endeavours of partners in the partnership arrangement can help to shape and steer these local regeneration issues and also improve the chances of addressing them successfully. In other words, local regeneration partnerships have come to be symbolised by a wide range of projects that enhances the capacity of social and economic activities in Nigeria.

There have been a few successes in the implementation of PPPs in Nigeria since 2001, an example of this is the concession of the Murtala Muhammed Airport Terminal (MMA 2) which was awarded to Bi-Courtney Aviation Services using a Build, Operate and Transfer (BOT) model in 2003. Although, the construction of the airport was besieged with several court injunctions and delays, it was eventually completed and commissioned on the 7<sup>th</sup> of April 2007 (Babatunde *et al.*, 2013). There have

however been more unsuccessful partnerships recorded than successful ones; for instance, the rehabilitation of the Lagos-Ibadan expressway into five lanes which was a concession agreement with Bicourtney Nigeria Ltd failed because the partnership arrangement was perceived to be designed to favour the concessionaire at the expense of an inexperienced Federal Government (Oluwasanmi and Ogidi, 2014; ICiR, 2012). Another failure was recorded in the PPP arrangement between the Federal Government and the State Governments of Kogi and Nasarawa for the construction of the Guto-Bagana bridge over River Benue. According to Oluwasanmi and Ogidi (2014), the failure of this arrangement was due to one or more of the partner organisations not being able to meet up with the terms of the contractual agreement.

The ICRC Act was enacted into law by the Federal Government to ensure adherence to best practices in 2005 in a bid to promote private sector investments towards PPPs in the country. The Infrastructure Concession Regulatory Commission (ICRC) was also established as a Federal Government agency tasked with the responsibility of monitoring PPPs by an Act of Parliament in 2005 (ICRC, 2013).

As partnerships represent an industrialised country's public policy solution to promoting economic growth and development through active drive for private sector involvement (Mitchell-Weaver and Manning, 1991), in the context of a developing country, the question this raises is how well partnerships function for local regeneration goals within the empirical context of Nigeria. Therefore, this research explores the complexity of the collaboration processes in Nigerian local regeneration partnerships. By gathering evidence from different local regeneration partnerships, the PPP concept, how partnerships function and how well they are managed can be better understand in the Nigerian context.

### **1.3 Justification and Significance of the Study**

Mayo (1997, p.3) stated that usually “partners and partnerships are terms with a positive contemporary buzz in debates about regeneration and community development, not only in Britain, but on a wider international scale”. Partnerships have therefore been argued to provide benefits to the public sector by way of alleviating countries budgetary burden, to increase ‘value for money’ spent on infrastructure services through risk transfer from the public sector to the private sector and in terms of providing lower cost, reliable and efficient services if properly formed and managed



(Roehrich, Lewis and George, 2014; Kwak, Chih and Ibbs, 2009). Despite the growing recognition about the role PPPs play in addressing regeneration issues, the challenges faced in bridging the different goals, values and processes and in managing the expectations between public and private sector organisations have also been emphasised (Roberts and Siemiatycki, 2015; Shaoul, Stafford and Stapleton, 2010; Ramiah and Reich, 2006). In other words, the experiences of the public and private sector organisations with partnership working have not always been positive. The concept of partnership working is often at the heart of the partnering process, where the significant aims of those who promote partnerships is to build relationships between the members so that they can work together productively and create value (Cao and Zhang, 2010).

The essence of collaboration should contribute to the identification of the common issues required for implementing a policy that would lead to effective tangible forms of partnership working and should satisfy each of the individual partnering organisations (Apostolakis, 2004). Slater *et al.*, (2007) stated that partnerships should be much more than just the exchange of resources, knowledge and skills between partners, but rather their combination should lead to some form of synergistic benefits that lead to new and better ways of thinking and collaborating. Further collaborating this, Faehnle and Tyrvaenen, (2013) emphasised that collaboration needs to be meaningful for partner organisations and hence should recognise the requirement for adequate information sharing and inclusiveness of practices within the whole process of planning and decision-making activities.

More importantly, Huxham and Vangen (2005) and Huxham (1996), argue that the aspiration of partnerships should be to gain some form of collaborative advantage from their arrangements. This distinguishing feature and overarching goal of partnerships is the key mechanism through which these partnerships gain advantage over individual organisations in addressing issues such as local regeneration. Macdonald and Chrisp (2005) and Lasker, Weiss and Miller (2001) emphasise that the ability of a partnership to achieve some form of collaborative advantage could probably be influenced by internal factors in the partnership; such as the opportunistic behaviours exhibited by the partners and by factors in the external environment that are outside the capacity of any partnership to control; for instance, a change in the political climate where the partnership operates.

Further complicating partnership working, are local context factors that influence the applicability of PPP policy approaches and the outcomes from such partnership working. The complexity and uncertainty of partnership working throughout the life cycle of any partnership could make it unsuccessful in achieving set objectives. Appuhami, Perera and Perera (2011) stated in their study on coercive diffusion of the PPP policy in Sri Lanka that although a new policy may be successful in an innovating country, it might not achieve the same results in another country. Moreover, as collaboration elements are usually context specific, looking inward into geographical specific issues, many local regeneration partnerships experience local contextual factors that are likely to make it more difficult for them to achieve collaborative advantage.

Local regeneration is defined as programmes and policies aimed at social, economic and community development of local areas that have suffered significant decline, for instance, where local facilities are very poor or where there has been reduced population (Osborne, Williamson and Beattie, 2002). Local regeneration encompasses the economic well-being of local residents, usually through positive changes in the level and distribution of employment and per capita income in the local populace (Xie and Stough, 2002). With PPPs becoming a core feature of local regeneration, it is argued that local communities can attract investments, increase employment rates and enhance the quality of life within these deprived communities (Stadtler, 2016; Couch, Sykes and Borstinghaus, 2011).

According to Raco (2003), the benefits of local regeneration partnerships is such that public and private organisations are able to meet local needs through the adaptation and integration of economic and social services; more specifically, the activities of these organisations should promote investment and development in these places, to be the forbearers of the local populace where these partnerships are been implemented and to act as enabling agents to promote local investment and development. Local regeneration programmes and policies have the capacity to leverage a range of resources and skills and to encourage social inclusion by community participation. Participation in regeneration activities by the local community is argued by Raco (2003, p. 277) to provide “a sense of local empowerment and ownership; to utilise latent skills and resources; to give citizens a greater say in the ways in which they are

governed; and to bring local knowledge to regeneration agendas, thereby improving their effectiveness, sharing benefits amongst a wider range of local people”.

Furthermore, appropriate structures that encourage community participation need to be developed (Osborne, Williamson and Beattie, 2002). Understanding local context factors such as the history of the local area, the political system, fiscal position, social support and values systems, government commitment and regulatory framework, provides significant information to identify the most appropriate arrangements and strategies that are most likely to work in each context (Faehnle and Tyrvainen, 2013; Slater *et al.*, 2007). It is the expectation that with local regeneration partnerships aimed at localised communities, there is an engagement with a wide range of local and state actors through co-ordinated working practices. In other words, partnerships increasingly play a greater role in supporting local regeneration efforts by providing crucial expertise, know-how and capital, but also the development of local community capacity to engage in the regeneration activities, appropriate strategies to promote social inclusion in the local regeneration programmes and to promote new forms of governance and accountability towards the local community (Osborne, Beattie and Williamson, 2006).

In Nigeria, rural accessibility in terms of unpaved roads remains a challenge, especially, for the purposes of local development. According to a report by Foster and Pushak (2011, p.13) “about 47 percent of rural inhabitants live within 2 kilometres of an all-season road. This is well above the average of around 34 percent for sub-Saharan Africa, but still falls well short of the 67 percent average found in other developing countries”. A short-fall in infrastructure provision is argued to affect a country’s economy negatively and to also lower its productivity in every sector, thereby leading to increased poverty levels (Olaseni and Alade, 2012). Local regeneration programmes were for a long time underfunded in the country. This situation was aggravated in local areas, where State Governments had the mandate to control the finances and expenditure of local governments, thereby limiting the capacity of many local governments across the country to embark on meaningful infrastructure development projects that could be a catalyst for economic growth and economic empowerment among local communities (Olaseni and Alade, 2012).

Over the years, various policies that were seen to be comprehensive and coherent had been adopted to address the situation, for instance, efforts have been made by successive Nigerian governments to regulate the development, re-planning and improvement of land use. These policies included the Nigerian Town and Country Planning Ordinance of 1946, the National Housing of 1972, the National Housing Policy of 1991, the Millennium Development Goals and the Vision 20:20 agenda (Ejumudo, 2013). The essence of initiation and implementation of these policies were to improve the efficiency, effectiveness of the three tiers of government, particularly the local tier of government such that local areas became more productive and highly functioning areas. In other words, this could enable economic growth through the delivery of services such as transportation, health, sanitation and employment. In recent years, these policies have been criticised not to have achieved set goals due to challenges resulting from implementation gaps and poor commitment from government institutions. This led to a nationwide restructuring of government institutions with the aim to create an institutional climate conducive to elicit commitment and partnership from private sector organisations in the country and from international development organisations (Njoko and Okoro, 2014; Ejumudo, 2013).

Collaboration between partner organisations could be a difficult journey as many partnerships fail to meet up with established agreements (Asthana, Richardson and Halliday, 2002; Eden and Huxham, 2001). More so, specific context factors within the geographical locations where these partnerships are established influence the potential for them to be successful or not. Moreover, some authors have also argued that certain collaboration elements such as mutual interdependence, trust, transparency and accountability between partners appear significant for partnership arrangements to progress (Willems and Van Doreen, 2012; Bovens, 2010; Brunetto and Farr-Wharton, 2007; Vangen and Huxham, 2003). These collaboration elements are helped with the notion of collaborative advantage whereby partner organisations should only collaborate with the aim to achieve individual objectives better than they could alone and from the recognition that it has an implication for the successful outcomes of the collaboration.

Mutual interdependence, trust, transparency and accountability in this research, are thus reviewed from a collaborative advantage theory perspective, as it has been

established in the literature theoretically and empirically as a paramount theory tool under which partnership arrangements can be examined, based on the value they add to the partnership working (Huxham and Vangen, 2005; Huxham, 1996). This theory also perceives organisations as social systems that constantly need collaborative working through mutual agreements and interdependency of partners in order to achieve intended goals. Yet, it is a testable theory that can be explored based on the underlying assumptions of collaborative advantage and in the reasonably clear way of asking the members of these partnerships in another empirical context if their experiences conform to these underlying assumptions of the theory of collaborative advantage. This research thus investigates the theory of collaborative advantage against the experiences of key members from partner organisations involved in Nigeria local regeneration partnerships about their partnership workings as the literature suggests that these partner organisations should be the prime beneficiaries of collaborative advantage (Huxham and Vangen, 2005; Ball, Le Ny and Maginn, 2004; Huxham, 1996).

While PPPs though emergent are becoming popular in Nigeria, the existing literature on Nigeria PPPs suggests that there are now several PPP infrastructure projects taking place in the country to draw on experiences as the policy area continues to evolve in the country (see Babatunde, Perera and Zhou, 2016; Onyemaechi and Samy, 2016; Dominic, *et al.*, 2015; Oluwasanmi and Ogidi, 2014; Iloh and Muktar, 2013; Babtunde, Opawole and Akinsiku, 2012; Nwangwu, 2012). It becomes pertinent to explore if the reality match the idea of collaborating partner organisations that achieve collaborative advantage. In this regard, further research needs to be undertaken to investigate the implications of the current collaboration practices in Nigeria local regeneration partnerships on their success. More specifically, explicit attention is given in this research to how the collaboration elements in terms of mutual interdependence, trust, transparency and accountability facilitate the collaboration processes of the public and the private sector partners in these partnership arrangements for three pertinent reasons: (a) as the partnership arrangements are embedded in local regeneration reform initiatives directed at achieving specific intended goals (b) they are expected to be designed to involve integrated responsibilities, obligations and requirements over a long term agreement (c) and are therefore subject to various uncertainties; it is imperative then to investigate how

certain collaboration elements facilitate partnership working within elementary settings to achieve their intended goals.

Literature on PPPs from emerging and developing countries have continued to expand (see for examples, Wanke and Barros, 2015; Ameyaw and Chan, 2015; Ozohu-Suleiman and Oladimeji, 2015; Rizzo, 2014; Devkar, Mahalingham and Kalidini, 2013; Loxley, 2013; Babatunde, *et al.*, 2013; Kateja, 2012), but much is still not known about Nigeria local regeneration partnerships. To the best of the researcher's knowledge there are no comprehensive studies that focus specifically on the collaboration processes in Nigerian local regeneration partnerships and the implications of these processes on partnership working. The researcher therefore argues that the literature on Nigerian PPPs in this area could benefit from robust exploratory empirical findings that this study aims to provide.

#### **1.4 Aim and Objectives**

In view of the research rationale and problem statement discussed in sections 1.2 and 1.3 above, this research aims to investigate, understand and analyse how do collaboration processes shape and impact upon Nigerian local regeneration partnerships. In consequence, relevant interpretations and lessons learnt will be mapped and explained.

The objectives of the research are to investigate, understand, analyse and explain:

- the institutional context factors and the impact on Nigerian local regeneration partnership working;
- the expertise of the various partner organisations in guiding the formation process and the implications on Nigerian local regeneration partnership working;
- the implementation of the operational activities and the implications on Nigerian local regeneration partnership working;
- the delivery of implementation targets and the implications on Nigerian local regeneration partnership working;
- the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage.

### **1.5 Research Methodology**

This research explored, analysed and explained the current state of the collaboration processes that influence, shape and impact on partnership working in Nigerian local regeneration partnerships. Empirical evidence from five local regeneration partnerships and the views of key participants involved in these partnerships formed the basis of the findings for the research. In order to address the research aim and objectives as stated in section 1.4, the research methodology employed was a qualitative, interpretive and inductive approach based on multiple case study strategy. The researcher's approach to addressing the research objectives involved developing a conceptual framework that explicated the challenges of the activities in the collaboration processes of partnerships and enabled the identification of complexities inherent in these five Nigerian local regeneration partnerships. The conceptual framework highlighted the important aspects of collaboration processes in partnership working area.

Semi-structured interviews were employed for data collection from forty-two key participants (directors, managers, team leaders, project consultants and financial advisers) involved in these local regeneration partnership arrangements at different stages of their lifecycles in Nigeria. A detailed set of procedures were then developed to guide the research process; specifically, for data collection and analysis, as the research objectives explored issues from contextually rich settings. The qualitative research methodology permitted the researcher to identify similar as well as different issues pertaining to collaborative working in the Nigerian local regeneration partnerships. The data analysis for this research was carried out using a thematic analysis strategy; this strategy offered the researcher the means by which to access and analyse the articulated perspectives of the participants. Chapter 4 provides detailed discussions of the research methodology and emphasises the appropriateness of a qualitative, interpretive and inductive approach in addressing the research aim and objectives.

### **1.6 Research Contribution**

The contribution of this research is concerned with collaboration processes and collaborative advantage. The complexity that underlies collaborative activities is depicted in a holistic manner that recognises the dynamic nature of five Nigerian local

regeneration partnerships. The researcher's approach to addressing the research aim and objectives involved developing a framework that explicated the complexity of achieving local regeneration partnership goals and facilitated the identification of inherent challenges. The conceptual framework developed during the data collection stage is the methodological tool by which contributions are made to main debates. In this respect, the framework included the broadest range of contexts, collaboration processes and modes of governance. The empirical research was carried out with participants involved in the decision-making processes in five local regeneration partnerships.

Following from this, a conceptual framework which has emerged from the collaboration practices and strategies in Nigeria local regeneration partnerships is presented and its attributes discussed in chapter 10.3. The framework highlighted the following four principal elements of the research: (a) the realisation of the need for sustainable long-term collaboration between the public and private sectors; (b) an awareness for a dynamic environment that promotes mutual interdependence, trust, transparency and accountability within the various stages of the local regeneration partnership life cycles; (c) an increasing quest for stronger co-ordination and integration of collaboration processes between the partner organisations; (d) a new concept for developing and improving partnership capabilities and strategies for attaining collaborative advantage.

The research makes a contribution to knowledge through the application of the collaborative advantage theory in partnership working within the context of a developing country, Nigeria. This is achieved by investigating and analysing a range of different Nigerian local regeneration partnerships operating in the dynamic and complex area of local regeneration. In addition, the experiences and opinions of key participants involved in these local regeneration partnerships were obtained and analysed. By utilising the collaborative advantage theory as the guiding theoretical framework, it emerged from the empirical data that in Nigerian local regeneration partnerships, strategic elements of collaborative advantage that can be achieved are: the sustainability of partnership agreements; improved interaction among partners; and the provision of services.



These findings are in line with Huxham and Vangen (2004) argument that collaborative advantage might not always be from the actual output, but could also be realised sometimes in non-obvious forms that may be evident with the process of collaborating. In addition, the research delineated that the concerns of partner organisations during the collaboration processes in terms of the collaboration elements of mutual interdependence, trust, transparency and accountability have implications on successful formation, implementation and delivery of partnership goals. This contribution highlights collaborative advantage theory as an important dimension of collaboration processes in the context of Nigeria local regeneration partnerships. These insights have been absent in previous PPP studies in Nigeria, and particularly in sub-Sahara Africa.

The second contribution is to research methods on local regeneration partnerships in Nigeria. While empirical research into PPP implementation strategies and management in Nigeria is still upcoming, to the best of the researcher's knowledge this study is the first to make use of a qualitative, interpretive and inductive approach based on multiple case study strategy to capture the experiences and views of key participants involved in collaboration processes in Nigerian local regeneration partnerships. This research used an in-depth semi-structured interview technique as the principal data collection method, this allowed the researcher to capture participants' experiences and perceptions, in their own words, and revealed issues about how collaboration processes shape and impact on partnership working in Nigerian local regeneration partnerships while providing explanations. The key theoretical and empirical contributions presented in this research have resulted from a rich context of findings obtained through in-depth semi-structured interviews collected from key participants in public institutions, private infrastructure companies, consultancy organisations, and through the evaluation of project documents and documentary reports.

The third contribution this research makes is the applicability of the conceptual framework developed from the findings of this study to partnerships in similar contexts and it is usable for their operations in practice in the context of local regeneration partnerships. The framework indicates the unique features and characteristics to which the researcher has contributed insights and is useful for partner organisations to think about the collaboration processes in the partnerships they are

involved in. It also highlights the key collaboration processes where partner organisations can achieve collaborative advantage (see figure 10, p.269). The collaboration elements of mutual interdependence in the partnership arrangement; trust between partners throughout the partnership working; transparency in the decision-making processes; and accountability of the partners to each other and to the local communities were carefully considered within the empirical context of the Nigeria local regeneration partnerships investigated. The considerations of these four collaboration elements had implications on key research findings: (a) certain factors in the Nigerian local contexts have acted as constraints faced in the implementation of PPP policy; (b) the reliance on PPP consultants and transaction advisers in advising partnerships formation is a common feature in partnership arrangements; (c) ineffective risk management practices have impeded the local regeneration partnership working and (d) the delivery of partnership goals have implications for the survival of the partnership working. This study's conceptual framework thus makes an important contribution to the understanding of the nature and scope of local regeneration partnerships and operational activities in Nigeria.

### **1.7 Limitations of the Research**

There are three main limitations of the research that need to be carefully considered for future research purposes.

- The applicability of the conceptual framework in other contexts would need to be considered based on the partnership type. Each partnership type is unique and its potential for success depends on the implications of institutional context factors and the partnership's implementation strategies and management. In implementing the conceptual framework, it becomes important to consider the motivation of policy makers, private sector investment organisations and infrastructure developers as well as funding institutions. This is because any other approach from this would depict a lack of consideration to the local context and how receptive they are to the consideration of the concept of collaborative advantage and the implication on partnership working. Consequently, the usability of this conceptual framework depends on its ability to direct attention to the key issues for achieving the partnership goals and to achieve collaborative advantage.

- An interpretive, inductive and explanatory approach was used to capture the experiences and perceptions of key participants who had been involved in the formation and implementation of local regeneration partnerships in Nigeria, rather than analyse certain quantitative variables. While the research findings depict the data's richness and depth used to address the research objectives, it is unlikely that the researcher remained completely unbiased, independent and unaffected during the interview process, so also when reflecting on the data collected.

The researcher however took steps to ensure the data collected were to a great extent accurate and appropriate in accordance with good case study research practice and research ethics. This was accomplished by collecting data through semi-structured interviews by drawing on a range of perspectives from different participants involved in the partnership until the point of data saturation was reached. The semi-structured interviews allowed the participants' to freely give their opinions and to elaborate on various partnership issues. In addition, the researcher further maintained a neutral stance by demonstrating the participants' voices in their original forms using quotes from the interviews to indicate a diversity of views, opinions and experiences. The researcher also continually reflected on the actions and decisions made in terms of determining if and how the researcher has affected the research process, the data collection process, and the interpretation of findings. As the researcher has not attempted to control the environment, there is no absolute guarantee that the research is completely free from bias.

- Lastly, there is the opportunity to improve on the research area through the study of more cases drawn from the new pool of local regeneration partnerships in Nigeria, and if data is obtained from a wider number of participants involved in the local regeneration partnerships.

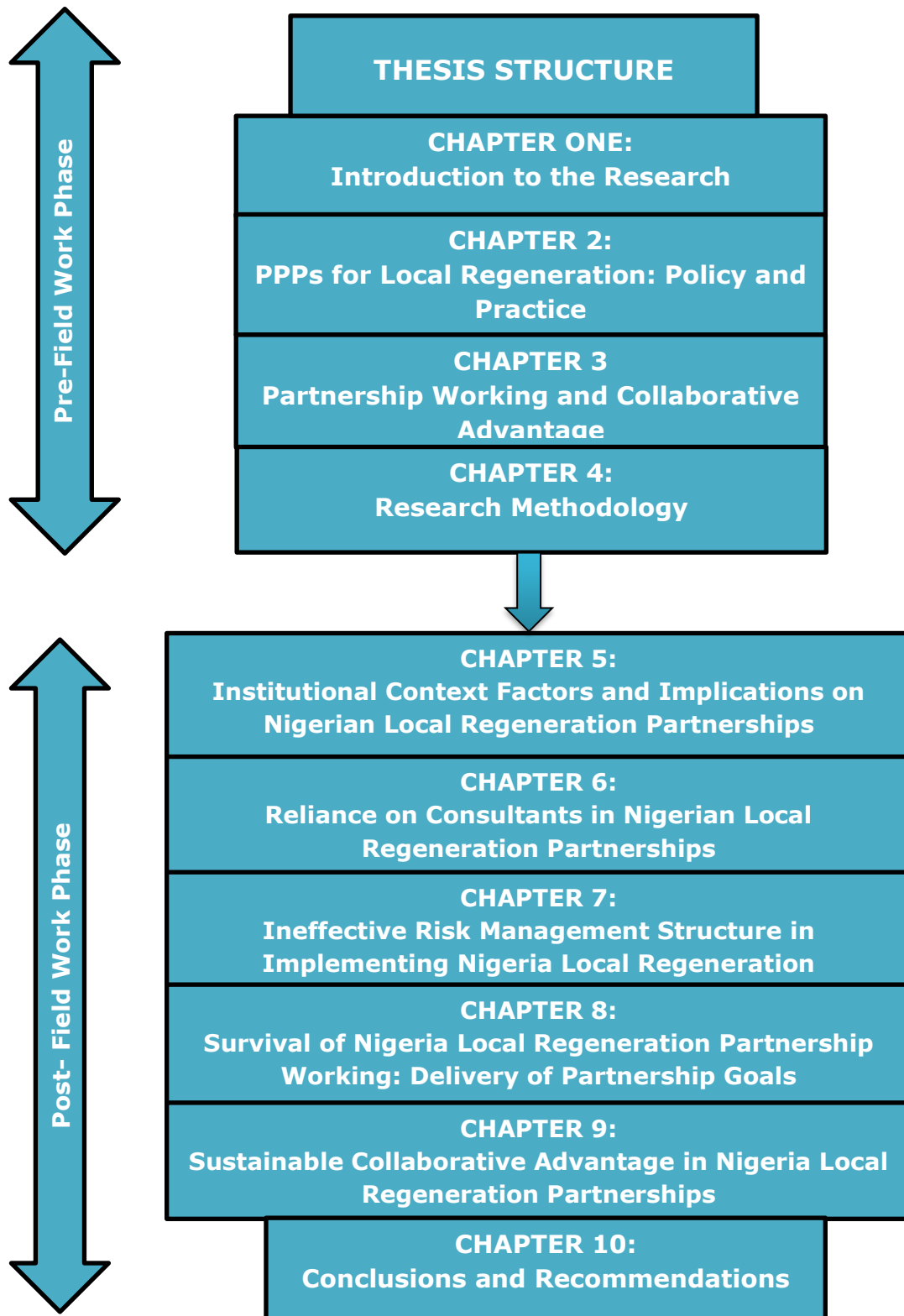
## **1.8 Structure of the Thesis**

Figure 1 (p.37) portrays a schematic diagram of how the research was conducted and findings reported. The activities in the research were divided into (a) Pre-field work phase and (b) Post-field work phase. The pre-field work activities are reported in the

first four chapters of the research. Chapter one is the introductory chapter and discusses the background to the study, the research problem, the research context, the research aim and objectives as well as the justification and significance of the study. It was suggested that there is a dearth in research specifically focusing on the collaboration processes in Nigerian local regeneration partnerships. There is also the presentation of the research contributions and a description of the limitation of the study.

Chapter two presents a thorough review of the theoretical and empirical literature on collaboration, Public Private Partnerships and the implementation of these partnerships for infrastructure development, particularly for regeneration programs. Literature review on the institutional environment of Nigeria, especially as it concerns the adoption of PPP policy as an important part of the country's economic and social development is also presented. Literature on the collaboration processes in a partnership's life cycle from the perspective of the collaborative advantage theory is reviewed in chapter three. Building on this review, a conceptual framework is derived and presented in this chapter. Chapter four discusses in detail the case study methodology and qualitative interpretivist approach employed in this research. This chapter also presents discussion on the research design, interview instruments and the data analysis processes. The final stage of the pre-field phase involved an initial pilot study that led to the main data collection.

The activities in the post-field work phase involved the presentation and analysis of the data collected as well as explicating the findings and their implications within the context of Nigerian local regeneration partnerships. These empirical findings are presented in detail in chapters' five to nine. Chapter ten sums up the entire research; this includes a systematic report of how the research objectives were addressed by presenting the key findings. The contribution of the research to theory, research methodology, and practice are also presented. The chapter then concluded by presenting the limitation of the research, recommendations as well as potential areas for future research.



**Figure 1: Schematic diagram of research activities**

## **CHAPTER TWO**

### **PUBLIC PRIVATE PARTNERSHIPS FOR LOCAL REGENERATION: POLICY AND PRACTICE**

#### **2.1 Introduction**

This chapter forms the first of two literature review chapters and contextualises the research by first reviewing literature on the concept and emergence of Public Private Partnerships (PPPs) as a policy instrument and delineates local regeneration partnerships. It is imperative to consider that academic and empirical literature on PPPs have led to varied conclusions about their real benefits, thus giving the opportunity for further investigation (Wanke and Barros, 2015; Bovaird, 2004). This is achieved in this chapter by first discussing the context from which these partnerships have emerged; the characteristics of PPPs and forms that PPP models take; the benefits and criticisms of implementing PPPs. Secondly, while the literature review draws on Western sources, it also reviews literature from the Nigerian context and the specific institutional features that characterise the academic debate about partnerships in this context. This chapter also investigates the collaboration practices between public and private partner organisations towards the goal of local regeneration in Nigeria and then concludes with a summary identifying the gap in literature.

#### **2.2 The Concept and Emergence of Public Private Partnerships**

There has been a notable move in developed and developing countries towards increase collaboration between the public and private sectors in the provision of public sector infrastructure and the delivery of public services. This is continuing from an era back in the 1990's that had involved the deregulation of major industries, privatisation of many national assets and the use of contracting out (Ross and Yan, 2015). Data from Public Works Financing (2011) suggests that 1,970 PPP projects with a combined value of US\$774 billion have been undertaken worldwide between 1985 and 2011. Several reasons have been attributed to the implementation of PPPs, such as public budget constraints, technological advancements and the demand for new or refurbished infrastructure. While they are often country and context specific, McQuaid and Scherrer (2010), Bovaird (2004) and Bloomfield (2006) argue that there have been

two central drivers in most countries. These two drivers are encouraged usually by national legislation (Ross and Yan, 2015; Bovaird, 2004). First are macro-economic drivers; due to the budgetary challenges, it has become crucial for some countries to mobilise private funding for investment in public services. Second are micro-economic drivers; with a growing interest, to transfer private sector efficiency and effectiveness into the provision of public services by gaining access to the specialised expertise of private sector innovative approaches.

In other words, it is argued that the principal reason for establishing partnerships is that both public and the private sector organisations have unique characteristics that afford them with benefits in particular aspects of infrastructure development and delivery of service (Babatunde, Opawole and Akinsiku, 2012) as well as to develop innovative solutions by working together with the public sector (Nissen, Evald and Clarke, 2013). As argued by Scherrer and McQuaid (2010), the principal drivers of PPPs in countries like Germany and Austria had mainly being because of macro-economic budget factors aimed to address the gap between the requirements for public expenditure and potential revenues, but in the UK, it included improving public expenditure efficiency. As argued above, the frequently stated policy aim of PPPs, has been to draw on expertise and financial resources from the private sector in order to achieve higher efficiency by bundling investments in infrastructure and service delivery, as illustrated by one of several models of PPP, termed Private Finance Initiative (PFI), which has been implemented in the UK as a major funding instrument since 1997 (Roehrich, Lewis and George, 2014). PFI in the UK accounted for over £57.7 billion of the 722 projects that had reached financial close by the end of 2011 (HM Treasury, 2016). It is argued that working with private sector organisations might allow public sector institutions to access distinctive resources, capabilities and good governance in realising more innovative solutions. This is in contrast with the traditional contracting approach that necessitates the commitment of public sector infrastructure and service delivery to the private sector with limited control or involvement (Roehrich, Lewis and George, 2014). The implementation of PFIs by the UK government was a means of renewing NHS facilities and for improved health services quality at a rate faster than would be the case under traditional public funding models. It was also to ensure that the hospital facilities were

adequately maintained over their lifetime in line with the long-term contractual arrangements (Barlow and Koberle-Gaiser, 2008).

Although set against normative assertions that PPP are a policy approach that when implemented should integrate the strengths of the public and private sectors to overcome both government and market failures (Kwak, Chih and Ibbs, 2009). PPPs have however been heavily criticised as a policy approach on the basis that they are basically political symbols and choices and are an attempt to respond to infrastructure deficits due to budgetary constraints by moving expenditures off-budget and transferring costs on to future governments and taxpayers (Roehrich, Lewis and George, 2014; Linder, 1999). Likewise, concerns have been expressed that the involvement of private organisations in government decision making would change the dynamics of public accountability (Forrer *et al.*, 2010). Despite these, scepticism, PPPs continued to be important strategies in delivering public infrastructure and services in many countries. Some governments see PPPs as a new governance tool that will substitute competitive tendering which is the traditional method of contracting for public services, while other governments have come to see it in terms of public management as a new perspective that envelopes established and long going procedures of involving private organisations in the delivery of public services (Hodge and Greve, 2007; Linder, 1999). Miller, (1999) in Kwak, Chih and Ibbs (2009, p. 52) argued that “neither a purely public nor a purely private infrastructure development approach is likely to be sustainable in the long-term”. The authors further argue that with a solely public sector approach, problems from bureaucratic and ineffective decision-making process; limited competitive practices; inefficient organisational and institutional frameworks could arise and lead to government failure. So also, a mainly private sector approach could lead to issues of inequalities and exclusion in the distribution of infrastructure services, in what is termed market failure.

In line with the arguments presented above, Bovaird (2004) posits that despite PPPs becoming increasingly implemented around the world, the concept of PPPs has been strongly contested, but have widely been defined as working arrangements established on mutual commitment between public sector organisations that is over and above that implied in any contract agreement with organisations outside of the public sector. In addition, PPPs are to a great extent delineated as innovative, flexible collaborations in



which public and private sector partners are bound by mutual goals and trust (Bloomfield, 2006; Teisman and Klijn, 2002). Bovaird (2004, p. 202), therefore argues that there are different purposes for which PPPs are formed and these different purposes require partnerships with “different membership, strategies, structures and operational processes and there are likely to be different criteria against which the partnerships will be monitored and evaluated”.

**Table 1: Purposes for which PPPs can be established and implemented**

<b>Purposes for which PPPs can be established</b>	<b>Example of PPP Policy implementation</b>
<b>Policy design and planning</b>	Land-use and transportation studies with consultants, where the consultants become a central part of the planning function over a long period
<b>Policy coordination</b>	Allocation of responsibility for particular policies to specific agencies perhaps through a policy steering group, although typically the final decision will rest in the public sector or setting priorities
<b>Policy monitoring</b>	Policy steering group with partners from public, voluntary and private sectors
<b>Policy evaluation and review</b>	Policy steering group with partners from voluntary and private sectors
<b>Policy implementation and service delivery</b>	In one of three ways: <ul style="list-style-type: none"> <li>• in-house (with external partners in advisory capacity, e.g. management consultants)</li> <li>• collaboration with external partners (e.g. joint venture for waste disposal)</li> <li>• full externalisation (e.g. selling of social housing stock to housing associations)</li> </ul>
<b>Resource mobilisation</b>	Sponsorship or fundraising management
<b>Resource management</b>	ICT or facilities management

**Source: adapted from Bovaird (2004, p.202)**

These PPP policy implementation areas are not exclusive, but they however potentially cover different areas, each area emphasising different characteristics and strategic implications.

### **2.2.1 Defining Public Private Partnerships**

There are several cross-sectoral studies that capture the diversity in the adoption and implementation of PPP arrangements that include various countries, sectors, project sizes, heterogeneous teams and different ownership structures. Perhaps, what is daunting is the broad range of PPP definitions that these studies present. As Bloomfield (2006, p. 400) suggested, there is “a lack of consensus regarding the defining characteristics of a public-private partnership”. Sarmiento and Renneboog (2016) attribute this lack of consensus to the country specific nature of PPPs, especially in terms of their design, construction, operation, financing, ownership and risk transfer. Looking at the position of various academic researchers and industrial practitioners, Wanke and Barros (2015) simply defined infrastructure projects, as ‘long-term agreements between a public entity and a private partner, with the objective of assuring the financing, construction/renovation, and operation of a public infrastructure service’. Kwak, Chih and Ibbs (2009, p. 52) defined PPPs as “a cooperative arrangement between the public and private sectors that involves the sharing of resources, risks, responsibilities, and rewards with others for the achievement of joint objectives”. This definition looks at PPPs as collaboration where there is recognition for shared objectives, responsibilities and risks between the public and private sectors.

According to Lasker, Weiss, and Miller (2001, p.180), “partnerships enable different people and organisations to support each other by leveraging, combining and capitalising on their complementary strengths and capabilities”, this definition depicts that PPPs can bring about collaborative advantage through the combination of resources by public and private partners. This is similar to HM Treasury (2012) definition that PPPs should bring together public and private sector organisations for mutual benefits through long-term partnerships. Along these lines, The Canadian Council for PPPs (CCPPP), 2016 defined PPPs as “a co-operative venture between the public and private sectors, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards”. This definition emphasises the efforts of the Canadian government that have made the country a highly attractive PPP marketplace and a point of reference for successful infrastructure PPPs. In Hodge and Greve (2007), PPPs are delineated as institutional arrangements for collaboration through the establishment of new

organisational units. In other words, they are depicted as financial models that allow the public sector to make use of private finance in a manner that enhances the opportunities of both the public institution and the private partner (Hodge and Greve, 2007). Van and Koppenjan (2001) and Koppenjan (2005) thus define PPP from an institutional lens, and they argue that collaboration is a long-time commitment that transcends traditional contract arrangements. Secondly, the definition stresses a partnership where partner organisations are involved in jointly shared risks, resources, costs, benefits and responsibilities. Thirdly, through mutual collaboration there is a co-creation of a product or service or benefit gained from mutual collaboration.

Looking inward into the National Policy on PPPs in Nigeria, PPPs are defined as “long term contracts (typically between 5 and 30 years) between a public sector authority and private sector contractor for the provision of a public service. The contract may require the construction of new public infrastructure or other assets, in which case the private sector contractor may finance the investment and recover its financing costs over the remainder of the contract from tolls, service charges or payments by the public authority” (ICRC 2013, p. 60). Concessions are also considered as PPPs, because some of the demands and revenue risks within the project are transferred to the private party that has been granted the concession. To sum up, the broad spectrum of the nature and types of PPP makes a single definition for PPP difficult, as they are considered to sit between traditional procured contracts and full privatisation (this is further discussed in section 2.4) (Wanke and Barros, 2015).

### **2.2.2 Forms of Public Private Partnerships**

The adoption and implementation of PPPs represents different country’s policy and the forms of PPPs vary depending on governments motivations, project objectives and their requirements (Osei-Kyei and Chan, 2015; Siemiatycki, 2015). For instance, in Canada, infrastructure provision is not usually the jurisdiction of the Federal Government, but mostly of the provincial and municipal governments, hence, there is no common state of practice or PPP model being implemented as each government is guided by their own objectives and policies (Siemiatycki, 2015).

As discussed in the previous section, PPP policy allows for the provision of public infrastructure and services through contractual agreements with public and private

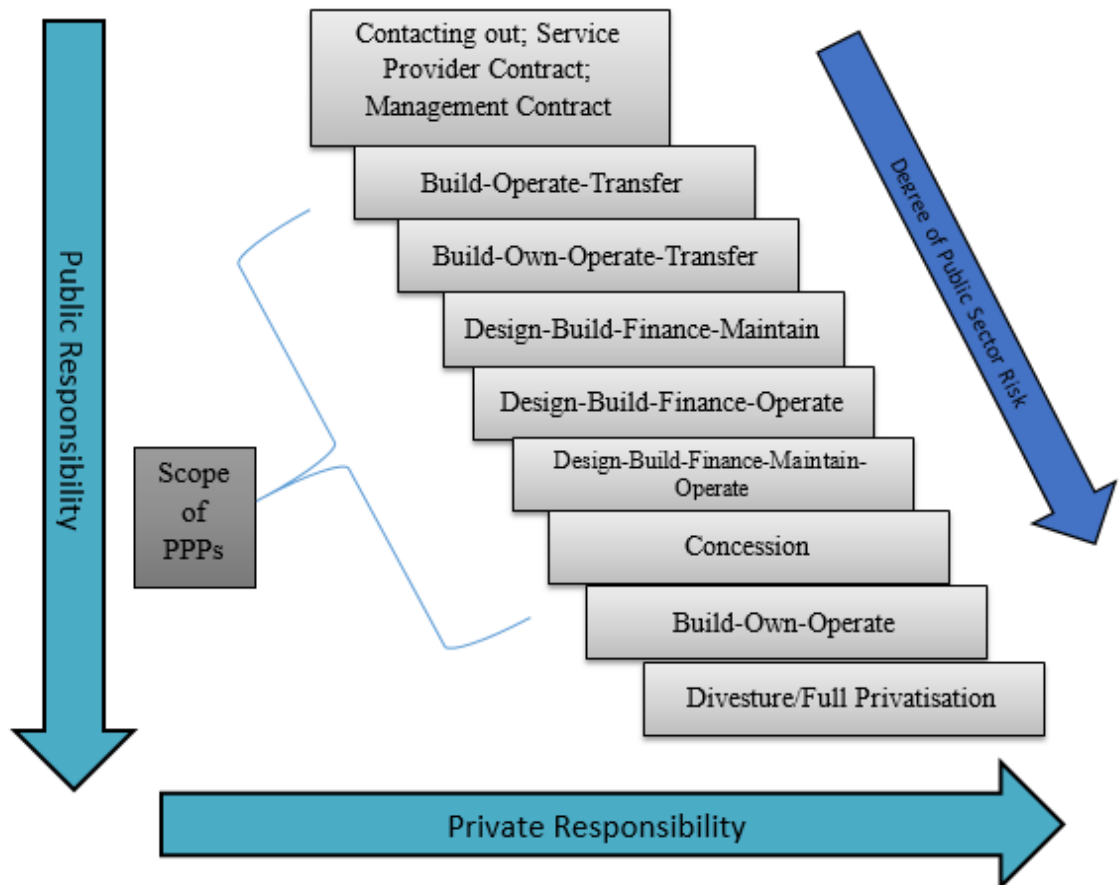
sector organisations (Appuhami, Perera and Perera, 2011), this differs from traditional forms of procurement with the expectation that private organisations would finance, design, construct and operate public infrastructure against negotiated service standards and performance indicators (Loosemore and Cheung, 2015; Koppenjan, 2005). The private sector is able to generate income through the operation of the infrastructure over a concession period at the end of which the infrastructure is returned to the public sector. Income is generated either through user fees on the basis of patronage (for instance, airport, port and road charges) or through availability payments for the service provided by the government authority (for instance, water or power purchase agreements) (Loosemore and Cheung, 2015; Idris, Kura and Bashir, 2013).

According to Seba, (2015), PPPs can be classified as three main legal types of PPPs that include concessions, contractual model of PPPs and the institutional models of PPPs. According to the World Bank (2016b), a concession is defined as an arrangement whereby a concessionaire which is a consortium formed by a number of private organisations with the responsibilities for:

*“The long term right to use all utility assets conferred on the concessionaire, including responsibility for operations and some investment. Asset ownership remains with the authority and the authority is typically responsible for replacement of larger assets. Assets revert to the authority at the end of the concession period, including assets purchased by the concessionaire. In a concession, the concessionaire typically obtains most of its revenues directly from the consumer and so it has a direct relationship with the consumer”.*

The contractual model of PPP includes contractual mechanisms established between the public and the private partner for profit and efficiency gain sharing and for risk allocation. The expectation with the use of the model is that the private partner provides project financing, while the public partner makes repayment for the service through a series of charges during the contract term. The institutional model of PPP involves the establishment of a separate legal entity held jointly by the private and the public partner, called a Special Purpose Vehicle (SPV) (Seba, 2015). It is the function of the SPV to ensure the financing and delivery of public infrastructure or service for the benefit of the public. Idris, Kura and Bashir (2013), emphasise that the institutional

model is more commonly used in countries with well-developed institutional and regulatory environment and the contractual model tend to be used in countries with less institutional and regulatory environments. Consequently, the classification of PPPs projects tends to fall between the two extremes of totally privately or totally publicly owned infrastructure (see figure 2, below).



**Figure 2: Scope of Public and Private Sector Responsibility**  
**Source: adapted from Sarmento and Renneboog (2016)**

The most common forms of PPPs explored in empirical literature are service contracts, operate and maintain (O and M) contracts and sale and lease back agreements implemented for existing infrastructure projects, while turnkey projects that include various types (for instance, Build-Operate-Transfer (BOT); Design-Build, Finance-Maintain-Operate (DBFMO) contracts) are usually implemented for new infrastructure projects. These various forms of PPP models are presented in tables 2 and 3.

**Table 2: Description of PPP models implemented for existing infrastructure projects**

<b>PPP Model</b>	<b>Description of PPP Model</b>
<b>Concessions</b>	Revenue generating PPPs that involve the payment of fees by end users for the provision of infrastructure or service and include any operation or function emanating from the sale, rent or utilisation of public infrastructure (Seba, 2015).
<b>Service contract</b>	Involves contracting out the provision of specific services of an infrastructure for a period of time usually less than five years and for a management fee. The government authority owns, finances the fixed assets, provides the working capital, bears all commercial risks and generally retains the overall responsibility for the operation and maintenance of the infrastructure except for the specific services contracted out.
<b>Sale and Lease-back arrangements</b>	Involves the sale of government buildings to private organisations and then the buildings are rented back to them usually on a 20 or 30-year contract by a financial organisation (Hodge and Greves, 2007).
<b>Operate and Maintain</b>	The private organisation is responsible for all operations and maintenance of the facility under contract (Sarmiento and Renneboog, 2016).
<b>Divestiture</b>	A public asset is either transferred in part or in full to the private organisation. Some conditions are mandated by the government, especially when there is a sale of the asset to ensure that improvements are made and the populace are not left disenfranchised (Sarmiento and Renneboog, 2016).

**Table 3: Description of PPP models implemented for new infrastructure projects**

<b>PPP Model</b>	<b>Description of PPP Model</b>
<b>Build-Operate-Transfer (BOT)</b>	Contracts are the most common type of turnkey projects, where the private partner bears the responsibility for the design, construction and operation of an infrastructure and the quality of service requirements for specified period of time to allow the private partner realise return on investments through user charges after which the infrastructure is then transferred to the public authority at the end of the contract period (Seba, 2015; Idris, Kura and Bashir, 2013).
<b>Design-Build-Finance-Operate and Maintain (DBFOM)</b> <b>Variations: DBFM and DBFO</b>	Contract is considered the most complex type of PPPs, because the private partner is responsible for the design, construction, finance, maintenance and operation of the asset. In this arrangement, the private partner finances the construction costs and responsibilities cover operation and maintenance as well, such that the private sector bears a significant and appropriate portion of the project risk (Hodge and Greves, 2007).
<b>Build-Own and Operate (BOO)</b>	Here the private sector constructs and operates a facility indefinitely without a fixed period for transfer, for instance, there is no obligation for the public authority to take over the legal title from the private sector (Idris, Kura and Bashir, 2013; Kwak, Chih and Ibbs, 2009).

<b>Build-Own-Operate and Transfer (BOOT)</b>	The concession periods are for a fixed period after which they are transferred back to the public sector (Hodge and Greves, 2007).
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## **2.3 Benefits and Criticism of Public Private Partnership as a Policy Instruments**

The provision of project finance by the private sector is often the promise of their involvement in collaboration with the public sector. In addition to this, PPPs are also a means to incorporate the strengths, efficiencies, innovation and management prowess of the private sector into the partnership working. The overall objectives of implementing PPPs are more linked to achieving ‘value for money’ (VFM) for taxpayers, through the provision of more efficient and reliable services; to improve the quality of infrastructure services, to promote local economic growth; and employment opportunities (Carbonara, Costantino and Pellegrino, 2014), while maintaining the attraction of reasonable profits to the private sector (Sanni and Hashim, 2014).

Despite these assumptions, from empirical literature, this has not always been the case, Hodge and Greves (2007), argue that this optimism of PPPs is often a colourful way to disguise the true nature of operations in partnerships. Further to this, Bovaird (2004) criticism of partnerships indicate that they have not being marriages based on love neither have they been based on respect for the complementary strengths and capabilities each partner brings to the collaboration, but rather they are marriages for financial gratification. Evidently, the implementation experiences of partnerships have been mixed, with some partnerships able to attain set objectives, within time and budget; while others have failed to meet partnership expectations due to cost-over run or due to challenges from inadequate tendering and bidding procedures (McQuaid and Scherrer, 2010). The arguments of both sides of the partnership coin are further discussed in the next two sub-sessions.

### **2.3.1 Benefits of Public Private Partnership as a Policy Instruments**

Partnerships are advocated to be due to national governments’ growing need for public expenditure controls due to increases in investment in infrastructures and budget deficit as a result of public debt capital (Appuhami, Perera and Perera, 2011). The

adoption of PPPs has been emphasised to be due to the potential benefits they could generate for both the public and private sectors. These benefits have been attributed to specific characteristics from both sectors, if when combined, would lead to an outcome beneficial to all partner organisations involved (Hodge and Greve, 2007). In other words, the deeply set benefits of PPP are argued to be reaped not only through access to alternative sources of capital, but access to expertise and innovation, growth in the development of infrastructure, risk sharing, management of these services and improvement in services delivery (Loosemore and Cheung, 2015; Babatunde, Opawole and Akinsiku, 2012). Advocates of the PPP model argue that through competitive bidding; flexible negotiations; strengthened monitoring and accountability; strategic direction and innovative approaches for addressing societal needs that are impossible for an organisation operating alone to achieve (Ross and Yan, 2015; Babatunde, *et al.*, 2013; Hodge and Greve, 2007; Broadbent *et al.*, 2003).

Accordingly, two key promises underpin PPP arrangements when compared to traditional contracting arrangements; first, PPP models could lead to reduced pressure on government budgets that would allow greater capacity to spend on other policy priorities. They are seen as an alternative means to address budgetary constraints due to the “off-balance sheet” accounting of PPP transactions. There are no implications on public expenditure and public debt at the investment stage, but future payments from government to the partnership will be accounted for in the public budgets over the contract duration (Sarmiento and Renneboog, 2016; McQuaid and Scherrer, 2010). Second, they offer an effective way of delivering ‘VfM’ in the provision of public infrastructure and service delivery (Hodge and Greve, 2007). More importantly, ‘VfM’ are hinged on the risk sharing opportunities available to partner organisations; this is due to the knowledge of future uncertainties that cannot be exhaustively covered by partnership contracts (Roehrich, Lewis and George, 2014). The next section discusses the potential challenges and implication of implementing PPP models.

### **2.3.2 Criticisms of PPPs as a policy instruments**

Arguments from literature suggest that it would be unwise to view partnerships in an all positive light, devoid of strategic and operational problems (Currie and Teague, 2015; Slater *et al.*, 2007). Richter (2004 p. 43) also argues that PPPs are “not



necessarily positively innovative, but that many of them carry large risks that are neither highlighted nor addressed due to the positive connotation of the term”. In the previous section, it was discussed that PPPs allow the provision of infrastructure and service delivery which would otherwise be challenging for the public sector to achieve; it is however acknowledged that the in-house skills required to manage these partnerships are often lacking (Loosemore and Cheung, 2015; Devkar, Mahalingham and Kalidini, 2013). This suggests that partnerships are prone to unfavourable conditions resulting from inadequate allocation of risks in the partnership working. Kwak, Chih and Ibbs (2009) criticised PPPs based on the high costs involved in tendering which limits the competition for PPP projects; complexities in the negotiation processes and public opposition that are causes for delays in the implementation of PPP arrangements and could be detrimental to their success. According to these authors, PPP projects are known to cost more as a result of constraints in the private sector ability to borrow capital to finance projects at a cheaper rate than the public sector can. Long-term partnerships are argued to undermine competition between potential partners and could lead to monopolistic situations resulting in higher costs to the public users of the infrastructure services (Bovaird, 2004). This leads to a number of situations, first that it would lead to a decrease in project accountability in PPPs because the information becomes “commercial-in-confidence” (Kwak, Chih and Ibbs, 2009). Secondly, the partnership, rather than partner organisations are termed as the accountable body, especially in cases where a SPV is established. However, the reality is that there are usually no direct processes by which these partnerships are held accountable in an appropriate manner (Bovaird, 2004). More specifically, partnerships are argued to have negative influence on accountability, focus, efficiency and effectiveness, except when carefully designed and operated (McQuaid, 2000).

Another criticism of PPP models is the loss of flexibility that comes with the long-term partnership arrangements that are governed by detailed contractual obligations. Inefficiencies are stated to result because the incomplete nature of these contracts could mean that renegotiation might occur in future due to changing circumstances (Ross and Yan, 2015). The direct implications of these re-negotiations are bargaining costs from the new transactions and this occurs usually without any form of competition suggesting a trade-off leaving the government with the decision to either

choose to proceed with a project as a PPP or by traditional method of procurement. Rosenau (1999) suggested that PPPs do not necessarily demonstrate superior performance in terms of equity, access, or democracy nor do they reduce regulation; this is because government still must fulfil its roles as protector of the public good.

While PPPs might have the potential to generate substantial productive efficiencies, they may limit a government's ability to react to changing demands for the public service (Ross and Yan, 2015). Bovaird (2004) also presents arguments on the issue of reluctance of politicians to share power, emanates from politicians losing control over decision-making with regards to the PPP policy even when there is the evidence that there are potential benefits to be derived from the partnerships. Further to this at the more practical level, trade unions and public sector workers alike have opposed PPPs, due to the fear of losing their jobs or detrimental changes to the existing conditions of employment. Bovaird (2004, p.204) also argue that "it is also clear from public opinion surveys that many service-users are unaware of (and uninterested in) the precise legal standing of the organisation which provides their service and are quite content with whatever configuration is used to provide service, as long as the service quality is satisfactory".

Despite these criticisms, organisations facilitating PPPs are flourishing and are becoming increasingly important. International organisations such as the United Nations, the World Bank, and many development agencies are shifting their agenda towards facilitating PPPs for development (Andonova, 2010; Stadler and Probst, 2012). These international organisations are known to have huge experience and capacity for maintaining, monitoring, reviewing and evaluating PPP arrangements. Usually, their main aim is to help public and private sector organisations facilitate the partnership process and to establish frameworks for the roles partner organisations play. International organisations have been argued to offer legitimacy to partnerships, due to their solid reputation and track records, large cross-sectoral network base and commitment to development (Stadler and Probst, 2012).

Although, the experiences of governments have been varied and sometimes considered undesirable, the arguments presented above suggest that in the right context and circumstances there are benefits to be derived by governments through

PPP arrangements at a scale and complexity beyond traditional method of procurements.

#### **2.4. Public Private Partnership as Policy Instruments for Regeneration Projects**

More collaborative approaches between the public and private sectors aimed at addressing societal challenges have been witnessed in the past two decades. These collaborative efforts have come about as a result of failed or inefficient outcomes of the public sector to deliver those facilities or services that are meant to function as a system or as a set of connected and mutually beneficial services aimed at improving the well-being of the populace; for instance, in the areas of water supply, transport, health care, education, electrification and poverty alleviation (Stadtler, 2016; Olaseni and Alade, 2012). Local regeneration thus refers to the renewal and development of the areas subject to decline by concentrating on the social, economic and environmental well-being within these areas (Davis, 2002).

In another definition, Couch, Sykes and Borstinghaus (2011, p.3) defines the process of regeneration as “one in which the state or local community is seeking to bring back investment, employment and consumption and enhance the life within an urban area”. This definition argues that local strategies and tools are to enhance the local areas labour force, economic structure, business and community facilities, infrastructure, environment and institutional capacity to sustain economic development and growth (Xie and Stough, 2002). This is because neither the public sector nor private sector can adequately plan for such magnitude of change; thus, government and private organisations have entered into collaborations to tackle issues of local regeneration (de Bettignies and Ross, 2009). This holds true within developed countries where local authorities have created working arrangements with a range of other organisations to promote the economic, social and political revitalisation of communities, but they are also found in social care, education, environmental and other policy sectors (Lowndes and Skelcher, 1998). Evidence from the United Kingdom, depicted that regeneration PPPs was considered an effective approach for rebuilding Britain’s declined central cities, to combat social exclusion and enhance community development (Mitchell-Weaver and Manning, 1991).

The historical, political and economic context of UK in the late 1970s played a significant role in the implementation of PPPs. This is because the country experienced the consequences of recession and had begun the process of reforming into a post-industrial country and during this decade, unemployment was high and GDP per capita in UK was considerably lower than those of its key European competitors; France and Germany (Couch, Sykes and Borstinghaus, 2011). It became clear that with the growing levels of deprivation affecting the country that some form of policy intervention which went beyond the traditional approach of slum clearance and physical renewal, to a policy intervention that addressed social as well as economic issues was required (Couch, Sykes and Borstinghaus, 2011; McCarthy and Pollock, 1997). Within the social and economic context, the government put forward a response contained in the 1978 Act and this policy put the country ahead of development in Europe (Couch, Sykes and Borstinghaus, 2011).

PPPs were further promoted in the 1980s by the Thatcher administration as a major strategy that combined the initiatives of the private sector with those of public sector so as to avoid the economic inefficiencies of the public sector and to address the issues pertaining to rebuilding Britain's declining cities (Spackman, 2002; Lawless, 1988; Law, 1988). During this period, the diffusion of PPP policy occurred mainly to the USA (Miraftab, 2004) and then early in the 1990s, the interest in PPP policy grew quickly and diffused to other industrialised countries, including Netherlands, Germany, Italy, Ireland and Japan, particularly after the UK government announced its Finance Initiative policy in 1992 (Appuhami, Perera and Perera, 2011; Torres and Pina, 2001; Broadbent and Laughlin, 1999).

Along with rigid fiscal policies and well thought-out monetary policies, PPPs made up the core of the Thatcher approach to promoting economic growth and development by releasing the powers of the private sector (Mitchell-Weaver and Manning, 1991). By 1994, the British Government had established these policies for regeneration initiatives in England. These regeneration programmes were to enhance the quality of life of the local people in communities of need and deprivation by means of reducing the gap between deprived areas and more affluent areas and between different social groups (Couch, Sykes and Borstinghaus, 2011). Examples of such cases in the UK were seen in the regeneration initiatives in Liverpool, Manchester and in Sheffield (Gore, 1991).

In these places, related policy changes gave local authorities the powers and resources necessary to adopt the new approach (Couch, Sykes and Borstinghaus, 2011).

In the United States, such local regeneration PPPs have been associated with urban renewal and downtown economic development. These PPPs in the United States have been fundamental to national and state government initiatives to regenerate local and urban communities (Osborne, 2001). According to Olaseni and Alade (2012, p.65), “physical infrastructure has played a significantly positive role in the growth performance of countries in recent times”; the development of economic infrastructure has followed a rational, well-coordinated and harmonized path, growth and development has received a big boost”.

In developing countries, institutional and economic reforms have been initiated to improve, strengthen and supplement the existing infrastructure facilities as a means to promote economic growth, within these countries (Wanke and Barros, 2015; Sanni and Hashim, 2014). The cost of maintaining and expanding existing infrastructures in developing countries has been estimated at about US\$600 billion, this figure represents 7% of developing countries GDP (Idris, Kura and Bashir, 2013; Kateja, 2012). For instance, the involvement of the private sector in the development, financing and provision of public infrastructure and services in sub-Saharan Africa have been linked to budgetary pressures on government in this region and the increasing pressure on existing infrastructure resulting from rapid population growth and leading to a demand for upgrade and further development of infrastructure facilities (Sanni and Hashim, 2014; Loxley, 2013; Babatunde, *et al.*, 2013). According to the World Bank (2016c) economic indicators for sub-Saharan Africa, the population of the region was 1.033 billion in 2016 and with an annual growth rate of 2.7%. Only 38% of the population in sub-Saharan African countries live in urban settlements. The Gross National Income (GNI in billions) of sub-Saharan African countries is US\$1,505.4 which is below the Lower Middle Income countries (US\$4,447.6) and OECD countries (US\$37,086.9). Nigeria is considered a Lower Middle Income country with a GNI of US\$2,450 (World Bank, 2016a).

The annual infrastructure needs in sub-Saharan Africa has been estimated to be US\$93 billion; with US\$33 billion required for operations and maintenance and US\$60 billion

for capital expenditure (Loxley, 2013). The major infrastructure gaps are in power, water and sanitation and transport sectors. As Stadtler (2016) stated, in local regeneration PPPs, partners should join forces to deliver tailored public goods and/or services to disadvantaged communities as a means to initiate related societal change, and most importantly to improve the standard of living and economic viability of the community. In Nigeria, PPP implementation in the housing delivery has been due to the over 40% of the population who live in Nigeria main cities. This increase in population has resulted in overcrowding in main cities, with an inadequate supply of housing units and an increase in slums due to challenges experienced by the government in housing delivery (Zayyanu *et al.*, 2015; Idris, Kura and Bashir, 2013). The state of Nigeria's public infrastructure has constantly been a subject of debate, one good example is the inadequacy of the transportation sector to meet up with the rising need for mass transit of people and goods; only about 30% of Nigeria's 193,200 km total road network is paved (Babatunde, *et al.*, 2013).

As local regeneration partnerships involve various types of infrastructure projects that can take different forms of contractual arrangements. The objectives of local regeneration partnerships are to take the concerns of target communities, in the project choice, design, and outcomes considerations for the improvement of the community's standard of living and economic viability through the provision of public goods and services (Rosenau, 1999; Barr and Huxham, 1996). Most significantly for these partnerships, the combination of partners' expertise, resources, and capacities in close interaction could allow collaborative advantage; that is, achieving an objective "that no lone organisation could have produced on its own and when each organisation, through the collaboration, is able to achieve its own objectives better than it could alone" (Huxham, 1996). The extent of private sector involvement is reflected in the formation of individual partnerships and in their contractual arrangements (Kwak, Chih and Ibbs, 2009), such that a PPP could take long-term commitments of about 5 to 25 years or more.

There is criticism over the policy efficiency of local regeneration in facilitating local economic and social development; the extent to which a range of wider perspectives are incorporated in decision making; and the extent local communities can take responsibility of the initiatives. Although Shepherd (1998) have argued that

community participation has remained more of an ideology; regeneration activities can also offer businesses in the local area and the local community a shared sense of ownership over the policy initiatives. Increased community participation is seen as an integral part of the policy context for rural regeneration partnerships (Osborne, Williamson and Beattie, 2004; Raco, 2003; Edwards *et al.*, 2000). Community opposition has been reported as one of the main problems encountered by PPPs and sometimes leading to their failures. How partner organisations respond to these concerns from the public are crucial to a partnership's operations. A response considered to be inappropriate according to (Verweij, 2015) could lead to delivery delays and weakened relations among partner organisations. As such, capturing the concerns of the local community and involving them in the decision-making processes of the partnership is significant to the success of PPPs (El-Gohary, Osman and El-Diraby, 2006).

Local development companies have been suggested to be closer to local circumstances and are better placed to work closely with leaders in these communities who voice out the concerns (Raco, 2003). In addition, Osborne, Beattie and Williamson (2006) acknowledge that local regeneration partnerships encouragement of community participation serves as a prerequisite for receiving required funds. In essence, strategies are needed that would promote community involvement at strategic levels, and representatives of these communities are made aware of the perceptions and concerns of the local communities. Such involvement could play a major role in challenging existing power groups and in addressing the power and structural inequalities that are a feature of some partnerships. Furthermore, the capacity of local regeneration partnerships to improve community involvement may drive successful implementation and sustainability of regeneration activities. This is dealing with power and accountability inequalities at state levels and across rural communities (Osborne, Beattie and Williamson, 2006).

## **2.5 Context of Nigeria Local Regeneration Partnerships Adoption and Implementation**

Nigeria operates a federal system of governance that consists of federal, state and local tiers, with each tier of government having its statutory responsibilities for infrastructure provision. The responsibilities for addressing local regeneration issues

have been passed from federal to state levels, with the State Governments expected to do more with the available financial funding in maintaining local infrastructure and service provision. This does not however, make the 36 states in the country and the local governments truly independent in their functions. The current system of governance in Nigeria as specified in Section 7 of the 1999 constitution empowers States House of Assemblies to enact laws for the operations of the local government councils, giving the State Governments the avenue to control the finances of local governments. The consequence of this is that most local governments across the country do not have the freedom and financial strength to embark on infrastructure development that could serve to facilitate economic growth and economic empowerment among the populace in local areas (Olaseni and Alade, 2012).

Adequate funding towards physical and social infrastructure development has been for decades a major challenge in Nigeria. Consequently, the Nigeria government is being faced with demand from the citizens to increase the provision of public infrastructure and social services. The increase in the country's population has led to an increase in demand for infrastructure across all sectors (Olaseni and Alade, 2012). Nigeria began witnessing a decline in its capacity for expenditure on social and infrastructure provision way back in the early 1980's after the collapse of the global oil markets which brought about a steep reduction in the country's oil revenue. Various economic reforms were introduced to cope with the budgetary shortfall, one being the Structural Adjustment Program (SAP), in 1986 which was characterised with economic adjustments to generate export surplus in order to pay debts and to restructure the country's economy. This led to the reduction in public expenditure until privatisation policies were introduced in the 1990's to boost private sector investments (Iloh and Muktar, 2013).

However, public sector provision of services and availability in Nigeria has generally been inadequate and unsustainable as many citizens continue to live without adequate access to basic amenities like potable water, transportation, sanitation systems and electricity (Idris, Kura and Bashir, 2013; Foster and Nataliya, 2011). This situation has been attributed to the inadequate financing system for infrastructure development and management (Sanni and Hashim, 2014); the high cost of executing public utilities; mismanagement practices and the incessant corruption, whereby considerable funds made available or revenues generated are embezzled by public officials have often

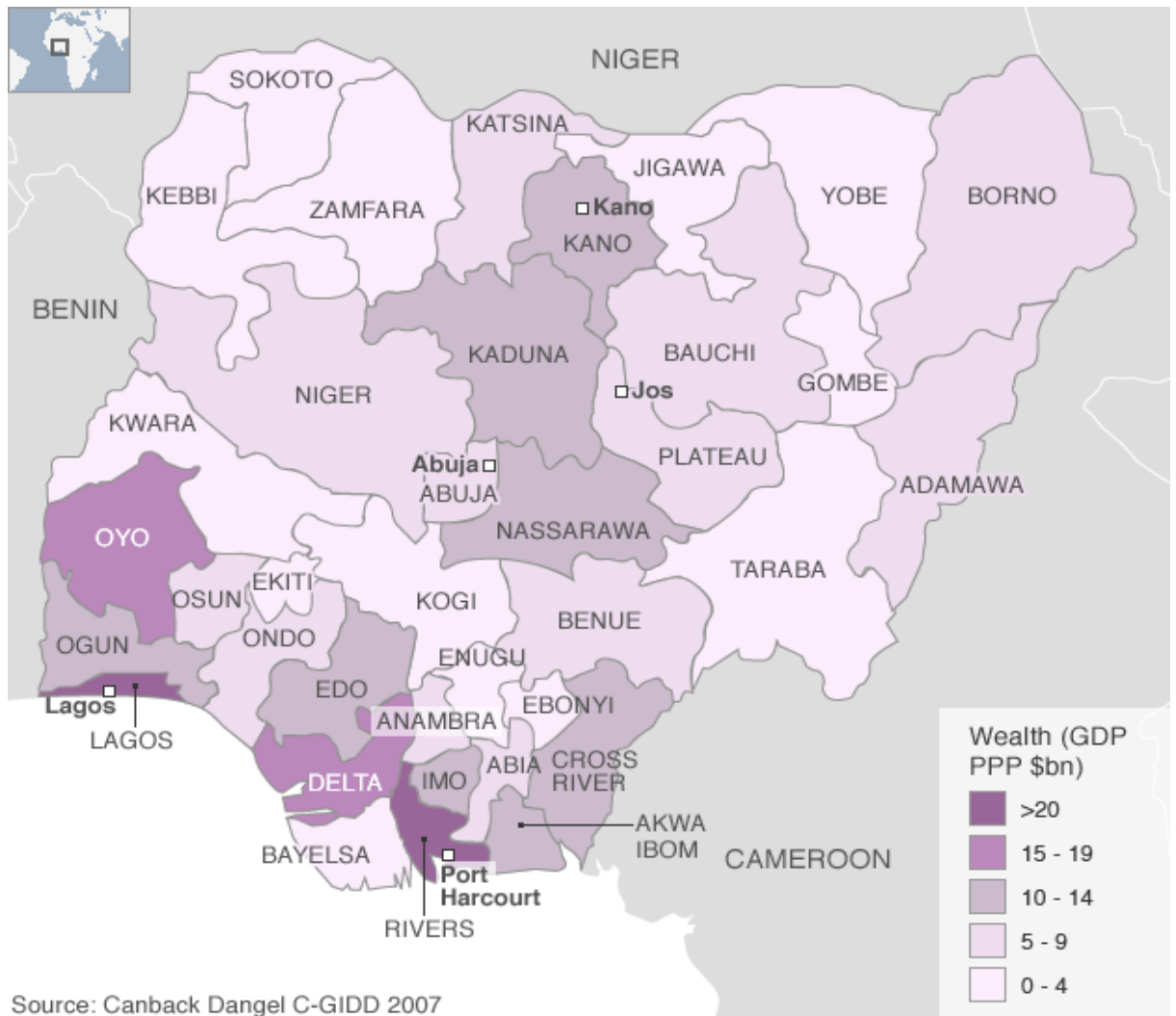


lead to rise in project cost, abandoned, uncompleted projects; and substandard infrastructure (Idris, Kura and Bashir, 2013; Olaseni and Alade, 2012). The mismanagement of the country's resources has to a great extent impeded Nigeria's economic growth and development; an example can be seen in the operations of the rail sector which had recorded a steady decline in socioeconomic contributions as a result of deplorable conditions that have rendered them partly operational and in other cases non-operational. This deplorable condition has been the result of years of underinvestment and poor maintenance (Ozohu-Suleiman and Oladimeji, 2015).

The infrastructure challenge in Nigeria is considered huge, the Africa Infrastructure Country Diagnostic (AICD), country report 2011, suggested that in addressing Nigeria's infrastructure challenges a sustained expenditure of around US\$14.2 billion per year (about 12% of GDP) is required over the next decade, of which about US\$10.5 billion is needed for federal infrastructure alone. Currently, US\$5.9 billion per year is being spent on federal infrastructure and this is equivalent to about 5% of the country's GDP. In comparison, China has a developing country in the mid-2000s spent about 15% of GDP on infrastructure development (Foster and Nataliya, 2011).

### **2.5.1 Institutional context of the Nigerian PPP framework**

Nigeria's population is currently around 173.6 million and growing at about 3% per annum. This huge population number is argued to be more than 50% urban and has placed pressure on existing infrastructure and on governments' budgets over the years. In other words, the increased rate of urbanisation in Nigeria such as in Abuja, Lagos, Port Harcourt, Kano, Kaduna, and Enugu has led to a decline in maintenance efforts of the existing infrastructure. One of such challenges can be seen in the housing sector where people have put up housing structures without the proper amenities to service them (Marshal and Onyekachi, 2014; Idris, Kura and Bashir, 2013). Olaseni and Alade (2012) noted that the Nigerian government over time had failed to integrate population



**Figure 3: Map of Nigeria showing the 36 states and the Federal Capital Territory**

policy with overall development planning leading to a shortfall in infrastructure and service provision that has affected the economy negatively, reducing productivity in every sector and worsening the poverty profile of the country. Idris, Kura and Bashir (2013) and Babatunde, Opawole and Akinsiku (2012) state that effective and efficient infrastructure and services delivery are significant in accelerating economic growth, poverty alleviation, environmental sustainability and sustainable infrastructure development.

Since the inauguration of the fourth democratic government in Nigeria in May 1999, there has been an active drive for commercialisation and privatisation programs to encourage private sector participation in the provision and delivery of quality

infrastructure (Mudi, Lowe and Manase, 2015; Soyaju, 2013). Drawing on the practices and experiences of other emerging as well as developed countries, the Nigerian government began to open its infrastructure markets to accommodate the private sector in the provision of key infrastructure and service delivery such as roads, power, waste management and water provision.

The World Bank estimates that for every 1% of (government) funds invested in infrastructure it leads to an equivalent 1% increase in GDP (Babatunde, Opawole and Akinsiku, 2012). Ogochukwu and Bahir, (2013, p.102) also opine that a “good economic reform should bring about national renewal and transformation through systematic and faithful implementation in the polity. It should seek to change the status quo that ought to be changed and it would require proper planning and implementation, if desired ends are to be attained”. Furthermore, the functioning of socioeconomic infrastructure adds value to the comfort of citizens and it is also essential for a country’s productive activities due to the enabling environment for sustainable development (Ozohu-Suleiman and Oladimeji, 2015).

The current wave of involvement of the private sector in the development and provision of infrastructure is a result of the increase in demand for infrastructure along with the scarcity of public resources. Public Private Partnerships have now been adopted in Nigeria to address the deteriorating state of public infrastructure and service delivery in the country (Ozohu-Suleiman and Oladimeji, 2015). They now occupy a central place in the local regeneration of Nigeria’s cities and local areas. Although, the Nigerian government has not had a long history of PPP implementation; however, there is a commitment to increase private sector participation. The provision of certain infrastructure in Nigeria, for instance roads has primarily been through budgetary allocations using traditional procurement arrangement by federal, state and local Governments, but in recent times PPP arrangements have been considered to cover airports, seaports, roads, rails, power and energy, market complex development, university hostel development, housing and commercial offices, among others (Babatunde, Perera and Zhou, 2016).

There has been some degree of success in the implementation of PPPs since 2001; an example of this is in the transportation sector as seen in the modernization of the Abuja-Kaduna railway line, the Lagos-Kano and Lagos-Ibadan lines have also been

rehabilitated, where access to local communities have been increased, as well as reduction in travel time to these communities (African Development Bank (AfDB), 2013). This is amid a few past failures in the quest to fully implement PPP arrangements; the rehabilitation of the Lagos-Ibadan Expressway into five lanes which was a concession agreement with Bicourtney Nigeria Ltd failed because a financier could not be got for the concession, this project was inevitably reverted to the traditional procurement method of contracting (Oluwasanmi and Ogidi, 2014). Another failure was recorded in the PPP arrangement between the Federal Government and the State Governments of Kogi and Nasarawa for the construction of the Guto-Bagana bridge over the River Benue.

According to Oluwasanmi and Ogidi (2014), the failure of this arrangement was due to one or more of the partners not being able to meet up with the terms of the contractual agreement. As at 2014, ninety-nine PPP projects were under ICRC's custody; with forty-six at various stages of procurement or development and the other forty-seven of those currently at various stages of implementation (ICRC, 2014). Furthermore, Mudi, Lowe and Manase (2015), state that the success of PPPs depends on the creation of an enabling environment for both the public and the private investors and can be best achieved through an efficient and effective institutional and legal framework.

### **2.5.2 PPP Regulatory and Investment Environment in Nigeria**

Private sector confidence to participate in PPPs depends greatly on the environment in which they operate. In this regard, for successful PPP, governments need to create an attractive and favourable investment environment characterised by stable social, legal, economic, and financial conditions (Kwak, Chih and Ibbs, 2009). The Nigerian government has made great efforts in establishing the mechanisms and frameworks for addressing current and potential challenges facing PPP practice in the country, by way of the creation of the Infrastructure Concession Regulatory Commission (ICRC) Act in 2005 and the subsequent creation of the ICRC office. The National Policy on PPPs was also enacted in the year 2009 and the formulation of Public Private Partnership Regulations in the year 2011 (Mudi, Lowe and Manase, 2015; Ozohu-Suleiman and Oladimeji, 2015). ICRC has full mandate to regulate the PPP

environment as well as develop the relevant legislation, guidelines and specific procedures for PPP projects.

The ICRC Act specifically stipulates the function of the Regulatory Commission's as follows: (i) to take custody of every concession agreement made under the ICRC Act and monitor compliance with the terms and conditions of such agreement; (ii) ensure efficient execution of any concession agreement or contract entered into by the government; (iii) ensure compliance of the Act; and (iv) perform such other duties as may be directed by the President. The commission was also charged with the responsibility of developing guidelines, policies and procurement process for PPP in Nigeria (ICRC, 2009). This mandate applies also to investment and development projects relating to any infrastructure owned by Federal Government ministries, agencies, corporations or bodies (ADF, 2010; ICRC, 2009).

This suggests that adequate investments through the deployment of PPPs in regeneration activities could enable Nigeria to promote the economic, social and physical revival of local communities which is much needed in the country. PPPs have thus become a policy response to a wide range of social and political issues particularly at the state level. As indicated in the ICRC PPP Manual for Nigeria, the success or failure of PPPs can be traced back to the initial design of PPP policies, legislation, guidelines and other forms of institutional frameworks (ICRC, 2012). The establishment of a well-structured and managed regulatory framework has been emphasised as a prerequisite for increased willingness and commitment of the private sector and the potential for the partnership to operate efficiently (Kwak, Chih and Ibbs, 2009).

This is also in line with global practices, for instance, in the UK, PPPs are coordinated by the HM Treasury which is a centralised unit; this structure has supported the standardisation of documentation as well as enabling a single framework for bidders to operate in. The immediate benefit of this is the efficiency in the tendering process, characterised by much shorter bidding periods and reduced tendering costs (HM Treasury, 2012). Similarly, the South Africa National Treasury established a dedicated PPP Unit to monitor and oversee the implementation of the provisions in the PPP Manual and in standardised PPP Provisions (Sanni and Hashim, 2014).

Other legislative framework that support the implementation of PPP projects in Nigeria include (Soyeju, 2013; Nwangwu, 2012): (a) the Public Enterprises and Privatisation and Commercialisation Act 1999 (Privatisation Act) – this act provided the legal framework for the privatisation and commercialisation of a number of government assets in Nigeria. The National Council of Privatisation (NCP) was established with the responsibility to set and administer the Federal Government’s policies on privatisation and the Bureau of Public Enterprises (BPE) was also established as the head office of the NCP, as well as to carry the day to day operations of privatisation. The Tafawa Balewa trade fair complex and the National Theatre were concessions approved under this law; (b) the Public Procurement Act 2007 – This Act is applied to the procurement of goods and services that receive at least 35% of the funds appropriated from the Nigeria’s Consolidated Revenue Fund. The Act however does not apply to procurement carried out by any states in the country; (c) the Debt Management Office Act 2003 - the Debt Management Office was established under the law for the efficient management of external and domestic debt and to set guidelines for managing risk and currency exposure in terms of all loans obtained; (d) The Fiscal Responsibility Act 2007 – This Act promotes greater accountability and transparency in the prudent management of Nigeria’s resources; (e) The National Planning Commission Act 2007 - The Act provides a legal framework for all projects designed, coordinated and monitored in respect of the Nation’s Infrastructure Master Plan. This means that all infrastructure projects taken up ICRC needs to part of the Master Plan.

At state levels, another approach employed to address the capacity gap for implementing local regeneration projects is the establishment of PPP co-ordinated agencies to assist in identifying PPP opportunities, carry out feasibility studies, to obtain approvals and to coordinate the different stakeholders associated with the partnerships. Having a decentralised approach to PPP policy increases the efforts and accountability of government institutions as they would have more focused set of objectives (McQuaid, 2000). This is particularly the case in Lagos, Oyo, Rivers and Cross Rivers states.

The Australian PPP market is similar in the context that the country does not have a single national approach to PPPs, with different government entities using various approaches in the procurement of infrastructure. The Australian market is however

seen to be a stable democratic country endearing international investors' confidence (Chung, Hensher and Rose, 2010). The authors also argue that the enactment of the Infrastructure Australia Act 2008 was not only an indication for a strong commitment of the Federal Government, but a response to the call for a more coordinated and sustainable PPP environment that needs the support of a coherent and consistent political structure. The Infrastructure Australia Act 2008 signals a strong commitment by the Federal Government to a greater and wider private provision of public infrastructure, but it is hopeful that under the leadership of the Infrastructure Australia, there will be a more coordinated approach to PPPs across various levels of government in the country.

The differences between the implementation of the PPP policy in the UK and Nigeria can be suggested to come from the fact that both countries have started from a different period in terms of their socioeconomic and environmental circumstances and that the development of the policy has taken place in different institutional and cultural contexts (Couch, Sykes and Borstinghaus, 2011). For instance, the British political system allows the national government to redefine and reform the institutional contexts in which regeneration activities occur; thus, facilitating a fluid and rapidly changing institutional settings for the delivery of regeneration policies (Couch, Sykes and Borstinghaus, 2011). The case is different in Nigeria, where the country's constitutions establish more stable and clearly differentiated roles at the federal and state levels; with certain states establishing their own PPPs offices (Babatunde, Opawole and Akinsiku, 2012). These differences further stress the point that a country's socio-economic, political, institutional and cultural contexts have to be taken into account in analysing public-private partnerships (Xie and Stough, 2002).

## **2.6 Chapter Summary**

This chapter reviewed findings from extant literature as it concerns understanding the emergence and concept of PPPs and the various forms of PPP projects in an international context. Majority of PPP research have been studied on the UK, USA, Canada and Australia markets, with a growing body of empirical studies from other developed countries such as Germany, Netherlands and, increasingly so from emerging and developing countries such as India, Turkey, Nigeria, South Africa,

Brazil, Mexico and Ghana. The debate on whether PPPs bring about benefits for developed and emerging countries was discussed and the stream of academic evidence indicated that significant infrastructure development and efficient service delivery, especially as it concerns regeneration projects will depend on the ability of national and local authorities to engage in the capacity for effective partnerships between the public and the private sector. The chapter also discussed the PPP institutional environment from the perspective of a developing country and explicated that Nigeria has had some degree of success in some of its economic reforms in the last twenty years by way of decentralisation of its governance activities. Decentralisation, therefore, gave way for opportunities that has led to the adoption and implementation of PPP policy and could also indicate why Public Private Partnerships, as a policy approach has extended to various states in the country.

This chapter has established that PPPs have been adopted by the Nigerian government as an alternative funding policy and in reaching the country's socioeconomic reform objectives. The rise in the number of partnership arrangements suggests that it is becoming a vital component in the economy, especially as it concerns its role in local regeneration activities. The commitment of the Federal Government of Nigeria as part of the continuing economic reforms to ensure the development, promotion and implementation of PPPs, saw the establishment of the Infrastructure Concession Regulatory Commission by an Act of Parliament in 2005, as a government agency tasked with the responsibility of monitoring PPPs; the Infrastructure Concession Regulatory Act was also signed into law within the same year.

Following the review of existing literature in this chapter, the following gaps were observed to exist in the body of literature in this field; first, the need for thorough understanding of PPPs in developing countries as either a global convergent or divergent phenomenon. Second, the impact of the Nigerian institutional context on the capacity and effectiveness of PPP arrangements in the provision of infrastructure and service delivery, especially in regard to local communities, and third, the current practice in the formation and implementation of Nigerian local regeneration partnerships towards the delivery of attainable goals.



## **CHAPTER THREE**

### **PARTNERSHIP WORKING AND COLLABORATIVE ADVANTAGE**

#### **3.1 Introduction**

Giving the literature review in chapter 2, it would not be easy to dismiss the possibility that PPPs can lead to genuine, collaborative partnerships, especially in the procurement of public infrastructure (Roberts and Siemiatycki, 2015). The definitions and underlying mechanisms of collaboration and the collaborative advantage theory are thus discussed (Huxham and Vangen, 2005; Huxham and Vangen, 2004; Huxham, 1996). The broader debates regarding the collaboration elements; mutual interdependence, trust, transparency and accountability in relation to the collaboration processes in the partnership working are also discussed. In this chapter, the development of a conceptual framework for understanding collaboration and collaborative advantage within the context of the research is presented to gain a clearer notion of the phenomenon under investigation. In forming collaborative expectations, the various conditions which exist prior to the establishment of a partnership and the specific geographical context within which it operates are considered, for they have a significant impact on various aspects of the collaborative process, and are therefore treated as an integral element of the framework.

In this research, importance is thus placed on creating a framework that is adequately comprehensive to address the research objectives and the identification of issues that arise from partnerships working. The conceptual framework takes into consideration the important aspects of the various collaboration processes, such that certain outcomes could be evident to a reasonable extent of how adequate the operational activities in the partnership working have been implemented and the impacts on the local communities in the area the partnerships are being implemented. The conceptual framework also highlights important elements of the collaboration processes in partnership working with the aim to provide a means for comparing the collaborative ways partnerships work in different contexts and at different stages of their life cycles, as well as to explore the implications for Nigerian local regeneration partnerships. The development of the conceptual framework not only provided a frame of reference for the collection and analysis of data, but also acted as a summary of tools for discussions with potential participants in the study.

### **3.1 Public Private Partnerships in Elementary Collaboration Settings**

In some national contexts, the selection of partners for local regeneration partnerships undergoes a public tendering process, as is the case in the empirical context of the research; where government organisations are suggested to dominate the tendering process by setting out the bidding guidelines for potential partners (Camen, Gottfridsson and Rundh, 2011; Mouzas and Ford, 2007). The factors determining whether or not collaboration with any organisation would develop are clearly specified in advance, this is with a view to give all potential partners the same opportunity to compete to be awarded the contract (Blomqvist, Hurmelinna and Seppanen, 2005). In this type of partners' selection process, prior interaction or work history may not exist among all or some of the selected partners. Laing and Lian (2005) describe this setting as a form of elementary collaboration, where there is little or no previous collaboration, therefore, allowing the opportunity for the partnership to develop from prior interactions with the selected partners may not occur (English and Baxter, 2010). The tendering processes for partnerships are usually more complicated and could be more costly than those of traditional infrastructure procurement approaches, as many national governments adopt a multi-stage tendering process. Step-by-step guidelines and standardised tendering documents to facilitate these stages are provided by governments. These stages include the invitation for the expression of interest, prequalifying tenders, evaluating tenders, and negotiating with potential bidders to select the most suitable concessionaire (Kwak, Chih and Ibbs, 2009).

With partnership arrangements, the primary essence for organisations coming together is to gain some form of collaborative advantage (Huxham, 1996). However, this creates a contradictory situation whereby on the one hand, the partnership arrangements which is as a result of the public tendering setting, is characterised by bureaucratic procedures and a formal setting, and whereby the collaboration elements; mutual interdependence, trust, transparency and accountability between the partners cannot be expected in advance due to the public tendering setting (Camen, Gottfridsson and Rundh, 2011; English and Baxter, 2010; Laing and Lian, 2005). On the other hand, partnerships are long-term collaborative arrangements in which certain collaboration elements between partner organisation play a key role in driving the progress of the partnership (Mouzas and Ford, 2007; Luo, 2002). In this context, Klijn and Teisman (2003) argued that the potential for a successful partnership lies in a

combination of three factors and these are the complexity of partners' composition; the institutional factors and the strategic choices of the public and private partner organisation. Similarly, Kwak, Chih and Ibbs (2009) suggest that the success or failure of a partnership arrangement is dependent on: the competence of the public sector, the appropriate selection of a concessionaire, appropriate risk allocation between the public and private partners as well as a comprehensive financial plan.

### **3.2 The Concept and Practice of Collaborative Advantage**

Although, collaborations are usually taken to be a good thing, Asthana, Richardson and Halliday (2002) argue that it is significant to determine the conditions or factors that increase the probability of successful collaborations emerging. From literature, there is evidence to indicate that the collaboration process from the formation stage through to the evaluation stage can be a difficult journey for public and private sector partners and can often fail to live up to expectations. Partnerships should result in new services or products targeted at the public which would not have been achieved by either the public or private sector. However, a broad array of different perspectives and goals are in play as organisations from both the public and private sectors could tend to focus on individual interest and aims (Nissen, Evald and Clarke, 2013). According to Eden and Huxham, (2001, p. 374) “when social issues are the focus of the collaboration the forces against success can be particularly great, partly because of the ambiguity that surrounds the nature of social issues themselves and partly because there tend to be many organisations with some, often ill-defined, stake in the issue”.

According to Gray (1989) collaboration is “a process through which parties who see different aspects of a problem can explore their differences constructively and search for solutions that go beyond their own limited vision of what is possible”. Himmelman (1996, p.28), defines collaboration as “exchanging information, altering activities, sharing resources and enhancing the capacity of another for mutual benefit and to achieve a common purpose”. A collaboration process that involves partners creating new value together (Kanter, 1994). In the context of PPPs, Gray (1996) offered a framework conceptualised along two dimensions in which she classified different inter-organisational collaborations; the factors that motivate partners to collaborate and the type of outcomes expected. According to this framework, collaborations involving collective strategies on how partners can implement a shared

vision can be labelled as partnerships, whereby through their collaborative capacity, the partners gain appreciation of their interdependence. Common practice in collaboration, however, suggests that in partnerships, the diverse organisational and individual agendas tend to make reaching agreements difficult (Berger, Cunningham, and Drumwright, 2004; Huxham and Vangen, 2004). So also partners often have to deal with challenges and signs of collaborative inertia before being able to achieve the partnership goals or initial milestones (Stadtler, 2015; Huxham and Vangen, 2004).

PPPs also might succeed in spending money, but without the potential gains of collaborative working. Unlike resource dependency theory which is concerned with examining patterns of contest, power and domination in an environment characterised by the struggle over scarce resources (Lowndes and Skelcher, 1998); collaborative theory is characterised by a concept of collaborative advantage and programme enhancement from sharing resources, risks and rewards and prioritizing of collaborative advantage rather than competitive advantage (Huxham, 1996). According to Huxham (1996, p. 15), “If collaboration is voluntary, organisations usually need to justify their involvement in it in terms of its contribution to their own objectives; on the other hand, if organisations are mandated to be part of a collaboration, getting an outcome for themselves is important in motivating them to put sufficient resources into it to make it work”. Collaborative advantage thus emphasises the need for individual organisations to achieve its objective better through collaboration than it could on its own.

Furthermore, the value of collaboration could be identified within the capacity of partners from different organisations to combine their resources and expertise in order to create and sustain successful partnership working; this notion has been termed collaborative advantage (Huxham, 1996; Kanter, 1994). Giving the high investment in resources involved in partnerships, it will often be difficult to justify collaborating except when real advantage can be gained from it. According to Huxham (1996, p. 14),

*“Collaborative advantage will be achieved when something unusually creative is produced- perhaps an objective is met – that no organisation could have produced on its own and when each organisation, through the collaboration, is able to achieve its own objectives better than it could alone”.*

The emphasis of this definition is that it focuses on the need for each individual organisation to achieve its own objectives better than it could alone and from recognition that it is a necessary requirement for successful outcomes of collaboration. Apostolakis (2004) and Kanter (1994) further argue that, collaborative advantage defines a high value and ambitious form of collaboration and it is vital to the growing practice of partnerships. Collaborative advantage centres on the outputs of collaboration, thereby promoting it as a worthy activity to investment in. As emphasised by McQuaid, (1994, p.16) “depending upon the nature of the problem, partnership can greatly increase an individual organisation's effectiveness and efficiency, especially through improved co-ordination between (and within) organisations, hence creating a synergy between the various organisations”. Consequently, when partners are encountering challenges in operationalizing their strategies, Huxham (2004) states that the main values of the concept of collaborative advantage can raise the profile of collaboration and legitimise it as an activity worthy of resource investment. In other words, the concept provides a theoretical ‘guiding light’ for the purpose of local regeneration partnerships. This could be helped by partner organisations that bring together different resources and expertise to the partnership working, that in turn creates the opportunity for collaborative advantage (Huxham and Vangen, 2004; Lasker, Weiss, and Miller, 2001). This however is only a side of the coin, as argued by Vangen and Huxham (2011, p. 732), that “the achievement of collaborative advantage can be hindered by both congruence of, and diversity between, organisations goals”. Partners therefore need to engage in a continuous process of encouraging the collaboration processes within the partnership working.

Considering that collaborative advantage can maximise the value gained when collaborating, the theoretical framework which guides this research is the collaborative advantage theory. The theory of collaborative advantage is to support partners who seek to understand and capture the complexity of collaborative advantage in practice and convey it in a way that will seem real to those who experience it in their partnership process (Huxham and Vangen, 2005). This reinforces the rationale for translating the methodologies of the collaborative advantage theory into a different geographical context.

### **3.3 Collaboration Elements in a Partnership Working Context**

Looking inwards into geographical specific issues, many PPPs experience local context factors that are likely to make it more difficult for them to achieve collaborative advantage. As argued by McQuaid, (1994, p. 3) partnerships are “a function of particular historical, economic, social and political contexts”. These context specific factors are influential for the applicability of new policy approaches in any geographical context; therefore, it is useful to conceptualise the collaboration elements in a partnership working as close as possible to the geographical contexts the PPPs operate in (Faehnle and Tyrvaianen, 2013; Slater *et al.*, 2007). Furthermore, according to Hudson and Hardy (2002), partnership working can be laden by excessive bureaucracy and cumbersome working arrangements. In such instances, bureaucracy can reveal individual partner organisation’s true intentions. Defining the relevant collaboration elements in partnership working in the empirical context of this research can assist in exploring the concepts of collaboration and collaborative advantage further. Lachapelle and Mccool (2011), Lockwood (2010), Forrer *et al.* (2010) and Slater *et al.* (2007) argue that trust, transparency and accountability of partners are increasingly considered to be significant proponents of a successful partnership working. In other words, any activity that is seen to be non-opportunistic and to increase the partnership working experience alongside the expectation to achieve the partnership goals increases collaborative advantage among the partners.

In the following sub-sections, these collaboration elements would now be defined and discussed in relation to the theory of collaborative advantage.

#### **3.3.1 Mutual interdependence of the partners in the partnership arrangement**

From the discussion in the previous section, the researcher conceptualises mutual interdependence in arrangements as involving the collaboration processes that contributes to and strengthens the partnership working. According to Lasker, Weiss and Miller (2001), the collaborative advantage that partnerships achieve is reflected in the way partners think about the partnership’s goals, strategies, the type of activities the partnership carries out, the partnership delivery and the relationship the partnership develops with the local community. The innovative interventions and holistic functioning of partnerships are likely to be revealed in the development of strategic plans and partnership delivery which have a considerable potential for success; and

the achievement of the partnership outcomes are likely to be reflected in the scope of partnership efficiency and management effectiveness as part of their collaborative advantage.

Furthermore, the capacity of PPPs to identify and concentrate on the issues that matter to the community; to communicate how its activities will deal with these issues; to evaluate its activities and to obtain wide spread community participation; can strengthen the sustainability of the partnership, thus allowing the partnership adequate time for its activities to have a meaningful influence on the delivery of local regeneration initiatives and consequently have long-term effect on outcomes (Cropper, 1996), for instance, commitment and ownership, information sharing (these are further discussed below). Mutual interdependence thus acts as an incentive to enter into partnership arrangements and motivates partners to pursue collective goals.

- **Communication**

Collaboration engages diverse partners from a range of different backgrounds, expertise, organisational culture and experiences, thus choosing a style of communication that all partners are comfortable with can make the partnership more able to adapt to changing conditions (Faehnle and Tyrvaïnen, 2013). To develop a common partnership culture communication between partners needs to be open and sincere. Individual partners need to ensure clear consistent communications about their intentions, goals, underlying concerns, as well as, share information, data and knowledge of any changing situations required to make the partnership work (Selsky and Parker, 2005; Millar, Choi and Chen, 2004; Rundall, 2000). According to Vangen and Huxham (2003), the skills to communicating and designing mechanisms for communication among partners appear to be mainly important for empowering members.

- **Information Sharing**

A great strength of collaboration is in the ability to bring together appropriate forms of information, such as field data from a variety of local regeneration programmes and the perceptions of different community groups (Lasker and Wiess, 2003). Appropriate information can be assessed on how timely it is delivered to all involved in the partnership and its meaningful contribution to the partnership functioning. Information sharing between organisations needs to be accurate and complete as this contributes

to the partnerships ability for shared problem solving; it is also an important resource for achieving collaborative advantage (Cao and Zhang, 2010).

- **Commitment and Ownership**

Collaborations could formalise the informal power arrangements between public and private sector partners, as well as provide a mechanism for strategic choices to be made (Sink, 1996). The agreements and objectives in partnerships need to be supported and reinforced through commitment and ownership (Slater *et al.*, 2007). Lasker, Weiss and Miller (2001), suggests that commitment is reflected through the strengthened relationships that emerge when creative ideas are generated from the partners involvement, by way of various contributions of knowledge and viewpoints to the partnership.

Kanter (1994), argue that when partners collaborative activities, functions and operations overlap, and the partnership is seen to create a considerable change within each partner organisation, the potential for successful partnerships tend to be high. Hudson and Hardy (2002), also argue that partnership working is most likely to be sustained through enduring commitment of the most senior management of the organisation, while also acknowledging the value of involving the middle level management in the operations of the partnerships. Slater *et al.* (2007), also suggests that key personalities are important for building partnerships and can be crucial in the early stages of partnership building; collaborative advantage is thus often due to these individuals that complement rather than conflict, and assist in developing an understanding and in negotiating the balance between the collective and individual partner organisation objectives.

### **3.3.2 Trust between partners in the partnership working**

Partnerships are characterised by mutually beneficial interactions of partners and the expectation that these partners would act in favour of the partnership arrangement (Forrer *et al.*, 2010). However, PPPs consists of heterogeneous teams with public and private stakeholders having different values, cultures and goals (Nissen, Evald and Clarke, 2013). In other words, positive actions of the partners to decrease opportunistic activities will increase their trust in the partnership. According to Hudson and Hardy



(2002, p.57) “development and maintenance of trust is the basis for the closest, most enduring and most successful partnerships”. To establish and sustain trust throughout a partnership is however, not an easy process; this has been attributed to the complexity that is attached to the formation of the partnership arrangements and to uncertainty within its environment (Lachapelle and McCool, 2007). According to Krishnan, Martin and Noorderhaven (2006), trust is suggested to bring about good faith in the intent, reliability, and fairness of partner behaviour. It plays a key role in the development and sustainability of long-term collaborations which allows for practical interpretation of partner intentions and facilitates more open communication. It also reduces the potential for conflict and increases risk sharing, strategic flexibility and predictability (Seppanen *et al.*, 2007).

During the collaboration process, it is useful for partners to reflect on what they have learned and how the learning affects the partnership (Faehnle and Tyrvaainen, 2013). This allows the important issues of deliberate building of trust mechanisms which should be pursued for generating confidence in PPPs. Huxham and Vangen (2005) and Thompson and Perry (2006) identify trust as a key component of collaboration, but also stated that trust building takes an inordinate amount of time and nurturing. However, partner cooperation should not be assumed to exist in all collaborations. PPPs are generally vulnerable to opportunistic behaviours by its partners (Das and Teng, 1998; Huxham, 1996). To ensure success of partnerships, there needs to be a sufficient level of confidence in the partnership, as a low level of confidence may endanger building of trust in the PPPs (Slater *et al.*, 2007). Das and Teng (1998), define confidence in collaborations as an organisation’s perceived level of certainty that its partner will pursue mutually compatible interests in the partnership, rather than act opportunistically. The need for successful partnerships means that an organisation has to have satisfactory confidence in the partnership for it to work (Hamel, Doz and Prahalad, 1989). Thus, the more partners believe in the goodwill and trust each other; the more confidence they would have in the partnership (Das and Teng, 1998).

Trust is also suggested to have different effects on partnership arrangements depending on the environmental and internal factors within which partners interact (Lachapelle and McCool, 2007). Therefore, it is useful to conceptualize trust as close as possible to the geographical contexts the partnerships operate in (Faehnle and

Tyrvaïnen, 2013; Slater *et al.*, 2007). As argued by Zaheer and Zaheer (2006), Ng *et al.* (2007) and Dyer and Chu, (2000), how trust is perceived, the institutional and cultural support for trust can vary considerably across national contexts and may also have an effect on the partners opinions and awareness of trust. Moreover, as trust is a context specific concept, partnerships are likely to experience local context factors that make it more difficult for them to achieve collaborative advantage (Appuhami, Perera and Perera, 2011).

### **3.3.3 Transparency in the decision-making processes**

Transparency refers to the visibility of decision-making processes and it is a requirement, which is grounded in governance ethics, of each partner organisation's right to know about matters and decisions that affect the partnership process (Lockwood, 2010). Decision support systems such as detailed information indicating the reason behind each decision reached and the clarity and justification of every particular course of action is vital (Willems and Van Doreen, 2012). Akkermans, Bogerd and Doremalen (2003) argue that transparency in partnerships is as a result of reinforcing dynamic interactions between partners. They also state that the more partners work closely together, the more they will trust each other and the more mutual their collaborative working. This in addition will improve their performance level when working together, while further improving trust in the collaborative process. Performance reporting is also an important element of transparency, as it is essential that these partnerships regularly disclose their progress through various mechanisms such as annual reports, reports of achievements as against intended goals and management effectiveness evaluations; this kind of information supports the accountability of partnerships (Forrer *et al.*, 2010; Lockwood, 2010).

### **3.3.4 The accountability of the partners in the partnership working**

Transparency is argued to be a vital condition of accountability, but it does not capture the whole process (Forrer *et al.*, 2010). According to Willems and Van Doreen (2012), accountability is linked to the internal responsibility of partners where it is an important part of the institutional checks and balances system. They argue that accountability can play a greater role than expressed by the idea of answerability, such

that accountability is more than the actual fact of being held accountable. Accountability is argued to be dependent upon well-defined specification of goals, activities, roles and responsibilities and can be better achieved in formal partnerships where these are clearly indicated (Buse and Walt, 2000). Hence, it is a continuous process of anticipation, identification, definition and responses to pressures, which eventually leads to certain actions. They further argue that partnership accountability involves the means by which partners manage the diverse expectations generated within and outside the organisation.

Accountability in the public sector, involve administrative and political structures that are accountable to the citizens through the contestability of political power and private sector accountability is usually to the organisation's shareholders. Buse and Walt (2000) stated that downward accountability is usually less straightforward and weak. Accountability in partnerships, therefore, is linked to the specific public reform efforts that emphasise high standards of collaborative arrangements. It requires the creation of appropriate procedures and decision rules which are embedded in the agreement safeguards to ensure that public services are not compromised for the sake of private profits. Forrer *et al.*, (2010), state that as partnerships are linked to the specific collaborative arrangements created and the obligations and requirements that are designed to tie both the government and the private sector, it becomes imperative that the partnerships are designed properly. They further argue that if partnerships are poorly designed, there is no reason to expect that the goals of the partnership will materialize, and these may leave the public no better or probably worse off, than if the public sector had relied on its own resources to carry out the local regeneration initiative. According to Scherrer and McQuaid (2010), partnerships that involve the populace in the decision-making process have a potential to increase the legitimacy of collaborative actions.

Lockwood (2010) states that partnerships are also subject to 'upward' accountability; this can be required by law or by contract, though direct reporting mechanisms to a higher-level authority, or indirectly through publicly available reports that specifically address the partnership performance. Upward accountability also requires that partners exercise their authority with integrity, in that they declare any conflicts of interest and behave honestly. These integrity conditions provide a platform for the partnership's legitimacy that is consistent with key elements of trusting capabilities. Individual

partners also have a responsibility to demonstrate commitment, through their decisions and actions to the purpose and objectives of the partnership (Bovens, 2010). This depicts that failure by partners to actively pursue the partnership's objectives is a disregard of the partnership's agreement that undermines accountability. Furthermore, the partnership should be answerable to the community in which they operate. This is sometimes referred to as downward accountability (Skelcher, 2005); answerability in partnerships implies that the public has a right to question, challenge and express their approval or disapproval of the processes, plans, decisions and actions of the partnership arrangement. This places emphasis on the need for partnerships to pay due attention to and be close as possible to those people who are most affected by their decisions.

While partnerships may be created through a top-down process by the initiation of a central government, local communities might seek to have more autonomous control through a bottom-up process, such that further development of the partnership would be based on locally based solutions that develop strategies that make use of local resources and limited external dependency to address local needs (McQuaid, 2000). Consequently, there continues to be ongoing criticisms about accountability between local communities and the national or regional regeneration partnership institutions in terms of the structural power relationships, the representativeness of local communities that sit on the national or regional partnership institutions and of the national and regional partnership institutions themselves (Osborne, Beattie and Williamson, 2006).

While many partnership projects start with a top-down approach, the development of individual projects may have bottom-up characteristics (McQuaid, 2000). Osborne, Williamson and Beattie (2002) emphasise that community involvement does mean different things at different structural levels of partnership; at the community level, it requires hands on participation of members of the local community in the local regeneration projects. The strategic level requires having a representative of the community, usually a community leader or a community development worker involved in the partnership discussions. At the intermediary level, community proxies are elected and are held responsible for linking the other two levels together. In the UK, key community workers were funded through the central government funding to

support local capacity building with the aim for local communities to generate their own local regeneration initiatives and draw appropriate institutions into establishing partnerships (McQuaid, 2000).

From the discussion above, it can be argued that although considerable changes in reforms across various sectors are taking place in Nigeria, this is evident with the establishment of institutions with the relevant authority to promote PPPs, it might be too soon to praise the commitment of the Federal and State Governments towards considering the adoption and implementation of PPPs, the willingness of interest groups to adopt the policy or to depict that there is a favourable PPP policy climate. Consequently, Nigeria provides a novel context for investigating mutual interdependence, trust and transparency from a collaborative advantage theory perspective against the experiences of key officials involved in local regeneration PPPs in the country. Therefore, taking into consideration the literature as reviewed above, collaboration elements in partnership working in the context of this research are defined as; (a) the “*mutual interdependence*” of the partners in the partnership arrangement; (b) “*trust*” between partners in the partnership working (c) “*transparency*” in the decision making processes and (d) the “*accountability*” of the partners in the partnership working to each other and to the local communities where they operate.

### **3.4 Developing the Conceptual Framework**

From the literature reviewed collaboration will be affected by the national context in which PPPs operate; the structure and characteristics of partnerships and the nature of the partnership activities (Appuhami, Perera and Perera, 2011). In other words, institutional characteristics affect the perceived need for collaboration and the willingness of organisations to act together. In turn, the inherent abilities of these organisations and the needs of the local community influence the collaborative actions that are adopted (Bazzoli *et al.*, 1997). The concepts of mutual interdependence, trust, transparency and accountability form the foundation for creating an empirical framework of collaboration. Figure 4, (p.82) provides a framework that links these various concepts in a way that facilitates empirical study of collaboration processes in PPPs. Institutional characteristics provide the historical context for the structure of infrastructure provision and service delivery.

In contexts such as elementary collaboration, where there is no history of prior collaboration, getting the partnership arrangements started, clearly implies that the partners must be willing to take risk and become vulnerable to the actions of the other partners (Kelly, Schaan and Joncas, 2002). Microeconomic drivers of PPPs have been suggested to enable the introduction and implementation of new public management concepts into the public sector. New public management advocates the adoption of private sector managerial practices into the public sector, for instance, the development of strategic plans with strongly specified details. McQuaid and Scherrer (2010, p. 29) argue that “within the new public management paradigm, PPP policy is not merely an instrument for providing and financing public services, which ought to be considered on economic (efficiency, cost and risk) grounds and on a case-by-case basis, but it is also a general policy to foster the implementation of private economic sector management principles and economic concepts in the public sector”. More so, Kirk, Brower and Duncan (2017), have stressed that new public management emphasis shift from “process accountability towards accountability for results” which is strengthened by the establishment of goals and specifying well-defined outputs to meet these goals.

For instance, in the partnership formation phase, where there may be little in terms of past working experience together or collaborative interactions to proceed with, trust between partners is suggested to be based on the anticipated future (Kasper-Fuehrer and Ashkanasy, 2001; Coote *et al.*, 2003). However, as the partnership evolves, the partners could begin to trust each other from the gained experience and insights from working together and are thus able to form an informed assessment of each other.

The subsequent sections of this chapter will consider the collaboration process that can be influenced by the collaboration elements in partnership working; specifically, in terms of the stages in the life cycle of partnerships.

### **3.4.1 Partnership formation stage**

During the formation stage, a large amount of uncertainty exists between the partners, who are trying to learn about and adjust to each other, such that developing the understanding of the partnership goals is important at the formation stage of the partnership. The political, legal, and economic environments in which a partnership is

formed needs to be adequately understood, as the PPP models must be carefully selected to adapt to local context situations (Tang, Shen and Cheng, 2010; Bazzoli *et al.*, 1997). The partners must also be able to form modest expectations about desired outcomes, the more modest the desired outcomes expected and the lower the level of risk, the greater the chance that expectations will be met (Huxham and Vangen, 2005; Das and Teng, 1998).

- **Consensus building through clarity and agreement of goals**

The starting point in any partnership is to develop consensus among members, these may be expressed through a broad vision that allows for clarity around agreed values and principles (Slater *et al.*, 2006) or negotiated and agreed sets of objectives by the partners (Huxham and Vangen, 2004). International organisations sometimes act as broker organisations that bring different stakeholders together for a particular PPP. According to Stadtler and Probst (2012, p.38), these organisations could act as mediators such that they “talk to the stakeholders to understand their positions and figure out how and where an overlapping interest might emerge”. In some national contexts, they serve as initiators of PPPs, and serve by identifying specific public problems, making potential private organisations aware of these public problems, identifying resource needed, providing funding, while also facilitating strong ties between potential partners through the encouragement of participation, open communication, information and resource sharing. Consequently, partnerships have to be meaningful for the individual partners involved, as this would contribute to the capacity of the different partners to collaborate towards maintaining sustainable development of regeneration projects. Charlier, Glover and Robertson (2009), argue that with a basis of trust and transparency, partners will be more willing to exercise the tolerance and perseverance necessary to see the partnership through difficult times.

- **Formation of the partnership**

This begins from the signing of the concession agreement between the public and the private sector and indicates the span of time from which the private sector is responsible for the construction phase to the delivery phase and then the ultimate transfer to the public sector. The length of the concession period is a key decision variable that needs to be made during negotiation of the partnership arrangement. This is especially so because the outcome of the decision the project would be transferred

from the private organisation to the government. In some partnership arrangements, the contract plays a more crucial role in governing the relationship among the partners, as there is little room for initial trust (Tomkins, 2001).

In these contexts, contract acts as a governance tool as prescribed by law and it focuses on the technical and easily measurable aspects of the partnership (Laing and Lian, 2005). Formal contracts represent legally binding agreements or obligations of particular actions in the future and constrain opportunistic behaviours; hence they also include terms which specify clearly rules and standards, to resolve disputes as well as statements of termination of partnership (Ping *et al.*, 2015). The length of concession period is usually for recovery of investment and return required by the concessionaires. The general principle for determining its length is that the concession period should be long enough to allow the concessionaire to recoup investment costs and earn reasonable profits within that period. It is also important that concessionaires are guaranteed an appropriate internal rate of return to recover investments, and risks are allocated fairly among partner organisations. The concession period could either be fixed or variable and is dependent on the risk factors, for instance completion time, market demand and product price (Carbonara, Costantino and Pellegrino 2014).

Important elements of successful contracting include an appropriate procurement framework, clear specifications of the intended objectives, a well-structured tendering process, transparency in the negotiation process and goals, and a set of specific evaluation criteria (Forrer *et al.*, 2010; Kwak, Chih and Ibbs, 2009; Bloomfield, 2006). In essence, contracts legally bind partner organisations to specific inputs and performance expectations in the partnership working, but they have been criticised for their tendency to lead to bureaucratic procedures, with partners seeking to protect their organisations from any future legal ramifications (McQuaid, 1994).

The selection of an appropriate partner is therefore significant to the potential success of a partnership and the contracts should bind the partners to carry out the activities needed to achieve the intended goals, and enable mutual rules for the partnership to be established. However, Bloomfield (2006) and Poppo and Zenger (2002) are of the opinion that contracts alone are insufficient to guide PPP arrangements and do not guarantee successful collaboration; this is because they are unable to identify or to resolve every future contingency (Broadbent *et al.*, 2003). In this regard, safeguards

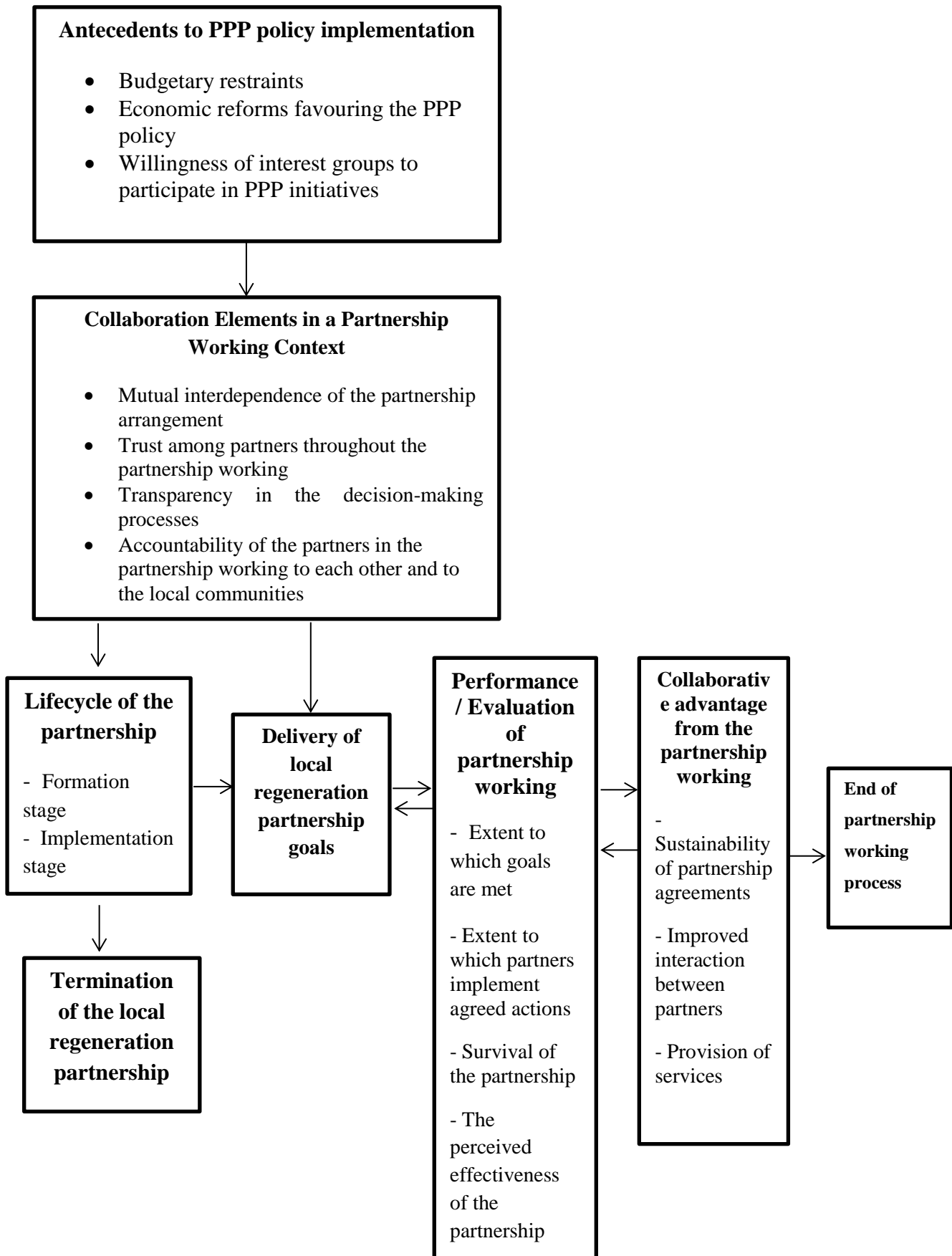


such as performance guarantees are advocated for inclusion into long-term contracts, specifically to minimise risk to the public sector (Bloomfield, 2006). Furthermore, the contracting process may be used decisively to increase mutual interdependence and commitment as well as to initiate trust. They are also of the opinion that, trust complements contracts in a way that it corrects the adaptive and execution restrictions of PPP contracts and in addition facilitates continuity and flexibility when contingencies and conflicts arise (Poppo and Zenger, 2002).

- **Inclusion of local community**

The public are an important element of a partnership's stakeholder, either as individuals or as community groups that affect or are affected by the decisions of the partner organisations and operations of the partnership. It then becomes significant to capture their inputs, opinion and concerns as an important component of the partnership formation and implementation stages in meeting the needs of the public (El-Gohary, Osman and El-Diraby, 2006). It is suggested that neglecting perspectives of the public could lead to solutions that are not well suited for public use, leading to public dissatisfaction and to huge financial losses to the partner organisations. The public user value potential does not rest only with creating individual user value, but also with increasing e.g. the public service's social, environmental and political value (Torvinen and Ulkuniemi, 2016).

Opposition from the public tend to arise more often in the involvement of the private sector in the provision of basic infrastructure like roads and water supply than in their involvement in the provision of services like schools, due to the profit making ambitions of private infrastructure providers (El-Gohary, Osman and El-Diraby, 2006). The early recognition of public concerns or needs could guide the partnership initiative towards better planning, efficiency and innovativeness. However, the types of partnership would have implications on the types of community involvement, as these have implications for both the processes and the extent of inclusiveness or not. In other words, the extent of community involvement would vary at different structural levels of local regeneration partnerships, while they might be interested in the outcomes of strategic discussions, representatives do lack the skills to be adequately involved at such levels of deliberations (Osborne, Beattie and Williamson, 2006).



**Figure 4: Conceptual framework depicting the influence of the collaboration elements on the collaboration processes**

Public opposition usually emerge when there is a perceived gap between the expectations of different actors involved in PPPs on the desired process or outcome of the project (De Schepper, Doooms and Haezendonck, 2014).

### **3.4.2 Partnership implementation stage**

An important view in collaborative advantage theory is that shared resources glue both partners in a long-term collaboration (Luo, 2002). Yan and Gray (1994) observed an increasing role of trust in weakening the risky effect of self-interests bargaining on partnership operations where one partner is more reliant on the other partners' distinctive resources. This means that resource sharing can enhance the initiation of trust within the collaboration process. Min *et al.* (2005) argue that the collaborative advantage of partnerships may not be instantly visible, but that the potential long-term rewards can be appealing and strategic. Sometimes these non-tangible forms may be concerned with the relationship among partners, organisations, and other groups that give the partnerships their endorsement and legitimacy (Huxham and Vangen, 2004).

In the implementation of a partnership, these arguments in the last paragraph can be refuted, especially as partnership arrangements are long termed and have diverse partner organisations. The determinants of a successful performance of the collaboration is associated with the process of partnership which include; the degree to which all partners are given an opportunity to participate in the process; the level of transparency and accountability that partners exhibit for actively engaging in partnership process, and the degree to which levels of trust exist between the partners from the different sectors (Kelly, 2012). Specifically, each individual collaboration element plays a key role in contributing to the overall effectiveness of the collaboration process and to the performance of the partnership. There can be elements of overlap among these collaboration elements as benefits which emerge from the process, such as increased levels of mutual interdependence, trust, transparency and accountability among the partners, may be viewed as the partnership outcomes.

During implementation stages, international organisations tend to withdraw from the operational activities in the partnership, but continue in an engagement role by offering capacity building and training activities. In addition, they help to resolve problems or conflict when they do arise, due to the changing dynamics of partnerships and partnership working (Stadtler and Probst, 2012). As part of frameworks established by

international bodies, the public and private sector organisations are encouraged to draft Memorandum of Understanding that clarify roles, responsibilities and delivery milestones and to make use of prescribed tools, but more importantly to build on partner organisations' strengths in order to create trust and best practices in the partnership working.

- **Risk management capability**

Risk management covers the extent to which financial or operational risk, is substantially allocated to the partner with the best capabilities and willingness to take up risk and to manage them in any partnership arrangement. Partners need to first identify and understand the potential risks associated with a project to ensure proper risk management strategies, such that keeping the level of risk commensurate with each partner can be more structurally stable and enhance collaboration (Wilson, 2014; Ward, Chapman and Cutis, 1991). This would allow increase commitment from each partner, thereby creating a more conducive environment in which trust and accountability can flourish. Should partners become concerned with risk being less commensurate, the initial attempt of establishing trust could recede (Das and Teng, 1998).

Different PPP projects are argued to have different risk profiles as there is no risk classification approach that is applicable to all. Likewise, the significance of a particular risk factor differs from project to project and between countries (Kwak, Chih and Ibbs, 2009). For instance, political risk is regarded more important in developing markets than in developed countries. More generally, political risk factors (such as uncertainty of government policy and instability of government); financial risk factors (such as inflation and interest-rate risks) and legal risk factors (such as changes in laws and regulations and an inefficient legal process) are suggested to be assumed by the government, while operation related risks, for instance, technical and management risks should either be retained by the private sector or in other cases demand and supply risks could be shared by the public and the private sector (Ameyaw and Chan, 2015; Kwak, Chih and Ibbs, 2009).

- **Collaborative commitment**

Partners need to be committed to creating something new or adding new value to the partnership arrangement. According to Coote *et al.* (2003), commitment exists when partners believe the collaboration is worth working on, but warrants maximum efforts to maintain or enhance it. Furthermore, commitment counters opportunism and determines trustworthiness (Doz, 1996), as well as the willingness to collaborate and the propensity to enhance effectiveness because the partners can put their efforts towards desired outcomes (Coote *et al.*, 2003; Goodman and Dion, 2001).

- **Collaborative communications**

The importance attached to opening up and ensuring wider channels of communication can affect how decisions are made and how the partnership working is taken forward (Andrews and Entwistle, 2010). Kasper-Fuherer and Ashkanasy (2001) argue that communication of trust and transparency requires that proper attention be given to collaboration processes in the partnership arrangement. Communication is defined as the formal and informal sharing of reliable and meaningful information between partners (Goodman and Dion, 2001). In other words, the communication of transparency in partnership arrangements is as an integral part in sustaining mutual interdependence, trust, transparency and accountability in the partnership.

- **Collaborative governing and decision making**

Governance refers to self-organising inter-organisational networks, characterized by interdependence between organisations, continuous interactions among partners embedded and dependent on rules negotiated by the partnership members (Rhodes, 1997). Therefore, strategies to develop effective partnerships thus involve the combination of different styles of governance in a setting where the power relations between the partners shift and this can result in dynamics that could encourage collaboration. A limiting factor of local capacity for governance is the continuous influence of bureaucracy forced on partnerships as they struggle to maintain balance between the bureaucratic rigours imposed by the central government and the issues around accountability, especially as it concerns public money (Davis, 2002). In this sense, the public sector partners need to consider the mechanisms most appropriate to

hold their private sectors partners accountable, alongside how they will be accountable to their private sector partners (Forrer *et al.*, 2010). The key success however, to governance as suggested by Thompson and Perry (2006) lies in the willingness of partners to monitor the partnership and each other's adherence to the agreed upon rules, and to impose credible sanctions on non-compliant partners.

- **Local community participation**

Community involvement, consists of various tools and processes which could either be formal or informal that are aimed to increase the public engagement in planning and implementation of local regeneration partnerships (De Schepper, Doms and Haezendonck, 2014). The lack of transparency in the bidding and tendering processes and award of projects to the private sector are seen as been unfavourably by the public, especially in projects that are seen to be sensitive in nature such as the hike in payment fees in toll roads or public transport. Having an approach which recognises the local community concerns and integrates them into the decision making processes when negotiating the formation of partnerships allows for the ease of partnership development. Public opposition have resulted from ineffective communication between the local community and stakeholders; the public being unaware or not educated on the meaning and implication of the policy; and more often being denied access to detailed information of partnership arrangements (El-Gohary, Osman and El-Diraby, 2006).

To sustain the involvement of communities in strategic partnership programs, the local community and the partnership may need to make considerable investments in developing community capacity (Pearson and Craig, 2001). PPPs provide an opportunity for community participation in seeking ways to identify and address local regeneration issues. Such involvements can centre the attention of the partnerships on problems significant to the populace in the community; support the partnership in communicating and documenting how the partnership actions are addressing these local regeneration issues (Lasker *et al.*, 2001). Barr and Huxham (1996) however argue that, although the involvement of the community is important, emphasis should be placed on the practical leverage to be gained from doing so. This is because in the context of local regeneration additional issues may arise from the involvement of the local community and the degree to which they may represent the larger community.

Depending on socio-economic situations in the local environments, the public's concerns through the phases of a partnership life cycle will usually focus on long-term issues such as the "effect on businesses, influence on job market and, usage of local labour and material, rather than the environmental or aesthetic impacts of the project" (El-Gohary, Osman and El-Diraby, 2006, p. 596). These concerns would also tend to differ at various stages, for instance at the planning and formation phase concerns are usually about the effectiveness of information dissemination, consultations and feedback to ensure that the proposed project is well suited for the local community. During the implementation phase in a road project, concerns are about the impact of the construction on their daily lives and activities which could result from road closures and other construction related information (De Schepper, Doods and Haezendonck, 2014; El-Gohary, Osman and El-Diraby, 2006).

It is vital that in partnership working, partners pay due attention to, and develop appropriate mechanisms for, downward accountability; they need to allocate responsibilities to the least centralised level with the potential capacity to satisfactorily meet them, as well as represent all groups with an interest at this level (Lockwood, 2010). This ensures that the partnership is close to those people who are most affected by decisions. Community participation in partnership decision-making and implementation is an ideal that partners ought to factor into partnership arrangements (Charlier, Glover and Robertson, 2009; McQuaid, 2000). By combining the knowledge, skills and resources of a broad array of interest groups, organisations can understand the underlying nature of these problems and develop effective and locally feasible solutions to address them.

In the study conducted by Hastings (1996) on the central government-led Scottish Urban Partnerships, partners' views suggested that while the contact with representatives of the community partner was edifying on numerous occasions, it was considered challenging. It becomes imperative that the representatives of the local community are not inundated by the demands of participation, but that the local community is fully resourced and empowered to develop the needed capacity to be involved and to offer support to the partnership (Pearson and Craig, 2001). Mirafteb (2004, p.98), suggests that "the strength of the grassroots and disadvantaged communities as partners must be fostered so that they can exert and sustain their

interests in the PPP processes”. However, with the above concerns, community involved need to be actively managed (Huxham and Vangen, 2011).

- **Partnership Transformation**

At the strategic level, collaboration brings together various individuals, organisations, and sectors, this can lead to changes in the way these collaborations conceptualize and solve problems (Lasker *et al.*, 2001). Collaborative advantage is suggested to be a process of transforming power relations so that the less powerful partners of partnership have a voice in policy making (Sink 1996). Some individuals and organisations change when they are associated with partners with diverse assumptions and ways of working (Mayo, 1997).

Mackintosh (1992) argues that transformation is a process whereby partners seek to change or challenge the aims and operating cultures of other partners; through which the private sector can make major changes in the public sector, thus bringing about more efficient decision-making or a more streamlined way of working, and simultaneously a vehicle whereby the public sectors can challenge the private sector to adopt more social objectives that are less driven by short term returns. This process of mutual transformation is usually characterised by less coercive and antagonistic relationships, for each partner might be willing to accept the need to change and to aspire to change others (Hastings, 1996).

Another argument put forward by Mackintosh (1992) is that the process of transformation may actually be unidirectional. This is such that the advocacy for change involves an unequal power relation, in which, one or all partners are unwilling to change; the public sector is reformed against its will and so also is the private sector forced to address more social issues (Hastings, 1996). Collaborative advantage is thus suggested to occur through the dynamics of the partnership process, whereby partners through negotiations achieve meaningful shared power and commit to enhance each other’s capacity for mutual benefits and common purpose for sharing risks, responsibilities, resources and rewards (Himmelman, 1996). It is thus during these negotiations that a transformative process can occur, such that partners seek to transform each other’s perceptions on how best to solve issues that may arise, establish



a common vision and develop mutual respect and basis for trusting each other (Ball, Le Ny and Maginn, 2004).

### **3.4.3 Partnership delivery stage**

Successful delivery of desired outcomes are suggested to result from the partners been able to start out with a shared vision and common concerns; to maintain their focus based on established priorities; and being able to provide a clear link between the partnership objectives and desired outcomes (Shortell *et al.*, 2002; Gamm, Rogers and Work, 1998). Successful delivery of desired outcomes also results from the ability of partnerships to make the most progress in any environment; turbulent or otherwise and to reposition its assets, competencies and resources to address changing needs and priorities (Hudson and Hardy, 2002; Eisenhardt and Brown, 1999). Although the private sector is the main partner responsible for the implementation of the partnership agreement, the public sector still needs to be actively involved in the partnership lifecycle stages in order to ensure that the partnership meets its performance and delivery objectives (Kwak, Chih and Ibbs, 2009). Furthermore, partnerships that achieve greater progress are considered to be able to use a number of strategies in order to; (a) manage and channel conflicts into more positive directions than those that are less successful; (b) work towards creating interdependencies among the partners; (c) work on continually maintaining a high level of trust; (d) create a process of decision making that was perceived to be fair and open to the partners and provide updated information to partnering organisations (Weiner, Alexander and Zuckerman, 2000).

- **Sustainable Improvement of the Local Community**

This focuses on the main output of the PPPs process and the outcomes of the partnership. A successful local regeneration partnership contributes to the quality of the local community in which it was implemented. One manifestation of collaborative advantage is seen in the local community's relationship with the partnerships as they have the capacity to strengthen and to give support to the partnerships (Lasker *et al.*, 2001). For partnership functioning to be effective the concerns and needs of local community needs to be taken seriously, these communities should be allowed to organise and respond to the policy programs on their terms and at a pace which they

can manage rather than having to put them through the rigours or drag them along in the slipstream of policy programs (Pearson and Craig, 2001). The outcomes of such PPPs should be assessed in the context of the overall implication of its activities on the local area; its socio-economic and physical implications, assessing people's experiences and the future implication for different groups in these areas (Faehnle and Tyrvaenen, 2013).

#### **3.4.4 Partnership termination**

Usually in these instances of partnership termination, trust between partners often reaches an all-time low as potential partners refuse to collaborate with each other or those involved in allocating contracts became increasingly suspicious of potential partner's claims (Camen, Gottfridsson and Rundh, 2011); such that they fail to make any significant progress towards their original goals and objectives. According to Shortell *et al.* (2002), partnerships that experience difficulties in making progress towards achieving their objectives possibly did not engage in strategies necessary for actively managing partners input or effectively focus partners efforts towards collaborative action.

Some partnerships may be able to sustain the partners' interest, but are unable to mobilise the partners to take needed action; this stresses the futility of trying to keep the partnership going without a dedicated partner organisation. In other cases, after a number of years of effort, partnerships fail to mature or go through more than one stage of their lifecycle; this could be attributed to the partnership not recognising which partner organisations needs to take the lead on different issues and at different points in time in the partnership lifecycle to provide them with the needed strategy to take the local regeneration projects forward (Hodge, 2004). Decision to reassess assets and strategies often came too late or not at all; thus, leading to the partnership being stressed and eventually terminated (Lowndes and Skelcher, 1998).

#### **3.4.5 Performance stage**

Successful collaboration between partners is integral to the partnership working and is tasked with increasing mutual interdependence, trust, transparency and accountability, requiring partners to set continuous goals and provide evidence of their

performance (Merminod and Rowe, 2012). As Slater *et al.* (2007) suggested, that the reflective processes of monitoring and the commencement of evaluating the collaborative process are important in assessing the partnership's performance, but possibly are more important in understanding and developing the partnership working. Thus, if the reflective processes are acted upon, they can give rise to partnership learning, both across the partnership and within the individual organisations. The introduction of NPM concepts to PPP norms allow a number of strategies to be employed that define standards and criteria aimed at improving the efficiency and effectiveness of resources use. These strategies also provide the criteria for measuring partnership performance and help raise the accountability of new structures of governance introduced by these partnerships for the partner organisations and to the strong public orientation, specifically, in terms of political, operational, social and management accountability (Dunleavy *et al.*, 2005).

Furthermore, performance measures such as procedural standards increase accountability to the public, and they encourage mutual interdependence (Forrer *et al.*, 2010). Developed countries as well as developing ones are often tasked with crafting policies that require more formal and systematic attention to the use of performance measurement and the need to integrate evaluation into the partnership life cycle to achieve better partnership working (Merminod and Rowe, 2012). Funders also are increasingly requiring tangible evidence that their investments are generating intended outcomes and are achieved within a specific time frame through effective collaboration processes and coherence within the partnership arrangements (Bovens, 2010).

- **Effective Management of Partnerships**

To effectively manage partnerships, it requires partners to be sensitive to political, cultural, organisational, and human issues (Kanter, 1994). Lasker *et al.* (2001), state that partnerships have to prove that their collaboration is more effective than efforts executed by an individual organisation or sector. According to Lasker and Weiss (2003), the management of partnerships is the link that makes it possible for the partnership members to combine their knowledge, expertise, and resources so they can comprehend complex problems and develop and carry out innovative and comprehensive solutions to address these problems.

To gain an understanding of how partnerships are formed and successfully managed requires the investigation of the strategy and processes used to design and effectively manage them; the collaborative process is likely to influence the capacity of partnerships to achieve collaborative advantage (Barringer and Harrison, 2000; Doz, 1996). A number of approaches are linked with the effective management of the partnership processes that create a collaborative advantage, and subsequently, create value (Doz and Hamel, 1998). These activities include selecting an appropriate partner with compatible strategic intents as well as having partners with complementary resources to allow each partner to leverage its current resource base through the partnership (Hitt *et al.*, 2000). Trusting relationships are the basis for managing partnerships to take full advantage of their potential value (Das and Teng, 1998). Therefore, to be effective, partnerships need to ultimately find management approaches that are sustainable to manage the implementation of the partnership projects (Shortell *et al.*, 2002).

#### **3.4.6 Evaluation of the partnership working**

In partnership working, evaluation addresses “ways to improve processes efficiently, preventing problems recognised in the more rooted practices elsewhere. For organisations with long experience in collaborative ways of working, evaluations help to uncover reasons for inefficiencies and provide a means for comparing quality of collaborative planning projects implemented in different areas and time frames” (Faehnle and Tyrvaenen, 2013, p.234). This focuses on the output of the collaboration process, as a successful local regeneration partnership should contribute to the quality of the local community in which it is implemented. One outcome of collaborative advantage is seen in the local community’s relationship with the partnership as they have the capacity to strengthen and to give support to the partnerships (Lasker, Weiss and Miller, 2001).

In some national context, many partner organisations do not have years of PPP experience and lack the organisational capacity to adequately evaluate partnership performances and suggest the needed areas for improvement (Klijn and Teisman, 2003). Here the expertise of international organisations become significant, especially if they are the funding organisation or act as co-financiers. These international

organisations by their knowledge base provide legitimacy of the evaluation outcome. Evaluation of PPP arrangements can serve many different purposes and the approach taken will depend on the environment, the participatory mechanisms and the objectives which lie behind the drive to evaluate (Kelly, 2012; Chess, 2000). Such evaluation can be used as a quality check for improving on-going collaboration process, for instance, encouraging meaningful involvement through enhanced quality of communication, and in certain cases to determine alternative collaboration procedures in partnerships (Faehnle and Tyrvaiven, 2013).

In other words, evaluation assists in determining the merit or the worth of partnership arrangements and partnership working. The success of the partnership working is assessed in terms of its ability to deliver intended outcomes and the results can then be used to compare programmes to determine which PPP model works best in different situations (Kelly, 2012). According to Wieland *et al.* (2010), in evaluating PPPs, there are two dimensions in terms of their outcomes; first, the changes that occur throughout the partnership working and this can be in terms of initiating trust from a no trust context and sustaining it throughout the collaboration processes. Secondly, there has to be some form of improvement or absence of it that may be evident in the quality of life of the local residents in the community they operate; this could be in terms of improvement to the access of the needed services. Its socio-economic, physical implications are also assessed by the community's experience and the future implications of its interventions for the different community groups in these areas (Faehnle and Tyrvaiven, 2013).

### **3.5 Gap in Knowledge and Research Aim**

This research identifies both a theoretical and practical gap in the knowledge of PPPs. With the theoretical gap, there has been little research that considers the challenges of collaboration efforts in achieving collaborative advantage in Nigerian local regeneration partnerships, and the implications of the collaboration elements: mutual interdependence, trust, transparency and accountability on the collaboration processes in the life cycle of these partnership arrangements. The practical gap identified in this research is with regards to the study of strategies for collaboration processes in Nigerian local regeneration partnerships and the implication of these on partnership working. Based on the identification of the gaps in the body of knowledge and on the

conceptual framework developed, the following research aim and objectives were developed.

### **3.5.1 Aim and objectives:**

In view of the above literature review, the aim of this research is to investigate, understand and analyse how collaboration processes shape and impact upon Nigerian local regeneration partnerships. In consequence, relevant interpretations and lessons learnt will be mapped and explained.

The objectives of the research are to investigate, understand, explain and analyse:

- the institutional context factors and the impact on Nigerian local regeneration partnership working;
- the expertise of the various partner organisations in guiding the formation process and the implications on Nigerian local regeneration partnership working;
- the implementation of the operational activities and the implications on Nigerian local regeneration partnership working;
- the delivery of implementation targets and the implications on Nigerian local regeneration partnership working;
- the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage.

### **3.6 Chapter Summary**

As established in chapter 2, partnerships implementation have become more prominent and extensive in many countries around the world (Appuhami, Perera and Perera, 2011; Selsky and Parker, 2005; Berger, Cunningham and Drumwright, 2004), especially as it concerns collaborations around regeneration issues (de Bettignies and Ross, 2009; Muir, 2004; Ball, Le Ny and Maginn, 2004). Although some literature on PPPs portrays them in optimistic and contributory way, PPPs have been considered to generate a good deal of frustration as they do not always happen successfully;

differences between organisations do not go away simply due to the formation of the partnership. As partnerships require building effective relationships, procedures, and structures, they can be resource intensive, time consuming to manage operations, this is not helped by organisational differences stemming from aims, communication, culture and perceived power. Their value has therefore been challenged for nearly as long as they have existed.

In essence, the collaboration processes in a partnership life cycle is a mechanism through which partners who see different aspects of a problem can explore constructively their differences and search for solutions thereby creating new value together. The characteristic feature of PPPs is the key mechanism through which these partnerships can gain advantage over individual organisations in addressing societal issues. Collaborative advantage is emphasised in this chapter as vital to the growing practice of PPPs as the concept defines a high value and ambitious form of collaboration (Stadtler, 2015; Selsky and Parker, 2005; Apostolakis, 2004; Huxham 1996; Kanter, 1994). Consequently, drawing on the extensive literature on PPPs and from the perspective of collaborative advantage, a conceptual framework was created for identifying, and explaining the collaboration practices as well as strategies in Nigerian local regeneration partnerships. The gap in knowledge this research aim to address, the main research aim and objectives are presented, this is deemed significant in order to aid understanding of the chosen methodology and methods of this research as discussed in chapter 4.

## **CHAPTER FOUR**

### **RESEARCH METHODOLOGY**

#### **4.1 Introduction**

The previous chapter explored and discussed the literature on collaboration, the concept and practice of collaborative advantage and of the collaboration elements; mutual interdependence, trust, transparency and accountability, and then focused specifically on the collaboration processes in the lifecycle of partnerships from the perspective of the collaborative advantage theory. The gap in knowledge that this research addresses was also presented. The current chapter discusses the theoretical and practical considerations with regards to the application of an appropriate methodology in addressing the research aim and objectives. This ultimately allowed the attainment of the research aim and objectives as set out in chapter 3. The chapter begins firstly with discussions on the research philosophy and the researcher's choice of constructionism as the ontology and interpretivism as the epistemology in this research (Crotty, 1998). Secondly, the researcher presents the research approach and the justification of adopting a case study strategy as the research methodology (Yin, 2009), in terms of (a) satisfying the necessary criteria for a case study strategy (b) satisfying the research aim and objectives (c) its compatibility with the research philosophy and (d) the ability to accommodate different data collection techniques.

Thirdly, the research design in terms of unit of analysis, criteria for selecting the cases and participants and a detailed research process in terms of the initial and final data collection are presented and explained. Fourthly, the importance of the quality of research regarding credibility, dependability, transferability, conformity and ethical considerations are discussed (Denscombe, 2010). The penultimate section discusses the data analytical method and the use of NVivo 10 analytical software employed to produce the research empirical findings. The data analysis and research findings play a pertinent role in modifying the conceptual framework presented in chapter 3. The chapter ends with an overall summary.



## **4.2 Philosophical Underpinning of the Research: Constructivist Interpretive Paradigm**

The research philosophy characterises the way the researcher understands and interprets the world being investigated. Research philosophy has a major bearing on the nature and the development of knowledge in a particular field, as well as on the choice of research strategy and methods used for investigation by a researcher (Saunders, Lewis and Thornhill, 2012). Although the field of research philosophy is comprehensive, the fundamental basic belief of a research paradigm guides a researcher's thinking about research philosophy in epistemological, ontological and methodological ways (Guba and Lincoln, 1998). Each of these have key differences influence the way in which to think about a research process; this ensures that a researcher is better prepared to elucidate and to justify the chosen research strategy, approach and data collection techniques (Saunders, Lewis and Thornhill, 2012). This section discusses the philosophical assumptions of this research in terms of its ontological, epistemological and methodological stance.

The question on ontology is concerned with the form or nature of reality (Crotty, 1998). It points to the commitment of researchers to particular views and their theories about the way the world works (Saunders, Lewis and Thornhill, 2012). The fundamental point is the question of (a) whether social phenomena and their meaning can and should be considered has external realities beyond the influence of social actors, termed 'objectivism'; (b) whether social phenomena and their meaning can and should be considered social constructions built up from the perceptions, interactions and actions of social actors, termed 'constructivism'; (c) whether the world is an absolute unity, as 'pragmatism' is not committed to any one system, but concerned with 'what works' and solutions to the problems at hand, such that research can always occur in social, historical, political and other contexts (d) whether reality is ultimately inaccessible by human investigation, such that knowledge claims are set within the conditions of the world today and that truth-claims are political power plays, in what is termed 'postmodernism' (Bryman and Bell, 2007, Creswell, 2007).

The ontology assumption of this study fits closely with 'constructivism' as the researcher believed that there were multiple realities experienced by the key participants (directors, managers, team leaders, project consultants and financial

advisers) when they implemented local regeneration partnerships. In addition, each of the Nigerian local regeneration partnerships investigated in this research has had different experiences in implementing partnership agreements, these experiences are in a constant state of change as the partnerships go through the different collaborative stages. Therefore, the findings from these Nigerian local regeneration partnerships would be quite unique for each partnership.

To answer the research aim, the researcher believes that knowledge comes from exploring, understanding and explaining the different realities from the key participants' viewpoints on their experiences in the local regeneration partnership working. This is because the experiences of these participants during the collaboration processes do not exist externally and independently of them. There was also the need to investigate and explain the multiple viewpoints of these participants who are experts in the natural setting of the phenomenon being investigated. This offered the researcher the opportunity to interact closely with these participants during the period of the research in order to understand their social world. This research is not focused on identifying or testing 'the most suitable answer', it is concerned with exploring the unique experiences of the key participants and collaboration processes in Nigerian local regeneration partnerships. Based on the above, the ontological assumption of this study aligned closely with a constructivist paradigm which supports the researcher's approach to understanding the subjective reality of Nigerian local regeneration collaboration processes in a way that was meaningful for these research participants.

Epistemology concerns the question of what constitutes acceptable knowledge in any given discipline (Crotty, 1998; Denzin and Lincoln, 1998). According to Bryman and Bell (2007, p.15), "a particular central issue in this context is the question of whether or not the social world can and should be studied according to the same principles, procedures, and ethos as the natural sciences". Denzin and Lincoln (2003) points out that the researcher and the object of research can be assumed to be interactively connected such that findings are only discovered as the research proceeds. The main research aim is concerned with exploring and explaining how the collaboration processes shape and impact upon Nigerian local regeneration partnerships and the relevant interpretations and lessons learnt from these experiences. In other words, the epistemological position for this research aimed to learn what this study could

ascertain about collaboration processes in Nigerian local regeneration partnerships by exploring, analysing and explaining in detail the data collected. The epistemological stance of this research was hence close to the interpretivist believe that the researcher interacts with participants to deepen knowledge. The term ‘interpretivism’ incorporates the views of researchers who have been critical of the application of the scientific methods to the study of the social world and who have been influenced by different intellectual traditions; they share a view that the subject matter of the social sciences (people and institutions) is fundamentally different from that of the natural sciences. The study of the social world therefore requires a different logic of research procedure, one that reflects the distinctiveness of humans as against the natural order (Bryman and Bell, 2007).

One of the goals of this research is to understand the social reality from the perspective of the participants who have experienced these realities being investigated. In essence, there was the need for close interaction between the researcher and the participants in order to acquire the needed knowledge for which the research was designed; specifically, to disclose the basic assumptions of the participants. This epistemic standpoint led to the use of a qualitative research to investigate the social reality from the views of the participants. In meeting the aim of this study, the focus was on the meaning of what the key participants said as opposed to establishing the number of participants who discussed the same situations. More specifically, this research sought to understand the details of different situations in the five Nigerian local regeneration partnerships, as well as the realities underpinning such situations.

It is worth mentioning here that some of these basic assumptions might not be easily revealed to outsiders; for instance, if they are considered sensitive information for public disclosure or they are information exclusive to certain people in the partnership arrangement such as the senior management. To access such information entailed ethical considerations by assuring the participants of confidentiality and anonymity so as to gain their trust. A close interaction between the researcher and participants is particularly needed to ensure that the interpretation of the data is as close as possible to the practice of the participants who experience the social reality being investigated (discussed further in section 4.7).

Finally, the methodological question concerns how the researcher would go about finding out knowledge on what is believed can be known. Researchers have to draw upon their philosophical and historical assumptions to develop methodological methods suitable to meet the issues being investigated (Guba and Lincoln, 1998). The debates on ontology and epistemology are embedded in terms of the choice between the positivist research philosophy and the interpretivist research philosophy (Saunders, Lewis and Thornhill, 2012). While the choice of either research philosophies determines the appropriate methodology to be used in a research (Denzin and Lincoln, 1998). Methodologically, the flexible and personal nature of the social world suggests that relevant information can only be elicited and refined through the interaction between the researcher and the participants. The data for the research was collected in the natural setting of government institutions, the infrastructure investment and development organisations, consultancy institutions and those of the funding institutions. This gave the researcher the first-hand opportunity to experience in person the social setting of the participants and to interact with them using interviewing techniques (Creswell, 2007). According to della Porta and Keating (2008), participants have their own realities and perspectives and a qualitative research offers access to explore those perspectives and meanings in order to understand, describe and explain social processes.

The phenomenon under investigation is collaboration processes shaping and impacting upon Nigerian local regeneration partnerships. The researcher believes that the constructivist interpretative paradigm, which takes into account where the participants' experiences are created within specific institutional and individual contexts, would facilitate the study within the natural social setting of local regeneration partnerships in Nigeria. The discussions above provide justification on the use of interpretivist research as a suitable paradigm to pursue the objectives of the research. Therefore, following the philosophical assumptions of the research, the subsequent section discusses the qualitative research approach that is adopted to pursue the research aim.

### **4.3 A Qualitative Research Approach**

Qualitative research is used in many different fields and it draws upon a range of approaches, methods and techniques. As discussed in the previous section, qualitative

research is associated with an epistemological stance referred to as interpretivist with the emphasis on understanding the social world through the investigation of the interpretation expressed about the phenomenon being studied (Bryman and Bell, 2007). Furthermore, based on the need for researchers to carry out research within a natural research setting, in order to create trust and encourage participation with the participants, it is also referred to as naturalistic (Saunders, Lewis and Thornhill, 2012). There are two approaches to qualitative research; when a naturalistic research design is employed to develop a rich theoretical perspective, it is termed an inductive approach, on the other hand, when the research objective is to test an already existing theoretical perspective it commences with a deductive approach (Creswell, 2007).

As suggested by Denzin and Lincoln (2005), the term qualitative implies an emphasis on the process and gives an in-depth understanding of perceived behaviours, meanings and interpretations. This is in contrast with quantitative research which deals with the rigorous measurement and analysis of causal relationships between externally defined variables and not processes. In essence, qualitative approach offers the researcher an understanding of the ways people interpret their social experiences. According to Miles, Huberman and Saldana, (2014), qualitative research is a holistic approach which takes account of contexts within which human experiences occur and is thus concerned with acquiring knowledge from particular situations or cases. It is usually local and it deals with the complex network of events and processes in any particular situation. It can also make clear the historical aspects while clarifying the events that precede each other, as well as, show the underlying themes and how the themes could have relationships over time.

To sum it up, this research employed a qualitative, interpretivist and inductive approach. An initial exploratory pilot study using semi-structured interviews was useful in assisting the researcher understand, clarify and to gain new insights of the phenomenon within the context of local regeneration partnership in Nigeria. Furthermore, this approach allowed the researcher to work inductively by focusing on the data and the meanings that the public and private sector partners gave. By capturing the participant's point of view through detailed interviewing and/or observation, a qualitative researcher can get closer to the participant's perspective (Denzin and Lincoln, 1998). As exploratory research is flexible and adaptable to change, it helped

guide the main data collection phase of the research based on the findings and new insights that were evident from the pilot study.

#### **4.4 Case Study Strategy**

A research strategy is a carefully structured plan of action that has the best potential to offer the success of a research, therefore the choice of a research strategy is judged in relation to the purpose for which they are employed (Saunders, Lewis and Thornhill, 2012; Denscombe, 2010).

According to Denscombe (2010, p 4) there are three key questions which a researcher needs to ask when deciding on the choice of strategy; (a) Is it feasible? Specifically, is there adequate time for the design of the research, the collection of data from the appropriate sources and for the analysis of data? (b) Is it ethical? Specifically, can the researcher get informed consent from potential participants and ensure the confidentiality of the information that would be accessed, in order to avoid any harm to participants resulting from their involvement in the research? (c) Can the researcher access the suitable data for answering the research aim? Specifically, it is significant that the researcher is able to gain access to the right participants, contexts, events and documents that are crucial for the success of the research.

Case study is the chosen research strategy and is used to investigate the research aim. Yin (2009, p.18) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. Eisenhardt (1989, p.534) also defines a case study as "a research strategy which focuses on understanding the dynamics present within its natural settings". The definitions above distinguish case studies from the other research methods such as ethnology and phenomenology. Case studies are a common strategy for qualitative inquiry; they involve the use of qualitative data collection and of analytical methods that deal with meanings and quantitative methods that deal with numbers and measurements (Yin, 2009). They have been widely used as a qualitative research approach in various disciplines such as sociology, management, anthropology, history, political science, public administration, psychology and education. They are also appropriate in the

areas of study where there is little understanding of how and why a phenomenon occurs or whether the phenomenon is dynamic and not yet developed (Grunbaum, 2007).

Gibbert, Ruigrok and Wicki, (2008) stated that they usually deal with actual management situations and are carried out in close collaboration with specialists and practitioners. They are thus ideally suited to create managerially significant knowledge. It is important to note that a case study is not a methodological choice, but a choice of what is to be studied, for instance, it is both a process of inquiry about the case and the product of that inquiry (Denzin and Lincoln, 2003). Yin (2009) further suggests that important components of the case study design are the research aim and objectives, the unit of analysis, determining how the data is linked to the propositions and determining the criteria for interpreting the findings. Consequently, a case study strategy benefits from the concepts which arise from the literature review to guide data collection and analysis. Based on this, the researcher initially developed a theoretical framework as part of the case study approach, this helped define the appropriate research design and data collection technique. A case study strategy also relies on multiple sources of evidence, with the data converging through triangulation (Gomm, Hammersley and Foster, 2002).

As stated earlier, the case study research strategy is the preferred method in social science research, specifically, when how or why questions are being answered, when the researcher has little control over events and when the focus is on significant characteristics of a contemporary phenomenon within a real-life context. This is in line with the researcher's ontological stance which is constructivism, whereby there are no purely objective views of the world, therefore, a qualitative case study is considered to be the best suited methodology. Furthermore, it is an all-round method that covers the rationality behind a research design; multiple sources of data (interviews, official documents and reports, National newspapers, organisational online databases); the data collection techniques and detailed approaches in data analysis (Yin, 2009). Case studies are also advocated as methodological tools for providing descriptions, test theories and to generate theories (Eisenhart and Graebner, 2007).

An important characteristic of a case study involves the number of cases being investigated; on the one hand, case studies can focus on one instance of a specific phenomenon, this is with a view to provide a detailed understanding and to gain valuable insights of events, experiences, relationships and/or processes and on the other hand, they can focus on two or more instances of a specific phenomenon (Denscombe, 2010; Denzin and Lincoln, 2003). However, concentrating on one or a few cases is the essence of a case study research, as the detailed evidence and valuable insights gained would probably not become evident if a larger number of instances were covered (Denscombe, 2010; Gomm, Hammersley and Foster, 2002). More specifically, a case study research refers to one where only few cases are constructed out of naturally occurring social contexts and are investigated in-depth as compared to a survey based research.

A second characteristic of case studies focuses on the relationships and processes within its natural social settings. Denscombe (2010) points out that these relationships and processes usually tend to be interconnected and interrelated and in a case study, there is emphasis on the detailed workings and this allows the complexities in a given phenomenon to be revealed. The use of how and why questions are more likely to deal with a case in its entirety and to discover how its individual aspects affect one another or are linked (Denzin and Lincoln, 2003). More specifically, the value of case study strategies are the opportunities it provides to explore, as well as to explain the reason behind certain outcomes. A third characteristic of case study strategy and one that gives it strength is that it allows the use of multiple sources of data and research methods in a research process (Denscombe, 2010; Gomm, Hammersley and Foster, 2002). It is however important that the specific circumstance of the research situation is taken into consideration when making an appropriate choice to be used in investigating the relationships and processes of interest (Denscombe, 2010).

#### **4.4.1 Justification for adopting a case study strategy**

The following elements contributed to the preference of the case study research over other research strategies.

##### **a. Satisfying the necessary criteria for a case study strategy**

The research investigates how collaboration processes shape and impact upon



Nigerian local regeneration partnerships, as well as the managerial implications of the collaboration processes. In addition, the implementation of a case study strategy is preferred at finding suitable answers for this study, because the aim of this research is to answer the “how and why” questions asked by the main research aim as stated above. According to (Yin 2009, pp.8-11) these type of questions are usually explanatory and they deal with operational links that can be traced over a period of time.

**b. Satisfying the research aim and objectives**

A case study approach is considered suited to achieve the aims and objectives of this research; according to Yin (2009), case studies are useful when specific contemporary events are being examined, as it enables researchers to interview the event’s participants.

In view of this, the aim of this research is to investigate, understand and analyse how collaboration processes shape and impact upon Nigerian local regeneration partnerships. In consequence, relevant interpretations and lessons learnt will be mapped and explained.

The objectives of the research are to investigate, understand, explain and analyse:

- the institutional context factors and the impact on Nigerian local regeneration partnership working;
- the expertise of the various partner organisations in guiding the formation process and the implications on Nigerian local regeneration partnership working;
- the implementation of the operational activities and the implications on Nigerian local regeneration partnership working;
- the delivery of implementation targets and the implications on Nigerian local regeneration partnership working;
- the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage

**c. It is compatible with the research philosophical perspective**

The philosophical underpinning of the research as (discussed in section 4.2) is from a constructivist interpretivist and inductive viewpoint. This meant that the framing of the main research aim was positioned as such (as discussed in section 4.4.1a). Based on the fundamental basic beliefs of the research paradigm in terms of epistemology, ontology and methodology, it was determined that a case study strategy was compatible with the underlining philosophy and therefore served as a means to study the phenomenon.

**d. The ability to accommodate different data collection techniques**

As discussed in section 4.4, the strength of a case study research is its ability to deal with a variety of data evidence (Denscombe, 2010). The research aim and objectives investigated provided the opportunity to use a combination of different research techniques for data collection and analysis. The research aim warranted that in-depth analysis of the individual cases was carried out allowing the adoption of different sources of data collection. This included semi-structured interviews, the review of documents, online databases of partner organisations and the review of national newspapers, while thematic analysis and analytic induction were used in the data analysis.

#### **4.5 Research Design**

Yin (2009) points out that the research design is a logical sequence that links the empirical data which is to be collected to the conclusions that are drawn in answering the research aim and objectives. Furthermore, there are five components to be considered in developing a qualitative case study research design; (a) the nature of the research aim should be posed as “how” and “why” questions; (b) each proposition of the research aim should direct attention to a phenomenon that should be examined within the scope of study; (c) the selection of the appropriate unit(s) of analysis emanates from identifying specific question(s) of the research; (d) the logic of linking the data as a direct reflection of the research aim through analytical techniques such as pattern matching, time-series analysis or explanation building; and (e) the criteria for interpreting the findings from the data collected, through identifying and addressing contending explanations for the findings. The consideration of these five

components of research design directed the researcher in developing a conceptual framework on the research topic.

The development of a conceptual framework before embarking on data collection constitutes a major difference between case studies and other similar research methods, for instance when compared to ethnography or to grounded theory. It is the methodological tool by which contributions are made to main debates. Consequently, for this research the development of a conceptual framework was deemed as an important step in the case study research design; this is because understanding the theory of what is being studied leads to the identification of the appropriate participants for the empirical research. This also leads to analytical generalisation in the instance of multiple case studies; where a previously developed theory can be supported based on the comparison of the empirical results from two or more cases that support such a theory (Yin, 2009; Gomm, Hammersley and Foster, 2002).

Following from the above discussions on the philosophical and theoretical aspects of conducting a qualitative research; specifically, a case study research, further discussion would now address the practical research design employed in this research. The first two components of developing a qualitative case study have been addressed in the preceding sections; the subsequent sub-sections address the other three components in developing the case study design for this research.

#### **4.5.1 Multiple case study design**

In this research, a multiple case study design informed the data collection and it comprised five case studies of local regeneration partnerships; this is because the data generated from this type of design is believed to be more robust. Yin (2009), points out that a multiple case design has distinctive advantages over single case design as the evidence is usually considered more compelling; each individual case study is treated as a whole study and its resulting evidence and conclusions are considered significant information needed for replication in the other cases. The main disadvantages of a multiple case study are considered to be the extensive resources and time that it requires to adequately execute it. Stake (2003), further explains that in using a multiple case study, researchers should seek ‘what is particular about a case’

and ‘what is common among the cases’, however, there is the possibility that the resulting comparison would reveal evidence that depicts some dissimilarities.

In essence, each of the cases investigated should have typical situations and therefore important characteristics. To show these characteristics, data have to be gathered from the following:

- i. The nature of the case
- ii. The case’s historical background
- iii. The physical settings
- iv. Other contexts (economic, political, legal and aesthetic)
- v. Other cases through which the case is recognised
- vi. Those informants through whom the case can be known

An import feature of multiple case study as stated by Yin (2009) is the issue of ensuring a replicable design. Each case must be carefully selected and a framework established to either predict the conditions under which similar results on a particular phenomenon is likely to be found; leading to a literal replication or to predict contrasting results when a particular phenomenon is not likely to be found based on earlier anticipated reasons; leading to a theoretical replication. Either of these theoretical frameworks subsequently becomes the vehicle for generalising to new cases and the results from both the individual cases and multiple cases are used in generating the final report.

#### **4.5.2 Unit of analysis**

Another significant issue to consider with multiple case study is the distinct boundaries of each of the cases being studied; specifically, to separate certain aspect of social phenomenon so that it is distinct from other cases of the same kind and distinct from its social context (Denscombe, 2010). This notion of boundaries is termed the unit of analysis of a case study. In other words, the unit of analysis creates for a case its own unique identity, without which it would simply blend into other social phenomena. The unit of analysis in the context of this research is the lifecycle of each of the Nigerian local regeneration partnerships investigated (for instance, formation, implementation and delivery stages) within which collaboration processes take place for partnership working. Furthermore, by identifying the unit of analysis, it becomes

straightforward to suggest the relevant constructs to be investigated, to identify the criteria for screening and selecting potential candidates for the each of the cases to be investigated and consequently, the data to be collected as part of the case study (Yin, 2003).

#### **4.5.3 Criteria for selecting the cases and participants**

Denscombe (2010) proposes that the justification for selecting cases have to be based on their significance to the theoretical issues being researched and other practical issues; such as the way the resulting evidence would be used and the amount of flexibility or time the researcher has. This section addresses the criteria for the selection of the cases during the research design phase and practical matters which arose from the research design.

The research objectives are to investigate, explain and analyse:

- (a) the institutional context factors and the impact on Nigerian local regeneration partnership working
- (b) the expertise of the various participant organisations in guiding the formation process and the implications on Nigerian local regeneration partnership working
- (c) the implementation of the operational activities and the implications on Nigerian local regeneration partnership working
- (d) the delivery of implementation targets and the implications on Nigerian local regeneration partnership working
- (e) the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage

Following from the qualitative approach of the research, the research topic and design called for an initial exploratory case study. For this research, prior to the start of data collection, the researcher identified seven local regeneration partnerships that had reached financial closure and had gone beyond their formation stages in Nigeria.

The seven local regeneration partnerships were:

- a) A Road Partnership initiated for the expansion, construction and operation of a toll road.
- b) A Bus Transport Partnership initiated for the restructuring and operation of the bus transport services sector.

- c) A Rail Mass Transit Partnership initiated for the construction and operation of a rail line.
- d) A Housing Partnership initiated for the construction and maintenance of affordable housing units in a residential district.
- e) A District Development Partnership initiated for the design, construction and development of a local district.
- f) A Local Airport Concession for the construction of a new airport wing.
- g) A Sea Port Concession to scale-up efficiency of the port's operations.

Generally, all PPPs in Nigeria are not listed on a central database that would have served as a key reference for identification of partnerships. Consequently, these seven local regeneration partnerships were identified from several organisations online databases. These were (a) the Private Participation in Infrastructure Projects database which is a joint website managed by the Public Private Infrastructure Advisory Facility and the World Bank (b) the World Bank online databases on PPPs in Nigeria (c) the Lagos Metropolitan Area Transport Authority (LAMATA) website (d) the Infrastructure Concession Regulatory Commission (ICRC) website and (e) the Bureau of Public Enterprises (BPE) website.

The researcher decided that in consideration of the ethical protocol, the initial contact of participants would be at the level of the organisation; this was by contacting the enquiry offices of either the individual project company which serves as the Special Purpose Vehicle (SPV) for the partnership arrangement or through individual partner organisations involved in the partnerships. Another strategy was employed when no responses to initial interview requests were received and this involved sending interview requests directly to potential participants identified through desktop research to be actively involved in each of the individual local regeneration partnerships.

Consequently, contact was made with the enquiry offices of the individual partner organisations involved in these seven local regeneration partnerships through emails and phone calls to identify potential participants for the interviews, as well as seek their consent to participate in the research. A letter from Bournemouth University introducing the researcher and a research information sheet were also sent to these

companies via email. At the time of commencing the pilot study, only the Road Partnership had accepted the request to conduct interviews with some of the participants in the organisations and institutions involved in the local regeneration partnership. The Kappa Housing Partnership and Gamma District Partnership at a later time gave their consents to the researcher's request to gain access to key individuals from the different organisation involved in the partnerships. The researcher was able to gain access to the Bus Transport (BT) Partnership and the Rail Mass Transit Partnership through a dedicated transport agency given the mandate to oversee these two partnerships. The researcher did not receive consent from the port and airport concessions despite best efforts to secure participants from these two partnerships and therefore did not proceed with them.

The five consenting partnerships became the vehicles for investigating the various perspectives of the individual professionals working in these Nigerian local regeneration partnerships and to investigate the overall performance of the partnership working. These professionals are from the private development organisations, the government organisations, consultancy and advisory institutions, and the funding institutions. All the local regeneration partnerships had at least begun the implementation stages of their lifecycles. From an initial desktop research, the researcher found out that it is the case in Nigeria that while there is a PPP Act that should govern all PPP arrangement in the entire country, State Governments that have implemented PPPs tended to institute their own PPP laws (discussed in section 2.5.2). This is because the perception at the state level is that the bureaucratic nature at the federal level slows down the completion targets of such arrangements. The Road, BT and Rail Mass Transit Partnerships were implemented at the state level, while two of the Kappa Housing Partnership and the Gamma District Partnership were implemented at the federal level. The researcher believes that investigating how the various partnership arrangements functioned at the two different arms of government was an added benefit to the value of the research.

Another benefit of this is that it adds to the opportunity for making comparison between cases which is a feature of this multiple case study research design; specifically, contributes to the holistic knowledge about the collaboration processes in local regeneration partnerships in Nigeria as identified in chapter 3 and to address the

issue of mutual interdependence, trust, transparency and accountability as collaboration elements in these local regeneration partnerships. In the context of this research, it is noted that the cases are in themselves unique, they are therefore individually analysed and issues that are peculiar to them are presented. Thereafter, by doing a cross-case analysis common and contrasting issues amongst these cases are presented to add to the theoretical knowledge about the phenomenon being studied.

Qualitative case study research entails working with a small number of participants who are selected purposively on the basis of relevant criteria. Purposive case selection seeks to select participants in a strategic way that would best answer the research aim being posed (Bryman and Bell, 2007). The researcher was interested in the selection of participants who had been actively involved in the tendering and bidding process, the negotiation of contractual agreements and in the decision-making process involved in the functioning of the partnership (see table 4, p.113). Initially, potential participants were identified and selected from the various cases based on the criteria below:

- a. Partnership involvement: the participants who were currently or had been involved with the local regeneration partnership. These included:
  - Directors who were involved in the decision-making process during the tendering and bidding stage, the contract negotiation stage and in the overall activities of the partnership arrangement
  - Managers who either participated in the decision-making processes as stated above and/or were involved the operations and coordination of the activities in the partnership life cycle
  - Team leaders from individual organisations who liaised with the team leaders from other institutions to monitor the partnership working
  - Project consultants who participated in the selection processes and contract negotiations
  - Financial advisers who advised and liaised with the funding institutions and the individual partner organisations
- b. Adequate time: the participants who had given their consent to be interviewed and were in a position to spare the time needed to contribute to the research; in the pilot interviews and for any follow up interviews.



**Table 4: The five local regeneration partnership cases and the positions of participants selected in the research**

<b>Positions of participants</b>	<b>Directors</b>	<b>Managers</b>	<b>Team leaders</b>	<b>Project Consultants</b>	<b>Financial Advisers</b>	<b>Total Number of interviews</b>
<b>Local Regeneration Partnerships</b>						
<b>Road (State level)</b>	4		5	5	2	<b>16</b>
<b>Bus Rapid Transport (State level)</b>	4		1	2		<b>7</b>
<b>Railway (State level)</b>	3			2	1	<b>6</b>
<b>Housing (Federal level)</b>	2	1	3	1		<b>7</b>
<b>Housing (State level)</b>	2			2	2	<b>6</b>

In addition, using the snowballing case selection technique, the researcher also asked the initial participants for referrals to potential participants within the case frame of the participants' selection. A few of the participants whom were interviewed made suggestions regarding other potential participants they believed would be able to make valuable contributions to the research.

Data collection was therefore from participants with key responsibilities and had been part of the decision-making process in the partnership working. This was to guarantee relevant data that was rich with the views, thoughts and opinions regarding the collaboration processes in the five Nigerian local regeneration partnerships were captured. The data collected was then transcribed and analysed to identify categories and themes and also to recognise the relationships between them (this is further discussed in section 4.10).

#### **4.5.4 Case study research protocol**

A case study protocol is a document that provides a set of well organised procedures that outlines the different sources and procedures for data collection and for managing data to ensure research rigour (Remenyi *et al.*, 1998). It was important to establish a case study protocol to assist the data collection process and to observe Bournemouth

University's ethics protocol. The following case study protocol was established for this research.

- a. Make initial contact with the project company; through the enquiry offices and/or through dedicated contact person in the individual organisations to gain access to the participants. Alternatively, access the individual with key roles in the local regeneration partnership recognised through desktop research.
- b. Contact at least one participant from each of the individual organisations involved in the partnership arrangement.
- c. All of the participants must be selected from the participant criteria framework
- d. Ensure that every participant consents to being interviewed
- e. Digitally record interviews only where consent is given
- f. Endeavour to interview participants within their work premises
- g. Attempt to support interviews from each case with documentary evidence

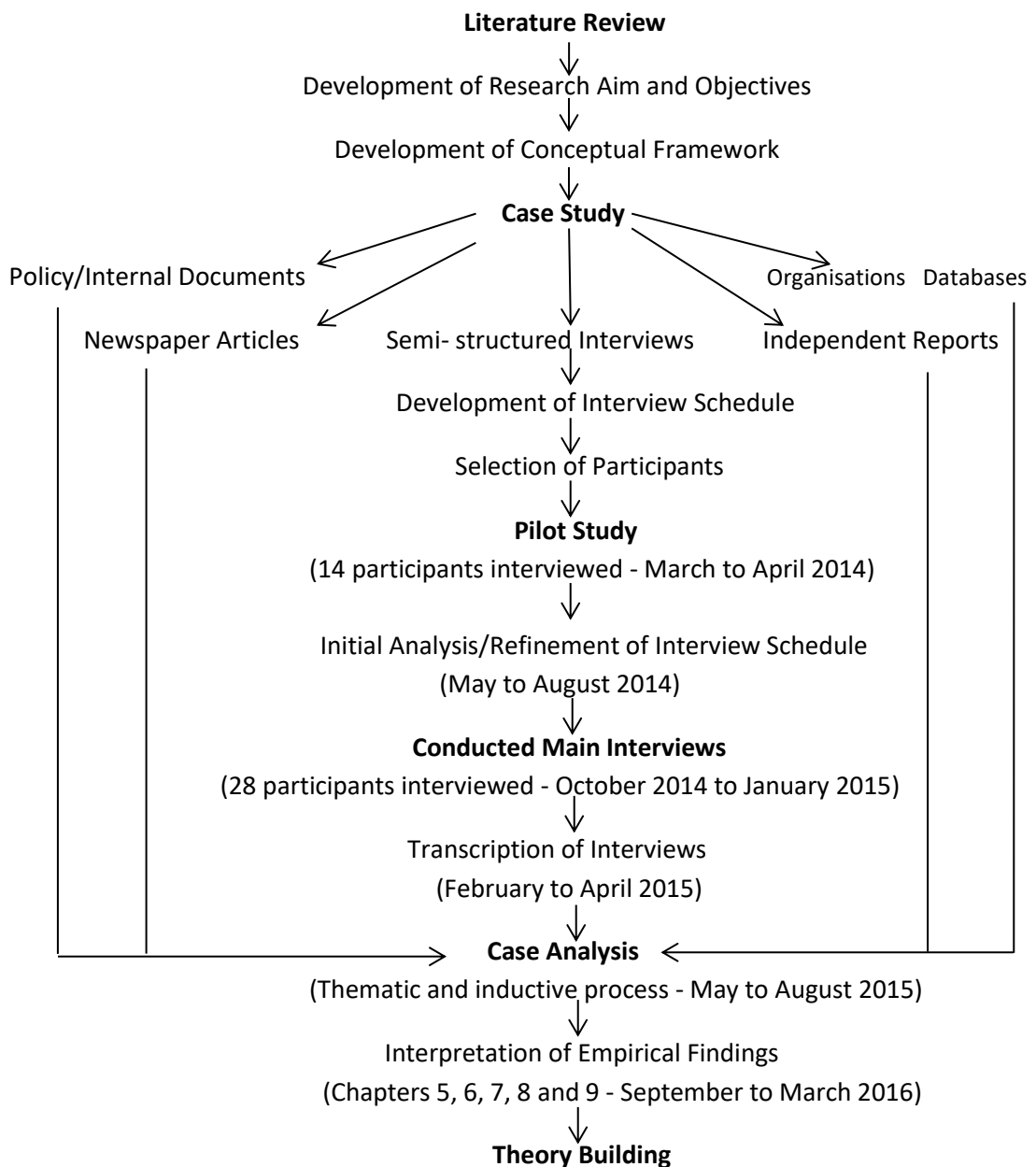
#### **4.6 The Research Process**

Following from the discussion in preceding sections, a multiple case study strategy was deemed appropriate for this research based on the research design employed. The actual research process including the data collection techniques employed in the research is now discussed in the following sub-sections. Data collection from the five local regeneration partnerships investigated took place in Lagos and Abuja between March 2014 and January 2015.

The various stages employed to support the design of the research is listed below.

1. Existing literature on collaboration, public private partnerships, local regeneration and the PPP environment were critically reviewed; it also covered the Nigerian context. This provided the basis on which to focus the understanding of the issues being investigated and also to help identify the research gap.
2. Academic literature on collaboration elements, on collaboration processes and on local regeneration partnerships in developing countries is relatively sparse; especially in Nigeria, hence an initial theoretical frame work was developed.
3. A pilot study was carried out to gain relevant findings, to refine the research aim and objectives, as well as the conceptual framework.

4. The next stage involved gaining a deeper understanding of the major issues of the research by redefining the interview schedule.
5. This led to the main data collection using semi structured interviews and documentary evidence.
6. The data collected was then analysed and interpreted.
7. Based on the findings of the research, the final stage involved theory building.



**Figure 5: An overview of the research process and data collection timeline for this study**

It is important to state here that in a qualitative case study research, the use of a range of data sources describes and gives meaning to entire events, processes and meanings of the phenomenon been investigated (Denzin and Lincoln, 2005). In the context of this research, both primary and secondary data sources are employed; this comprised the use of semi-structured interviews with relevant participants, the use of relevant documentary evidence as primary data sources, such as contract and policy documents, newspaper articles, independent reports and online databases of partner organisations and the use of secondary academic literature on PPPs in Nigeria. Figure 5 above, outlines how the research process was employed to support the design of the research.

#### **4.6.1 The pilot study**

Exploratory case study was employed to collect data prior to when the main data was collected. This assisted in clarifying the methodological issues that the researcher was uncertain about; in terms of the research aim and objectives, the data collection and analytical methods (Yin, 2009). The findings were then used to refine the research aim and objectives and to decide if the choice of research methodology was the right one.

The geographical location for the pilot study was Lagos State, historically; the state is one of the largest cities in Africa with a projected population of about 10 million in 2011 that is growing by a projected base of 3% annual growth rate (NBS, 2012). It is the economic base of Nigeria with over 65% of all business activities and is a favourable location for trade, tourism and industry (Smith, 2013; Mobereola, 2006). Furthermore, Lagos State has benefited from the policy implementation of its State Government which is often cited as among the most competent and effective in Nigeria due to the various economic reforms the government has put in place over the years (Mobereola, 2006). As such, the state is also considered the forerunner in implementing the PPP policy in various core and social infrastructure projects. The case investigated in the pilot study is one of the first local regeneration partnerships at a state level in Nigeria.

During the exploratory phase of the research, the researcher conducted fourteen interviews between March and April 2014. This included conducting a case study of

a toll road to assist in identifying and understanding initial concepts related to the Nigeria local regeneration partnerships. The interviews lasted for a period of about 42 minutes to 125 minutes (on the average an hour). The interviews were carried out with participants from government organisation, regulatory and advisory bodies, financial and investment consulting firms and infrastructure development companies. The aim was to identify the roles, links and interactions that exist between the public and private sectors. The participants were able to discuss information regarding the collaboration processes and procedures that were involved in the partnership arrangement and partnership working, thus providing some historical information alongside the contemporary situation.

The primary purpose of the exploratory phase of the study was to clarify any misconceptions formed during the review of the literature. This was an important stage for the research process as it allowed the researcher to explore the initial concepts and ideas, verify the research problem and to refine the research aim and objectives. It was an opportunity to discover the relationships and roles of the partners in the partnership arrangement, their governance and operational structures; in addition, it was an opportunity to investigate how the collaboration between the partner organisations performed as against the theory of collaborative advantage discussed from the literature. As a result, this stage resulted in collecting primary data from a number of partnership professionals as predefined in the case frame (section 4.5.3); specifically, semi-structured interviews were conducted with participants who had been involved and had direct relationship with the local regeneration partnership arrangement. To ensure that there was maximum variation in the data collected, the researcher ensured that participants with a variety of characteristics, in terms of the partnership arrangement were also selected. According to Saunders, Lewis and Thornhill, (2012), this further selection criterion is an example of purposive sampling and it is termed maximum variation sampling technique.

#### **4.6.2 Refining the research aim and objectives after the pilot study**

The benefits of the findings gained from the pilot study are; firstly, the data evidence collected from the semi-structured interviews provided valuable insights into the phenomenon being studied. Secondly, the findings were used to refine the research

aim which led to five objectives as listed in (section 3.5.2.1). Thirdly, the findings also led to the refinement of the conceptual framework with the introduction of new constructs; specifically, the collaboration elements (trust, transparency and accountability); the inclusion of the termination of partnership arrangements to the conceptual framework, as well as the inclusion of the antecedents to PPP policy implementation, namely (budgetary restraints, economic reforms favouring the PPP policy and the willingness of interest groups to participate in PPP initiatives). Fourthly, the findings offered the researcher the opportunity to modify the interview guide. While most existing questions were left on so as to gain sufficient information, a few were modified and a number of new questions were introduced to address the issues that emerged from the pilot study. Once the pilot study phase was completed and the interview schedule had been redefined, the researcher was ready to proceed to the main data collection stage.

#### **4.7 Data Gathering**

The primary data collection strategy employed in this research deemed the most suitable tool was the semi-structured interview. According to Collis and Hussey (2003), the use of the interpretive inductive approach focuses on the quality, depth and the richness of data that can be collected. This thus assists the researcher to produce useful information so as to achieve a comprehensive understanding of the participants' views or situation in a more systematic way, as well as to bring forth interesting areas for further investigation. The researcher will then be able to explore further certain issues that may arise during the interviews in greater depth (Bryman and Bell, 2007). The aim of the exploratory primary data collection was to gain an up-to-date knowledge on the relevant issues on local regeneration partnerships in Nigeria, information relating to the implications of the collaboration elements (mutual interdependence, trust, transparency and accountability) on the collaboration processes in partnership working. The researcher used the themes which arose from the secondary data collection, explicitly from the academic literature, government reports, and reports on the partnership to frame the interview questions. The use of qualitative, interpretive inductive approach entails focus on the quality, depth and the richness of data that can be collected (Collis and Hussey, 2003). To aid the data gathering, an interview schedule was developed.

#### **4.7.1 Development of the interview schedule**

The interview schedule consisted of a set of semi-structured interview questions that were developed to assist in structuring the interview process and to guide the direction of the discussions with the participants. The semi-structured interviews are usually non-standardised and the questions are normally open ended to encourage the participants to express their views more broadly and to elaborate better on the issues raised by the researcher (Denscombe, 2010). The researcher usually has a list of themes and key questions to be covered, however, the themes and questions covered and the order of questions could vary from interview to interview depending on specific organisational context and the flow of the conversation (Saunders, Lewis and Thornhill, 2012). This interview approach clearly differs from structured interviews that entail having tight control over the wordings of the questions and answers and the order in which the questions occur. Structured interviews are referred to as quantitative research interview, hence used to collect quantifiable data (Saunders, Lewis and Thornhill, 2012; Denscombe, 2010).

In this research, the interview schedule was initially tested during the pilot study before the commencement of the main data collection. The findings from the pilot study served as a guide to redefine and restructure the interview schedule. The questions were carefully framed to avoid ambiguity and were open ended questions. The questions were arranged into three categories: the introductory questions, the questions that addressed the research aim and objectives and then the concluding questions. A member of the researcher's supervisory team offered feedback on the interview schedule before the commencement of the pilot study. The pilot study also offered the opportunity to check if participants understood the questions and to assess the depth of the research inquiry.

The researcher did not follow a rigid sequence in asking the questions in the interview schedule, the sequence was either based on the order they were structured in the schedule, the flow of the discussions with the participants or based on the specific involvement of the participants in the partnership arrangements. In addition, the order of asking the questions became flexible as the data collection progressed to allow some questions that arose from the interviews to be asked.

### **4.7.2 Primary data collection**

Primary data was collected through semi-structured interviews during two field visits. The data was collected primarily from experts from four partner type organisations (private development organisations, government institutions, consultancy and advisory institutions and the funding institutions). The interviews also provided the researcher with an opportunity to gain more personal insights into the participants' perceptions and their interpretations of the construction of reality. A total of 42 interviews were conducted for the research. The type of questions asked is linked to the interpretivist paradigm as they required detailed exploration and explanation of the context within which the phenomenon exists.

### **4.7.3 Making initial contact**

The researcher made initial contact with the organisations through emails and to state the nature of interview request. Subsequent contacts were either made through emails or by phone calls prior to a formal meeting. When the request for interviews are granted, the participant information sheet was then sent to the participants. Six of the participants requested for further information about the nature of the research to which the researcher responded. Within the context of the Nigerian culture, the concept of booking interview appointments, for instance, a few months in advance is not common practice. Making appointments with the participants thus proved to be a bit of a challenge; the researcher was often told "Do call me when you are in the country to schedule a meeting", so most of the appointments were made within the first couple of weeks of the researcher's arrival to the country. Another practicality was the importance attached to building strong working relationships and personal networks. While the researcher started off with purposive sampling, networking and recommendation from the initial participants facilitated contacts to be made with other potential participants.

### **4.7.4 Conducting the interviews**

Before the commencement of each interview, the researcher established rapport by making some general conversations. Taking ethical considerations into account, digital recording of the interviews only occurred when consent was given. This was



then backed up to security protected storage devices to ensure participants confidentiality. Where consent was not given, the researcher took down some notes while the interview was being conducted, notes were also taken during interviews with given consents.

To initiate the commencement of the interview, introductory questions were always asked. The first couple of questions were: (a) ‘Could you kindly introduce yourself?’ (b) ‘Could you tell me about the local regeneration partnership? (s) you are currently involved in?’ The depth of answering each question was dependent on the participants, as they were allowed to go into as much detail as they could on the questions asked and on the issues they considered to be important in answering the questions. While the researcher assumed a passive role, probing questions were asked when necessary in terms of clarification of statements made or to encourage the participant to offer more information.

The interviews were conducted in two geographically areas in Nigeria, Lagos in the South-Western part and Abuja in the central part of the country. The exploratory phase of the data collection took place between March and April 2014 as discussed in (section 4.6.1). The main data collection from four cases was conducted between October 2014 and January 2015, during which the researcher conducted 28 interviews. The length of the interviews was dependent on the time the participant had available, usually between 40 to 90 minutes. A total of 42 interviews were conducted at the end of the data collection period and these took place mainly at the business premises of the participants. On one occasion however, a participant from the Gamma District Partnership requested to meet at a convenient venue (at a snack bar), this was because the participant was on leave from work at the time and it was more convenient to meet up there. There were follow-up interviews with four of the participants from the pilot study (the managing director, transaction advisory institution; private sector specialist, funding institution B; director, regulatory commission and the team leader, core infrastructure) during the main data collection. The emerging themes and issues were shared with these participants for the purpose of verifying, disconfirming or elaborating on the initial findings. At the end of each interview, the researcher reflected on the issues that emanated from the interviews and the perceptions of the

participants. The aim of this was to improve the interview technique for the next interview or to find more about an issue that might have newly come up.

#### **4.7.5 Interview transcription**

The researcher could not fully transcribe the entire interviews while on the field due to the tight time schedule for the data collection. However, the researcher replayed the interviews and made notes of the emerging themes to have an overview of the data collected and to identify areas that needed further clarification that could be revisited in subsequent interviews. The transcribing of the interviews took place between February and April 2015. After an initial transcription of the interviews, the researcher listened to the tapes again to ensure accuracy and high quality transcripts. Listening to the recording more than once, served to enrich the researcher's interpretation of the evidence. The transcripts of the interviews and the notes taking during the interviews allowed an in-depth and accurate understanding of the discussions with the participants.

#### **4.8 Documentary Evidence**

Collecting relevant documents from the cases was another method used in this research to gather data. Collection of documents provides both historical and contextual dimensions for the interviews (Bryman and Bell, 2007). The documentary evidence are valuable in supporting the data collected during the semi-structured interviews. They also serve as a means of triangulation to corroborate and augment the interview data. Triangulation is the use of different data collection methods within one case study to ensure that the interpretations of the interviews findings are accurate and are telling the researcher what they think they actually are (Saunders, Lewis and Thornhill, 2012; Denzin and Lincoln, 2003). The advantage of this is that the documents are generated within the same period with the events they refer to. They are therefore a useful source of information which may not be assessable by other means; such as participants' observation.

The documentary evidence collected in this research are based on data from five sources:

- a. Project documentation: draft contractual documents, proposal templates

- b. Policy documents: The National PPP Acts, LAMATA Act
- c. Independent reports: reports from institutions such as PricewaterhouseCoopers, African Development Bank, World Bank
- d. Newspaper articles: articles from the archives of Nigeria's top newspapers
- e. Online databases of partner organisations: individual partner organisations websites provided background on PPP activities

#### **4.9 Quality of the Research**

The use of a qualitative interpretivist inductive research approach is suggested to be value-laden, as researchers are human and cannot escape their being human (Creswell, 2007). This implies that the values and beliefs of the researcher might to an extent influence the research process in regard to the design, the methods and the data collection process. With the choice of a multiple case study strategy involving five cases; it was important to ensure that the quality of this research was rigorous and credible. Denscombe (2010), points out that the credibility of research is something that needs to be established as part of the entire research process and to demonstrate that the findings are also outcomes of this credible process.

Yin (2009), listed four logical tests that are conventionally used to evaluate the quality of a research process, these are: construct validity, internal validity, external validity and reliability. Construct validity in these terms uses multiple sources of data to encourage convergence in the lines of research investigation; establishing a chain of evidence during the collection of data and by having the key participants review the initial case study report. Internal validity pertains to the use of several analytical techniques such as pattern matching, explanation building, addressing alternative explanations and the use of logic models during the data analysis stage. Reliability is to do with minimising the errors and biases in a research.

In this research, this is achieved using a case study protocol and the development of a case study database during the data collection phase to ensure that if the same procedure were to be conducted on the same case at a later time the findings and conclusions would be similar. The last evaluation criterion, which is external validity,

involves the use of replication logic in a multiple case study research design to enable analytical generalisation of findings from the research to other similar settings.

However, the critique of these evaluation criteria is that they are positivist terminologies established in quantitative based research, for instance, where an intervention can be shown statistically to lead to certain results (Saunders, Lewis and Thornhill, 2012; Denscombe, 2010). As the principle issues for qualitative researchers are consistency, integrity and reflection, Denscombe (2010) proposed that new terminology was required to evaluate the quality of qualitative research that would address the concerns of an interpretivist researcher in terms of the rigour of research. The terms proposed are: credibility, dependability, transferability and objectivity. It should however be noted that in the context of this research, while steps have been taken to ensure the data collected are to a great extent accurate and appropriate in accordance with good case study research practice and research ethics, there is no absolute guarantee that the researcher has got it all right. This is because with a multiple case study research, the research has made no attempt to control the environment, but has taken into consideration the context of the empirical research as part of the richness of the entire data collected. Consequently, the above interpretivist terminologies were applied to this research to ensure rigour in the entire research process and are discussed according to how they were managed. This process follows the procedures as suggested by Denscombe (2010). This is explored theoretically and its application to this research discussed in sub-sections 4.9.1 to 4.9.5.

#### **4.9.1 Credibility**

This refers to the verification of the research and the extent to which a qualitative researcher can demonstrate that the data collected are appropriate for the research aim and objectives being investigated and that they are accurate. There are steps to be taken to ensure that the credibility of the data collected have been produced in accordance with good practice. For this research, these steps included:

- a. The semi-structured interviews provided a valid data generation technique. Also, in ensuring credibility, data source triangulation through different types of data sources were collected as (discussed in section 4.6 and 4.8), multiple cases and multiple participants (section 4.5.3) were used to encourage

convergent lines of inquiry and to develop plausible answers to the issues investigated. Triangulation was also carried out through a process that presented the interpretation of the findings at various stages of the research; specifically, after the pilot study and main data collection.

- b. Participant validation of findings: the researcher returned to a few participants to ascertain if the findings from the pilot study reflected the evidence they had given concerning the issues investigated and to receive critical feedback and opinions from the participants on these findings. This allowed the researcher to review the interview schedule in terms the interview questions that needed further clarifications as the interview process continued. The approaches taken in the data analysis also needed to be transparent and thorough to ensure validity of the interpretations from the data analysed.
- c. The research design and methods employed in this research has been duly discussed and explained in the earlier sections of this chapter (see sections 4.3, 4.4 and 4.5). The researcher believes that an audit trail which establishes a chain of evidence and documents the decisions that went into the research design and methods would give credence to the interpretation of the findings and research conclusions (see table 5, p.127). It would also allow the reader to judge the adequacy and appropriateness of the entire research process.

#### **4.9.2 Dependability**

Dependability refers to the research instrument in terms of it producing the same results and arriving at the same conclusions if used by another researcher, all other things being equal. The research dealt with the issue of qualitative research dependability by establishing and giving account of the decisions that went into the research procedures and methods, as well as supporting interpretations of interview findings with documentary evidence. The goals of dependability are to minimise errors, researcher bias and to outline the procedures employed in the research in a transparent manner. Consequently, there is a need to document the procedures followed in the case study to allow it to be repeated.

One way of establishing dependability of the case study method is the make the procedural steps as operational as possible with the use of a case study protocol (discussed in section 4.5.4) as well as developing a case study database. Another way

of ensuring dependability was to undertake a pilot study to test the research approach, its structure and the researcher's approach to questioning. The pilot study also helped check the relevance, wordings and clarity of the questions before the main data collection.

### **4.9.3 Transferability**

Qualitative multiple case study research is based on the thorough study of a few cases. The cases in this research were chosen because of their ability to give insight into the phenomenon being studied. The use of a small number of cases has been criticised in terms of how representative these cases are and how generalisation can be done based on a small number. Transferability offers a way to address this issue by the researcher presenting the conclusions of the research and the reader using the findings from the research to arrive at a judgement about how well these findings can explain the situation in a particular context or how well they occur in other similar situations. Case studies rely on analytical generalisation, such that the researcher generalises a particular set of findings based on the theory that led to the use of a case study and to identify the other cases to which the results are generalised (Yin, 2009). More specifically, as Denscombe (2010) emphasises, "the question becomes to what extent could the findings be transferred to other instances? rather than to what extent are the findings likely to exist in other instances?". It is also important to note that transferability also depends on understanding the contexts in which the case study was conducted and the context to which the research findings are applied to (Remenyi *et al.*, 1998). Therefore, the researcher provided detailed descriptions of the context, as well as the phenomenon being investigated for other researchers to be aware of.

**Table 5: Chain of Evidence for this Research**

<b>Research Objectives (RO)</b>	<b>Propositions</b>	<b>Evidentiary Sources</b>
<b>RO 1:</b> To investigate, explain and analyse the institutional context factors and the impact on Nigerian local regeneration partnership working	<b>P1:</b> The findings from RO1 would assist this research to develop an appropriate understanding of the institutional context for adopting PPPs and of local regeneration partnerships applicable to the Nigeria context	- Interviews with key participants - Documents for the PPP contractual arrangements and partnership processes -Newspaper reports on the partnership arrangements
<b>RO2:</b> To investigate, explain and analyse the expertise of the various participant organisations in guiding the formation process and the implications on Nigerian local regeneration partnership working	<b>P2:</b> RO2 is intended to explicate the current trend of soliciting the services of transaction advisors and PPP consultants by partner organisations and the implications resulting from the competency gaps on partnership working.	- Interviews with key participants - Documents for the PPP contractual arrangements and partnership processes - Newspaper reports on the partnership arrangements
<b>RO3:</b> To investigate, explain and analyse the implementation of the operational activities and the implications on Nigerian local regeneration partnership working	<b>P3:</b> RO3 addresses the implications of the Nigerian local context on the potential for successful implementation of the local regeneration partnership goals	- Interviews with key participants - Documents for the PPP contractual arrangements and partnership processes - Newspaper reports on the partnership arrangements
<b>RO4:</b> To investigate, explain and analyse the delivery of implementation targets and the implications on Nigerian local regeneration partnership working	<b>P4:</b> RO4 was used to provide explanations for the implication of the performance criteria presented in the conceptual framework on the delivery of Nigerian local regeneration goals	- Interviews with key participants - Documents for the PPP contractual arrangements and partnership processes -Newspaper headlines on the partnership arrangements
<b>RO5:</b> To investigate, explain and analyse the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage	<b>P5:</b> The significance of collaborative advantage in collaborations was reported in extant literature, therefore, it was deemed appropriate to further investigate this concept in Nigerian local regeneration partnerships.	- Interviews with key participants - Documents for the PPP contractual arrangements and partnership processes

**Source: Author's Own, 2016**

#### **4.9.4 Conformity**

This issue of conformity refers to the extent to which there is absence of bias in the research. Denscombe (2010) states that a research should generate findings that are fair, impartial and neutral from the influence of the researcher who conducted the enquiry. It should be noted that because qualitative case study research collects data that are subjected to the researcher's interpretation they are not entirely free from the researcher's bias. With this in mind, the researcher continually reflected on the actions and decisions made in terms of determining how the researcher has affected the research process, the data collection process and the interpretation of findings. This adds to the credibility of the validity of the research process. To also reduce the researcher's bias, data was collected using semi-structured interviews until the point of data saturation was reached by drawing on the range of perspectives of the different participants involved in the partnership (discussed in section 4.5.3). This prevents the researcher from reaching conclusions based on limited data (Eisenhardt, 1989).

In the case of reducing respondent bias, some participants declined being recorded and it was the researcher's view that these participants wanted to be open and to speak freely. Also, being an outsider with no direct links to any of the individual organisations, except through the research, the participants were more open. Bias by the researcher was further reduced by exploring the perceptions of participants (discussed in section 4.5.3) individually and comparing them as well.

#### **4.9.5 Ethical considerations**

According to Denscombe (2010), gaining access to documents, people and events can raise ethical considerations. These ethical considerations cover not only the collection of data but also the way it is analysed and reported in the research. Prior to the data collection, the participants were contacted through emails and by placing phone calls to seek their consents for the interviews and thereafter provided the participants with information regarding the research topic under investigation and its objectives.

Three ethical considerations guided the data collection process and to ensure the researcher's integrity.



- a.) Informed consent outlined to the potential participants information about the purpose of the research by way of participant information sheet and by obtaining their consent to participate. The participant information sheet emphasised the right of the participants to withdraw from participating in the interviews or to decline answering any questions during the interview session. Hence, only the participants who responded favourably and had agreed to be interviewed were scheduled for the interviews.
- b.) All interviews were conducted with an agreement to anonymity of the participants and confidentiality of the information given by participants during interviews. In addition, consent to digitally record the interviews was also sought and the interviews were only recorded when the participant give their consent. The consenting participants were informed that the interviews would be transcribed and used only for the purposes of the research.
- c.) The interview questions were also structured in a way that allowed the participants to comfortably answer the questions without the risk of invasion to privacy, damage to participants' personal integrity, financial and social standing. The participants' data were kept secure at all times on the researcher's laptop and online data storage account (Dropbox), both of which are password protected.

These ethical considerations are important in qualitative research and they offered the researcher the opportunity to gain access, consent and maintain the confidentiality of the participants.

#### **4.10 Qualitative Data Analysis**

Qualitative research is systematic in its approach to data collection and analysis. Data analysis is always guided by a focus of inquiry and it requires the close investigation of a phenomenon in order to establish its nature and content (Miles, Huberman and Saldana, 2014). A properly conducted data analysis procedure would provide a greater understanding of the interpretation of the data collected.

##### **4.10.1 Document Analysis**

To mitigate against the risk of subjective information from interviewed participants, interview data was triangulated with a range of documents (discussed in section 4.8),

specifically, documentary analysis of government and private sector reports, contract documentation, reputable newspaper and journal articles. These documents were sourced based on their relevance to the research objectives and their accessibility. This provided a chronology of the background to the establishment of the five Nigerian local regeneration partnerships as well as provided detailed information on their various stages. They also provided a reliable investigating record to assist in filling gaps and to enhance the credibility of this thesis. For instance, these documents were analysed by reviewing the Nigeria's policy and regulatory framework on partnerships, the partnerships objectives and contractual agreement; the conditions under which partnerships operate in Nigeria and how these translate to addressing local regeneration in the communities and to understand how these partnerships implement their operations.

The researcher captured themes that were relevant to the research objectives and was able to use these to re-examine issues raised in the interviews as well as to provide the basis for comparing past and present stages of the local regeneration partnerships. The researcher was also able to juxtapose the captured themes from the documentary analysis with themes identified from the interview data collected, this was significant in cross-validating field data and answering the research objectives. There have been criticisms that documents do not always reveal the truth and could be inaccurate (Yin, 2009). In accordance with Scott (1990), due to the varied documents collected, the researcher ensured that issues of inconsistency were mitigated by adopting four quality control methods "authenticity, credibility, meaning of a document and representativeness". For instance, the sources of the documents were legitimate and there was no over dependence on particular documents, but the data from the documents were triangulated with the interview data collected.

#### **4.10.2 Primary Data Analysis**

The data collected from the interviews was carried out using a thematic analysis strategy. A thematic analysis strategy offers the researcher the means by which to access and analyse the articulated perspectives of the participants; the strategy looks beyond the number of concepts to a deeper understanding of the meaning and relationships between the categories that are derived from the data through a process of inductive reasoning (Braun and Clarke, 2006). This was supported by a Computer

Aided Qualitative Data Analysis Software (CAQDAS) package called NVivo 10 developed by the software vendor, QSR International. NVivo 10 enables qualitative researchers to manage qualitative data through the computerisation of the physical tasks of cutting, pasting, segmenting that would prove tedious if done through a manual “pen and paper” method. The software package facilitates efficient data management and supports analysis through the exploration of relationship and models (Bazeley and Richards, 2000).

First of all, the interviews were transcribed (discussed in sub-section 4.75) and then imported into the software to allow the researcher to proceed with the data analysis using the thematic analysis strategy. It should be noted that the software is used as a tool for efficiency and not as a tool which in and of itself conducts the analysis or draws out the conclusion (Braun and Clarke, 2006). The use of NVivo 10 employs a coding strategy (Bazeley and Richards, 2000), that involves the breaking down of relevant data collected into distinct units of meaning which are labelled to create key themes and further processes. The concepts that emerged from the 1<sup>st</sup> cycle of coding were later categorised into various categories and thereafter sub-categories in the 2<sup>nd</sup> and 3<sup>rd</sup> cycle of coding.

Following Braun and Clarke (2006), six step stages to conducting thematic analysis (outlined in table 6, below), which involves breaking down the data into discrete units and then coding them into categories. The categories that arise from this method generally take two forms: the categories that are derived from the participants’ behaviours and language, and those that the researcher identifies as significant to the research’s focus-of-inquiry. The process stimulates thoughts and processes that lead to both descriptive and explanatory categories. The creation of memos was used to clarify ideas and to identify the relationships with other concepts. The researcher employed continuous concept comparison and iterative reflection techniques on what was being coded. Based on the key categories that emerged from the interview transcripts and from other sources from the case study research, a series of cross-case narrative analysis are developed.

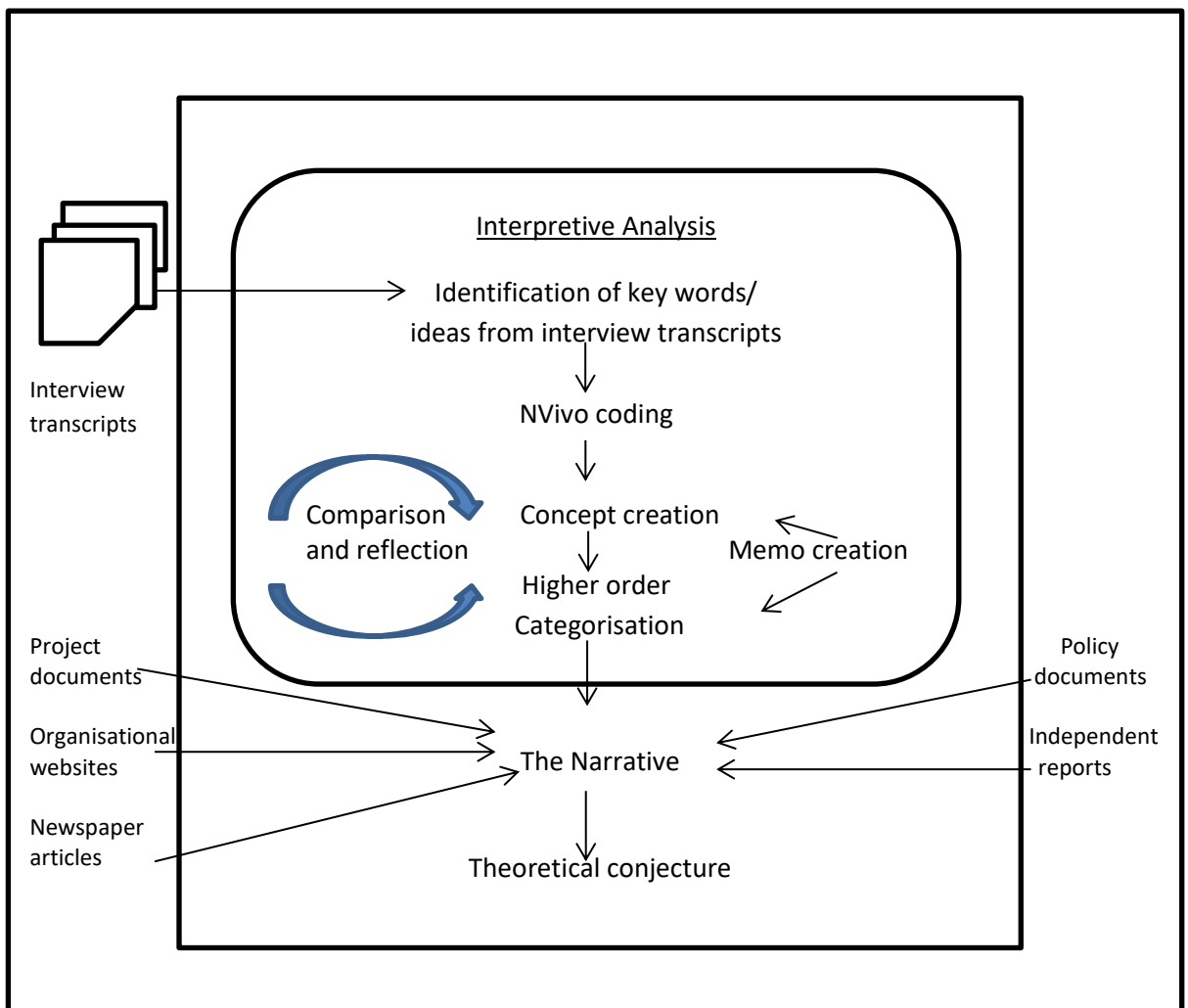
**Table 6: Six stages of analysis using NVivo 10**

<b>Thematic Analytical Process</b>  (Braun and Clarke, 2006)	<b>Braun and Clarke</b>  Practical Application in NVivo	<b>Strategic Objective</b>	<b>Iterative process throughout analysis</b>	
1. <u>Familiarizing yourself with the data</u>	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas. Import data into the NVivo data management tool	<p><b>Data Management</b></p> <p><i>(Open and hierarchal coding through NVIVO)</i></p> <p>↓</p> <p><b>Descriptive Accounts</b></p> <p><i>(Reordering, 'coding on' and annotating through NVIVO)</i></p> <p>↓</p> <p><b>Explanatory Accounts</b></p> <p><i>(Extrapolating deeper meaning, drafting summary statements and analytical memos through NVIVO)</i></p>	Assigning data to refined concepts to portray meaning	
2. <u>Generating initial codes:</u>	<b>Phase 1 – Open Coding</b> - Coding interesting features of the data in a systematic fashion across the entire data set, collecting data relevant to each code		↕	Refining and distilling more abstract concepts
3. <u>Searching for themes:</u>	<b>Phase 2 - Categorisation of Codes – Collating codes into potential themes, gathering all data relevant to each potential theme</b>		↕	
4. <u>Reviewing themes:</u>	<b>Phase 3 – Coding on - Checking if the themes work in relation to the coded extracts (level 1) and the entire data set (level 2), generating a thematic 'map' of the analysis</b>			Assigning data to themes/concepts to portray meaning
5. <u>Defining and naming themes:</u>	<b>Phase 4 - Data Reduction - On-going analysis to refine the specifics of each theme, and the overall story [storylines] the analysis tells, generating clear definitions and names for each theme</b>			Assigning meaning
6. <u>Producing the report</u>	<b>Phase 5 –Generating Analytical Memos - Phase 6 – Testing and - Validating and Phase 7 Synthesising Analytical Memos. The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research aim and literature, producing a scholarly report of the analysis</b>			Generating themes and concepts

Source: adapted from Braun and Clarke, 2006

### a.) Concept creation and management through NVivo 10

As discussed in section 4.10, the data analysis was supported by the qualitative software package NVivo 10. This software served mainly as a support tool in managing the transcribed interviews in terms of reflecting the emerging themes and in the interpretation of the evidence. As outlined in (figure 6, below) the initial step involved the researcher importing the transcripts from Microsoft Word into the software and then categorised according to the individual cases and participants' type. This enabled the researcher to examine the different variables. The individual transcripts were examined to identify key ideas, words and points raised by the participants. At the start of the coding process, the concepts appeared unrelated and they were coded into NVivo's free node structure. The free node is used to hold nodes early in the coding process, when the new concepts do not appear to have a clear relationship with other nodes (Bazeley and Richards, 2000).



**Figure 6: Qualitative data analysis process for the research**

This stage led to synthesising, organising and grouping of the open codes into broader codes called concepts. The concepts that emerged were coded in two ways; using in-vivo codes; specifically, by coding concepts that emerged directly from the participants interview transcripts and in-vitro codes are concepts which the researcher created to capture a concept as discussed by a participant. As the coding progressed, there was evidence of relationship between many of the concepts. This enabled the researcher to reclassify them into a series of categories and subcategories in NVivo's hierarchical tree structure. This assisted in grouping related concepts into themes from the entire analysis to facilitate a better understanding of the evidence through the examination of these key themes.

Memos were also created during the data analysis by the researcher to clarify and give meaning to emerging concepts being analysed when not certain about the meaning of data right away. These are individual documents created through NVivo's doc-link and node-link. The use of such links helped the research build up a web of evidence across each case and a growing understanding about the data analysed and also to allow the researcher return to these parts of the data (Bazeley and Richards, 2000).

#### **b.) From Nvivo to development of a primary narrative**

Remenyi *et al.*, (1998, p.124) defines a primary narrative as “a detailed textual description of the phenomenon being studied, based either on the literature or on a combination of the literature and other evidence collected”. Through NVivo coding the main concepts and categories were identified, the categories formed at this stage were entirely researcher led. In other words, the primary narrative at this stage of the analysis begins to present a more holistic view and insights into the practices of partnership and the issues of collaboration in Nigeria local regeneration partnerships. Following carefully the procedures of identifying and coding key concepts ensured that the narrative produced were as close to the actual events as opined by the participants. The narrative was supported through triangulation of documentary evidence (contract and policy documents, newspaper articles, independent reports and online databases of partner organisations). This increased the potential for the research findings having direct theoretical implications.

### **c.) Progression to a higher order narrative**

Higher order narrative involved descriptions and explanations that captured the important themes of the primary narratives and provided a framework of ideas, concepts and relationships from the data collected. Progression to a higher order narrative involved substantial reflection on the empirical data and on the primary narrative and considers three pertinent questions; (a) what did the text say? (b) why does the text say what it does? (c) what is the researcher's understanding of what is taking place? This process involved creativity and flexibility that reduced the primary narrative to the key themes and the nature of the relationships between the initial themes were then interpreted. From this process, the basis of the theoretical findings was then developed, explained and are presented in chapters 5 to 9.

### **4.11 Chapter Summary**

This chapter presented the considerations and decisions made with regards to the methodological approach to addressing the research aim “how collaboration processes shape and impact upon Nigerian local regeneration partnerships. Interpretations and lessons learnt”. This chapter also presented a detailed discussion of the overall research process and particularly addresses the research philosophy, research approach and quality of the research. Constructivist interpretative paradigm was the underlying research philosophy deemed appropriate for this research since it emphasises human social participation in the construction of knowledge in which people and organisations create a reality; more specifically, the five Nigerian local regeneration partnerships investigated each had different experiences in implementing partnership agreements and these experiences constantly change as the partnerships go through the different collaborative stages, thereby making the findings from these Nigerian local regeneration partnerships unique for each partnership.

Therefore, a qualitative case study was considered the most appropriate methodology employed for this research, as it uses multiple sources of evidence. In-depth semi-structured interviews were used as the data collection method to strengthen the conceptual framework. Likewise, independent reports, policy documents, newspaper articles and organisation databases were also multiple sources of evidence used in investigating the collaboration practices and strategies in the five Nigerian local

regeneration partnerships and for enhancing the validity of this research. A case study protocol was implemented for data collection to ensure credibility, dependability transferability and conformity of the research findings and it also served as a guide for the researcher during the data collection period.

A pilot study was carried out to help the researcher understand the local context in which Nigerian local regeneration partnerships are implemented and to shape the final interview protocol. There were a few sub-themes that emerged at the pilot stage that were incorporated into the final interview protocol. The advantage of conducting the pilot study was such that the researcher was able to identify potential participants for the main data collection as well as potential sources of secondary data. This led to data being collected from a total of 42 key participants that included; directors, managers, team leaders, project consultants and financial advisers involved in the five local regeneration partnerships investigated.

The research data collected was analysed using a thematic analysis strategy; this strategy offered the researcher the means by which to access and analyse the articulated perspectives of the participants. This was with the aid of the NVivo 10 software to adequately store, organise, manage the data, and to triangulate the various sources of evidence. NVivo 10 also allowed the researcher to analyse the data by following several stages of coding. The emphasises on the appropriateness of a qualitative, interpretive and inductive case study approach in meeting the research aim and objectives provided the detailed research findings discussed and implications presented in chapters 5 to 9.



## CHAPTER FIVE

### INSTITUTIONAL CONTEXT FACTORS AND IMPLICATIONS ON NIGERIAN LOCAL REGENERATION PARTNERSHIPS

#### 5.1 Introduction

In addressing the research aim, “how collaboration processes shape and impact upon Nigerian local regeneration partnerships. Interpretations and lessons learnt”; this chapter and the subsequent four chapters will present and discuss the findings from the empirical data collected. The discussions in these five chapters involve the researcher’s interpretation of the findings from the empirical data and they are enriched with extensive quotations from the participants interviewed as well as from documentary evidence. The discussions also engage with the overall research aim and objectives through theoretical arguments and main points from the findings. More specifically, it is the aim that the chapters capture the experiences of the participants in terms of how collaboration processes worked in the five partnerships, the challenges faced during the partnership working and the implications from these that might have led to successful partnerships or not.

The primary focus of this chapter is to investigate and explain the implications of the institutional context factors on Nigeria local regeneration partnership working. The chapter begins by providing the context for adopting PPPs for each of the local regeneration projects and then presents the external factors that challenge the implementation of the partnerships. Empirical findings presented in this chapter suggested that the following antecedents have influenced the PPP policy area in Nigeria (a) budgetary restraints (b) economic reforms favouring the PPP policy (c) commitment of Federal and State Governments to PPP initiatives and (d) the quest to improve public sector efficiency. These antecedents within the Nigerian context have encouraged the adoption and implementation of PPPs for local regeneration as infrastructure and public services need to be available and delivered efficiently to the citizenry.

## 5.2 Institutional Context Factors and Implications on Nigerian Local Regeneration Partnerships

There is a popular notion within the different sectors in Nigeria that ‘*the government has no business being in business*’, in other words there is usually a lackadaisical attitude of the work force in the public sector towards the ownership and management of some government institutions, likewise, certain institutions are not in position to properly manage infrastructure services. The general perception of the attitude to work of employees in the public sector has for many years been characterised by inefficiencies and losses. It is the opinion of the private sector participants that the attitude of some employees in some public institutions tend to be such that they are not fully committed to their jobs, thereby creating inefficiencies in the management of public services. An illustrative example was indicated by a participant from the Kappa Housing Partnership about the current state of roads in Nigeria.

*“You know the dilapidated nature of Nigerian roads, look at our rail system; certain things are simply not there. Therefore, what government can do is to provide an enabling environment, provide the assets, while the private sector comes with the resources and the management, the intuition and the capacity to manage these things [assets].”*

*[Assistant Director A, Reforms Agency]*

A common theme that participants highlighted across the partnerships was the need for government institutions, affiliated ministries and other regulatory agencies to recognise that there was a necessity for robust collaboration and structure before going into partnership arrangements. The participants were also of the opinion that although it is the mandate for some government institutions to initiate partnership arrangements in achieving the goals of infrastructure development, the process of establishing partnerships was usually associated with collaborating with different affiliated government agencies at various stages of the partnership formation. These operations lead to a lengthy process that has become associated with the formation of partnerships. In essence, collaborating with the affiliated government agencies could lead to bureaucratic processes in trying to obtain certain approvals from the dedicated government ministries, departments or agencies responsible for the required approvals before moving on to the next stage of the partnership operations. Such bureaucracy is indicated to arise from various procurement procedures set up by affiliated government institutions (Nwangwu, 2012). Generally, participants asserted that if

there was to be any recorded successful partnership, there was the need to fully understand the concept of PPPs and to keep political interference away when establishing partnership arrangements. The lengthy process is considered a put off for potential private sector investors.

The following sub-sections present the context for the adoption of partnerships for local regeneration, as well as the institutional factors that challenge their implementation in Nigeria. The five local regeneration partnerships selected as cases studies are (pseudo names are given):

- a. A Bus Transport (BT) Partnership initiated for the restructuring and operation of the bus transport services sector.
- b. A Rail Mass Transit Partnership initiated for the construction and operation of a rail line.
- c. A Housing Partnership initiated for the construction and maintenance of affordable housing units in a residential district.
- d. A District Development Partnership initiated for the design, construction and development of a local district.
- e. A Road Partnership initiated for the expansion, construction and operation of a toll road.

### **5.2.1 Institutional Context Factors and Implications for Bus Transport (BT) Partnership**

The Bus Transport (BT) Partnership was initiated by a dedicated transport agency affiliated with Lagos State Government. The partnership was proposed with the support of the World Bank (WB) as an initial pilot scheme to regulate transportation in Lagos State; to alleviate the problems with high demand for transport services by increasing accessibility and to ensure the reduction in social exclusion. BT systems are increasingly being promoted as ways of addressing protracted and escalating traffic congestion in developing countries and for quality public transport provision (Rizzo, 2014). With a demand for bus transport services by over a daily ridership of 200,000 passengers, it was a common sight to see buses within the state being crammed with more passengers than their passenger carrying capacity (Smith, 2013). This situation led to high cases of injured passengers and concerns of unsafe travel

conditions. Lagos State's huge transport infrastructure gap has been exacerbated by its large population of about 15 million people making it the sixth largest city in the world (NBS, 2012). Years of inefficient and ineffective public transport services gave rise to traffic congestion; the deterioration of the existing roads; a rise in the levels of road accidents; and increasing rates of atmospheric pollution in the state.

The BT Partnership was championed by the leadership of the Lagos State Government, the management of the Transport Agency and supported by the World Bank to address the unbalanced supply and demand of bus services across the state; the need to organise, regulate and control the bus transport sector; to address the failings in the bus transport services sector and to protect the public from the increase in the cost of fares (World Bank, 2012). In addition to this, as part of the World Bank's funding conditions, it was the expectation that private companies operated the buses, while the government managed the BT systems and put in place quality controls for the service providers (Rizzo, 2014). Before the implementation of this partnership, the Lagos State transport system was to a great extent unstructured with loosely regulated operators owning 'danfos or molues' and *kabu-kabu* (local expression for large fleet of buses and shared taxis respectively) (Mobereola, 2009). There were over 75,000 minibuses and 200,000 commercial motorcycles operators that provided direct employment to over 500,000 people in Lagos as at 2012 (World Bank, 2012).

A Principal Procurement Officer [Funding Institution] stated that opportunities had been missed by previous State Governments to partner with the private sector as the state had a record of previous unsuccessful attempts in trying to resolve transport problems. This was attributed to the perception of private organisations that the existence of various transport agencies in the state led to bureaucracy issues and poor institutional arrangements being made. As reported also in Mobereola (2006), there are seven agencies with transport responsibilities at the state level and 22 agencies at the local level in Lagos State.

The participant cited an example:

*“A towing company whom the government had gone to make arrangements for towing broken down vehicles, refused to go into business with them, because the government was seen as not being reliable in meeting up with certain obligations such as making payments when due.”*

There is continued rhetoric by key international organisations that PPPs are necessary for the country's economic growth, as reported by The Guardian Newspaper (2017), the United Nations Industrial Development Organisation (UNIDO) representative to ECOWAS and Director of Nigeria Regional Office Hub reiterated that a conducive institutional environment for PPPs had the potential to improve the ease of doing business in the country and improving competitiveness in the market for private organisations. In addition, the participant stated that the ultimate goal should be to get the private sector infrastructure developers to invest in projects with best value for money:

*“If you are looking at it from the perspective of whether or not PPP is good for development; whether or not PPP should be the way forward for the government? It can assist in terms of infrastructure in what is termed high value projects, most State Governments cannot afford high value projects, so what they look for are partners, I believe that Nigeria more than any other country in West Africa has an advantage to use PPPs.”*

*[Principal Procurement Officer, Funding Institution]*

Further to this, another participant also stated that:

*“It kind of makes sense for them [the State Government] to bring in private finance where it is possible and where it is feasible so they can contribute in providing infrastructure here in the state.”* *[Director, Transport Agency]*

The BT Partnership agreement was finalised in March 2008 and was established with the Transport Agency and two private sector operators who already provided bus transport services in the state. As part of the agreement, an operator development function was negotiated in partnership with a special purpose entity established by the local chapter of road transport workers. The partnership was for an initial 5 years and it entailed the State Government to provide the enabling regulatory framework; which are the Lagos Metropolitan Area Transport Authority (LAMATA) Law, 2007 for Rail, Buses and Taxis and the Lagos State Roads Law, 2004 for Roads, Bridges and Highways (Office of Public Private Partnership (OPPP Office, 2011).

The State Government also provided an investment of 4.5 billion naira in the provision of necessary infrastructure. The infrastructure included the overlay of 22km of road and 3.3m wide BT lane; the construction of 3 bus terminals and bus depots; 65% segregated bus ways, 28 bus shelters and lay-bys at 26 stops that are 500 to 1000 metres from each other; the provision and maintenance of infrastructure, traffic signs and road markings as well as other traffic management measures. The acquisition of buses was aided by the one billion naira funding provided by a local bank to the bus operators for the purchase of the first fleet of 100 buses (LAMATA, 2015a). The operations and maintenance was by the special purpose entity (LAMATA, 2015a; OPPP, 2011).

Currently, 220 Ashok Leyland (11.7m high floor buses) ply dedicated routes between 6:00 am to 10:00 pm daily with a workforce of about 900 bus officers and 57 inspectors. The operation of the bus service is guided by a set of regulations and this restricts them to the dedicated service lanes aimed at making them faster than conventional buses, especially during traffic congestion. The buses carry an average of 180,000 passengers per day and about 800 passengers per bus. This local regeneration project has been aimed at reducing traffic congestion by; reducing travel time from 78 to 50 minutes on certain routes and to improve air quality for the commuters around specific routes (LAMATA, 2015a). In terms of the recent operation of the bus transportation services, passengers get a reduction of 30% in average fares, 40% in journey time and 35% in average waiting time (LAMATA, 2015a; World Bank, 2015). To improve the existing BT infrastructure 200 new buses were procured as well as the refurbishment of existing buses. There has also been a reduction in bus transport accidents and crime such as pick pockets.

According to the transport agency, following the success of this BT Partnerships along the dedicated route, eight more routes are being considered for similar partnerships, with construction works about being completed on one of these new routes. A Private Sector Specialist [Funding Institution A], also elucidated the issue of change in travel behaviour within Lagos State and how important it was for the government to make sure that the present transport system was in tune with new technology in transportation, especially, in relation to other advanced countries in the world. In essence there are also plans to introduce Intelligence Transport Systems (ITS) display

boards and electronic ticketing for which ‘Expression of Interest’ (EoI) has been advertised (LAMATA, 2015b).

### **5.2.2 Institutional Context Factors and Implications for Rail Mass Transit Partnership**

Two of these seven rail lines are to be built with priority; these are the Alpha Rail Line which is a 27km stretch and the Beta Rail Line is a 37km stretch with a connection to the International Airport located in the state. The findings from the Alpha Rail Partnership are primarily discussed in this research, because the collaboration processes within this rail partnership are better progressed than the Beta Rail Line; however, a few references to the Beta Rail Line are made for comparison purposes. One participant from the Alpha Rail Partnership had a critical view about government decision for participating in PPPs:

*“Even though a lot of people talk about PPP as a way of raising money, it is not just a way of raising money, it is a way of bringing efficiency into the whole system and the government should not be managing the operations of the transport sector, they should let the private sector come in and manage the operations in the transport sector.”*

*[Deputy Director C, Transport Agency]*

For the Alpha Rail Line Partnership, the State Government made provision for the construction of the rail track, the station and depot infrastructure through a Design and Build contract. The US\$400 million railway systems which include the rolling stock, depot equipment, communication systems, control systems, electric power signalling and ticketing facilities are being provided by a private sector consortium and the consortium would be responsible for the operation and maintenance over the 25-year concession agreement (OPPP, 2011). The Alpha Rail Line which is the less profitable of the two rail lines has posed less challenges and the construction of the rail line is near completion.

One of the participants emphasised that:

*“The reason we went ahead with this decision [the formation of the Alpha Rail Line partnership] is that the government is not going to be able to invest*

*US\$1billion in operations. If the government is really interested, it needs to put its mouth where its heart is and show its own commitment.”*

*[Director, Transport Agency]*

Another participant shared a view that suggests that the Alpha Rail Line was motivated by the Lagos State Government’s political ambition:

*“...it is more like an evidence to show that Lagos State is determined to encourage private sector participation and even going forward, looking at how much has been invested in the project [the Alpha Rail Line] alone, you would know that the State Government is fully dedicated.”*

*[Assistant Project Manager A, Transport Agency]*

The construction of the Alpha Rail Line began in August 2009 and occupies a corridor inhabited by lower income residents; the first phase of 8km under construction was sub-contracted to a private construction company and financed by the State Government and was to be officially opened in 2014. The second phase of 5km has also commenced (Oyebade, 2015). 13 passenger stations are being constructed to carry an average of 10,000 passengers per hour and 300,000 passengers per day. 900 staff members have been recruited to run the daily operations of the rail line. The operation of the Alpha Rail Line is to be awarded to a private consortium that emerged as the preferred bidder.

The prefeasibility study indicated that the Beta Rail Line provided better ‘value for money’ of the two lines with a daily usage forecast of over a million people per day (Mobereola, 2011). The concession has since been awarded to the preferred bidder, but the on-going institutional reforms of the Nigerian Railway Corporation (NRC) to become the Nigerian Railway Authority (NRA), was a clog in the wheel for the ‘Right of Way’ approval to be issued by the Federal Government (Smith, 2015). The release of the Eastern section of the existing NRC ‘Right of Way’ to the Lagos State Government eventually came to pass in May 2015 after a 8-year negotiation process (Ogidan, 2015).

A participant from the partnership also commented that the bureaucracy experienced had a bit of politics involved and it had begun to create problems for the private partners.



*“These negotiations have gone on since 2007 and to some partners it has become a ridiculous situation in what we refer to as ‘Bidders Fatigue’. In this part of the world we have to mix politics with reality, obviously, we have our standards but politics plays a part.” [Deputy Director C, Transport Agency]*

The participant further stated that:

*“For the private developer, it creates a problem as they need to take into consideration issues of inflation which may affect the project budget and might lead them not to be able to honour the initial agreement. The waste in time might mean going back to the negotiation table and it gets more expensive for people, more frustrating and in certain cases breaks down the partnership.”*

*[Deputy Director C, Transport Agency]*

These concerns were also expressed by the Acting President, Prof. Yemi Osinbajo at the 3rd Presidential Quarterly Business Forum held at the State House, Abuja. His concerns reflected the challenges of efficiently and effectively implementing partnership arrangements and delivering value adding projects in various sectors in the country. He however emphasised that the Nigerian government was committed to making key Government Ministries, Departments and Agencies (MDAs) that play active roles in PPPs more accessible to private sector organisations (Vanguard, 2017a).

A participant suggested the following:

*“There is the need to reduce bureaucracy resulting from the number of institutions that are doing the same job, by first restructuring the civil service right from the top management and also to make sure that these institutions are no longer subject to the control of the central government.”*

*[Private Sector Specialist, Funding Institution A]*

### **5.2.3 Institutional Context Factors and Implications for Kappa Housing Partnership**

The Kappa Housing Partnership was established as part of the Housing Authority’s strategy to help mitigate the housing deficit in 2001 (Federal Housing Authority

(FHA), 2009). The housing deficit in Nigeria was put at about 16 million units by the World Bank in 2013 (Marshal and Onyekachi, 2014). Public Private Partnerships were first implemented in the year 2000 by the Housing Authority to promote profitable and cost effective practices, as well as to leverage the strengths of the private partners in accessing project finance (FHA, 2009). With the huge costs associated with building housing units, the housing authority over the years had gone into various partnership arrangements to assist in the renovation of existing housing units and the development of new ones (Ihua-Maduenyi, 2014). PPPs have thus become one of the eight procurement models implemented by the Housing Authority in the provision of housing. This was collaborated in a press interview with the Minister of Lands, Housing and Urban Development (Honourable Minister Mrs Akon Eyakeni) who mentioned the Ministry's plan was to mobilise the private sector and to engage its two affiliated Institutions, the Federal Mortgage Bank of Nigeria (FMBN) and the Federal Housing Authority in Public Private Partnership arrangements (The Business Year, 2015).

A similar statement was also made by a participant from the Housing Authority who the researcher interviewed. The participant stated that before the adoption of PPPs, the Housing Authority would usually execute the construction of housing units through the use of the agency's other procurement models (for instance, direct construction, site and service, co-operative housing, rental housing, new town construction) and the choice of construction models is usually based on the outcome of the private sector comparator analysis.

A participant further stated that:

*“A lot of these housing projects are capital intensive, at the federal level; there is a strong appetite for implementing PPPs, because there were some projects that typically would never have seen the light of day because of budgetary constraints.”*

*[Assistant Director A, Reforms Agency]*

The partnership was set up to provide 351 low and medium cost housing units in the Kappa Estate in Abuja. The partnership project also entailed infrastructure and general services improvement, such as construction and maintenance of functional roads, waterworks, street lights, sewage disposal systems, incinerators and

other necessary support infrastructure needed within the housing estate. The Housing Authority discounted the land allocated for the development of the estate and was responsible for providing the relevant planning approvals and licences from the relevant government institutions. The role of the private developer was to source the finance needed for the construction of the housing units within the Kappa Estate and to deal with the commercial risk associated with the project. Using a Design, Finance, Build and Transfer (DFBT) model, the housing design standards and quality for each location were agreed between the housing authority and the private developer. The private sector partner was allowed to sub-contract the construction of the housing units to other infrastructure development companies.

A profit sharing scheme of 60:40 had been negotiated between the private developer and the housing authority respectively; with the housing authority expected to plough back the part of the shared earnings from the premiums and the annual ground rents to rehabilitate and maintain other housing projects (Ihua-Maduenyi, 2014). The housing units were meant to be constructed over 12 months; however, 100% completion did not take place until 2006. The housing units were then transferred back to the housing authority after the developer had recouped the money invested. The researcher infers that the inefficiencies in the public sector are likely to have led to a strong campaign at various levels of government in Nigeria to involve the private sector to better manage certain public services. Consequently, the growing demand for the private sector involvement in the provision of infrastructure and service can be attributed not only to the budgetary constraints, but also to problems faced with traditional procurement and delivery methods. This inference was based on the following comments:

*“These inefficiencies come from the attitude that working in the government does not entail putting all of one’s efforts, for instance ‘the idea that look it is not my father’s business’, hence people go about doing what suits them”.*

*[Assistant Director A, Reforms Agency]*

The participant further expressed his concerns:

*“That is the truth of the matter, they [the government] should actually face policy, administration and governance, providing enabling environment for*

*would be investors and from time to time intervene in areas that need government attention.”*

One of the participants from the Kappa Housing Partnership also asserted that:

*“Within the ministries, there is bureaucracy from officials who should be supporting the arrangements and at different stages. This is because there are different levels of political will and commitment within the ministries and some are not pushing PPPs as hard. Some of this bureaucracy can be cut out.”*

*[Deputy General Manager, PPP Unit]*

This situation has also led some Government MDAs to set up PPP units as part of their organisational structure. As another participant mentioned that:

*“If it is the State, it is faster for us to deal with the State than to go through the ministry, it more difficult to get the land, but easier with the State Government”.*

*[Deputy General Manager, PPP Unit]*

The researcher links the above statements by the Deputy General Manager, [PPP Unit] to concerns raised by some public officials interviewed about the length of official tenures in the public sector which are a 4-year duration. To ensure the possibility of being re-elected, public officials need to be able to show to the electorate some form of completed or on-going development activities, and physical infrastructure development usually tops the list of projects. As a result of this, it becomes difficult for such public officials to embark on partnership arrangements which would not be delivered within four years or would not have reached implementation stages within the first four years of partnership formation. It was sometimes the case that traditional procurements alternatives were initially suggested and considered before partnership arrangements were then considered. Participants generally asserted that there was also the need to address the issues that critics and sceptics raise mainly about PPPs that at the end, partnership arrangements usually turn out to be more expensive than traditional procurements.

As stated by the participant from the Kappa Housing Partnership:

*“One doesn't know how long the managing director is going to be on sit or at the helms of affair and needs to do something to show that the agency has been*

*working. Spending 6 months in trying to negotiate a PPP arrangement with a tenure of 4 years, it doesn't add up."*

*[Deputy General Manager, PPP Unit]*

The Deputy General Manager, [PPP Unit] further stated that:

*"Within the system, a lot of people [the stakeholders], have not really appreciated the place of PPPs, anytime they hear PPPs; even the labour union would challenge the process, the communities within the locality of these projects are suspicious, so it is a whole web of suspicion here and there."*

Similarly, another participant suggested that:

*"Generally, people are of the opinion that Public Private Partnerships could make people lose their jobs and that private organisations are going to become money bags."*

*[Assistant Director A, Reforms Agency]*

As pointed out by a Team Leader, [Reforms Agency], the Housing Authority have had a lot of problems, including changes in management, interference from government, lack of accountability and some sharp practices.

The researcher infers that this suggests a kind of disconnect, on one hand, it is the government responsibility as it states in the constitution to provide housing, but on the other hand, there has been a lot of political interference from the government and associated institutions and with constant changes in the leadership. At the time of data collection, priority was being given to reform the Housing Authority in order to bring in private sector efficiencies into the way it delivered its services. The Deputy General Manager, [PPP Unit] further stated that to manage the challenges resulting from bureaucratic tapes, it became important for the Housing Authority to establish good working relationships with some of the other affiliated government agencies.

A participant from a government reforms institution asserted that, it was necessary to embark on an institutional reform and restructuring aimed to tackle bureaucracy in the Housing Authority.

*"The role of this reforms organisation is to reorganise and to restructure organisation the Housing Authority, so we are looking at the whole of its*

*operations, their financial model to ensure they are more in line for private sector investment opportunities”.* [Team Leader, Reforms Agency]

The participant further stated that the Housing Authority was still going to be fully owned by the government; the new structure aims to move the current practice towards a more accountability one and with good corporate governance. An advisory team had been assigned to come up with a reform proposal around establishing a regulatory regime for the housing sector which would look at issues challenging the Housing Authority including housing funding, re-financing and project delivery.

#### **5.2.4 Institutional Context Factors and Implications for Gamma District Development Partnership**

The Federal Capital City (FCC) also known as the City of Abuja is located on the Gwagwa plains in north eastern part of the Federal Capital Territory (FCT) and was planned to cover a total land area of 254.98 square kilometre of the 8,000 square kilometre of the FCT. The Abuja master plan is to fully develop all the districts in Federal Capital City (FCC) in ‘Four Phases’ based on a neighbourhood concept; most essentially, to facilitate the social and economic infrastructure development of the city and to ensure inclusivity, as well as to provide for the rise in population (Jibril, 2015). A neighbourhood is developed to include a nursery and primary school, a park, a shopping centre among other facilities for 5,000 people. While a collection of four or five neighbourhoods makes up a district with additional social infrastructure that include a postal service, a fire service, a police department, a secondary school, shopping malls, hotels (Jibril and Garba, 2012).

At the time of data collection, only 10 of the 79 districts in Abuja had significant infrastructure development, while the other districts were at different levels of infrastructure development. One of the ways the District Development Agency envisaged to fulfil some of the objectives set out in the master plan is through the use of partnership arrangements to design and plan districts in the city and its environs. The Gamma District is thus developed through PPPs (ICRC Annual Report, 2012). The Gamma District Development Partnership was created to aid the infrastructure and physical expansion of Abuja city. Members of the public are allowed to buy pieces of land in districts where the road network has been built and other infrastructure such

electricity, potable water, drainages, sewer lines and communication ducts have been put in place (Jibril and Garba, 2012). The Gamma District Development Partnership agreement with the District Development Agency and a private infrastructure company was a five-year partnership agreement signed on the 19<sup>th</sup> of October 2010. The concessionaire reached financial closure on the 14<sup>th</sup> of April 2011 (ICRC Annual Report, 2011).

The general view among the participants interviewed, is that it is important to bring in the private sector to invest in infrastructure development that are capital intensive and the funds available to the government could then be channelled into developing other infrastructure that are not as capital intensive. The Gamma District Development Partnership according to Azubike (2012) was mainly attractive to funding institutions because of the short project structure and the commitment of the project sponsor.

A participant from the Gamma District Development Partnership recognised that:

*“The objective of government is that the goods must always be there, the goods and services must be delivered efficiently.”*

*[Lead, Transaction Advisory Services]*

A Design, Build, Finance, Transfer (DBFT) model was implemented to construct a comprehensive integrated civil infrastructure of the Gamma district in the city. The 61.19 billion naira (US\$386 million) project entailed the construction of 64.49km of network of roads, 131.18km of storm water drainage, 90.55km water supply pipeline, 64.49km sewage, drainage, walkways, bridges, electrical lines and telecommunications distribution network and associated ducts for the allocation and development of plots in the district (Diko, 2014; Premium Times, 2013). The private infrastructure company provided part-financing of 31.6 billion naira (US\$199 million) which was secured through a consortium of local banks, and organisations with management and technical expertise, and the rest was raised as debt finance (Dikko, 2013).

Another participant [Lead, Transaction Advisory Services] elucidated that the financial model for the District Development Partnership was structured in a way that the development levies are collected from plot allottees and off-takers to supplement funds for construction costs, it was decided during the negotiations that there was

going to be an increase to the development levies because of the services the private developer would be providing. According to this participant, the increment did not go down well with the plot off-takers who protested the decision, because they thought the decision was unfavourable to them, for the plots had been allocated prior to when the partnership negotiations started. Changes in the consideration for increased development levies had to be made and it was then decided during the partnership negotiations that the District Development Agency should subsidise the increased fee. This decision affected the cash flow for the construction due to delays by the District Development Agency in authorising the subsidies.

In defending the position of one of such affiliated institutions that served as a Regulatory Commission for PPP arrangement, a Director from the Regulatory Commission took an opposing view with regards to issues of bureaucracy by stating that the challenges faced by the Regulatory Commission was that certain ministries and agencies did not have the patience to go through all the processes necessary to establish bankable partnership projects. In addition, the participant stated that the Regulatory Commission did what they could to facilitate the processes involved.

*“We try to cut out a whole lot of the bureaucracy so that these organisations do not have too much problems in getting approvals. So, we usually have officers from the Regulatory Commission working on the project.”*

*[Director, Regulatory Commission]*

As recognised by another participant from the District Development Partnership, this is a concern that contributes to the limited support and willingness to implement partnerships in some political quarters:

*“There is that constant tension, for a government whose tenure is 4 years, he doesn’t want to spend two years tied up in negotiations. He is in a hurry and he would want to cut through tapes.”*

*[Director, Regulatory Commission]*

Likewise, another participant elucidated that it could sometimes be a wasted effort because sometimes the collaborations did not usually lead to PPPs being properly structured. According to the participant:

*“...a lot of ministries who initiate these partnerships do not want to deal with*



*the Regulatory Commission, it is frustrating to be involved in the process of arrangement because it takes so long and plans do not easily progress. I feel that these bureaucratic issues result in a waste of time.”*

*[PPP Coordinator, PPP Advisory Unit]*

Furthermore, the PPP Coordinator [PPP Advisory Unit] was of the opinion that:

*“...basically, the PPP units should be removed and instead a PPP department should be created and not a unit within a department, this is to enable it have more autonomy such that it can then do things faster.”*

The researcher suggests that in addressing these issues raised, there needs to be capacity building efforts in place to assist such government institutions, specifically senior officials in the knowledge of partnerships. This will enable them negotiate partnership arrangements with the private sector better as well as deal with regulatory, legal and judicial procedures required to deliver on partnerships goals. These comments made by participants also signals that the government needed to play an increased role in building private sector investors' confidence in partnership arrangements

A participant described the likely benefits partnerships had over traditional procurement in housing projects:

*“With the traditional procurement, it is inefficient and rarely meets infrastructure needs as there has been a dramatic drop in funding, but the need for housing infrastructure is up and it continues to expand and there are also competing demands in infrastructure and the funding is generally not there. And you know, when there is financial crisis, government focuses on security and survival and infrastructure takes a huge hit.”*

*[Director, Regulatory Commission]*

The Lead [Transaction Adviser] further explained that the aim of the District Development Agency is to develop more districts in Abuja using partnership arrangements. This aim comes from the challenges that district development using traditional procurement would usually take 8 to 10 years to complete. As stated in Ibem (2010), the minimal successes recorded by traditional housing schemes had been due to challenges from poor funding, bureaucracy, the influence of politics on housing

schemes among other factors. The participant also asserts that from her experience, traditional procurement would usually cost more than what PPP projects would cost.

The Director [Regulatory Commission] was of the opinion that processes in PPP arrangements could be better if fundamental issues are addressed, like political will, government support, and the capacity to adequately prepare PPP arrangements, as well as determined leaders who understood that they could work with the private sector and get significant advantage and value from the collaboration. The researcher infers from these findings that the reservations of the public sector could be attributed to PPPs being a fairly new policy in the country and that knowledge and expertise on PPPs could be restricted to few within the public sector. Another scenario that illustrated limited political will and commitment, concerns the views of the government officials and the general public about PPPs. They are of the opinion that public sector employees feel it would take away their jobs and some of the power they would usually have using traditional procurements. The operations of the District Development Partnership have not gone smoothly, it was the expectation that the housing construction would be completed within 3 years with a complete project cycle of 5 years from October 2010 to October 2015. As stated by a Lead, [Transaction Advisory Services] this has not been the case as the District Development Agency was responsible for the collection of development levies and other payments from the plot owners to recover the investments; this process was however inundated with political interference, issues with accountability and transparency and delays in obtaining certificate of occupancy.

### **5.2.5 Institutional Context Factors and Implications for the Road Partnership**

The formation of this partnership was for the expansion, construction and operation of a Road in Lagos State and to promote economic development within the area. This was the first PPP at a state level. Due to the population growth in Lagos State, alongside the daily traffic flow of about 500,000 motor vehicles to and fro the commercial business centres of the state to other environs resulting in daily traffic congestion and security concerns, alongside the prevalence of crime for the road users (Lekki Concession Company (LCC), 2015; OPPP, 2014). The socio-economic condition of communities in the area is mixed; from the upper class communities to

**Table 7: Characteristics of the Local Regeneration Partnerships**

Partnership Details	Name of Partnership				
	Bus Transport Partnership	Rail Mass Transit Partnership	Kappa Housing Partnership	Gamma District Development Partnership	Road Partnership
<b>Partnership Objective</b>	Alleviating the problems of high demand for transport services and the reduction in traffic congestion within the state	To offer an alternative safe, reliable and environment friendly mode of transport	To help mitigate the country's housing deficit	To construct a comprehensive integrated civil infrastructure of one of the districts in the city	To draw private funds to expand and upgrade of 49.4km of existing road. To construct a further 20km coastal road
<b>Year of Award</b>	March, 2008	August, 2009	2001	October, 2010	October, 2008
<b>Type of PPP</b>	Operate and Maintain (O&M)	Operate and Maintain (O&M)	Design, Finance, Build and Transfer (DFBT)	Design, Finance, Build and Transfer (DFBT)	Design, Finance, Build, Operate and Transfer (DFBOT)
<b>Concession Period</b>	5 years	25 years	2 years	5 years	30 years
<b>Partners</b>	Lagos Government, supported by World Bank and two private sector bus operators,	Lagos State Government transport agency and a private sector consortium	Federal housing agency and a private sector infrastructure developer	District Development agency, a private infrastructure company and a financial institution	Lagos State Government, a SPV and a consortium of banks
<b>Sector</b>	Roads, Transport	Rail, Transport	Housing	District Development, Lands and Works	Road
<b>Type of Work</b>	Construction of 22km of road and 3.3m wide BT lane; segregated bus ways, 28 bus shelters and lay byes. The construction of 3 bus terminals and bus depots; provision and maintenance of road infrastructure, traffic signs, road markings as well as other traffic management measures	A 27km construction of the track and station infrastructure and operation of railway systems which includes trains, control systems, electric power signalling and fare collection equipment	351 low and medium cost housing units in the Kappa Estate in Abuja, includes infrastructure and general services improvement necessary to support infrastructure needed within the housing estate.	Construction of 64.49km of network of roads, 131.18km of storm water drainage, 90.55km water supply pipeline, 64.49km sewage, drainage, walkways, bridges, electrical lines and telecommunications distribution network and associated ducts	Expansion and upgrade of 49.36 km of expressway from a four-lane dual carriageway to six lanes, the construction of 20 km of coastal road. Provision of facilities (street lights, road signs, pedestrian bridges and drainages)
<b>Project Cost</b>	4.5 billion naira for the construction of bus lanes and 1 billion naira for acquisition of buses	US\$400 million for purchase of rolling stock	NA	61.19 billion naira (US\$386 million)	Estimated amount of 50 billion naira (US\$333 million)

very poor communities existing in the local area the road was to be built. In the poorer communities, the average household size is about eight people per household (AFDB, 2007).

The existing road had long been due for a major upgrade as it had been built in the 1980's and had exceeded its technical design life span of 25 years. The project utilised the Design, Finance, Build, Operate and Transfer (DFBOT) PPP concession to construct and maintain the road. Toll roads tend to be funded through private capital and from existing literature, transport concessions offer the opportunity to transfer traffic, financial, operational and financial risk to the private sector and the cost of risk transfer borne by the road users (Chung, Hensher and Rose, 2010). The 30-year concession agreement was signed in 2008 and it was a partnership between the SPV established by the project sponsor, also referred to as 'the concessionaire' and a consortium of both local and international investors alongside the State Government and a consortium of local and international funding institutions (OPPP, 2014). The construction of the 6 lanes toll road (3 lanes in opposite directions) was scheduled for 3 years, between January 2007 and March 2012 (BrockleBank, 2014).

The concession agreement was scheduled for two phases: the first phase was the expansion and upgrade of 49.36 km of expressway from a four-lane dual carriageway to six lanes and the construction of a ramp along the stretch of road. The second phase was the construction of 20 km of coastal road. Other complementary facilities are provided within the completed sections of the road, these facilities include street lights, road signs, pedestrian bridges and drainages (OPPP, 2014).

The financial closure was achieved towards the end of 2008 with equity contribution from four international equity investors and loans from a consortium of seven international and local banks. The Lagos State Government also provided a 20-year 5 billion naira (US\$ 42 million) of mezzanine finance and the Federal Government provided a sovereign guarantee for the financing institutions (OPPP, 2014). The 50 billion naira (US\$ 333 million) estimated project cost financed by the SPV was to be recovered through payments activities that include charging tolls, advert fees and duct leases (Ekanem, 2010). Despite the successful financial closure, the partnership did not go according to expectations of the partner organisations due to a number of

challenges that led to the Lagos State government buying back the project about 7 years after financial closure. A participant stated that:

*“The issue is that the private partner was experiencing some challenges, those challenges manifested as cash flow issues and project delay”.*

*[Team Leader, Core Infrastructure]*

One of the challenges faced was that citizens saw the toll road as a public good which needed to be provided by the government and felt exploited been asked to pay toll fees. The Private Sector Specialist [Funding Institution B] elucidated that there was an erroneous believe by the partners that because citizens had in the past spent journey times of up 3 hours on the road, and with the provision of the toll road, journey times was considerably decreased, they would be willing to pay the toll fare.

The participant further stated:

*“Some commuters protested about the toll fares, due to that protest the government was forced to slash down the rate by almost 50% and this led to the reduction in the revenue stream. For the other axis of the road they could not charge a kobo, it became free”.*

Another challenge faced in the partnership as explained by Managing Director, [Transaction Adviser]:

*“Another thing from the technical side, you would find out that there are certain obligations that the government has to fulfil because it is a PPP, and if government, doesn’t fulfil their own part of the obligation, it is difficult for the private sector to deliver. There were quite a number of government utilities, like electricity cables and things like that that government had to move out of the way to allow the road to be constructed, they didn’t do it or were late in doing it”.*

In 2014, the Road Partnership’s concession rights were re-acquired by the Lagos State Government from the private partners (SPV). The decision to buy back the concession rights has been linked to the inability of the SPV to meet its debt obligations because of inadequate cash flow generation and the fluctuations in exchange rates on international loans, as well as increase in interest rates from local banks. There were concerns that the constraints in cash flow were as a result of the toll fares which had

been kept constant for 5 years in the midst of the Naira devaluation and inflation, despite the concession agreement that allows the project sponsor to index tariffs to inflation every three months (OPPP, 2014). This cash flow constraint had also led to the delay in construction of the third phase of the toll road. The re-negotiation by the SPV to increase toll fares was denied by the State Government. The re-negotiation was to enable the SPV raise the needed funds for further construction by increasing fares on the first toll gate by 20% and also to commence toll collection at the second toll gate which is 10km from the first at the new rate (Vanguard, 2013). After consultation with key stakeholders, for instance, the SPV, the funding institutions and the Lagos State House of Assembly, the State Government reached the decision to enter into a settlement option with the SPV and to gain control in the determination of the toll rates and its affordability for road users. A settlement option of 15 billion Naira was negotiated with the shareholders of the SPV and was paid out in November 2013 (OPPP, 2014).

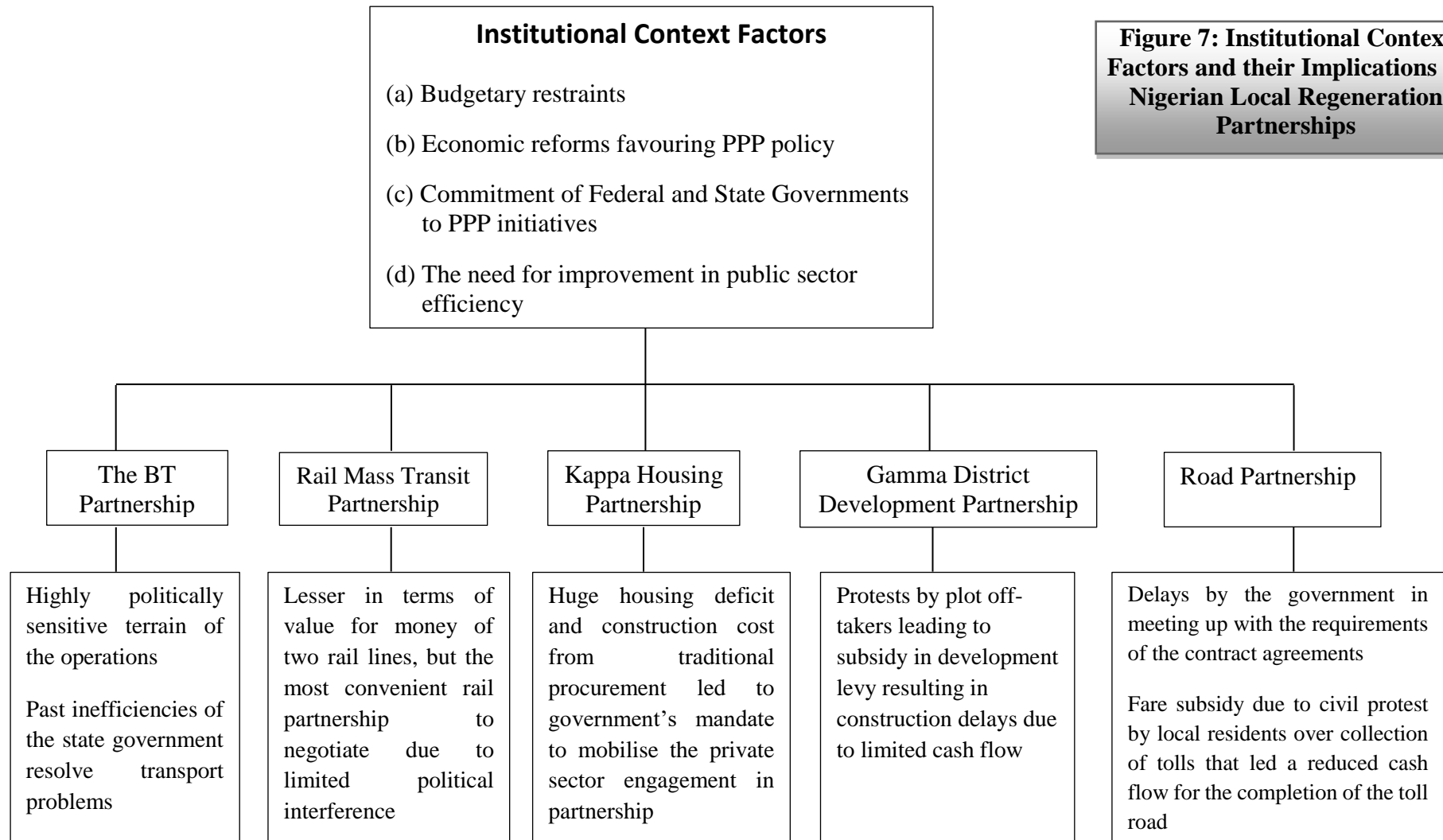
### **5.3 Chapter Summary**

This chapter aimed to explore the institutional context factors and explain the implications these institutional factors might have on the partnership working of the five local regeneration partnerships. Background information on the individual characteristics and structure of five local regeneration partnerships was provided and this served as baseline data for discussing the empirical findings. The local regeneration partnerships as a collaborative approach were aimed at responding to the needs of the community through contractual agreements. These agreed to contracts enable the development of tools that focus on furthering high standards of governance, capacity building as well as the achievement of successful goals in the local community. However, the presence of multiple partner organisations gave the local regeneration partnerships their complexities; demonstrated through the number, nature and goals of the organisations involved in the local regeneration partnerships. Context specific complexities in Nigeria, in form of political interests and sometimes short termed goals pursued by policy makers and private sector organisation underline these complexities. The perception of individual organisations going into these partnerships has been to mitigate against draw backs of carrying regeneration projects solely, in terms of effective utilisation of funds as well as exposure to new skills, knowledge and

competences. The effectiveness of partnership working was dependent on stakeholder interaction where the perspectives of all involved were taken into consideration to improve the capacity of partnerships to make valuable contributions to the local community.

Budgetary constraints have seen the government take advantage of private sector capital investments opportunities and expertise in the development and management of infrastructure projects. This is in addition to the need for improved efficiencies in infrastructure procurement and delivery methods in the public sector. Thus, the local conditions within the Nigerian context have encouraged the adoption and implementation of PPPs for local regeneration as infrastructure and public services needed to be available and delivered efficiently to the citizenry (see figure 7, p.160). The findings from these local regeneration partnerships revealed that mistrust within government institutions; policy bias against PPP at lower levels of government; bureaucracy experienced in the partnership formation; limited capacity and knowledge for PPPs, and socio-cultural issues are challenges affecting the adoption and implementation of the partnership projects in Nigeria. These findings reveal contradictions intrinsic in Nigeria local regeneration partnerships, when compared to the optimistic rhetoric about the benefit of PPPs, especially for developing countries. This suggests the need for thorough understanding of the political economy of Nigeria and the ways it influences the partnerships operations.

Despite this PPP policy adoption and implementation, distinct factors within the Nigerian institutional environment act as constraints to the decision-making processes that go into the formation and implementation of partnership arrangements. In essence, the short history of implementing PPPs in Nigeria both at the federal and state levels has not met all round success. Findings from this research indicated that the attitude of some employees to work in public sector institutions have created years of inefficiencies in the management of public services necessitating the management expertise of the private sector. The bureaucratic processes involved in trying to obtain approvals from the different government institutions involved in project procurements and partnership formation also serve as constraints. The implication of these bureaucratic processes has led to delays in the delivery of local regeneration projects and in other cases, renegotiation of the initial partnership agreements.



**Figure 7: Institutional Context Factors and their Implications in Nigerian Local Regeneration Partnerships**

← **Local Context Factors affecting each of the Nigerian Local Regeneration Partnerships** →



More specifically, in terms of Nigerian local context factors that had implications on the partnership working in the BT Partnership, this was due to the highly politically sensitive terrain of the operations in the Lagos State transport system. The BT Partnership came from a huge effort of the State Government in trying to find a lasting solution to the unstructured nature of the bus transport system. This led to the formation of the special purpose entity made up of members from the local chapter of the road transport workers.

Considerations for the Alpha Rail Partnership only came after the initial plans to commence with the Beta Rail Partnership were delayed due to difficulties in coming to an agreement in the negotiations of the 'Right of Way' with the NRC for the rail route needed for the operations of the Beta Rail Line. The arrangements in the Kappa Housing Partnership resulted from the huge costs associated with building housing units, the Federal Ministry of Lands, Housing and Urban Development mandate to mobilise the private sector engagement in partnership arrangements and the favourable profit sharing scheme of 60:40 negotiated between the private developer and the housing authority respectively.

A similar situation is evident in the Gamma District Development partnership which was formed to aid the infrastructure and physical expansion of Abuja city and to fulfil the objective of the Abuja Master plan to fully develop the districts in the FCC. Participants interviewed in this partnership emphasised that the continuous development of the districts in the FCC can only be made possible by partnership arrangements. These was evident in the Road Partnership which was for the expansion and upgrade of an existing major road in Lagos that had exceeded its technical design life span of 25 years and could no longer sustain the heavy daily flow of traffic of about 500,000 vehicles. The 30-year concession agreement was a learning curve for the Lagos State Government who had no prior experience of partnership arrangement or existing PPP laws. The 'Lagos State Roads Law', for Roads, Bridges and Highways had to be established in 2004 by the State Government to provide an enabling framework for the toll road agreement and the formation of a public sector development board with the authority to oversee the partnership and future ones.

The establishment of good working relationships with affiliated government agencies and institutions over time was indicated as an internal strategy used by one of the

partner organisations in the Kappa Housing Partnership to fast track authorisations and approvals of partnership documentation. Public sector reforms aimed to tackle bureaucracy are suggested by participants to be implemented at a broader level. Participants noted that the lengthy process are a put off to the private investment and development organisations and the lesser likelihood of the start of partnership working based on trust and transparency. The limited political will and commitment are also linked to poor cooperation for partnership working at the lower levels of government.

## CHAPTER SIX

### RELIANCE ON CONSULTANTS IN NIGERIAN LOCAL REGENERATION PARTNERSHIPS

#### 6.1 Introduction

The previous chapter highlighted budgetary restraints; economic reforms favouring private sector investment; the commitment of the Nigerian government to PPP initiatives; and the need for improvement on public sector efficiency, as institutional context factors that have led to the adoption of partnerships for Nigerian local regeneration projects. The implications of the Nigeria local context factors on these regeneration partnership working were also discussed; these included the highly politically sensitive terrain of bus operations in the BT Partnership; the formation of the Alpha Rail Line Partnership due to limited political interference despite that it was the least favourable of two rail lines; government's mandate to mobilise private sector engagement in the housing sector in the Kappa Housing Partnership to increase efficiency in construction operations; pursuing the fulfilment of the objectives of the Abuja Master plan through the implementation of an efficient financial model in the Gamma District Development Partnership; and limited experience of infrastructure partnerships by the State Government in the Road Partnership.

This chapter explores and explains the expertise of partner organisations in guiding the formation process of the five Nigerian local regeneration partnerships investigated and the implications of these capabilities on partnership working. The experiences and challenges from past PPP failures in Nigeria, for instance, the Lagos-Ibadan expressway partnership, implies that it has become a necessity that expert knowledge and capabilities are incorporated during the formation of PPPs in a more collaborative way than is required in traditional procurement methods. The chapter elucidates that the implications that resulted from competency gaps and limitation in the capabilities of the public sector organisations led to the reliance on the expertise of consultants during partnership arrangements. Devkar, Mahalingam and Kalidini (2013) suggested that limited competencies portrayed by the public sector are due to decades of traditional procurement practice, as PPPs require completely different set of competencies due to their more complex nature of formation and implementation.

In this regard, this chapter discusses the current trend of soliciting the services of transaction advisers and PPP consultants by partner organisations in supplementing competency gaps and in advising the formation of Nigerian local regeneration partnerships; specifically, (a) formulating appropriate tendering and evaluation procedures; (b) in developing structures in ensuring efficient competitive bidding procedures; (c) in securing finance for the Nigeria local regeneration partnerships activities; and (d) in providing legal, as well as transaction support through the PPP legal and regulatory framework in Nigeria.

## **6.2 Reliance on Consultants in the Competitive Selection of Partners in Nigerian Local Regeneration Partnerships**

Empirical findings from this research identified two approaches to proposing PPPs in Nigeria. The first approach involved ‘unsolicited Public Private Partnership’ whereby the private sector proposes a partnership to a government institution based on identified infrastructure project needs. The second approach involved ‘solicited Public Private Partnerships’, in this approach ‘EoI’ for PPP based projects are advertised by government institutions for private sector investment or infrastructure companies to present tenders and to bid. Some participants indicated awareness that PPPs are a useful financial vehicle for improving value for money in infrastructure projects. According to these participants, important considerations in determining the outline business case for partnership projects, such as options appraisal, public sector comparator, viability gap funding, environmental, as well as project risk analysis guide the decision-making process in the selection of an appropriate partner and in going into partnership arrangements. The researcher infers from the empirical findings that it had been the inclination of public sector institutions to treat past partnerships like traditional infrastructure procurements. Unlike traditional procurement that focuses on inputs into local regeneration projects, PPPs are about identifying the deliverables expected from clearly defined and mutually agreed goals (Loosemore and Cheung, 2015). As evident by the view of a participant:

*“At the end of the day it is not just about getting the cheapest bidder, it is also about getting the bidder who you know, can deliver the transaction and provide better value for money.”* [Director, Transaction Advisory]

Participants were of the opinion that limited expertise and capabilities are more evident at the state and local government levels in Nigeria. The resultant effect of this situation as stated by participants from the public sector was that there was the tendency for private sector development and investment companies to have an undue advantage during the contractual negotiations.

A participant confirmed this finding by stating:

*“One of the challenges of PPP’s in Nigeria I think and from what I know is that there are limited skills and understanding around PPPs, for instance, there is the need for lawyers who understand about PPPs. Project managers who understand that this involves stakeholders –public and private, it’s not a typical government project; so skills, understanding, capabilities on both sides.”*

*[Director, Consultancy Services]*

Another participant reiterated this challenge by stating that:

*“Our government are not experts; I have had the opportunity to participate in some of these training forums/meetings. The government does not have the required expertise for PPP management. In PPP arrangements, you have experts for almost every stage, you are going to have the accountants, the economists, the engineers, the legal team, because the private sector that is coming is prepared and would not just come and dumped billions of naira at your door steps.”*

*[Deputy Director A, Transport Agency]*

Although, the National Policy on PPP in Nigeria prioritises the competitive selection of partners as an integral part of the partnership formation stage (discussed further in section 6.4). The policy document gives an indication of the roles and responsibilities of Federal Government institutions going into partnerships and the expectations at the various stages of the project life cycle. The policy also gives an indication of who should be responsible for certain type of risks in the partnership (ICRC, 2013). A participant was particularly of the opinion that:

*“... the state we are in Nigeria is that we seem to be re-inventing the wheel each time because we are not building on lessons learnt from previous partnership arrangements and that is why you have PPP units, they should*

*work to deepen knowledge of the entire process, and that knowledge needs to come from both the public side; you send your civil servants for training and it should be a rolling process. You should be training like 10,000 people every year and the private sector should be well educated on what these things mean, so that we don't have stalled projects such as we have seen with some of the projects on the federal level, MMA2 or IT system by Mavis, I think there is a need to develop a significant amount of capacity to allow the procurement process to work smoothly.” [Managing Director, Transaction Adviser]*

In recent times, the formation of partnerships in Nigeria are taken more seriously both at the state and federal levels where there is the recognition for competent PPP consultants and transaction advisers with the requisite knowledge, experience and innovative skills to provide support during project preparation; tendering and bidding procedures; financial models; contract negotiation, as well as during the implementation and management of partnership arrangements. This recognition is based on lessons drawn from past unsuccessful PPPs in the country, which had depended largely on the limited ‘in-house’ expertise in the formation of PPP arrangements. This trend of soliciting the services of transaction advisors and PPP consultants would be discussed in the following sub-sections, so also the implications of this practice on Nigeria local regeneration partnership working.

### **6.2.1 Reliance on Consultants in the Competitive Selection of Partners in the BT Partnership**

The formation of the BT Partnership was different from the expectations of usual procedures of partnership formations; this was because the existing structure of the bus transport service within Lagos State was deemed politically sensitive. This was because the existing bus transport sector involved a transport union of workers whose source of livelihood depended on being able to ply certain main routes. As a result, the Transport Agency did not see it fit to follow the prescribed procedure for the formation of PPP arrangements, for instance, there was no formal process of tendering and bidding in the selection of partners. According to Rizzo (2014), due to politically sensitive nature of the informal bus transport sector, strong leadership is needed in managing the vested interest of the bus transport operators. Consequently, a different

strategy was initiated that necessitated the Transport Agency to approach representatives of the transport union educate them about the objectives of the government to get the bus transport services better organised. In view of this, one of the participants from the Transport Agency stated that:

*“To encourage acceptance, key representatives from the transport union were taken abroad to places like Bogotá and Brazil to see how the BRT scheme was structured and it was after that trip that the decision was taken for them [members of the transport union] to form a private cooperative.”*

*[Deputy Director B, Transport Agency]*

In developing the financial model for the partnership, PPP consultants were solicited to offer advice with the aim to mitigate against challenges of inappropriate risk allocation. For instance, one of the roles of the consultant in the BT Partnership was to guide the Transport Agency in producing an ‘Outline Business Case’ to determine the possible delivery of the project. Another participant acknowledged that:

*“Since it was the first time we [the Transport Agency] were operating a BRT, we enlisted some help from countries where they have operated BRT, they sat down with us and they guided us as to what we need to look at and things that need to guide the process and based on that we developed our ‘Terms of Reference’. We do also get some technical help from the World Bank and some expert companies too”.*

*[Director, Transport Agency]*

A participant with the partnership commented that for future partnerships:

*“...plans are under way to institute a more formal process, especially as the second phase of the BRT plan is due to commence. In the second phase, a set template for pre-qualification criteria advocated by the World Bank would be used in selecting and appointing a preferred bidder and would see the introduction of the e-ticketing scheme”.* *[Legal Adviser, Transport Agency]*

The researcher argues that institutional and technical partnership champions could lead the BT Partnership to achieve various planned milestones, this is especially because newly introduced procedures and structures, in terms of changed routes and stops, schedules and fixed fares are likely to have implications on the already

established working habits and livelihoods of these transport workers. These champions could also help generate support from the local communities and to overcome opposition from vested interests. Similar arguments were also reported in a study by Cambridge Economic Policy Associates (2015), the study indicated that attention to softer issues such as leadership and communications could determine if the BT Partnership would be successful or not. In essence, activities of the various organisations and agencies and the informal public transport organisations have to be well coordinated when considering planning, financing, implementing, operating and regulating activities of the public transport system.

Furthermore, to enable project finance, members of the transport union were encouraged to form a cooperative as a way to enthuse the interest of the banks. With the proposed new bus service structure, a bank took interest in the financial model and provided the finance needed. A committee comprising the Transport Agency, a Co-operative and the bank was also set up to monitor the activities and operations of the partnership. The BT Partnership also received technical support from the World Bank in the area of funding and advisory services, this was to ensure that experienced transaction advisers were on hand to offer support.

### **6.2.2 Reliance on Consultants in the Competitive Selection of Partners in the Rail Mass Transit Partnership**

In the Alpha Rail Partnership, it was important in the selection of private sector partners for the Transport Agency to make sure that the potential partner had a good understanding of the rail sector. For this reason, the decision for the selection of the partners was based on the past experiences of the bidding organisations on similar projects. This entailed previous management of similar partnerships, as well as the capability to deliver within the agreed time frame in those past partnership arrangements.

A participant was of the opinion that the good track record exhibited by the selected private partner meant that the partner could be trusted to keep to the terms of the contractual agreements.

*“So, in business, reputation is very important especially now, because there is nothing secret anymore if they [the private partners] does something, it is on*



*the internet, everybody can check on their track record. The process of selecting the partner was important, working through the process, checking the partner's antecedents if they delivered in the past".*

*[Managing Director, Funding Institution]*

Another participant was of the opinion that the expected outcome of the selection process was such that the private partner who was selected had what it took to deliver on the project:

*"It requires that public partners must go beyond the traditional procurement in selecting a preferred partner, we [the Transport Agency] must be able to know that this partner is able to provide everything that we are talking about, because in traditional procurement, we discover that, sometimes they tell us I have this equipment, but they really don't, but in PPP we are interested in the specifics, because these projects are time sensitive".*

*[Deputy Director B, Transport Agency]*

Currently, efforts are being made by the Federal Government to improve the competency of dedicated agencies in the country on PPP projects. In a report by the Vanguard Newspaper, a MoU was signed by the head of the Civil Service with a private organisation to train key staff and to initiate capacity building programmes across the country's civil service. The long-term aim is to begin a country wide transformation that would lead to the acquisition of necessary skills and competences to implement PPPs in various sectors (Vanguard, 2017b).

In the Transport Agency two strategic decisions were taken to help accomplish a successful partner selection process. The first strategy was to bring on board two sets of consultants, the first an infrastructure advisory organisation with expertise to provide guidance through the creation of a Rail Planning unit and Rail Safety and Operations units, in project management and by assisting the Transport Agency in creating 'Standard Operating Procedures' (SOPs) (Uddin, 2015).

As stated by a Managing Director [Transaction Adviser];

*"You know the Federal Government has been working with [an International Development Organisation (name withheld)] in the UK; you are probably*

*familiar with [an Advisory Infrastructure Institution (name withheld)]. With the support from the Advisory Infrastructure Institution, there has been a lot of work done in setting out certain procedures, right from the outline of the business case stage all through to the selection of partners and the final business case and gaining approval from the Federal Executive Council.”*

The participant further added that:

*“At the federal level is where it is required for the Federal Government to make any kind of payment commitment or obligations it needs to be approved at the Federal Executive Council, so on paper, the procedures are there, but I think in terms of implementation, the jury is still out.”*

The second group of consultants brought on board was for their transaction advisory expertise and to provide guidance for the rail project conceptual design. One of the consultants from the Rail Partnership commented that:

*“Our role is felt more in the technical aspect which is to make sure that we get the best guys that will run the operation that would give people value for money, and would ensure that we have an efficient transport system, I think we are getting there.”* *[Deputy Director C, Transport Agency]*

The second strategy was for the Transport Agency to employ the PPP procurement documentation prescribed by the World Bank that detailed guidelines for the selection of partners and the formation of partnerships. The importance of the increased involvement of direct foreign investments (DFI) in infrastructure projects, for instance, the financial commitment of the World Bank and the African Development Bank is viewed to bring the assurance that best partnership practice and standard would be adhered to. This also brings some comfort to local investors, because they are seen as stronger institutions which the Nigerian Government is less likely to push around (Cambridge Economic Policy Associates (CEPA), 2015). The use of standardised documentation could also be argued to be that when funding from international institutions, for instance, the World Bank, is used in any PPP projects, it is the expectation that prescribed standardised documentation are also used.

The tendering and bidding process began with an initial advertisement of the rail line projects through road shows to potential investors and financial organisations in Lagos, Dubai and the UK. At the end of a number of road shows and based on the goals set out in the concept notes, the ‘EoI’ for potential investors was advertised on the Transport Agency’s website and in both national and international newspapers.

A participant explained that:

*“We [the rail unit of the Transport Agency] normally develop our own concept notes to include the scope of what we want to do, the output that is expected and what the timeline would be. Based on the concept note, we then develop the necessary documents and Terms of Reference, starting with the tendering documents; we state our project requirements, qualification requirements and the evaluation criteria.”* [Deputy Director B, Transport Agency]

The qualification and evaluation requirements were indicated as it was pertinent that the potential partners were aware of the basis of the selection criteria and assessment. A pre-bid meeting was held with the pre-qualified bidders in the third month after advertising the ‘EoI’ before competitive bidding commenced. The pre-bid meeting was an avenue for the Transport Agency to clarify all provisions in the ‘Request for Proposal’ (RfP) to discuss the objectives of the project, the ‘Terms of Reference’ (ToR) and the qualification criteria. The pre-bid meeting also offered the opportunity for the private sector organisations to deliberate over the various clauses in the ‘EoI’.

The expert services of the transaction advisory organisation assisted the Transport Agency in shortlisting from the ‘EoIs’, in the tendering and selection process of both the contractor and operator, as well as in the contract negotiations with the successful consortium (OPPP, 2012). The decision of the preferred bidder was based specifically on the information provided to meet the pre-qualification criteria and ‘ToR’ as advertised. Some of these included firstly, the capability of the bidders in terms of partnership expertise, for instance, the magnitude of the projects they had worked on in the past and success in delivering the partnership objectives. Secondly, the background of the individual organisations was researched and in the case of bidding consortiums; the structure of the consortium was considered, in terms of the individual technical partners, financial partners, environmental and management partners.

Thirdly, checks were made to determine if any of the members of the individual organisations including the ones forming the consortium had on-going court cases. Fourthly, it was also important for the Transport Agency to look at the financial capability in terms of who the funding sponsors were, the ‘Memorandum of Understanding’ (MoU) they had with their individual sponsors and the nature of the financing model. A participant from the Transport Agency reiterated that:

*“Two critical things we looked at are the technical and the financial bids, they are critical in the sense that; technically, they should be able to provide the services, financially, we don’t want to engage somebody that after a few years of service provision, they then increase the price. If that happens, people would blame the government and ask why they cannot regulate the prices”.*

*[Deputy Director B, Transport Agency]*

At the end of the bidding process, two consortiums emerged top; the preferred bidder was considered for the Alpha Rail Line, they were deemed stronger of the two in terms of technical and financial capabilities, the quality of proposals presented and in meeting the criteria set out in the ‘ToR’.

### **6.2.3 Reliance on Consultants in the Competitive Selection of Partners in the Kappa Housing Partnership**

In the Kappa Housing Partnership, the Housing Authority solicited proposals from housing developers by placing adverts in national newspapers for ‘EoI’ to which proposals were submitted for competitive tender. With the support of the transaction advisors, a number of considerations that included cost-benefit analysis, the potential ability to sell the housing units and the off-takers ability to pay, as well as environmental issues were taken into consideration in the preparation of the concept notes. However, a participant made a negative comment about the level of transparency in the selection process:

*“A number of projects though advertisements come out in the papers and there is a bidding process and an evaluation process, but there is usually an indication that there is somebody the government would want to select for the project and this has happened on quite a number of transactions”.*

*[Director, Transaction Advisory Services]*

A participant from the Kappa Housing Partnership asserted that:

*“So, we need to be educated some more, and a lot more advocacy be done. There is the need to look at the whole processes, before you go through all the different phases.”* [Deputy General Manager, PPP Unit]

The participant further commented that:

*“We usually advertise also for consultants, but it can be very expensive, we are trying now to go to the Ministry of Finance to see how they can help us on future PPPs.”*

The statements made above could be directly linked with the current effort to reorganise and to restructure the Housing Authority. This entails putting under considerations procedures that would allow the Housing Authority to go into PPP arrangements that meet international best practises. According to Assistant Director B, [Reforms Agency], an operating manual for PPP that would address some of the important procedural considerations that were being overlooked in the selection and the formation of partnership would be developed to aid the partnership process.

The Deputy General Manager [PPP Unit] stated that the Kappa Housing Authority Partnership process began with the decision on a particular location for development and the Housing Authority applies to the Minister of Lands, Housing and Urban Development for plots of land within that location. When this process was completed, an ‘Outline Business Case’ (OBC) was developed alongside a ‘Private Sector Comparator’ (PSC) both of which formed part of the feasibility studies to determine value for money of the housing project. The next stage was to take the feasibility studies to the Regulatory Commission and it is a continuous process until a ‘Final Business Case’ (FBC) is attained. The FBC needed to get approved by the Regulatory Commission before the ‘EoI’ was issued out.

The selection of the private partners went through a two-stage process which according to participants from the Housing Authority was to ensure due diligence. The first stage was the pre-qualification stage which involved evaluating the technical capability of potential partners. The decision of selecting qualified partners entailed analysing the information provided in the bid proposals; for instance, the ‘Bill of Quantities’ and how long it would take the developers to complete the project, while

it was expected that there would be a variation in the duration indicated for project completion, only the bidders who were able to present a project completion for the 3 years as stipulated in the pre-qualification criteria were taken onto the second stage.

At the second stage, the qualified bidders were then given the 'RfP' for potential selection. At this stage, the Housing Authority took into consideration the capabilities and the track record of bidders in the selection of the preferred partner, but more importantly their capacity to raise project finance. The researcher inferred from interviews with participants that in this partnership, the emphasis placed on the financial capabilities of partners could be attributed to past issues of incomplete housing projects due to cash flow problems. The signing of the 'MoU' of both the partnership goals and the agreed standards formed part of the contractual agreement. The developmental lease agreement also contained the 'Bill of Quantities', the schedule, the architectural designs and drawings, as well as the planning approval.

#### **6.2.4 Reliance on Consultants in the Competitive Selection of Partners in the Gamma District Development Partnership**

The selection of partners in the Gamma District Development Partnership was quite similar to that of the Kappa Housing Partnership, in terms of similar tendering and bidding procedures. However, the Gamma District Development Partnership was targeted at developing whole districts in compliance with the Abuja City's master plan. The development of the district had been advertised and private infrastructure developers were asked to place their tenders. In the Gamma District Development Partnership, the role played by the independent engineer was to guide in clarifying the technical and operational expectations of the government in the partnership. Transaction advisers from a prominent national bank were also brought in and they assisted in ensuring a plausible financial model was negotiated. The transaction advisers also assisted in monitoring the interest payment, loan re-payments, arranging meetings between the private partner and the funding institutions, as well as making reports to the bank. According to one of the consultants [CEO, Legal Advisory Services] brought in by the private sector infrastructure developers, the role of the consultancy was that of legal advisory in terms of advising on legal procedures, risk and compliance reviews, as well as on bidding strategies.

The tender for the Gamma district, involved the private developers submitting bids for the district in the first stage. The bid proposals submitted included survey designs, proposed development plans for the district and the cost for the development. At this stage, only developers who met the pre-qualification criteria set out by the District Development Agency were selected into the next stage. The second stage of the process was an avenue for the bidders to present potential sub-contractors to the Agency in accordance with the Public Procurement Act (2007). The Public Procurement Act stipulates that the procurement of PPP projects should be fair, competitive, transparent, with value for money standards for the procurement and disposal of public assets and services (Nwangwu, 2012).

As part of the selection process, the District Development Agency had to ensure that only partners from the private sector that had the knowledge and experience of PPPs, not only in mass housing, but in general infrastructure development, such as road, sewage and water provision would progress through the bidding stages. In addition, these partners also needed to have expertise in raising finance, for such turnkey projects. One of the participants who acted as transaction adviser to the private sector developers acknowledged that the selection of a suitable partner was very thorough:

*“...it was a rigorous process, because the agency needed partners who could prove they had ample experience of managing large scale housing development projects.”* [Director, Transaction Advisory Services]

The preferred bidder was selected based on presenting a coherent project finance plan and negotiating a favourable risk allocation structure that met the partnership criteria set out for the second stage. Another participant stated also that:

*“It can be deferred that without the support of transactional advisers, there could be an absence of well-prepared bankable projects, because every well prepared bankable project would have a private sector consultant behind it.”* [Director, Regulatory Commission]

The reliance on financial, transactions and technical consultants through formation stages to the implementation of the partnerships was attributed to the limited knowledge of PPP arrangements within participating institutions. Allowing these teams of consultants to do their jobs unhindered by institutional bureaucracy, resulted

in quicker and less problematic implementation in the Gamma District Development Partnership. This also equipped the partnership to take advantage of the strong experience of the private sector in PPP arrangements, this is reflected in the reinforced financial commitment of the funding institutions.

### **6.2.5 Reliance on Consultants in the Competitive Selection of Partners in Road Partnership**

The Road Partnership investigated in this research was an unsolicited Public Private Partnership. The construction and expansion of the toll road was proposed by a private sector investment company that acted as the sponsor of the project. At the time of the proposed Road Partnership in 2008, the Lagos State Government did not have a PPP policy or law in place. The state PPP office was only set up later in the same year. However, in accordance with existing procurement laws in the state that mandates government institutions to promote transparency, adverts were placed in national newspapers for 'EoI' from private sector investment and infrastructure development companies. Considering that this was the first PPP arrangement that the Lagos State Government was going into, a number of international infrastructure advisory companies were engaged to guide key processes (OPPP, 2014).

Three infrastructure development companies had put in bids, but at the end of the tendering and bidding process, the initial private sector investment company who had proposed the project was chosen. This decision was reached based on the standard of proposal and documentation presented to prove that they had the organisational capability and capacity to deliver on the toll road project. A Special Purpose Vehicle (SPV) was established afterwards to protect both the private and public partners from the risks resulting from existing businesses on the part of the private partners and from existing self-interests on the part of the State Government. According to a press release from the Lagos State PPP Office on the 26<sup>th</sup> of March 2015, the establishment of the SPV was aimed at reducing bureaucracy in decision making and to offer legal protection to the individual partner organisations, as well as the funding institutions (OPPP, 2014).



A consultant in the Road Partnership further asserted that:

*"...we did some consultancy work with them, to design a PPP that is likely to be bankable. So, on the government side you have to know how the private sector thinks, so that is why it is useful to have an adviser to tell them [the government] how to go about it."*

*[Managing Director, Transaction Advisory Services]*

The researcher infers that the establishment of the SPV might have been to ensure that the partnerships was meaningful for the individual partners involved, as this would contribute to the capacity of the different partners to collaborate towards maintaining sustainable development of the local regeneration project. As stated by Slater *et al.* (2007), the starting point in any partnership is to develop consensus among members, these may be expressed through a broad vision that allows for clarity around agreed values and principles. The establishment of the SPV was also indicated by the participants to have facilitated the sourcing of project finance for a toll road project of that scale.

### **6.3 Reliance on Consultants Expertise in Securing Finance in Nigeria Local Regeneration Partnerships**

Two main challenges in terms of securing project finance were identified from the empirical data that influenced the process of formation of partnerships. Firstly, the findings indicated in the five partnerships that there was higher debt-financing than equity-financing ratios. Secondly, the debt finance could only be obtained by domestic private investors if the PPP project was deemed “*bankable*” by the lending institutions. A project been bankable implied that the project structure was deemed financially viable by the funding institution and there was a clear repayment structure; either through the tariff from user fees or through service fees from the government.

Using the Road Partnership to illustrate, the initial objection the lenders posed was that the toll road project may not be bankable, as there was an alternative route for commuters who might want to avoid paying the toll fares. There was also the concern that there were no appropriate legal and regulatory frameworks in place at the time to facilitate the PPP arrangement (CEPA, 2015). These concerns were raised especially in the light of past PPP failures such as the Murtala Muhammed Domestic Airport

Terminal II (MMA II) concession which had to be suspended on various occasions because of political interference and the Lagos-Ibadan Expressway partnership which was terminated and then contracted out using traditional procurement. The potential lenders needed some documentation such as the “*Proof of Concept*” to show that proper feasibility studies had been conducted that indicated timely delivery of the toll road project and the tariff which would serve as the source of debt repayment. As pointed out by a private sector participant:

*“The funders looked for proof of concept that the project was economically viable, that is what mattered and that the sponsor was credible, regardless of how many consultants or experts we put together on the project.”*

*[Lead, Transaction Advisory Services]*

The second challenge faced in the formation of partnerships is the difficulty in securing project finance. This is due to the banking policies in place that limit Nigerian banks to offer short-term debt finance even for large scale local regeneration projects. The policy of Nigerian banks is not to give out loans longer than the average period in which deposits are held, for example, deposits are held in banks for 1 to 2 years and a maximum of 5 to 7 years. In other words, bank loans are only offered for a short tenure of between 5 to 7 years. The reason for this was attributed to preventing banks from getting into asset liability problems. This was further explained by a transaction adviser who had participated in both the Gamma District Development and Road Partnerships negotiations.

*“... with the rate of return at the end of the day, it would not make sense if you use equity and you would need to rely heavily on them [equity shareholders], meanwhile, the source of debt financing is short termed, and you need long tenure forms to be able to do your transactions, so basically those are the two real issues impacting on negotiations.”*

*[Lead, Transaction Advisory Services]*

The financial adviser also expressed concern that:

*“In this part of the world, we [financial institutions] also need to realise that we cannot continue to use the short loan form that are available in the market, we need long-term funding, they cannot do it at the commercial pricing.”*

*[Lead, Transaction Advisory Services]*

According to Azubike (2012) although there has been a review of the prudential guidelines that could enable banks to lend for a long term, the author argued that it could take longer for the culture of long term spending to take effect. For instance, Nigerian banks have been given the provision by the Central Bank of Nigeria to extend loans for large scale project finance up to a maximum period of 10 years, excluding any grace period and moratorium could be granted on such project finance after which interest payment becomes due (Central Bank of Nigeria (CBN), 2010). The toll road eventually achieved financial close with US\$420m private investment from three international funding institutions and a local banking institution. The private partners were able to negotiate an initial 12-year debt structure, making it the only infrastructure project to be able to negotiate past the usually obtainable seven years (PPP Office, 2014). This was achieved amidst the perceived high level of risk resulting from the economic and political environment in Nigeria and also that at the time of partnership formation there were no appropriate legal and regulatory framework in place. According to a report by CEPA (2015, p.28) in the Road Partnership, “the negotiations between the concessionaire and the government around the project had to take place on an ad hoc basis because of this situation”.

#### **6.4 Reliance on Consultants Expertise Due to Inadequate PPP Legal and Regulatory Framework in Nigeria**

Findings from the research indicate that another challenge in the formation of partnership arrangements is attributed to the inadequate legal and regulatory framework for PPPs. In November 2005, one of the legal and institutional reforms embarked on by the Federal Government was the enactment of the Infrastructure Concession Regulatory Commission Act (ICRC Act) to facilitate the development of PPP arrangements by the Federal Government or any of the government ministries (ICRC, 2005). The Infrastructure Concession Regulatory Commission was also established to develop guidelines and regulate procurement processes for PPP projects; to support and review every partnerships or concession arrangements made under the Act and to monitor the compliance of the PPPs with the terms and conditions of the agreement at the federal level (ICRC, 2005). The ICRC Act also provides government institutions such as the ministries, departments and affiliated agencies the required road map to prepare and manage concession agreements. A National PPP

Policy that provides guidelines, rules and regulations for the Government MDAs intending to enter into PPP agreements was developed by the Regulatory Commission and was approved by the Federal Executive Council in 2009 (ICRC, 2013).

The researcher infers from the empirical findings that it is the expectation that the ICRC Act which was drawn from the PPP policy as the primary legislation that enables public sector institutions to enter into PPP arrangements or to grant concession agreements to private sector partners should give the Regulatory Commission the mandate to embark on regulatory proceedings which would be pertinent to the success of such partnership agreements. However, there have been arguments that although the ICRC Act only allows the Regulatory Commission to prepare, implement and to oversee that the concession agreements the Federal Government enters into comply with the law, it does not give it the authority to enforce contract agreements over defaulting partners, most especially MDAs (ICiR, 2012). Nwangwu (2012, p.4) stated that “the PPP policy is a mere policy document of the Federal Government that was basically used to add flesh to the sparse provisions of the ICRC Act. However, its major limitation is that it is non-justiciable and cannot take the place of legislation.” Nwangwu (2012, p.4) further stated that “...despite these shortcomings, it nonetheless provides us with an indication of the direction that the government intends to follow in its PPP procurement.”

A participant, [CEO, Legal Advisory Services] in the Gamma District Development Partnership was of the opinion that there were couple of reasons why the Nigerian legal and regulatory environment was not adequate to attract needed investment. Participants attributed some of the challenges encountered with past PPP arrangements to the short history of the Regulatory Commission actually working on PPP projects and to the incomplete nature of the Act leading to ineffective regulation of PPP arrangements. The participant explained that:

*“The ICRC Act which was passed 10 years ago is not seen to be regulatory, the Act brought about the Regulatory Commission, but with the way it was written it acts basically as guidelines. [CEO, Legal Advisory Services]*

The participant further stated that:

*“This situation does not create a favourable or an enabling environment for potential investors. At the moment, there are about 10 states that have PPP laws passed in Nigeria that alone is seen as a major impediment.”*

*[CEO, Legal Advisory Services]*

Another participant from the Kappa Housing Partnership commented that:

*“The main issue is that there is no real regulation to properly facilitate an enabling environment. It is important that the developed policy document is also an operational document that will guide operations in the documents, such that at a glance you pick up the manual and you are able to know that okay these are the step by step processes.”*

*[Assistant Director B, Reforms Agency]*

A financial consultant to the Gamma District Development Partnership expressed concern about the need to enforce the ICRC Act to counteract the issues of corruption and limited political will in government institutions to implement partnership. The following highlights her opinion:

*“With what has been put in place [the ICRC Act], in the event that we have a problem, can we enforce it? Would there really be any value in enforcing it? So that is where the major challenge is. Does it mean that the regulatory framework that has made provisions for PPPs is not efficient? Why do we need to worry about enforcing it? But we are in a country where, well, the law is there, but they usually damn the consequences and wriggle their way out of it, and it is impacting on everything that we do.”*

*[Lead, Transaction Advisory Services]*

The researcher infers from the above views that as the ICRC Act currently stands, it is not able to enforce partners to adhere strictly to the terms of contract and it might necessitate the Regulatory Commission to come up with more stringent regulations to support the Act. First, PPPs were under the concurrent Legislative Bill, such that apart from the federal law on PPPs, other states are able to pass their own laws because the ICRC Act is for concession arrangements at the federal level. The CEO of a Legal Advisory Services stated that since there was no enabling environment and only about

10 states had passed PPP laws in Nigeria, it was a major impediment for private sector investors who want to see a body of laws that determine that the right procedures are in place.

Further to the above statements, the participant stated that:

*“Having said that even at the federal level, the law had been passed and years later we still don’t have a regulation, and really the law only brings an entity or creates a framework, it is the regulations that then drives that law. We still don’t have regulations at the federal level, we have these guidelines here and there, but it’s still not as robust as it should be”.*

*[Lead, Transaction Advisory Services]*

The researcher further infers that these inconsistencies at the federal level might have necessitated a few states within the country to pass their own enabling laws based on the distribution of legislative powers by the national constitution to the states. These laws guide and support the ceding of state property to the private sector. In other words, to properly regulate the PPP activities and to acquire the needed legal and regulatory capacity states like Lagos, Cross Rivers, Rivers, Niger and Ekiti are among the few states that have established their own PPP legal frameworks and have set up PPP offices. The government of these states can implement PPPs without being challenged about not having the appropriate legal framework in the court of law. Furthermore, with State Governments passing their own PPP laws and establishing PPP offices, they do not need to seek approval and planning permission from the Regulatory Commission before commencing on partnership arrangements except when it is a federal initiated project.

An illustration was made by a Director [Infrastructure Developer]:

*“I think that regulation and institutionalisation in Nigeria is generally weak, there are examples where it would appear to have done some good things; when we went into the toll PPP project, there was already a legislation put in place before we could execute; Lagos Road Law. The law has now been superseded by the PPP law of Lagos State 2011. The ICRC only regulates the Federal Government projects and projects that are not Federal Government they have a contingent liability”.*

It was also asserted by another participant who stated that:

*"One of the critical things is that for instance, the Lagos State Government has set up a PPP office where there is competence around the subject and then the Law. Rivers, Bayelsa states, have all enacted laws to guide the operations of PPPs."*

*[Infrastructure Engineer, PPP Office]*

Another participant spoke about passing the PPP law in Lagos State:

*"We've seen more PPPs at the State Government level, because the Federal Government can't just get their act together, we've found out that State Government have been quicker to make decisions, and generally in terms of human capacity certainly in Lagos, have been able to find good people with requisite skills, although they have been through a learning curve as well, to try and make these things happen."*

*[Assistant Project Manager B, Transport Agency]*

A Director [Regulatory Commission] and a Deputy General [Manager, PPP Unit] offered opposing opinions, these participants were of the view that the ICRC Act had assisted in bringing some sanity into PPP agreements and that PPPs are structured in such a way that the government is not blind folded. Furthermore, investors are better reassured that there is a Regulatory Commission that helps to keep an eye on PPP arrangements These opinions may be a reflection of the Section 11 of the ICRC Act (2005, p. 7), which states that "No agreement reached in respect of this Act shall be arbitrarily suspended, stopped, cancelled or changed except in accordance with the provisions of this Act." In Lagos State, the Lagos State Roads, Bridges, and Infrastructure Development Board Laws of 2005 and 2007 established a framework for the implementation of PPPs in roads. The Lagos State Office of PPPs was also established in 2008 with the mandate to provide technical support to facilitate the implementation of PPPs. In 2011, the Lagos State PPP law was implemented and this gave the Office of PPPs the authority to operate across all sectors (OPPP, 2012).

A Transport Agency was also established and charged with the objective to reform the state's public transport sector. The Transport Agency being primarily responsible for the creation of integrated public transport system and the creation of the transportation Master Plan for Lagos State gave the agency the mandate to pass an enabling law for PPPs within the state called the '*LAMATA Law*', in 2007. This law grants power to the

Transport Agency to enter into partnerships with private bus operators. It also clearly states the role of the Transport Agency in the Lagos State public transportation reforms in relation to other affiliated institutions within the transportation sector. In other words, no partnership arrangements in transportation can be implemented without the Transport Agency's involvement. The operation of the Transport Agency was further explained by a participant from the Rail Partnership:

*“Let me say that the agency was created by law and so has a set of functions which has been written into the law. This enables them to do certain things such as develop a Master Plan, a set of safety laws and enforcements that enables us to operate these various rail routes efficiently.”*

*[Deputy Director C, Transport Agency]*

With regards to the Transport Agency's adherence to the ICRC Act, one of the participants from the BT Partnership acknowledged that:

*“I know it's a law that exists, but I don't think it has much hold on us, if you permit me to say that. Basically, we don't work together. They are not breathing down our necks.”*

*[Legal Adviser, Transport Agency]*

Another participant highlighted that:

*“...though the Regulatory Commission was established to be a regulator, the problem with the agency is that they have responsibility without power, they can comment on issues, for instance; we are not happy with this, this has not been done properly, but they do not have any enforcement powers, to make sure that the procedures are binding”.*

*[Managing Director, Funding Institution]*

In the BT Partnership, the LAMATA Law allowed the Transport Agency to enter into partnership arrangement with the Co-operative. It also gave the Transport Agency the mandate to franchise certain routes to experienced bus operators for 5-8 years. The private partner (the Co-operative) oversees the franchise scheme with local bus drivers. A major challenge pointed out by a Director from the Regulatory Commission about the constraints faced in executing its role as a Regulatory Commission, is that government institutions such as federal ministries are not willing to implement PPPs.



The participant stated that some ministries have been known to go ahead with PPP arrangements without actively involving the Regulatory Commission before the commencement of the partnership or in monitoring the procedures of the partnership working. It is also the opinion of the participant that a lot of co-ordination needs to be going on at all levels of the government to allow the Regulatory Commission function better and to allow better structuring of PPP arrangements.

In a bid to create awareness on partnerships and to encourage Government MDAs to collaborate with the Regulatory Commission, training workshops and seminars on PPPs have been organised by the Commission. Only the Kappa Housing Partnership and Gamma District Development Partnership collaborated with the Regulatory Commission in the formation of the partnership arrangements; specifically, because they were initiated at the federal level. In complying with the ICRC Act, the Housing Authority which is answerable to the Ministry of Lands, Housing and Development is required to comply with Public Procurement Act, 2007 and based on this abides by a set of prescribed guidelines that spells out the responsibilities of the Housing Authority and the nature of services the private developer should provide. When all documentation are put together and approved by the Ministry of Lands, Housing and Development they are then sent to the Regulatory Commission for final approval and a '*No Objection*' from the Regulatory Commission needs to be obtained before proceeding to the tendering and bidding stage.

A Deputy General Manager [PPP Unit] explained that in the past the Housing Authority had been implementing PPP arrangements on a trial and error bases, however, since collaborating closely with the Regulatory Commission some of the on-going projects the PPP arrangements have become better structured. The researcher infers that this collaboration between the two government institutions could explain why a few participants were of the view that there is a discrepancy in the role the agency should play as a Regulatory Commission and that it also performs as project consultant and sometimes as project co-ordinator. For instance, the Regulatory Commission acted as project consultants to the Housing Authority in developing the PPP arrangement.

One of the legal counsels in the Regulatory Commission further pointed out that although PPPs had been implemented in the Housing Authority, there were certain

limitations preventing the government institution from fully getting into partnership with private infrastructure developers without hindrances. This has necessitated a new corporate governance structure to be drafted. There is currently a restructuring in place to ensure proper implementation of PPPs. The starting point of this process has been to deal with the legal and regulatory aspects that meant corporatizing the Housing Authority to prevent any hindrance in engaging fully in partnerships.

A participant acting as a consultant in the Gamma District Development Partnership is of the opinion that the ICRC Act was hesitantly drawn and work still needs to be done on the regulation. He suggested that:

*“...the best way forward is for the government to redo the Act, merge some of the existing government institutions to create better efficiency and to merge some of the existing institutional frameworks so that there is cohesion in the way the whole process is done. There is a conflict between the different regulations and laws regulating PPPs.”*

*[PPP Coordinator, PPP Advisory Unit]*

To sum up according to Nwangwu (2012), potential investors not only evaluate the financial viability of a project, but also evaluate the legal framework of a country in order to determine whether it offers them the necessary security for their investments. In essence, when the PPP law is seen to be in favour of the public sector and does not provide adequate protection to the private sector, it deters investment opportunities from the private sector.

### **6.5 Mutual Interdependence, Trust, Transparency and Accountability in the Formation Stage of Nigerian Local Regeneration Partnerships**

Building trust among the partners and in the partnerships working was a concern that was raised by the participants. Some participants indicated that the foundation of trust has to be contractual such that partners do adhere to the contractual agreement and are able to deliver on the agreed objectives. This argument was put forward by Tomkins, (2001) that in some partnership arrangements, the contract plays a more crucial role in governing the relationship between the partners as there is little room for initial trust. In these contexts, contract acts as a governance tool as prescribed by law and it focuses on the technical and easily measurable aspects of the partnership (Laing and

Lian, 2005). A contradicting view was presented by a consultant interviewed who suggested that there is limited confidence in the ‘sanctity of contracts’ in Nigeria amongst potential investors.

*“So it is around good governance, contract sanctity, ensuring that what is signed is done, if you do that, you would have sustainability. Everybody does their roles very well, then there should not be any problem, once there is problem then you start to go into dispute resolution process. So basically, it comes down to the contract and also the governance environment that facilitates contract sanctity”.* [Director, Regulatory Commission]

The following statements made by participants below illustrate these arguments further. In the rail partnership, a participant opined that:

*“I think there must be trust first of all, it is not just trust. It is about doing what you say you would do. If there is a contract, it is about everybody keeping to the terms of the contract, the public sector is dependent on the seriousness of the private sector, keeping to the time frame and the budget. I think for collaboration it is trust, everybody should play their own part, no matter what it is.”* [Assistant Project Manager A, Transport Agency]

A transaction adviser with the same partnership commented that:

*“If government doesn’t honour its obligations, the private sector would be deterred and we can’t hide things that much anymore, we live in an informed society; so trust and contract. If there has been an infringement somewhere, people would eventually find out; that helps to build trust”.* [Managing Director, Funding Institution]

Another participant from the BT Partnership public sector acknowledged that:

*“One thing that encourages private sector participation in PPP arrangements is when they know that the government on their part can live up to its responsibility. When the government makes a promise that it can deliver and the government does not tie up their money or the government is playing prank [not committed] with them”.*

[Deputy Director A, Transport Agency, Public Sector]

The general consensus among participants interviewed in the five partnerships investigated was that transparency in the open tendering process was an early signal for trusting activities and a way to enhance future partnership working. A participant asserted that transparency in the selection process signalled fairness in the partner selection:

*“If it is not transparent it is not likely that the project will attract the best investors who will want a transparent competitive bidding process that is very transparent to everybody.”* [Director, Regulatory Commission]

Another concern raised by participants is that funding institutions needed to have clear evidence of a transparent tendering and bidding process and the resultant selection of partners. These transparency concerns were also shared in the Alpha Rail Line Partnership, however, the partner organisations involved were determined that there would be transparency among partners, as well as the unrestricted sharing of information to enhance partnership working. A participant from the partnership stated that such transparent practice meant that:

*“At least I know after we [transport agency] signed the contract agreement, this consortium [the private sector developers] is not going to mess us up, because I know they can deliver, I trust the people it's bringing into the job”.* [Deputy Director C, Transport Agency]

One of the transaction advisers to the private partners expressed his opinion that:

*“One of the benefits the partnership brings is that there would be nothing hidden as the partnership acts as a sufficient deterrent to discourage ‘sharp-practices’ [corruption].”* [Managing Director, Funding Institution]

The research findings also indicated that there is usually hesitation by funding institutions to provide finance, especially international funding institutions when clarity is not evident in the entire process and could sometimes withdraw their investment interests. One of the participants from a local funding institution stated that:

*“Now what we [the funding institutions] are trying to do is getting involved very, very early in the process to some extent we can try to spearhead it so that the project is watertight as much as possible”.*

*[Director, Transaction Advisory Services]*

The participant further emphasised that it is not possible to check every activity that has been done in the partnership, but that there is a system in place that allows for checks and balances of the partners activities. The researcher infers that perhaps that might be the reason, why in the Alpha Rail Line Partnership, it was important for the Transport Agency to select private sector partners that had a good understanding of the rail sector, in terms, of their experience and capability. The Private Sector Specialist [Funding Institution A] stated that it was also important to consider from the onset what the performance determinants were in order to ensure transparency and accountability in the Rail Partnership.

From these perspectives, this makes investment in Nigeria local regeneration partnerships an important consideration for investors and funding institutions given the huge opportunity costs involved. Although, some of the participants interviewed attributed adhering to the terms of the contractual agreement as a prerequisite to building trust and transparency among partners; the researcher recognises the argument put forward by Poppo and Zenger (2002) and Broadbent *et al.* (2003) that contracts alone are insufficient to guide PPP arrangements and do not guarantee successful collaboration; this is because they are unable to identify or to resolve every future contingency. Specific findings from the partnerships investigated do indicate evidence of conflicts and challenges faced in the partnership working.

For instance, in the Kappa Housing Partnership, a participant from one of the government’s institutions [Team Leader, Reforms Agency] acknowledged that there is a general perception among the public partners that the private sector partners are seen to enter into the partnerships with the aim to make loads of money. This the participant attributed to the way the Housing Authority had been structured and operated over the years, for instance, the frequent changes in management, poor accountability and corrupt practices. The participant specifically indicated that:

*“Because in the past, the political interference from the ministry and the constant changes in the leadership have both contributed to the problems of the Housing Authority”.*

The Team Leader [Reforms Agency] was also of the opinion that not having a clear structure right from the commencement of the partnership might be due to the way the contractual agreement had being negotiated. In addition, the participant was of the opinion that more efforts needed to have been made to ensure that the partners were sufficiently informed about the goals of the partnership and the individual responsibilities and obligations of the partner organisations. According to the participant, the private partners on the other hand also see the Housing Authority has been overbearing, especially in cases where it tries to influence the decision process of the partnership working.

In a bid to ensure better accountability, transparency, equity and fairness in future activities of the Kappa Housing Authority, a Reforms Agency has set out to restructure the Housing Authority to create an environment that would enable the government entity to be able to carry out PPP arrangement more effectively. Hence, alongside the Housing Authority, the Reforms Agency has begun putting together a board of committee members to include external consultants and representatives from all relevant stakeholders who would bring on board their expertise. In addressing the problems with accountability, an audit committee is to be established as well as a PPP sub-committee at the board level. The Assistant Director B [Reforms Agency] acknowledged that the Housing Authority already has some form of PPP structure in place, but the Reforms Agency based on the evaluation of the existing PPP structure did not feel it met international best practises.

Another participant also acknowledged that:

*“The reforms are not specifically targeted at PPPs, but targeted generally at the entire organisation, but also as part of the reforms we are trying to bring the PPP model also, it has to be revamped in the lines we are talking about”.*

*[Team Leader, Reforms Agency]*

In addition, a participant from the Reforms Agency stated that:

*“We will introduce a type of operating manual we [the Reforms Agency and the Housing Authority] intend to come up with and on top of all of that, they are expected to comply with the Public Procurement Act rules of transparency.”* [Assistant Director B, Reforms Agency]

In essence, as part of the restructuring, new PPP procedures, guidelines and evaluation criteria were being agreed at the time of the data collection. According to these participants, the new procedures and guidelines would see documents used during the pre-tendering stage, being sent to the inaugurated board of committee members for review and feedback and eventually for approval. These new procedures are to ensure that the entire process meets international best practices for PPP arrangements. It is envisaged that with the restructuring of the Housing Authority, the PPP contract agreements would be well spelt out so that partners enter a partnership with a clear picture of the objectives that need to be achieved. It would also address issues with regards to how risks should be mitigated and how the investment on return would be handled.

Another participant also emphasised the aim to ensure transparency in future PPP arrangements:

*“Of course, the public sector investors that I talked about would have representatives on the board as well, but when we [the Reforms Agency and the Housing Authority] are selecting the chief executive of the board, we would advertise, because we want to get the most capable hands, set up a screening process to ensure it is done in a very transparent manner. The candidate who emerges the best would be selected.”* [Team Leader, Reforms Agency]

In the Gamma District Development Partnership, the Director, [Transaction Advisory Services] stated that the situation between the public and private sector partners was a bit tense at the beginning of the partnership and that the partners were wary of each other. The private developer right from the formation of the partnership had made it clear that they wanted full disclosure of information and decisions from the government and that the private housing developer claimed that they would also be

willing to share information. According to the participant, providing necessary documentation or information in respect of the partners' activities prior to meetings indicated that the partners were committed to the success of the partnership. This is line with the argument proposed by Charlier, Glover and Robertson (2009) that with a basis of trust and transparency, partners will be more willing to exercise the tolerance and perseverance necessary to see the partnership through difficult times. However, this was not the case during the course of the partnership working, conflict resulted among the partners when the sub-contractors with the private developing company were reluctant to release the architecture drawings for the constructions, so that the District Development Agency could determine whether they were in accordance with what had been negotiated in the contract and also if they were up to the expected standards. This led to the suspicion of the District Development Agency in thinking that the private partner wanted to cut corners.

The participant further stated:

*“...the private developers had not released the drawings because they were of the opinion that the Housing Authority was going to use it as a means to re-negotiate the contract.”* [Director, Transaction Advisory Services]

A legal consultant [CEO, Legal Advisory Services] to the private developer acknowledged that perhaps the District Development Agency should have made the private partners; specifically, the sub-contractors understand why they asked for the information and perhaps emphasised that it was aimed at enhancing the partnership working and not for it to be renegotiated.

It is evident from both the Kappa Housing Partnership and the Gamma District Development Partnership that there were uncertainties among the partners and challenges in the partnerships. According to Huxham and Vangen (2005) and Das and Teng (1998) the partners must also be able to form modest expectations about desired outcomes, the more modest the desired outcomes expected, the lower the level of risk and the greater the chance that expectations will be met. The researcher is of the opinion that the partners might have addressed these uncertainties by trying to learn more about individual organisation objectives for going into the partnerships. Such understanding could help manage the expectations mutually agreed on during the formation of the partnership. In conclusion, the findings presented in this chapter



indicated that partnership working at the formation stages of the five local regeneration partnerships investigated was influenced by the guidance and advisory services offered by PPP consultants and transaction advisers in their role in supporting the collaboration processes in the partnerships.

## **6.6 Chapter Summary**

This chapter explored and explained the reliance on PPP consultants in guiding the formation process of the five Nigerian local regeneration partnerships investigated and the implications of these expert capabilities on partnership working. This chapter explored and explained that specialist organisations were fully involved in supplementing the competences needed in the formation of Nigerian local regeneration partnerships. The building of valuable relationships within the partnerships is indicated to have been time-consuming and challenging for partner organisations working together for the first time due to the nature of the diverse partnerships. These specialist organisations played key roles in facilitating the partnership process by utilising the skills and competences of financial, legal and transaction consultants. Findings from the research (see figure 8, p.195) indicated that there are competence gaps and limitation in the capacity of public sector institutions (Government MDAs) in the management of PPPs. This was the case despite what approaches were used for proposing the partnerships, for instance, ‘solicited or unsolicited partnership proposals. In an attempt to overcome these competency gaps and limitations, the engagement of the services of consultancy organisations with the required PPP knowledge, experience and competence were solicited.

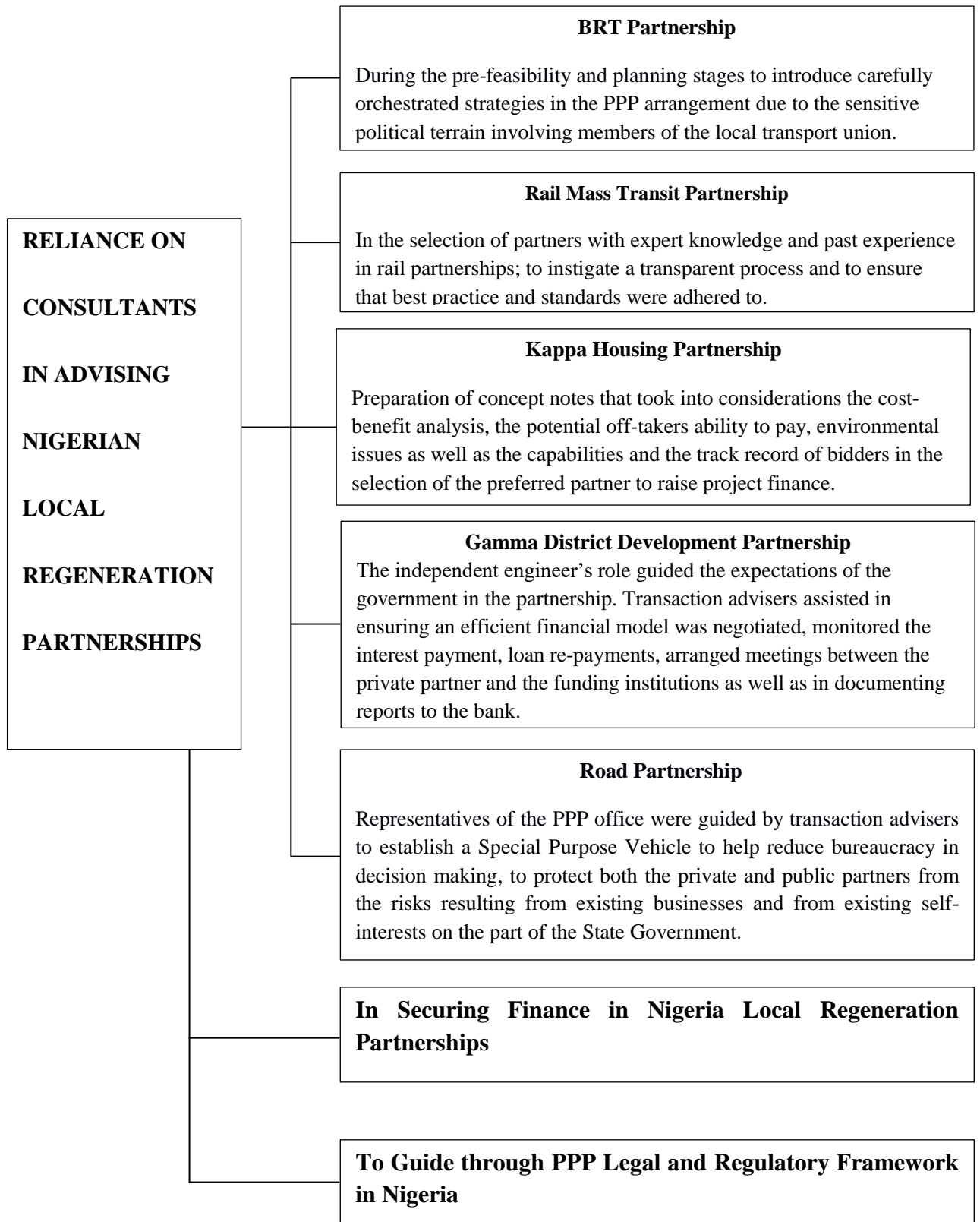
The function of these organisations was to steer and coordinate the decision-making procedures, using instruments and tools such as contracts and memorandum of agreements to work closely with partner organisations. Their activities were seen to instil confidence, motivate the partnership and that partner organisations adhered to their obligations and responsibilities. Furthermore, in the five local regeneration partnerships, power relationships tended to change throughout the partnerships lifecycle. The change in power relationships had direct implications on decision making throughout the partnership working process and on the implementation of set agendas. The working relationships in the partnerships needed to be built strong and

this could only be made possible through well-coordinated activities and interactions within the partnership. Most importantly, to ensure weaker partners, for instance, the bus unions in the BT Partnership were empowered through collaboration.

In the BT Partnership, PPP consultants from the World Bank were fully involved during the pre-feasibility, planning and formation stages due to the sensitive political terrain involving members of the local transport union and to introduce carefully orchestrated strategies in the PPP arrangement. Expert advice has been paramount in the Alpha Rail Line Partnership right from the project appraisal stage because of the need to select partners with expert knowledge and experience working on rail partnerships. To accomplish a successful partner selection process, PPP procurement documentation prescribed by the World Bank that detailed guidelines for the selection of partners and the formation of partnerships was adopted by the Transport Agency. This was to instigate a transparent process and to ensure that best practice and standards were adhered to.

The provision of project finance for about 5 to 7 years by financial institutions in the country was identified as a challenge for private investors in securing long term project finance. This was in part due to PPP projects having the potential of being financed if they were deemed bankable by the lending institutions, in terms of financial outlay indicating clear and constant cash flow and repayment structures. Also, partly due to the policy of Nigerian banks not to give out loans longer than the average period in which deposits are held. The careful negotiations proceedings supported by transaction advisors led to the private sector developers in the Road Partnership to secure a 12-year debt finance. The different PPP regulations and laws passed by Federal Government and certain State Governments posed some scepticism for investors as there is no standard regulatory and enforcement body to oversee all PPP arrangements in the country.

The ICRC Act only allows the Regulatory Commission to prepare, implement and oversee that the concession agreements the Federal Government enters into comply with the National policy on PPPs. However, as the ICRC Act currently stands, it does not have the authority to enforce defaulting partners to adhere to the terms of contract. Sarmiento and Renneboog (2016) emphasised that by not having a centralised well-functioning PPP unit that oversees all the processes of PPP arrangements creates a



**Figure 8: Reliance on Consultants in advising Nigerian Local Regeneration Partnerships**

pitfall in the PPP process, thereby weakening the position of the government. The researcher further infers that the inadequacies of the ICRC Act at the federal level have necessitated a few states within the country to pass their own enabling laws to guide and properly regulate the PPP arrangements in these states.

The empirical findings from the research further indicated that the mutual interdependence, transparency and accountability in the partnership workings are also pertinent in the selection of partners with the right skills and capabilities. For instance, the expertise provided by the consultants, specifically, in the BT and Alpha Rail Partnerships was to ensure that the various procedures leading to the formation of the partnership were structured in a way that ensured transparency and to meet international standard practices in PPP arrangements, especially as investors were wary about the PPP legal and regulatory environment in the country.

Getting this process right was to enable the partnerships take advantage of the strengths of both the private and public sector partners and to reap the rewards of the partnership collaboration processes. The contractual agreements were seen by partners as a means to establish mutual rules in the partnership and the adherence to the contractual agreements viewed to initiate trust in the partnership working. In other words, the ability of the partners to fulfil the terms of the contract negotiated then emanated from these collaboration processes. The support of the transaction advisors in the Kappa Housing Partnership enabled the selection of the preferred partner by taking into consideration the preparation of concept notes that covered the cost-benefit analysis, the potential off-takers ability to pay, environmental issues and more importantly, the capabilities and the track record of bidders to raise project finance.

In the Gamma District Development Partnership, the independent engineer guided in clarifying the expectations of the government in the partnership. Transaction advisers brought in assisted in ensuring an efficient financial model was negotiated. The transaction advisers also monitored the interest payment, loan re-payments, arranged meetings between the private partner and the funding institutions, as well as assisted in documenting reports to the bank. The Road Partnership, on the other hand, which was the only ‘unsolicited Public Private Partnership’ investigated was plagued with a number of inefficiencies, despite the involvement of a number of transaction advisers

who guided the partnering organisations in the establishment of a SPV to reduce bureaucracy in decision making during the delivery of the concession agreement. Evidently, contextual challenges experienced in traditional procurements were being seen to surface in this partnership arrangement.

## CHAPTER SEVEN

### INEFFECTIVE RISK MANAGEMENT STRUCTURE IN IMPLEMENTING NIGERIA LOCAL REGENERATION PARTNERSHIPS

#### 7.1 Introduction

This chapter explores and explains how the implementation of operational activities influenced the Nigerian local regeneration partnership working. Partnership working at this stage is associated with partners implementing the terms of the partnership agreements and having an equal opportunity to participate in the collaboration process (Muir, 2004). As established in the findings presented in chapter 5, the local institutional context influenced the adoption and implementation of PPP arrangements such that partners tended to adapt operating procedures to address specific challenges faced in the local regeneration partnerships. Chapter 6 discussed that the limitation in the capacity and expertise of partner organisations, especially public sector institutions led to the engagement of the services of PPP consultants and transaction advisers at the formation stages of the Nigerian local regeneration partnerships investigated. The findings presented in this chapter indicated that partnership working at the implementation stage of the local regeneration partnerships is influenced by inadequate decision making resulting from asymmetry expertise and capabilities between the public and private sector organisations. The implication of this is that the potential for successful partnership working in the local regeneration partnerships was influenced by inadequate considerations given to risk management, especially in terms of risk identification, allocation and mitigation at the partnership formation stage; the provision of guarantees to private investors and concerns about the existing judicial system in the country. From the literature reviewed, risks should be allocated to the partner with the best capability to manage and control them, as well as being able to access adequate resources to mitigate against them (Ameyaw and Chan, 2015; Ng and Loosemore, 2007; Ward, Chapman and Cutis, 1991).

## **7.2 Ineffective Risk Identification, Allocation and Mitigation in Nigeria Local Regeneration Partnerships**

As discussed in (chapter 6.2), participants were of the opinion that because past unsuccessful partnership arrangements had not been negotiated by people with the right expertise and experience, government institutions have begun to work with PPP experts and more partnership arrangements are getting better consultancy and advisory support. These findings have suggested that some of the government institutions and affiliated agencies do not have the ‘in-house’ capability or experience required to implement or manage PPP contractual agreements. For instance, a participant from the Kappa Housing Partnership made the following comments:

*“There is a destitute of expertise in most affiliated ministries, departments and agencies, consequently, sometimes the wrong staff without the appropriate training take decisions on PPPs.”* [Assistant Director B, Reforms Agency]

The researcher inferred from the data collected that the partnerships faced challenges resulting from ineffective risk management structures in place; more specifically, the identification, allocation and mitigation of risks associated with the local regeneration partnerships. Generally, participants raised concerns that at the implementation stages, proper identification and allocation of risks had not always been performed as an important part of the contractual negotiations and partnership formation. Usually, risks associated with the infrastructure projects should have been identified during the feasibility studies and decisions on how to mitigate them should have been decided during the contractual negotiations (Loosemore and Cheng, 2015). The researcher argues that the limited availability of expert capability and experience on PPPs, especially, within the government institutions may have contributed to the ineffective risk management in the local regeneration partnerships investigated. According to literature on risk management, the partner who bears the risk should to a good degree be risk-averse, and be able to access adequate resources and mitigation mechanisms to address the risk as promptly as possible when they come up and in a manner, that minimises the consequence of the risk on the project (Ameyaw and Chan, 2015).

### **7.2.1 Ineffective Risk Identification, Allocation and Mitigation in the BT Partnership**

The formation of the BT Partnership posed an initial challenge. One of the challenges faced was how to properly structure the bus transport services sector within the state. This was because bus services in the state were mainly operated by individuals who belonged to the local union of transport workers and the associated activities such as price setting and the routes to ply are regulated to a certain extent by these local transport unions. A direct consequence of this was that some routes within the state were over-subscribed, while other routes were under-subscribed. A steering committee had to be inaugurated to monitor the activities and operations of the partnership, to ensure that the decisions made at the various meetings would impact positively on the contractual agreements and on the service delivery within the state, and to reassure the banks who had been reluctant about lending to the newly formed Co-operative for the purchase of buses. The steering committee included representatives from the transport agency, the funding institution and the Co-operative. These decisions made are further emphasised in the comment below:

*“As part of our agreement because it was a new thing, we had what is called a steering committee at that time, which constituted; ourselves, the bankers, the union workers. The steering committee was put together to make decisions, they had impact on the service delivery, along the line it was a good idea from the banks point of view at that time; because at the time the banks were very nervous as to whether they would get their money back”.*

*[Director, Transport Agency]*

The decision to set up a steering committee can be attributed to the importance attached to opening up and ensuring communication which as stated by Andrews and Entwistle (2010) can affect how decisions are made and how the partnership’s working is taken forward. Nevertheless, this strategic decision did not last too long; a member of the steering committee commented that it was the case that once the funding institution had received the loan repayment, their attendance at meetings became infrequent. According to this participant:

*“Before now we (the transport agency) had one to one discussions with the operators (members of the Co-operatives union), previously, we had*



*accessibility to financial statements and accounts, we knew when there were problems, we knew when payments were being made, but with the banks getting back their money it became a problem assessing these accounts”.*

*[Director, Transport Agency]*

Consequently, it was the case that the steering committee no longer got the Co-operative to be disciplined in the way expected in the partnership, for instance, in terms of been accountable in making returns. This led to communication breakdown in the steering committee.

### **7.2.2 Ineffective Risk Identification, Allocation and Mitigation in the Rail Mass Transit Partnership**

In the Rail Mass Transit Partnership, the Transport Agency was particular about initiating proper procedures in order not to compromise the partnership arrangements and to ensure the delivery of a rail infrastructure that would serve its intended purpose. It was therefore important for the agency to engage the services of consultants who were knowledgeable in rail infrastructure and transport services. A participant reiterated that at the end of the day infrastructure must serve its purpose:

*“It is not all about raising capital, but more importantly bringing in the right set of partners with the needed skills who understand how PPPs can be modified in various ways to suit the transport sector and to manage the rail infrastructure.”*

*[Deputy Director C, Transport Agency]*

It was the opinion of the participant that the operations that would make the partnership more efficient were in the direct control of the government such as land acquisition, right of way, demolition of buildings should ideally fall to the government who can influence the release of the assets. According to the participant:

*“In determining risk when developing an infrastructure, it requires that where the government has much control of assets that risk should rest with the government. In situations where the private sector has to bring its own management, where the private sector is better than the public sector, that risk is ascribed to the private sector.”*

*[Deputy Director C, Transport Agency]*

There have been delays in obtaining the ‘Right of Way’ from the Beta Rail Line Partnership because it shares part of the national rail route (Ogidan, 2015; Smith, 2015). In the order to mitigate against such delays, the private sector partners insisted that the ‘LAMATA law’ in Lagos State was amended and a number of clauses be included. This was to safe guard their interests in the partnership and to make sure that they were not exposed to such risks identified from the Road Partnership that led to the State Government buying back the rights of the concession company. As documented in a report by the World Bank (2012), because the Road Partnership was an unsolicited public private partnership, the SPV took to long-term financing. This was considered a risky approach due to the political tension and scepticism surrounding the initiation and implementation of the partnership. While the partnership was able to attract substantial private finance, the financial model implemented was not sustainable in the long time because of various underlining factors that led to the difficulty of charging an appropriate toll-fee required to recover its investment.

In addition, to enhance smooth communication among the partners, meetings are held regularly (sometimes weekly).

*“We are having regular meetings with the rail concession and negotiation committee. If the private sector is not happy, at that meeting it would be discussed and if they cannot all come, we still send them the minutes of the meeting so they know what is going on. We also prepare monthly reports to the governor’s office”. [Assistant Project Manager A, Transport Agency]*

Despite these best efforts and the determination by the partners not to overrun on the rail project and to move on to the profit making activities within the partnership arrangement, this has however not been the case. The delays in obtaining the ‘Right of Way’ have direct implications on the potential to deliver on the railway construction within the time stipulated in the contractual agreement and on the loans taken.

### **7.2.3 Ineffective Risk Identification, Allocation and Mitigation in the Kappa Housing Partnership**

In the Kappa Housing Partnership, a strategy recommended by a Regulatory Commission who the Housing Authority had been working closely with, was to

engage the expertise of consultant organisations for transaction advisers, a project cost consultant and an independent engineer to join a PPP committee comprising a number of key staff. The aim to get on board this required expertise at the implementation stage was to improve on the quality of PPP execution as well as to closely monitor the partnership working. A participant declared that

*“We have a PPP committee, every department is involved in it, legal unit, finance, engineers, architects, audits all of that [the business development unit, the head commercial housing, the head co-operative housing], we meet regularly to discuss projects, the progress of the project, things that are going wrong, how things can be done better.”*

*[Deputy General Manager, PPP Unit]*

Working alongside these consultants, led the Housing Authority to identify that it was not only pertinent to look out for partners with the technical expertise and financial capabilities, but also those with management capabilities in a bid to minimise the risk of forfeiting “Land Titles” to funding institutions in cases of repayment defaults. The expertise and skills of the project cost consultant and the independent engineer also came into use during road shows and during on-site marketing and sale shows. A participant who acted as consultant to the agency pointed out that:

*“To further ensure that they [the Housing Authority] have the right expertise going into partnerships, there are plans proffered to government to use a project advisory team or a project delivery team, consisting of specific expertise from within and some external moderators so that they can as one team deliver on the project.”* *[Assistant Director A, Reforms Agency]*

The partnership agreement had been structured such that the Housing Authority provided the hectares of land at a discounted value to the developer. The aim of this was to enable the developer to borrow less from the bank, such that it would be reflected in the selling prices of the housing unit, in line with the objective of the partnership to build 351 affordable low and medium cost housing units. The successful execution was to lead to profit sharing among the private sector developer and the Housing Authority at a sharing ratio of 60:40 respectively (Jimoh, Legbo and Bajere, 2015). An important view in collaborative advantage theory is that shared resources glue partners in a long-term collaboration (Luo, 2002). Yan and Gray (1994) also

observed an increasing role of trust in weakening the risky effect of self-interests on partnership operations, where one partner is more reliant on the other partners' distinctive resources.

The researcher argues that the resource sharing might have been an indication to enhance trust within the partnership working. Risk commensuration covers the extent to which financial or operational risk, is substantially shared between the partners in the PPP arrangement. Keeping the level of risk commensurate with each partner can be more structurally stable and enhance collaboration (Wilson, 2014). This would allow increase commitment from each partner, thereby creating a more conducive environment in which trust can flourish. Should partners become concerned with risk being less commensurate, the initial attempt of establishing trust could recede (Das and Teng, 1998). However, findings indicated that in the actual implementation of the partnership arrangement, there were delays in the construction of the housing units and cost overrun that led to reduction in profit targets.

In addition, some of the participants acknowledged that there had been past unsuccessful partnership arrangements whereby the developers had gone into defaults in delivering the agreed number of housing units due to diminished funds and loan repayments could also not be made. In certain instances, this had led to the Housing Agency to forfeit their "Land Title" to the banks. A Legal Adviser with the Reforms Agency admitted that there had been past PPP arrangements whereby developers had stated that the housing project was done at a loss, such that there was no profit to share. As highlighted by two participants [Team Leader, Reforms Agency] and [Legal Adviser, Reforms Agency], one of the objectives of re-structuring of the Kappa Housing Authority is to see that PPPs are managed in such a way that there is appropriate allocation of project risks. A proposed strategy is that the leasehold titles agreement had to be structured in such a way that the infrastructure developer was not taking lesser risk than the Housing Authority. The new structure is to ensure that there are more equitable and commensurate contributions from partners. A Technical Assistant, [PPP Unit] from the agency also acknowledged that they would also be soliciting the help of PPP experts in better identifying the risks and determining which partner to best allocate the risks in future partnerships.

#### **7.2.4 Ineffective Risk Identification, Allocation and Mitigation in the Gamma District Development Partnership**

In the Gamma District Development Partnership, certain risks were identified and allocated according to the partner presumed to be the best to mitigate against the risk. For instance, the construction risk and the design risk which were allocated to the private sector and the political risk was taken up by the government. A consultant with the Partnership asserted that:

*“Overtime partners are beginning to learn more about the allocation of risk, especially as the government is beginning to see that there are certain risks that need to be considered to ensure that the partnership succeeds”.*

*[CEO, Legal Advisory Services]*

According to another participant:

*“The best partnerships are those where partners make sure that are able to bring to the table what they have agreed to do”*

*[PPP Coordinator, PPP Advisory Unit]*

A transaction adviser raised an interestingly view that from her experience there were also individuals working in some private sector organisations with limited experience and competence in managing and operating partnership arrangements. The participant cited an example about the involvement of local financial banks in partnership arrangements:

*“So you have people managing the transactions [financial arrangements] within the financial institutions who do not have a full understanding of the transactions and when it comes to making informed decision, they cannot make informed decisions and they cannot even advice their management to make appropriate decisions, so for some these steps the [the consultants] have taken them up.”*

*[Lead, Transaction Adviser]*

In addition to this, the participant stated that to aid the decision-making processes in the partnership working, meetings were held once or twice a month to discuss the progress made, as well as the challenges faced during implementation of the contractual agreement. One of such challenges involved protests by the local residents, the participant further stated that:

*“...so even when the construction started, they tried to manage expectations, there were protests, because they were going to destroy people’s homes, businesses, so stakeholders’ meetings were held and opinions were sort, their advice was also sort.”*

For this reason, the District Development Agency began engaging and communicating with the local residents early in the implementation stage about the progress made in the development of the district, as well as with regards to the compensation packages available to them.

### **7.2.5 Ineffective Risk Identification, Allocation and Mitigation in the Road Partnership**

In this partnership, international technical advisers had been involved in providing specialised services and support key processes of the contractual negotiation and its implementation. The involvement of these consultants was to ensure that the implementation of the partnership arrangements was in accordance with international best practices. To provide assurance to the funding institutions that best practice would be adhered to, a SPV was created and structured to bear any risks or liabilities that could result from the partnership and with the intent of protecting the individual partner organisations; for instance, the SPV took on full market risk. As asserted by one of the participants:

*“...to help achieve this, what we tried to do is make use of skills, we have some people who are really skilled in this matter and we bring them in as consultants to work with us”.* *[Team Leader, Social Infrastructure]*

A consultant to the government institution shared a similar view:

*“First of all, the skills required are a bit specialised and therefore more critical and even too limited, too few, so those capabilities have to be there, so if they are not there we run into problem not only on the private sector side, but on government side.”* *[Principal Disbursement Officer]*

The creation of the SPV did not however protect the partnership from the inability of the private infrastructure partners to charge cost reflective tariffs; for instance, civil protests resulted from the decision to set a high toll-fee to enable the recovery of the

costs of the investment. It is important to point out that surveys and community consultations had been consulted during the feasibility stage going into the partnership. For instance, a participant indicated that:

*“What they did, there were a lot of stakeholder meetings with communities, before the start of the project; for the transporters on that road, for residents, even the traditional rulers and the survey that was done, in terms of determining willingness and ability to pay, the communities were heavily involved. The whole survey was focused on the whole community, the transporters, people whose lives were going to be impacted upon, people whose lands were going to be acquired, even the modalities for paying compensation.”* [Lead, Transaction Advisory Services]

The researcher is of the opinion that the civil protests resulted from not carrying the local residents along in terms of determining the appropriate fare that commuters would be willing to pay at the toll gates. According to (Otegbulu and Famuyiwa, 2014) the willingness of users to pay tolls is mainly determined by their income, the value that they ascribe to time savings, and the cost and quality of other reasonable alternatives. Three toll gates had been planned to be constructed, but the affordability of fees to be charged at these toll gates and the willingness of the local residents and commuters to pay these fees had not been taken into full consideration during the projects feasibility and planning stages.

A participant attributed these challenges faced to inadequate planning at the contractual stage, he stated that:

*“It was the issue of not dealing with some of these problems at the contractual stage; it requires a lot of experts, a lot of management and a lot of understanding and a lot of international research, for instance, in Malaysia, in developing countries. It would not be exactly the same, we can domesticate, so some of the challenges have been due to a lot of oversight, which causes trouble”.* [Deputy Director A, Transport Agency]

The aftermath of the protests was that the partners had to come to an agreement that toll fares would only be charged at the first of the two already constructed toll gates

and because the Lagos State Government was committed to see the success of the partnership, the toll fares at the second toll gate was covered by the State Government through a partial risk guarantee by way of shadow tolling payments. An addendum was then included to the contractual agreement to protect the funding institutions against the risk of the partnership failing to meet up loan re-payments. The situation discussed above resulted in delays in the toll road construction and was exacerbated by the fluctuations in the exchange rates on the international loans received.

This situation however had occurred even with the consultants being brought on-board, it could be argued then that emphasis had been placed on the technical activities of the partnership working at the expense of community and social inclusion in decision making. Muir (2004, p. 963), state that wider participation in decision making process, “is a site of complex interaction between organisations of the state and of civil society, within which ideology will influence behaviour and choices”. In essence, the intention of public organisations should be to build community 'capacity' within regeneration programmes in the context of a deeper understanding of the relationship between the public organisations and civil society.

As analysed and explained in this section, the five local regeneration partnerships investigated faced various challenges in their partnership working that had resulted from inadequate identification, allocation and mitigation of risks associated with the local regeneration projects. This led to resultant negative effect on the operations in the implementation stage because appropriate decisions on how to mitigate the risks identified should have been decided and agreed upon during the contractual negotiations at the formation stage. According to Ameyaw and Chan (2015), risk management should be a key consideration in the selection of partners with the best capability to manage risks, but with the least cost. The researcher argues that although the expertise of external consultants had been sought to assist in managing the partnerships, the Nigerian institutional context within which these partnerships operate (as discussed in chapter 5 and 6) to a great extent makes it difficult for appropriate risk management and risk transfer to the right partner to mitigate against them.



### **7.3 The Debate on Guarantees Provision as an Incentive for Private Investment**

The findings from this research indicated that there was an on-going debate about the provision of guarantees to the private sector partners as a way of mitigating against risks. This debate comes from the private partners' expectation that the government would offer some form of guarantees; such as foreign exchange guarantees, operation period guarantees and project service guarantees, as a way to mitigate against certain risks associated with PPP arrangements in Nigeria. Specifically, the risks indicated by these participants; included a possible change in government or of ministers within government which could result in policy reversal; challenges due to inadequate PPP legal and regulatory framework in Nigeria; the limited confidence in the ability of government institutions to enforce existing PPP laws and policies relating to private sector investment in infrastructure projects, concerns about the judiciary procedures in addressing PPP disputes (these are discussed in sections 6.3, 7.2 and 7.3). On the one hand, these expectations come from the private sector's opinion that the government needs to provide guarantees up to a level where the PPP market in Nigeria becomes mature. In other words, because PPPs in the country are still an evolving policy and the country has a short history of their successful implementation, the investing sponsors and funding institutions have little confidence in going into long-term agreements with the government, hence there is usually the requirements for assurance that their investments would be secured.

In a report by the World Bank (2012), raising funds for the purchase of a fleet of buses was a huge challenge for the private partner in the Road Partnership, this was because the Co-operative had been established from a highly informal sector and capacity to be sustainable seemed uncertain. This acted as a deterrent to funding institutions as none would honour its 'EoI' to participate in the bus finance scheme. The situation was resolved with an international bus supplier offering to accept deferred payment over two years, but with the condition that a local bank underwrote the counterparty risk. Luckily, a national bank agreed to this arrangement and to mitigate the risk of exposure, the bank in turn required the lodging of collateral personal guarantees from senior officers of the local union of transport workers.

On another hand, participants from the Regulatory Commission and from the Lagos State PPP Office were of a different opinion about providing guarantees to private

partners. According to these participants, the position of the government are: first, if the government gave guarantees, it could create contingencies that could fall back on the government; second, if the government provided guarantees it could also create a culture where potential partners became complacent and would not consider innovative ways of resolving issues, leading to the government taking up all the risks; third, the business environment in the country was stable enough, therefore concerns such as political instability should not be an hindrance as it might have been years ago and lastly, if the potential partners believe they could deliver on the project they needed to show commitment towards successful partnership working.

On another note, one of the public sector participants from the Kappa Housing Partnership was of the opinion that:

*“It has been observed that by not giving guarantees, it could serve as a deterrent for investors because Nigeria is viewed as an economy where there is high level of uncertainty and these investors would not engage in unsecure investment.”*

*[Assistant Director A, Reforms Agency]*

There is a call by the World Bank for better commitment from the Federal Government in the provision of guarantees through dedicated infrastructure bonds to finance partnership arrangements. The World Bank also suggests that in addressing the constraints of government provision of guarantees, the private sector organisations could ensure adhering to regulations and policies and be more transparent in their operations (World Bank, 2012). It should however, be taken into consideration that there is a more complex challenge of supporting the development of the market in the long-term, local currency debt will need the above political economy constraints to be addressed alongside interventions to improve Nigeria’s macroeconomic environment.

The researcher is of the opinion that there is the need for continued capacity building and training of partners from government institutions to improve their ability to understand and appraise project risks. Although, as discussed in (sections 6.2 and 7.2), these is the support which comes from PPP experts and transaction advisers during the formation and implementation stages of the partnerships. However, statements were made by some participants that question the actually influence these PPP experts and transaction advisers have in the decision-making process within the partnership working. A participant, who consulted on the Gamma District Development

Partnership, stated that there had been instances, where partners had failed to heed advice given by these consultants.

*“I think it is all a lack of understanding, when one would have explained the implication of certain actions to the partner and you expect them to take certain decisions; the next thing they say is ok, let not do that, let’s go in a different direction.”* [Director, Transaction Advisory Services]

Another participant from the Road Partnership further stated that:

*“The truth of the matter is, if they [the public sector partners] have a better understanding of those transactions they would not take the steps they have taken and they would probably not be in a situation where they would have to resolve issues.”* [Lead, Transaction Advisory Services]

Self-interests of certain government officials and politically influential individuals have been attributed to this situation (CEPA, 2015). Despite these, the Nigerian government has begun to set up PPP departments and units in some of the federal ministries as a means for continued advocacy of accountability in PPP arrangements. Key staff members in these Ministries have begun acquiring training to guide staff through implementing standard procedures for PPP arrangements and in managing partnerships. One of such trainings organised by the Regulatory Commission was a five-day PPP capacity development workshop for staff of Federal Government Ministries, Departments and Agencies (ICiR, 2012). Some of the participants interviewed were also of the opinion that such training is considered important to understand partnership arrangements and how the various partners could benefit from the partnership working. They are also of the opinion that it is a learning process and that organisations involved in PPPs would learn from each other over time and be in better position to ensure successful partnership working. These opinions are illustrated in the comments below:

*“...the Regulatory Commission needs to do a lot more advocacy, a lot more education, a lot more enlightenment; enlightening ministries and agencies. Like we were told that the Expression of Interest should not have been the first step in some of our PPP arrangements. So, we need to be educated some more, and a lot more advocacy (public and private); for instance, how to look at the whole processes, before we go through the negotiations.”* [Technical Assistant, PPP Unit]

*“One of the first things, I think is capacity and knowledge, people understanding what PPPs are and having that capacity to develop those projects, because PPP is about Preparation, Preparation and Preparation”.*

*[Director, Regulatory Commission]*

The Rail and Road Partnerships investigated provided empirical evidence that although the provision of guarantees is not paramount during the negotiations of the contractual agreements; considerations were however given when the need arises to ensure smooth partnership working. For instance, in the Road Partnership, with the uncertainty about the SPV’s ability to recover the costs of the investment from toll collections and it being the first road partnership in Nigeria, the SPV was able to obtain private finance of over US\$290m from both local and international funding institutions, because of the provision of a full guarantee by the Federal Government. The full guarantee meant that the loan was on a longer basis of 12 years compared to the average loan duration of 5-7 years in Nigeria. It also provided termination compensation to any private funding institutions lenders and any political risks associated with the project was covered by an international insurance company (CEPA, 2015).

In the Alpha Rail Partnership, an issue that needed addressing was the demand and revenue risk, the private partners had to negotiate that a traffic guarantee be provided by the State Government; should the rail operations not meet up with the number of passengers forecasted for. The private partners had tried to negotiate with the government to meet up with the short fall in revenue. One of the participants [Legal Adviser, Reforms Agency] from the Transport Agency commented that the government was adamant about this because they believed that the population in Lagos would meet up with the demand forecast. These negotiations are also implicated in the delays experienced in awarding the private partner full custody of the Alpha Rail operational activities.

#### **7.4 Concerns about the Judiciary Procedures in Addressing PPP Disputes**

The lengthy judicial procedures in practice within the country were indicated as another major concern for both the public and private sector participants. The participants commented that when disputes arise and partners go to court, for the

right procedures to take place through the legal system, the court case could get tied up for many years and sometimes even up to ten years. This is evident from two controversial PPP arrangements in the country, the twelve-year concession contract awarded to build a new domestic terminal at Murtala Muhammed Airport Terminal 2 (MMA 2) concession had a legal case that dragged on for about 4 years (The Eagle, 2015) and the Lagos-Ibadan expressway concession which was eventually cancelled because the partnership failed to guarantee a financier for the concession because it was perceived to be designed to favour the private partner.

Participants were of the opinion that the judiciary in Nigeria plays a major role in expediting cases related to PPP arrangements. The researcher is of the opinion that the judiciary needs to have a better understanding of the requirements of the PPPs in the infrastructure sector. According to a report by CEPA (2015, p. 23), “lengthy legal cases are highly costly in the context of a PPP project as they can limit the ability of the private sector operator to collect user fees which weakens the financial viability of a given project”. Prior to data collection, a couple of the partnerships investigated had previous challenges that resulted in dispute resolution. The Road Partnership had its fair share of legal disputes, one of such disputes occurred during the start of the construction stage of the Road; as a result of land owners seeking court injunctions over the ‘*Right of Way*’ on some of the routes. This was a risk the State Government had overlooked and had not mitigated against before constructions had begun. Recommendations to review and redefine the PPP laws in the country have been made to the Federal Government by a PPP Review Forum organised by the Centre for Ethics and Sustainable Development (CESD), an international NGO that operates out of Lagos State. These recommendations were based on the forum’s perception that the ICRC Act is not sophisticated enough to mandate investment from the private sector due to the poorly defined roles of partner organisations and the ambiguity of the definition of PPPs in the Act, as well as the duplication of functions across government agencies and states (Vanguard, 2017c).

At the time of data collection, none of the partnerships investigated had on-going judicial proceedings. However, from past legal proceeding resulting from partnership activities, concerns were expressed by some of the private sector participants that the current legal system did not properly protect the investors’ rights and guarantee fair

judgement. A participant emphasised these concerns regarding the lengthy judicial process and enforcement of judicial outcomes:

*“The difficulty we have is that the judicial processes in the country take a significant amount of time. Even in cases when there is a judicial outcome, there have been situations where the partners do not always necessarily respect the legal judgement and sometimes when that happens they have to result to the police to enforce the judgement.”*

*[Managing Director, Funding Institution]*

The participant further stated that from his experience as a financial consultant that:

*"Nigerian courts are not very efficient; it tends to be time consuming so you don't want to end up in court and banks do not like this. If you give a loan to somebody and they don't pay up, in Nigeria it is a very long and torturous process to actually seek redress with the court, to foreclose an asset that tends to slow things down."*

In the case of the MMA 2 concession, one of the challenges faced was that the feasibility studies had been made on the assumptions that the government would stop operating some flights at the MMA1 terminal, thereby meeting the number of passengers projected would fly through the new terminal. The MMA 1 terminal was however still kept in operation thereby reducing the number of passengers using the MMA 2. The private partner eventually got a court order put in place to ban the Federal Airports Authority of Nigeria (FAAN) from continuing to operate certain flights at MMA 1. Although, the private partner won the case on the basis of the government's failure to adhere to the terms of the PPP contract agreement, the court order was ignored as evident with the government's continuous use of the MMA I for the same flights (CEPA, 2015). A direct consequence of this dispute was that it made recovery of the cost of investments difficult for the private partner.

Consequently, from these experiences, the participants were of the opinion that it was best for partners to avoid litigation and it is now common procedure that conflict resolution clauses are included as part of the negotiated contract to give structure to dispute resolution proceedings. For instance, if the contract denoted that the project should be delivered at a certain time and if that does not happen, then the provisions

within the contract should provide for the process that the partners may have to go first into arbitration proceedings to resolve issues. In other words, the prescribed conflict resolution structure starts with an initial arbitration proceeding using an independent arbitrator, if the partners came out of that process unhappy they could then decide to go through to the judicial processes of the court. Participants from the private sector asserted that to avoid issues leading to conflict resolution, legal enforcement should be based on contractual provisions, that enable partners to adhere to the terms of contract negotiated. As a participant commented:

*“Dispute resolution in whatever form, should be the last point of call, partners need to solve their problems among themselves if the partnership needs to grow.”*  
*[CEO, Legal Advisory Services]*

In the Kappa Housing Partnership, a participant stated his opinion from an experience involving a dispute between the Housing Authority and an infrastructure developer partner.

*“It is usually better to try to find a way around dispute resolutions. Resolutions through the courts are considered as a time-wasting process as it could tie the developing partner’s money and the work on the project sites.”*  
*[Deputy General Manager, PPP Unit]*

A participant from the Lagos State PPP office stated that it had been decided that:

*“Every contract would have a dispute resolution clause, we start with meetings, it sets out exactly what the party, would do in the event of a dispute, depending on the contract and the people involved we can say... there could be 30 days in which to remedy the dispute, then 7 extra days which is the final notice, or we go to mediation or arbitration....”*  
*[Assistant Director, Reforms Agency]*

A legal counsel [Reforms Agency] working with the Housing Authority also commented that a new procedure of dispute resolution structure that begins with arbitration is being proposed. The new structure is to allow the partners to exercise their best efforts in arriving at an amicable settlement of the dispute which may arise between them with respect to the contract agreement. If no settlement is reached in

connection to the agreement, then upon notice with either partner, they could finally settle in arbitration with accordance with the Arbitration Law of the State were the project was being constructed. The decision of the arbitrator rendered in writing would then be final, conclusive and binding on the partners. In other words, the judgement from such decision must be complied with. The researcher thus infers that the expected role of the Regulatory Commission should be one that not only serves as an independent regulator, but as an enforcer of the PPP law in order to impose certain penalties for failure to comply with the contract agreement or compliance of judicial outcomes.

### **7.5 Mutual Interdependence, Trust, Transparency and Accountability Concerns in the Implementation Stage of Nigeria Local Regeneration Partnerships**

According to Forrer *et al.*, (2010), public sector partners need to consider the mechanisms most appropriate to hold their private sectors partners accountable, alongside how they would be accountable to their private sector partners. The Kappa Housing Authority provided an insightful case of the challenges faced with issues of accountability which had affected its capability to fully implement partnership arrangements. Despite the feasibility studies carried out to inform the decision of the appropriate location to construct the housing units and design models. A Team Leader from the Reforms Agency stated that there had been situations when houses had been built in a location with no potential off-takers offering to purchase the houses, usually because of the choice of locations where the houses are sited. According to the participant:

*“Location matters as the decision that goes into this is such that there must be a guaranteed market for the houses in the location and the design meets local preferences. Even middle class people, they still have those cultural issues, they would not buy certain type of houses, and those types of issues have to be taken into consideration”.* *[Team Leader, Reforms Agency]*

Some of these situations had resulted because of influence from top ranking government officials who exercise their administration powers and decide that the housing project be constructed in a particular locality within their jurisdiction and the directive is given for that to happen. In other words, sometimes State Governors want



the housing projects to be sited in the states they govern, to give the impression to the local electorate that the government is investing in infrastructure development. A reason was given by participants about why there seemed to be the heavy influence of the government in the decision making in the local regeneration partnerships. The first concern was that the private sector infrastructure developers usually did not want to get into the bad books of government. According to these participants, private sector access to large scale and highly financed projects in Nigeria is based on access to contacts and connections within the government, for instance, being politically connected, also locally termed ‘*who you know syndrome*’.

According to a participant from the BT Partnership:

*“We are in a country where the private sector relies heavily on government patronage, so also the banks rely heavily on government patronage”.*

*[Deputy Director A, Transport Agency]*

Participants suggested that the situation illustrated above may have led the private sector partners to become complacent to the actions and decisions of the institutions representing the government, in what is locally termed ‘*a wait and see attitude*’. The researcher infers that this type of contextual issues which typically characterise the traditional procurement method of infrastructure development are evidently being seen to be seeping into partnership arrangements, thereby defeating the very purpose of partnership working.

This inference is illustrated with comments made by participants in the partnership about the value of implementing partnership working:

*“The advantages of the PPP are that we transfer the risk and we also avoid some of the inefficiencies and corruption that may be in the public sector traditional procurement method”.*

*[Team Leader, Reforms Agency]*

*“With the traditional contracts using funds from the government, it could cost the agency much more to constantly send monitoring teams to the constructions sites to ensure that the developer does not take longer to deliver on the contract due to cost implications”.*

*[Deputy General Manager, PPP Unit]*

According to Coote *et al.* (2003), commitment exists when partners believe the collaboration is worth working on, but warrants maximum efforts to maintain or enhance it. Furthermore, the show of commitment should counter opportunism and determine trustworthiness (Doz, 1996), as well as the willingness to collaborate and the propensity to enhance effectiveness, because the partners can put their efforts towards desired outcomes (Coote *et al.*, 2003; Goodman and Dion, 2001). To emphasise the above points, a participant commented that:

*“One of the important things is that you don’t want to have problems with sustainability, because when you sign up to something, it is about good governance, contract sanctity, ensuring that what is signed is done, if you do that you would have sustainability. So basically, it comes down to the contract and also the governance environment that facilitates contract sanctity”.*

*[Director, Regulatory Commission]*

It does not come as a surprise that at the time of the data collection, strategies were being put together as part of the attempt to increase accountability within the Kappa Housing Authority with regards to its operations as part of the restructuring and recapitalisation of the government institution and as it concerns PPP arrangements (discussed in chapter 6.4). The restructuring would also see the use of SPVs in implementing partnership arrangements. An audit committee would be established within the PPP unit and mechanisms are to be put in place for assessing the SPV’s performance and for holding it accountable. It is also the aim that the new structure of the Kappa Housing Authority would enhance investment interest from the private developers. Jointly agreed decisions are to be championed going forward so as to ensure that the private sector developer is not building in remote locations that could hinder the recoupment of investment. It is also to ensure that activities that allowed parallel benefits from interests outside of the Housing Authority’s own objectives could be curbed. A participant from the reform agency commented that:

*“There is going to be an internal process that would ensure that they have good corporate governance, a management and board of directors that can sit down and make proper business decisions objectively, with no one forcing them to do otherwise”.*

*[Team Leader, Reforms Agency]*

The participant further attributed the issues of accountability and some corrupt practices to the extent of political interference in the operations of the Housing Authority to the constant changes in the leadership and management of the Housing Authority. In confirmation of this, another participant stated that:

*“It would no longer be business as usual and PPPs are going to be used as a vehicle for ensuring the issues of reforms are met”.*

*[Assistant Director B, Reforms Agency]*

In the BT Partnership, while it is the aim of the government to improve the state’s transport infrastructure. It is also at the top of the agenda for the government to ensure that they safe guard the citizenry and the environment because the government is seen as the last resort and protector of the people from the profit-making motives of the private sector. However, a participant [Lead, Transaction Advisory Services] was of the opinion that in the Road Partnership, the SPV which was set up might have ran more efficiently in delivering on the toll road if the Lagos Government had not interfered with its decisions. The participant is of the believe that this might have also led the government to have an upper hand in the process of being able to buy out the private partners shares.

*“The reason they could do that [buy out the shares of the SPV] was because there was nothing in the agreement that could stop them from doing that. That is probably a flaw in the framework [legal framework], because the framework could have prevented them from doing that regardless of what their aspirations were”.*

One of the reasons for the inauguration of the steering committee in the BT Partnership (discussed in section 7.2.1) had being to ensure that the individual partners’ interests were protected; to build confidence and trust among partners and the funding institution; to ensure commitment to the partnership working; to monitor the operations of the bus drivers, and to ensure the repayment of the loans used in purchasing the buses. According to a Legal Adviser [Transport Agency], there was a challenge to ensure that the private partners shared the overall vision of the partnership. The importance of continuous communication had been emphasised between the private sector and the government.

In the Kappa Housing Partnership, there are indications to show that the ineffective risk management might have resulted from the influence of political figures with self-interests in the partnerships; for instance, in influencing where the housing units are sited. This led to improper risk allocation because the public partners could not adhere to decisions which had been made in the partnership arrangement. Despite this challenge, participants stated that to aid the decision-making processes in the partnership working, meetings were held once or twice a month to discuss the progress made, as well as the challenges faced during the implementation of the contractual agreement. There is evidence of mitigation against opposition to the partnership arrangement from local residents in the Gamma District Development Partnership.

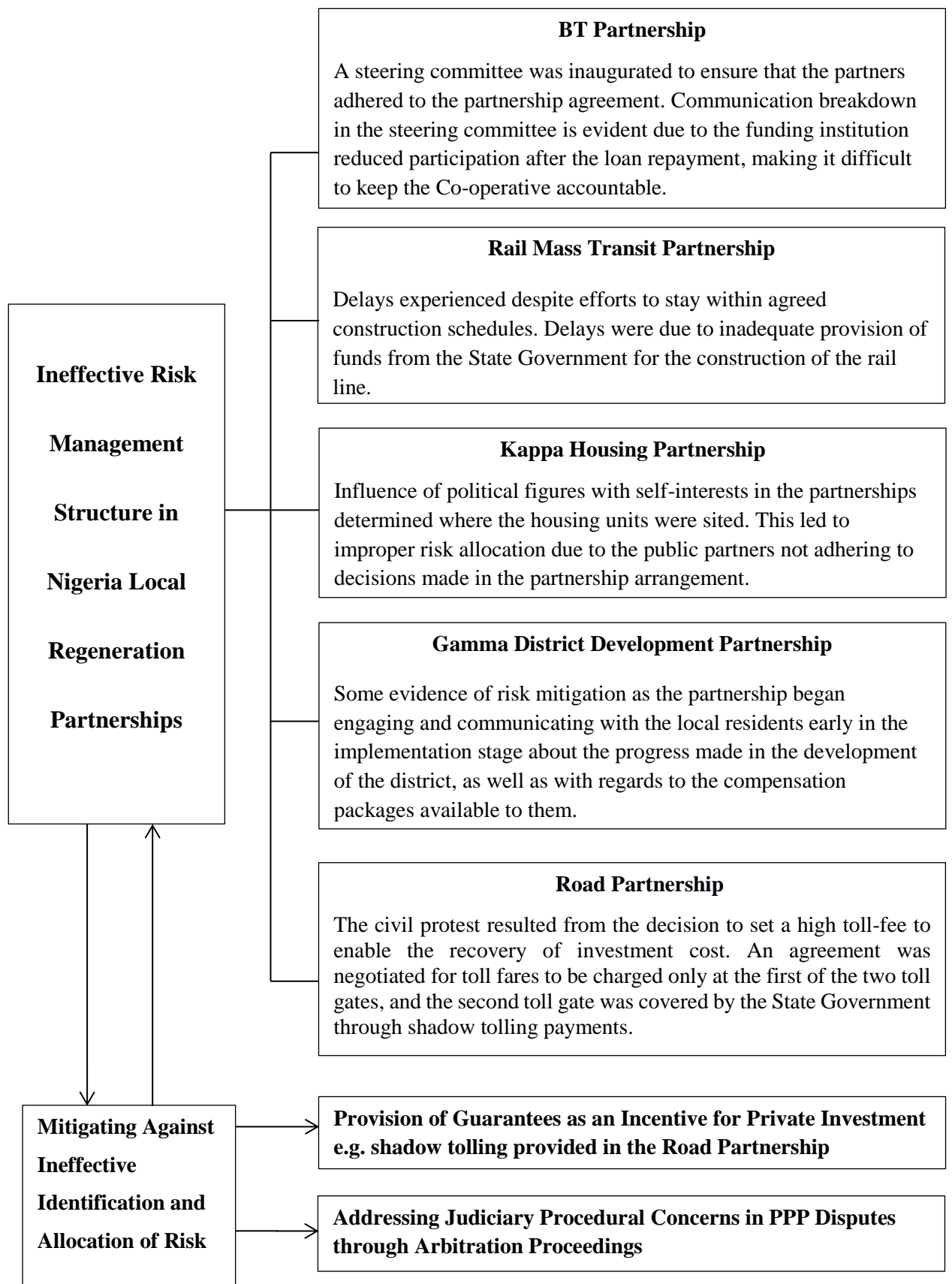
Despite these challenges, early engagement and communication with the local residents about the progress made in the development of the district during the implementation stage were initiated, as well as with regards to the compensation packages available to them. Public protests were evidently a key concern in the Gamma District Development and Road Partnerships. The civil protest experienced in the Road Partnership had not been envisaged, the establishment of the SPV did not protect the partnership from the decision to set a high toll-fee to enable the recovery of the costs of the investment. To mitigate against the unfortunate turn of events, an agreement was negotiated for toll fares to be charged only at the first of the two completed toll gates and the toll fees at the second toll gate was covered by the State Government through shadow tolling payments. This is in line with Ameyaw and Chan (2015) and Chung, Hensher and Rose (2010) argument that public resistance is often manifested through little public support that result in delays, renegotiation of original contracts or in the termination of partnerships.

A direct consequence of the inadequate risk management in the partnerships led to re-negotiations of contractual agreements. This is evident in the Road Partnership and in the Alpha Rail Line Partnership as the private sector partners were not assured that the PPP structure had been designed to provide competitive rates of return that were commensurate to a financial rate of return that could be earned on alternative projects with similar risks. This led to the offering of guarantees as incentives by the government to encourage the private partners, despite the government stance against outright provision of guarantees to private partners. Furthermore, findings from the research also indicated that private investors did not view the existing legal system has

been protective of the investors' interests such that it would lead to fair judgement in cases of litigation. More specifically, for the right procedures to take place through the legal system court cases could get tied up for years. Private sector partners do usually at all costs try to avoid lengthy litigation procedures that could lead to foreign exchange risks, cost overrun or delivery delays.

## **7.6 Chapter Summary**

Ineffective risk management structure associated with the five Nigeria local regeneration partnerships and the implication of this on successful partnership working in the local regeneration partnerships was discussed in this chapter. The Nigerian PPP environment proves to be complex with various challenges impeding the governance approach and performance of the local regeneration partnerships. The influence of the government over these partnership is suggested to be strong and have had implications resulting in breaching of contract provisions and court orders. These are key concerns for international and local infrastructure developers and funding institutions, especially, as it impacts on the delivery time of the project, the associated project cost, effectiveness of the project management and recoupment of funds by investors. Generally, due to the longer contract period in PPPs, there is a higher chance that major challenges might arise as the partnership goes through the distinctive stages. Consequently, some of challenges that occurred in the local regeneration partnerships were not provided for in the partnership agreements. The quality and success of partnership working was therefore dependent on adequate risk allocation and mitigation within these five local regeneration partnerships as well as the maintenance of the contractual bond.



**Figure 9: Ineffective Risk Management Structure and Risk Mitigation in Nigerian Local Regeneration Partnerships**

In essence, a conducive environment for PPPs should be created through a process of regular reviewing and feedback of activities to the partner organisations involved. This is to allow the incorporation of information into the next stages of the partnership activities and to allow for planning and mitigation against challenges which have been identified from the reviewing process. Increased government support and commitment from the private sector was needed in the local regeneration partnerships, as the management of the partnership working reflected in public opinion against the PPP. Public acceptance of the provision of public services should meet the expectations of the public who are the direct users of these services. The challenges faced in the implementation of the five local regeneration partnerships were found to be mostly as a direct consequence of ineffective risk management structure in place; more specifically, inadequate identification, allocation and mitigation of risks during the negotiation process at the partnership formation stage. These challenges were faced despite indication that private consulting organisations were involved in supporting competency gaps and limited capabilities in the partnership arrangements (discussed in chapter 6). Six significant risks factors were identified in these local regeneration partnerships, namely (a) public protests by the local communities where the partnership was operating (b) self-interests and influence of political officials on partnership decisions (c) construction time and cost overrun (d) inadequate communication within partners organisations (e) limited expertise of PPP arrangements in public sector organisations and (f) renegotiation of contracts (see figure 9, p.222). The researcher infers that several local characteristics have contributed to the potential to put effective risk management practices in place in the local regeneration partnerships investigated. In efforts to mitigate against the risks in each of the partnerships investigated, operating procedures had to be adapted to address specific challenges faced in the local regeneration partnerships.

In the BT Partnership, management of the operations of the Co-operative had not been adequately thought out, as efforts that ensured partners adherence to the terms of the partnership agreement could only be achieved through a steering committee comprising representatives from the transport agency, the funding institution and the Co-operative. The steering committee however lost its hold on the operations of the Co-operative when the participation of the bank representatives was reduced after loan repayments. This led to communication breakdown in the steering committee and it

became difficult to keep the Co-operative accountable in terms of making returns. The Alpha Rail Line Partnership since its formation has experienced delays, despite best efforts and the determination by the partners not to overrun on the rail project and to move on to profit making operations within the partnership arrangement. These delays have been attributed to interruptions in the provision of funding for the continuous construction of the rail line as the Lagos State Government is responsible for the construction phase of the project. Consequently, leading to reduced potential to deliver on the railway construction within the time stipulated in the contractual agreement.



## CHAPTER EIGHT

### SURVIVAL OF NIGERIA LOCAL REGENERATION PARTNERSHIP WORKING: DELIVERY OF PARTNERSHIP GOALS

#### 8.1 Introduction

From the previous chapter, it was clear that the five local regeneration partnerships investigated experienced various challenges resulting from inadequate risk identification, allocation and mitigation in their partnership working. This inadequate risk management had some unfavourable implications on the operations at the implementation stage and subsequently resulted in inadequate execution of contractual agreements and delays in meeting milestones. Following on from chapter 7, this chapter explores and provides explanation for the issues and challenges faced in the partnership working that have implications for the survival or termination of the Nigerian local regeneration partnerships investigated. More specifically, it seeks to address the research objective; to investigate, explain and analyse the delivery of implementation targets and the implications on Nigerian local regeneration partnership working. This is pertinent as partner organisations, likewise funding institutions are increasingly requiring tangible evidence based on certain performance criteria that their investments are generating intended outcomes (for instance, in the BT, Alpha Rail Line and Gamma District Development Partnerships); and are achieved within a specific timeframe through effective collaboration processes and coherence within the partnership arrangements (Bovens, 2010). This chapter will also exemplify the benefits and hindrances faced in the partnership working.

In discussing whether or not the successful delivery of the partnerships intended goals had implications for the survival of the Nigerian local regeneration partnerships investigated, three performance criteria namely; the extent to which goals were met; the extent to which partners were able to implement agreed actions; and the capacity of the partnership organisations to work effectively together. The findings of this research indicated that the survival or termination of the partnerships were determined if the partnership working led to the achievement of the desired outcomes in line with the contractual agreement and 'Memorandum of Understanding' (MoU) set up at the formation stages. This contrast with debates from literature that successful delivery of

partnership desired outcomes is suggested to result from the partners been able to start out with a shared vision and common concerns; to maintain their focus based on established priorities; and being able to provide a clear link between the partnership objectives and desired outcomes (Shortell *et al.*, 2002; Gamm, Rogers and Work, 1998). However, argued by Roehrich, Lewis and George (2014, p. 116) “the use of formal contracts offer legal enforceability by acting as safeguards against contingencies and providing guidance for conflict resolutions”. Furthermore, the implications of the collaboration elements; mutual interdependence, trust, transparency and accountability concerns at the delivery stage of Nigeria local regeneration partnerships are discussed.

## **8.2 Survival of the Partnership in the Nigerian Local Regeneration Partnerships: Contexts and Challenges**

Successful delivery of desired outcomes results from the ability of partnerships to deliver their goals, they most progress in any environment, turbulent or otherwise and to reposition assets, competencies and resources in order to address changing needs and priorities (Hudson and Hardy, 2002; Eisenhardt and Brown, 1999). Slater *et al.* (2007) suggested, that the reflective processes of monitoring and the commencement of the evaluation of the collaborative process are important in assessing the partnership’s performance, but possibly are more important in understanding and developing the partnership working.

As stated quite critically by a participant:

*“[Monitoring] ... it is actually an area that could be neglected, because many people are so euphoric about signing the contract they may forget, on the long term that is almost as important, if not more important than what you do at the beginning, because it is through monitoring that partnerships run smoothly; as no contract runs perfectly, you have to continually tweak it and most concession contracts are renegotiable”.*

*[Managing Director, Funding Institution]*

This comment suggests that during the monitoring process, documentation that pertains to all monitoring procedures should be made available to partner organisations such that the partners are made accountable for their activities and are

able to manage expectations. This reinforces the benefits of having professional organisations with strong, financial, legal and technical capabilities and expertise involved in the monitoring process. Being accountable and by managing expectations could to a good extent mitigate against future risks, it also emphasises the importance of multi-communications strategy in partnership working and with the public.

In the partnerships investigated, participants stated that meeting the set milestones for timely delivery of the local regeneration projects was a constant challenge, consequently, in a bid to deliver on the set goals, various strategies were used in the five partnerships investigated. These strategies are discussed for each local regeneration partnership investigated in the following subsections, in terms of meeting the three performance criteria; the extent to which goals were met; the extent to which partners were able to implement agreed actions and the capacity of the partnership organisations to work effectively together.

### **8.2.1 Survival of the BT Local Regeneration Partnership**

In the BT Partnership, performance indicators such as the number of bus availability per route, the number of passengers carried per trip, the number of trips that are made per day and the returns made per day had been agreed upon during the negotiation process at the formation stage to assist in determining if the goals for the BT project had been reached. Consequently, a joint weekly performance report was sent to the Transport Agency by the private partners and the partnership monitoring team. A Director [Transport Agency] stated that although the bus services were operating and it is the general opinion that the partnership is moving in the right direction, however, in trying to achieve the partnership objectives, the milestones moved from time to time. The participant acknowledged that it had been a challenge in trying to formalise the informal sector in a way such that they understood the benefits to be derived from the partnership. Also, there had been instances, even when certain agreements had been reached, it took the efforts of the steering committee to enforce the agreements, which usually could be a time consuming and frustrating effort.

The participant further stated that:

*“Given the background, maybe with our exposure and experience, we were a bit naïve at that time to expect that they [the Transport Union] were going to meet our expectations. We are an organisation that follows rules and regulations and this could not have been expected from this informal sector”.*

In implementing the agreed actions of the BT Partnership, a detailed explanation about the monitoring procedure was offered by the Deputy Director B, [Transport Agency], who explained that the activities of the partnership was monitored by a project monitoring team on behalf of the Transport Agency. According to this participant, they looked at the milestones set for ‘Year One’ to determine if the operation was well under way and on time, in terms of meeting set milestones. In addition, they also considered the quality of service and then made their report at the meetings which are held periodically. The meetings took place monthly or bi-monthly with all stakeholders involved to discuss any issues or challenges which needed addressing. The participant also stated that:

*“We equally have consultants working with us, now the meetings are between the consultants, the Transport Agency and the investors. In-house, we have the monitoring departments, they would submit reports; this is what has been done this month, this is the plan; this is what has been achieved; this is the gap, so the monitoring department will now pick it up, and determine why they have not been able to meet up? What are the things lined up for them to do?”*

Another participant added that:

*“We also have a team of people who monitor the performance of the operator in case the indicators set in the agreement are not met. Also, we have a call centre here where we get feedback from members of the public”.*

*[Director, Transport Agency]*

This is further reiterated in the comment below:

*“We have put a lot in place in terms of monitoring the Transport Union and the BRT and we have a lot of monitoring officers on ground from the public transport department. Such that at every point if you get into the depot [bus garage], the Agency’s staff work there to oversee the activities over there”.*

*[Legal Adviser, Transport Agency]*

The World Bank being a co-sponsor, working alongside the Lagos State Government on the BT project also embarked on monitoring procedures called ‘Missions’. The World Bank came on missions at two stages; the pre-review stage (discussed in chapter 6.2.1) and the post review stage. At the post review stage, a team from World Bank consisting of financial, engineering, procurement and environmental experts work with the Transport Agency to determine what had been achieved at that stage. They reviewed the reports and embarked on physical inspection of the project sites, after which meetings are held to discuss the challenges faced and how to mitigate against those challenges. According to a participant, these Missions are viewed as supportive of the partnership working:

*“...we discuss the problems with them and also they ask what we are doing to mitigate against that? What are the next steps? We don’t call it supervision we call it support. For every project when we complete that project we have to send it to them. Periodically, we can be asked to give status report”.*

*[Deputy Director B, Transport Agency]*

This is in line with funding institutions increasingly requiring some form of tangible evidence that intended outcomes are been achieved within agreed time frame (Bovens, 2010). Another participant reiterated this point:

*“The World Bank visits the Transport Agency periodically, and we have what is called a mission, they come for a week and they sit down here, and we talk about the various projects and the problems we are facing on some projects, or the progress we are making, or we need additional money, we discuss all sorts, at the end of the day we develop a report, which is sent to them and that report has the progress of all the programmes, the ones that are on track, which ones we need more money for, then we discuss a way forward”.*

*[Deputy Director C, Transport Agency]*

A report by CEPA (2015), on ‘Mobilising Finance for Infrastructure in Nigeria’ acknowledged that funding institutions could play a significant role in bringing more assurance that best practices are being adhered to. This would bring more confidence to investors about the potential of the partnership to deliver on the contractual agreement. The monitoring is reflective on the performance indicators as agreed to in

the contractual agreement. The researcher infers that the effectiveness, perhaps eventual success of the partnership working has come from the partnership's adherence to the terms of the 'MoU' and the setting up of the steering committee from the onset which helped move the partnership along. According to the participants in the BT Partnership, the Transport Agency is trying to ensure the focus is on the citizens such that they get the best in terms of the transport sector and to provide an environment which is conducive for people to travel from one place to another.

As stated below by a Deputy Director B [Transport Agency]:

*“It helps us [the Transport Agency] to get quality service and helps us to be able to get infrastructure development done quickly, you don't need to wait for government budget”.*

It was emphasised by the participants that the challenges faced had nothing to do with the PPP model, but with the way the partnership working had been implemented and managed. This was further explained by the participant below:

*“The partner that they chose at the time had not delivered the objectives, although the scheme continues to be profitable, they have surpluses, they have been able to pay back their loans. However, these were done at the expense of quality of service and following agreed regulatory guidelines. We are in a stage now where we are reviewing the partnership terms”.*

*[Director, Transport Agency]*

The researcher attributes this situation as described above to the limited use of the information from the partnership monitoring reports to aid the partnership working. This was attested by a participant who stated that:

*“We are not using it [information from the monitoring procedures] as expected, when we get the information, we are supposed to look at what was contained in the contract agreement, and use them either as a means to reward or to penalise. But as it is now we are trying to reform the transport sector, we are not getting into doing that yet”.* *[Deputy Director A, Transport Agency]*

The participant also stated that:

*“The initial objective is to be able to do some form of reform in the sector and with this reform we have been able to reduce insecurity in public transport in Lagos and some form of organisation, where we have been able to place consistency in the fares with the BRT buses”.*

*[Deputy Director A, Transport Agency]*

The BT system was successfully completed in 15 months and was launched in March 2008 and to some extent the partnership had been able to achieve some of the objectives set out in the partnership, but the researcher is of the opinion that adequate evaluation and effective use of these monitoring reports could have mitigated against some of the challenges faced in the BT Partnership. The World Bank preliminary evaluation carried out in 2015 indicated that about 200,000 passengers commuted daily using the BT system; this figure as reported by the World Bank exceeded the expected usage by 100%. Passengers get a 30% reduction in the average fare and this was despite the 100% rise in fuel costs since its commencement. In addition, passengers also enjoy a 40% reduction in journey time; an increase in the average speed from less than 15km/hour to 25 km/hour and a reduction in the average waiting time by 35%. According to the report, there has also been a reduction in public transport crime, this has been made possible by introducing discipline in operations, for instance in the route franchising scheme (World Bank, 2015).

The success of this BT Partnership has brought confidence to the Lagos State Government and to the Transport Agency, such that plans to scale-up the BT to other areas within the State in a new local regeneration project has commenced. This new BT project is being set up by the World Bank, the Transport Agency and ‘Agence Française de Développement’ (AFD). The justification for the selection of these new routes is based on a comprehensive network analysis and on traffic flows (World Bank, 2015).

### **8.2.2 Survival of the Rail Mass Transit Partnership**

In the Alpha Rail Partnership, an Assistant Project Manager A, [Transport Agency], expressed concern about the delay in the construction of the rail infrastructure and how

that had affected the set target to complete the 27km stretch of construction by 2014 as agreed in the contractual agreement. Although the construction is taking place in phases, the delays in implementing agreed actions were attributed to budgetary constraints faced by the government in making payments for the rail infrastructure. The participant stated that there were still some parts of the rail route that are yet to be awarded to private contractors for construction as a result of this. A visit by the immediate past Lagos State Governor to the on-going construction rail route in September 2014 was met with disappointment at the progress of the construction work. Despite evidence of slow progress, the Governor expressed optimism of its eventual completion (Akinsanmi, 2014). Commencement of construction works on the Beta Rail Line route on the other hand had been delayed because approval was needed from the Federal Government for 'Right of Way' on the routes that belonged to the NRC shared with national rail lines. This approval has now been issued after 8 years of protracted negotiations and handed over by the Federal Ministry of Transport to the Lagos State Government and plans to commence construction of the track route are under way (Ogidan, 2015).

A steering committee was set up that met with the representatives from the Office of PPPs in Lagos State to discuss report progress and the challenges faced. They also have an external monitoring team from Lands, Planning and Budgeting office and also from the Debt Management office that checked on the progress made every month alongside agreed milestones. The Assistant Project Manager A, [Transport Agency], stated that:

*“The consultants themselves have monthly reports they submit to the Housing Authority and that shows the percentage they have achieved on a project. Monitoring is based on actual work on site and then we evaluate this progress back at the office”.*

Another participant Private Sector Specialist [Funding Institution B] was of the opinion that the level of performance is accessed based on what has been delivered at each stage.

*“We have the monitoring and performance unit in the Agency that tracks the progress of various projects. When we deliver our terms of reference, we have the contract in place, we have milestones, we break our deliverables into milestones”.*



Assistant Project Manager A [Transport Agency] offered further clarification and stated that this is done before the Transport Agency could secure payments from the State Government. In addition, Managing Director [Funding Institution] stated that management accounts are published every month and that it was very important to keep all partners involved to promote confidence and engagement in the partnership activities such that disputes did not arise.

In addition, the importance of effective communication with the community was also recognised as contributing to the success of the partnership working. A strategy was therefore employed to achieve close community relations to influence the community to accept the project. As illustrated by the comment below:

*“...there is the need to talk to them regularly, also via TV and radio advertisement, communicating with them, and particularly during construction. A lot of discomfort takes place, where parts of the roads are closed down, we need to let them know in advance, so stakeholder involvement is important and it is all to do with branding and advertising”*

*[Managing Director, Funding Institution]*

In the Transport Agency, value for money is recognised as been pertinent in ensuring the effectiveness of the partnership working, in a statement by a Managing Director [Funding Institution], the operational efficiency gain for private sector delivery needs to outweigh the high cost of financing, such that it still makes it worthwhile for the private sector, instead of going through the traditional procurement route. It is the goal and expectation that the citizens of Lagos would benefit from the Alpha Rail in terms of improved transport facilities and reduced travel time and is forecasted to attract about 400,000 passengers per day.

This is also indicated in the statement below:

*“... in the transport sector and here at the Transport Agency, PPP in our case plays a major role in achieving what we want. It is a way of creating employment, of creating a dynamic environment with everybody participating one way or another”.*

*[Deputy Director C, Transport Agency]*

High optimism is expressed by these participants; despite the current situation at the time of the research, a situation in which the 25-year concession agreement for the rail operation was still being negotiated with the preferred bidder made up a consortium of 4 local and international companies. This situation has left the potential partners in a dilemma of finding project finance except the State Government is committed to bearing some of the revenue risk. Despite the challenges, the consortium on the other hand are highly optimistic that they can deliver on the terms of concession agreement and are keen to implement innovative technical solution that would allow effective integration of the rail and local bus service routes (Metro Report International, 2012).

### **8.2.3 Survival of the Kappa Housing Local Regeneration Partnership**

In pursuing the goals of the partnership, a participant [Team Leader, Reforms Agency] stated that the activities of the partnership were monitored by the PPP department from the Housing Authority on behalf of the Federal Government. There was a monitoring team on site made up of representatives from the business development unit, the head commercial housing, the head co-operative housing, representatives from the estate department, consultants such as quality surveyors and transaction advisers. A Deputy General Manager from the Kappa Housing Partnership explained that the role of the monitoring team made up of the relevant professionals mentioned above was to see that the agreed procedures were being implemented and to ensure compliance in the constructions of the housing units. Routine inspections were therefore carried out to monitor the quality standard going into the construction, that the target number of housing units in terms of the 'Bill of Quantities' were achieved and that the project reached completion.

Furthermore, the participants in the Kappa Housing Partnership stated that in order to effectively implement the agreed actions, it became important to encourage participation of the local community, especially, because it involved dealing with resettlement, land ownership and fee payments. Participants stated that local residents could go to any lengths to prevent work commencing on the land and could lead to court injunctions, if they felt disenfranchised from the decision-making process. In addition, the off-takers are involved in certain decisions made in the management of the Kappa Estate.

A participant commented that:

*“You talk with them, you get their buy-in, sometimes they make some demands they want for the community, so we sit down with them and come up with some certain kind of agreements and some are easier to deal with than others”.*

*[Deputy General Manager, PPP Unit]*

Another participant [Team Leader, Reforms Agency] stated that in the long run, the problem was being able to address the issues that critics and sceptics raised about the partnership operations been more expensive than traditional procurement methods because of the delays in the construction process that lead to cost overruns. These delays had been caused by political interferences, issues with accountability and transparency, issues with payment and sales; delay in obtaining certificate of occupancy; cost and time overrun (Jimoh, Legbo and Bajere, 2015). A participant commented about the benefits of the partnership working despite the challenges faced:

*“But we are gaining, because we [the Kappa Housing Authority] have more units, the environment is beautified, the value of the houses is increased and we can now easily upgrade the road network, because there is additional money to operate the infrastructure”.* *[Deputy General Manager, PPP Unit]*

The effectiveness of the partnership working was thus based on the capacity to deliver on the contractual agreement at the due date. To ensure that the partnership delivered on its mandates, key performance indices based on various timelines were created to ensure standards were met as set out in the partnership agreement. These performances are indicated in terms of the ‘Bills of Quantities’, growth index and compliance index, as well as in terms of turn-around time. Despite the various challenges encountered in carrying out the partnership working and in the construction of the housing units which was expected to last for only 24 months. The terms of contractual agreement were eventually met with the completion of 351 housing units and the management of the completed estate was transferred to the government.

#### **8.2.4 Survival of the Gamma District Development Local Regeneration Partnership**

In the completion of the housing units, delays have been experienced and these delays had a direct implication in implementing the agreed actions. The delays experienced were because the Federal Government had not met its obligations in terms of putting appropriate procedures in place for the collection of the development levies from the off-takers and reimbursed the levies towards the needed cash flow for the project. It had been the responsibility of the District Development Agency to put the procedures in place for the collection of the development levy from the off-takers. A participant stated that:

*“The money was supposed to be paid into a jointly owned account in the project company, so that it could be used to meet its obligations and all, they hadn’t even gone through the process of the advert, informing off-takers, that they should come and pay, they just did not do anything”.*

*[Lead, Transaction Advisory Services]*

Further to this, in aiming to meet the goals set out in the Gamma District Development Partnership, the PPP Coordinator [PPP Advisory Unit] stated that there were reporting requirements under the Federal Procurement Law and the ICRC Act that the partnership was required to adhere to. According to these proceeding, a monthly report of the partnership’s activities had to be sent to the funding institutions, before further funds could be accessed. According to the ICRC Annual Report (2012), an independent engineer was appointed by the partner organisations to supervise and monitor the engineering project on-site operations. A ‘Tripartite Agreement’ was signed in November 2012, by the District Development Agency, the private sector developer and the independent engineer. A participant commented that certain provisions had to be made in the partnership agreements to mitigate against the risk of partners defaulting on the agreement:

*“What is also important is that we made sure that these are requirement that are put into the contract for instance, the compliance forms we want, the information presented in a specific manner, so that the concessionaire knows this.”*

*[Director, Regulatory Commission]*

According to participants in the Gamma District Development Partnership, performance monitoring procedures should be a self-managing mechanism, such that the partners are aware that if the facilities end up not being properly constructed, off-takers are not likely to make use of the infrastructure. The Gamma District Development Partnership has been on-going for 5 years and despite the challenges faced in reaching the partnership goals and in meeting the contractual agreements (discussed in 7.2.4), the government is determined to make sure that the project succeeds; such that the partner organisations continue to adhere to the terms and obligations of the 'Development Lease Agreement'. This would consequently have an implication of the survival of the partnership working. The construction period has now been extended to November 2016; this was 23 months after the initial agreed completion date.

The Gamma Partnership is also determined to continuously engage local residents through various enlightenment campaigns. The assurance of appropriate compensations to natives of the areas where the constructions are taking place was given by the then Federal Capital Territory Minister during the flagging off ceremony of construction activities at the district held in 2012 (Iroegbu and Akinwale, 2012). This assurance was given amidst attempt by local residents to disrupt the on-going construction work. In the same efforts, a senior member of the Regulatory Commission stated that progress was been made with compensation and resettlement to the local residents were the construction was on-going (Premium Times, 2013).

### **8.2.5 Termination of the Road Local Regeneration Partnership**

After about five years of operation, the SPV in the Road Partnership ran into cash flow issues because of the incessant court actions and civil protests in the construction of the toll road. This resulted in delays in implementing agreed actions with regards to the 30-year concession agreement and in meeting set construction milestones. First, court litigations resulting from 'Right of Way' caused delays in construction and this was because compensation to land owners had not happened on time. According to the Lead [Transaction Advisory Services], there had also been the need to redesign the architectural plans to fit with the geographical terrain despite the initial geographical surveys undertaken. The constructions had been scheduled to go on for 3 years, between January 2007 and March 2012, however, a participant commented that there

had been a 12-month delay before the construction resumed. As a result of these delays, there was debt default resulting in the lenders calling on the Federal Government guarantees.

Another participant stated that:

*"We have failed on most of those things, on the technical preparation side despite having the required expertise to be able to do these projects, many government want to head into projects without doing all the necessary studies, detailed feasibility studies, many of them don't want to pay advisers, if they select advisers they select the wrong one"*

*[Managing Director, Transaction Adviser]*

Second, the effectiveness of the partnership workings was also inundated with challenges caused by the over-optimism of the willingness and affordability of the local residents and other commuters to pay the toll charges. Participants in the Road Partnership were of the opinion that communication with local residents was not properly managed, hence the unwillingness to pay the toll fare. This placed a major challenge in implementing the decision. A participant stated that:

*"You need to tell people they are going to be paying, many projects have failed because of poor stakeholder consultations, not because they were not well prepared, but a critical element of stakeholder consultation, so you have to involve the stakeholder because they are the ones that would use the services, they are the ones that would be hit with affordability issues. That process is continuous it most not stop".*

*[Director, Regulatory Commission]*

One of the participants [Economist, Funding institution] was of the opinion that one of the challenges faced in the partnership was due to not dealing with certain fundamental issues at the contractual stage (discussed in chapter 6.2.1). According to another participant:

*"The project had a lot of delays, they [the partners] agreed with the bank that in 20 months they were going to pay back the bank loan, but they were still constructing by then, and the third toll gate hasn't been built, the banks said okay, you don't have money, no problems we are going to call on our*

*guarantee, and for the government it would have been a huge embarrassment, so buying back was one way of trying to manage that concession.”*

*[Director, Transaction Advisory Services]*

When the first toll gate was eventually completed, government for political reasons advised the SPV they could not start the second toll gate. They had to renegotiate the terms of the contract, this led to more delays and it was eventually agreed that the State Government would offer some shadow toll. At the second gate:

*“The payments that were supposed to come from shadow tolling were not coming as the intervals it was supposed to, and you know, when you have a cash flow that you have modelled and things don’t fall according to plan...”*

*[Lead, Transaction Advisory Services]*

Despite best efforts from the partnership, the challenges continued to hamper the effective implementation of agreed decisions. Hodge (2004), stated that in some partnerships, after a number of years of effort, the partnerships fail to mature or go through more than one stage of their lifecycle. This he stated could be attributed to the partnership not recognising which partner organisations need to take the lead on different issues and at different points in time in order to provide the partnership with the needed strategy to take the local regeneration projects forward. The failure to make any significant progress towards their original goals and objectives and decision to reassess assets and strategies often came too late or not at all; thus leading to the partnership being stressed and eventually terminated (Lowndes and Skelcher, 1998).

According to a participant:

*“I don’t think the private sector prepared very well for their role in that partnership, they underestimated the poverty level in Lagos and they did not do their market research well.”* *[Deputy Director C, Transport Agency]*

It was the case however that the Lagos State government had initially tried to bail the SPV out by off-setting part of the loans, but due to various political pressures from the citizens of Lagos State and the Lagos State House of Senate; it was decided that the best option was to buy back the shares of the SPV from the existing shareholders and this led to the termination of the partnership amongst other political pressures. An

agreement was reached that it was in the government's interest to buy back the private sectors shares and complete the rest of the toll gate construction using traditional means of contracting (OPPP, 2013).

According to Dominic *et al.* (2015, p. 71) "in August 28, 2013, the Lagos State Government after the proposed bill was approved by the State House, acquired the concession rights on the project at an estimated cost of 25.3 billion Naira". An opinion was offered by a participant who stated that:

*"By and large it delivered a road, a good world class road, I think it initially underrated the problem, the community issues, the stakeholder issues, but in the end, its being a success."* [Director, Consultancy Services]

Another participant [Director, Transaction Advisory Services] commented that, if the government decided to buy back the rights of the SPV, it did not mean that it was not a PPP, but that it was not a successful PPP arrangement. While these might be the views of the above participants, the researcher is of the opinion that the government's decision to buy back the SPV raises concern about if the government can (a) ensure the of completion the construction of the toll road using traditional methods of contracting and (b) uphold the high standard of the maintenance of the toll road and the management of its associated operations. This is because the government in Nigeria generally do not have a good track record when it comes to maintenance and management of public infrastructure (Babatunde, Opawole, and Akinsiku, 2012). The events of the Road Partnership signals that effective monitoring and evaluation of the partnership performance should have been carried out consistently to allow for answerability through various checks and balances, especially, in terms of contract adherence, quality of service and operational efficiency level. Effective performance monitoring tools could also have been used to determine the efficiency of operations at each stage of the partnership, for instance, the delivery times or the number of vehicles that ply all routes.



### **8.3 Mutual Interdependence, Trust, Transparency and Accountability Concerns in the Delivery Stage of Nigeria Local Regeneration Partnerships**

Successful collaboration between partners is integral to the partnership working and is tasked with increasing mutual interdependence, trust, transparency and accountability, requiring partners to set continuous goals and provide evidence of their performance (Merminod and Rowe, 2012). As Slater *et al.* (2007) suggested, that the reflective processes of monitoring and the commencement of evaluating the collaborative process are important in assessing the partnership's performance, but possibly are more important in understanding and developing the partnership working. Thus, if the reflective processes are acted upon, can give rise to partnership learning, both across the partnership and within the individual partner organisations.

Participants recognised that the partners needed to meet their obligations as at when due, for PPPs to work in the country, such that the partners needed to understand that successful partnership could only be achieved when all the partners met their obligations. Participants also stated that carrying the citizens along is very important throughout the various stages of the partnership; however, there is no legislative procedure in the ICRC Act that gives an indication as to what needs to be done. A participant stated that:

*“The ICRC Act says nothing about it, most states government laws say nothing about it. If it is driven by legislation it would help, otherwise people just have to put more sense into it.”* [CEO, Legal Advisory Services]

Another participant further commented that:

*“It is not the responsibility of the private sector to deal with these citizens, that is the work of the government”.* [Managing Director, Funding Institution]

In being accountable to the local community, it was important for the Transport Agency in the BT Partnership that the public were made aware of the necessary information about the BT Partnership activities. The feedback provided by the members of the public were acted on and also communicated to the private partners with the aim of improving bus transport services. According to participants in the partnership, it was a way of ensuring that the Transport Agency was accountable for what it has set out to achieve and to build trust with the local community. It was the

opinion of the Deputy Director C [Transport Agency] that the government had a responsibility to ensure that the private sector actually delivered on the project.

Deputy Director B, from the Rail Partnership was of the opinion that the efforts been put into engaging, communicating and informing the populace was mainly because it is a World Bank partly sponsored project. There is an amount of the World Bank funds that is budgeted and allocated to funding this exercise, because of the importance the World Bank's places on information, education and communication. The participant further stated that it was important that the community has a proper understanding of what the Transport Agency was trying to do, by educating the populace.

In a bid to encourage trust among the community residents, the participant explained that:

*"We have what is called, 'External Relations' which forms part of our communications strategy. Whenever we want to do any community projects, we have to go to that community, this is what we need to do, we need their cooperation, we tell them this is when the project would commence and this is how it is going to affect them, so we do what we call stakeholders engagement periodically".*

The participant further stated that:

*"We do realise that whatever project we are doing they are the end users, so they must have that sense of belonging and then the ownership. We also visit all the Bales [local chiefs] so that they could help us mobilise their people, then we sensitise them about the project that is coming."*

Likewise, the Director, [Transport Agency] stated that:

*"These are social projects, whether you like it or not, if the concessionaire fails or does not perform; we [the Transport Agency] take all the blame for it. The operator can pull out at any time and if the operator pulls out we don't exactly have an alternative option".*

The Transport Agency's communications strategy also involved external relations, such that offices from the public relations department hold surveys with members of various communities. Four television shows which are aired for half an hour every

week are sponsored by the Transport Agency to give updates of both the BT and Rail Partnership given. Live interviews are aired and live interaction with the members of the public are also aired to address concerns. There are also social media updates of the on-going the construction, for instance, on Facebook. A participant further stated that:

*“They give us updates about their experiences, we also have a monthly meeting with the leaders, they tell us for instance, you don’t have enough traffic management protocols, as part of the environment safeguard requirements.”*

*[Deputy Director B, Transport Agency]*

In the delivery of the Gamma District Development, a participant believed there were reservations about the implementation process due to delays and that at the federal level there was limited confidence in the partnership.

The participant stated that:

*“I think we would reserve judgement on that because we haven’t seen the full outcome. So there are problems with driving the process through, and it is very slow and there are many, to that extent I won’t say there is full confidence in the process just yet at the federal level”.*

*[Managing Director, Funding Institution]*

In an effort to promote accountability in the partnership, a participant explained that:

*“... because of the bank funding that is involved, we are being monitored closely to ensure that the money is being used for what it is supposed to be used for.”*

*[Lead, Transaction Advisory Services]*

An independent engineer in line with the partnership agreement was integrated in November 2012 into the partnership to promote a trusting and transparent collaborative process, such that there were clear indications of the roles of the partners, clear procedures of their operations and decision-making processes and that the resultant implications from those decisions were clearly observed (ICRC Annual Report, 2012). The monitoring was also deemed important in the event that there was an arbitration process or that the partners went to court for any litigation reasons.

In the BT Partnership, various evaluation techniques were employed in the partnership working to promote accountability and trust. The outcomes of the operations of the local regeneration project are taken into consideration in order to protect the citizenry, such as environmental degradation and the health and safety of the citizens. To help mitigate the occurrence of protests and to have close contact with the local community, some corporate social responsibility projects to benefit the residents along the bus route corridor were developed. One of the agreed actions from the contractual agreement was that extra services are provided by the private partners on the toll road. A good example was the provision of free toll services in cases of vehicular break down on any stretch of the road; this is with a means to build close community relations.

A participant was of the opinion that:

*“...the government policy must be encompassing to deliver those things, the government must think about this when drafting the policies, it must be in the concession package”. [Principal Procurement Officer, Funding Institution]*

In being accountable, to the populace, a couple of participants stated that:

*“As far as members of the community are concerned, I won't say that we have engaged them as much as we would have liked to.”*

*[Director, Transport Agency]*

*“...for the future of PPPs to be assured, you have to make sure that at the end of the day, the perception of the public is good about them.”*

*[Team Leader, Reforms Agency]*

In the Kappa Housing Authority, participants voiced that it would no longer be business as usual once the Housing Authority was restructured. Consequently, in line with the new corporate governance changes that would include the mechanisms for assessing the Housing Authority's performance, as well as holding them accountable. There would also be an inclusion of performance agreement within the 'MoU'. The evaluation of the entire partnership working would also be introduced at the end of the local regeneration projects to determine if the partnership was able to deliver on the

set objectives and in terms of the concession agreement. It would also involve the appointment of an Independent Estate Valuer to join the PPP team.

One of the participants [Legal Adviser, Reforms Agency] indicated that the performance criteria of the Housing Authority in terms of partnership arrangements would be agreed among partners in accordance to a new structure proffered by the Regulatory Commission working with them to corporationalize the Housing Authority. The participant further stated that:

*“It is a process whereby we can put in place appropriate structures for the direction and management of the partnership in order to increase long-term shareholder value and enhance corporate performance and accountability while taking into account the interest of the citizenry”*

In addition, an Assistant Director A, [Reforms Agency] commented that he was of the opinion that the bottom line was that when it comes to performance reporting, that at the end of the day, there must be indication of good governance, transparency and accountability in those documents. Performance measures such as procedural standards increase accountability to the public and they encourage mutual interdependence (Ferrer *et al.*, 2010). Developed countries, as well as developing ones are tasked with crafting policies that require more formal and systematic attention to the use of performance measurement and the need to integrate evaluation into the partnership life cycle to achieve better partnership working (Merminod and Rowe, 2012).

In the Kappa Housing Partnership, when the housing units was handed over to the Housing Authority for facilities management, operations and maintenance, a resident association was set up to involve the off-takers in the management of the estates. According to the Deputy General Manager, [PPP Unit], one of the Housing Authority’s statutory functions is to get the residents association involved in making decisions affecting the management of the entire estate. In light of this, meetings are held periodically with members of the residents’ association and officers from the Housing Authority estate department.

#### **8.4 Chapter Summary**

The chapter explored and explained the survival of Nigeria local regeneration partnership working, the inherent challenges and contexts in which the Nigerian local regeneration partnerships operated. Individual partner organisations involvement through the stages of the partnership differed in the five local regeneration partnerships. Government organisations were primarily concerned with the influence of project activities on their political mandates and private organisations were concerned with ensuring that the value adding and investment recouping activities were not disrupted. The milestones in the local regeneration projects were not always delivered in time and in line with the partnership agreements. Transaction costs were derived from the lengthy time taken to arrive at decisions; for instance, length of tender call, duration of negotiation with bidders, the duration of preparatory period from financial close to start of project operations. Survival of partnerships and potential for partnerships' success are also dependent on various monitoring and evaluation procedures of the partnerships' activities, specifically, satisfactory evaluation of the local regeneration partnership performance in terms of clear goal attainment and value for money.

The empirical findings of this research (see table 8, p.248) indicated that the challenges had direct implications on the survival of the local regeneration partnerships and also in terms of successful delivery of intended outcomes; more specifically, the extent to which goals were met; the extent to which partners were able to implement agreed actions and the perceived effectiveness of the partnership working. Despite the various strategies employed to ensure appropriate monitoring of the partnership activities and the local regeneration construction projects; these monitoring strategies did not prevent the challenges faced in each of the local regeneration partnerships investigated. It is worth noting that although these partnerships started off with having a shared vision and common concerns and had established key objectives and priority areas for the partnership working as suggested by Shortell *et al.*, (2002) and Gamm, Rogers and Work, (1998), the evidence from the findings are more akin to Roehrich, Lewis and George (2014) arguments that contracts and 'MoU's (in the case of the local regeneration partnerships investigated) played a significant role in clarifying the partner organisations' responsibilities, managing the collaboration processes, and determining if the three performance criteria were met.

The challenges faced by the BT Partnership in delivering the partnership goals came from the drive to restructure the highly informal bus services sector. Although performance indicators had been agreed upon at the formation stage of the partnership, it took the efforts of the steering committee and the external relations department to ensure that agreed actions were implemented. In addition, it can be inferred from the empirical findings that the affiliation and the hands-on support received from the World Bank may have led to the achievement of the goals set out in the partnership. The success recorded in the attainment of the partnership goals did exceed the projections made in the feasibility studies and this success has instilled confidence in the State Government and funding institutions to scale-up BT Partnership to other routes within Lagos State.

In the Alpha Rail Partnership, while this partnership is still in its implementation stage, concerns have been expressed about the slow progress made with the construction of the rail infrastructure by the private partners and milestones have had to be moved at various times to accommodate the delays. More worrying is that even if the construction phase had met the milestones set and was completed on time, the operational phase would still have stalled. This is because the 25-year concession agreement has taken quite long to be awarded to the preferred bidder for the operational phase due to opposing views on how to mitigate against the revenue risks. Participants interviewed did however express optimism that issues would be resolved in time to meet up with the revised timeline for the commencement of the operational phase.

In the Kappa Housing Partnership, despite the monitoring team set up at the onset of the partnership to carry out routine inspections in terms of the quality standards of the construction; the target number of housing units in terms of the 'Bill of Quantities' were achieved and the project reached completion. The partnership working was inundated with political interferences, issues with accountability and transparency which led to time and cost overrun. Likewise, in the Gamma District Development Partnership, the survival of the partnership had been threatened with delays of the Federal Government not meeting up with its obligations in terms of the collection of the development levies from the off-takers and reimbursing it towards the needed cash flow for the construction project.

**Table 8: Survival of Nigeria local regeneration partnership working and delivery of partnership goals**

<b>SURVIVAL OF NIGERIA LOCAL REGENERATION PARTNERSHIP WORKING</b>					
<b>Partnerships</b>	<b>BT Partnership</b>	<b>Rail Mass Transit Partnership</b>	<b>Kappa Housing Partnership</b>	<b>Gamma District Development Partnership</b>	<b>Road Partnership</b>
<b>The extent to which goals were met</b>	The BT system was successfully completed in 15 months and was launched in March 2008	First phase of rail construction is near completion	The completion of 351 housing units and the management of the completed estate was transferred to the housing authority	The construction period is currently extended to November 2016; this was 23 months after the initial agree completion date	Road completed with two of the toll gates completed. The last toll gate is to be completed through traditional procurement
<b>The extent to which partners were able to implement agreed actions</b>	Affiliation with World Bank helped ensure effective partnership working	Milestones moved at various times to accommodate the delays from the construction of the Alpha Rail Line	Due to challenges from the bureaucratic processes, it became important for the housing authority to establish good working relationships with some of the affiliated government agencies.	Monthly reports of the partnership's activities had to be sent to the funding institutions before further funds could be accessed. An independent engineer was appointed to supervise engineering operations on-site	Renegotiation of the terms of the contract at various times led the State Government to offer shadow tolling at the second toll gate
<b>The capacity of the partnership organisations to work effectively together</b>	Efforts of the steering committee and the external relations department to steer the partnership activities towards attaining set goals	Negotiations with the private consortium still on-going for the commencement of the operational phase of the rail line	Monitoring team played a key role in ensuring terms of the 'Bill of Quantities' were achieved	Delays in the implementation of agreed actions due to Federal Government not meeting up with its obligations and delays in the resettlement and compensation of the local residents	Termination of the partnership and the buying back of the SPV shares due to incessant delays in construction and debt issues from the constraint to collect adequate toll fees for the repayment of loans

**Source: Author's Own**



In a bid to save the partnership, monthly monitoring had to be introduced that took into consideration certain key activities performed by the individual partners, after which a report had to be sent to the government ministry affiliated with the Gamma District Development Partnership. Delays in the resettlement and compensation of the natives of the areas where the construction was taking place also affected the timely implementation of agreed actions. Assurances had to be made by senior government officials to the local residents that appropriate measures would be taken to ensure the processes of resettlement and compensation were adequately facilitated.

The Road Partnership was the only local regeneration partnership that resulted in termination before the terms of the 30-year concession agreement could be fully met. The unwillingness of the local residents and commuters to pay toll fees led to protests which put a strain on the partnership in terms of moving forward with the terms of the concession agreement. The overall implications were incessant delays in construction and debt issues due to the inability to collect tolls for the repayment of loans. The termination of the partnership and the buying back of the SPV shares can be inferred to put the government right back in the position of spending from the already tight budget and completing the rest of the toll road construction using traditional method of procurement.

## CHAPTER NINE

### SUSTAINABLE COLLABORATIVE ADVANTAGE IN NIGERIA LOCAL REGENERATION PARTNERSHIPS

#### 9.1 Introduction

In the last four chapters, this thesis analysed the empirical data collected and explained the findings with regards to the Nigerian institutional context in which five local regeneration partnerships investigated were established, as well as the key collaboration activities, issues and challenges faced at the different stages of their partnership working. These findings were aimed at addressing the first four objectives of this research (see section 1.6). More specifically, chapter 5 presented the institutional context factors that influenced the adoption of partnerships for Nigerian local regeneration projects. Chapter 6 presented the empirical evidence of reliance on consultants in advising the formation of Nigerian local regeneration partnerships, while chapter 7 presented empirical evidence that ineffective risk management structure served as impediments in the implementation of Nigeria local regeneration partnerships. Following from this, chapter 8 then presented evidence that the survival of Nigerian local regeneration partnership working is an outcome of successful delivery of partnership goals.

In addressing the fifth objective of this research, this chapter critically explores and explains the underlying dynamics of the collaboration processes (as explicated in chapters 5, 6, 7 and 8) in the five Nigerian local regeneration partnerships investigated that have implications for them achieving collaborative advantage or not. The collaborative advantage theory (Huxham and Vangen, 2004; Huxham, 1996) rests on the perspective that unless there is a clear possibility for real benefit from collaboration, such that some outcome is achieved that could not have been achieved by any one of the partner organisations on its own, it is best for these organisations to avoid collaboration. The particular focus on the underlying dynamics of collaboration processes (as discussed in chapters 6, 7 and 8) emphasises a developing country's approach to partnerships from that which prevails in developed countries and elucidates aspects of these collaboration processes in the context of the collaborative advantage theory.

## **9.2 Realising Sustainable Collaborative Advantage in Nigeria Local Regeneration Partnerships**

The delivery of partnerships goals are suggested not to be so clear-cut neither do partnerships always meet up to their expectations. As discussed in the literature review (chapter 2 and 3) and from the empirical findings presented (chapters 5, 6, 7, and 8) complexities in the negotiation processes, poor risk identification, allocation and mitigation approaches in the management of PPP projects and public opposition were some of the causes for time delays and cost overrun in the implementation of PPP arrangements. According to Eden and Huxham (2001) and Huxham (1996) these factors do not only have implications for the success of partnerships, but also in achieving collaborative advantage. The specific factors identified from the empirical findings as it pertains to the five Nigerian local regeneration partnerships investigated are further discussed in sub-sections 9.2.1-9.2.5.

Sustainability of partnership agreements, improved interaction among partners and the efficient provision of services emerged from this research as strategic elements of collaborative advantage that could be achieved in the partnership working. To ascertain if collaborative advantage was achieved or not in each of the five local regeneration partnerships, the collaboration processes in the formation, implementation and delivery stages of the life cycle are explored and analysed in the sub-sections below and evidence of the three strategic elements of collaborative advantage are sought; either as actual outcome of the partnership working or in non-obvious forms (see table 9, pp. 260 and 261 for summary of findings). This is in line with Huxham and Vangen (2004) argument that collaborative advantage might not always be from the actual output, but could also be realised sometimes in non-obvious forms that may be evident with the process of collaborating.

### **9.2.1 Realising Sustainable Collaborative Advantage in the BT Partnership**

The BT Partnership was an initial pilot scheme to regulate bus transportation and services in Lagos State. The Transport Agency with support from the Lagos State Government and the World Bank engaged in a strategic plan to address transportation needs within the state; to alleviate the problems with high demand for transport services by increasing accessibility and reduction in social exclusion; and to protect the public from the rising cost of fares as dictated by private bus owners. Due to the

politically sensitive nature of the bus transport services sector, whereby members of the local transport services union means of livelihood depended on being able to ply certain routes within Lagos State, an unconventional partnership model was used in the formation of the BT Partnership. In other words, the Transport Agency did not see it appropriate under this context to follow prescribed procedure of tendering and bidding in the selection of the private partners, instead, amidst scepticism from the members of the transport union a strategic decision was made by the Transport Agency and the Lagos Government for the bus transport services union to form a 'Co-operative' that would serve as the private sector partner. Huxham and Vangen (2005, p. 66), argued that "while the existence of trusting relationships between partners probably would be an ideal situation, the common practice appears to be that of suspicion, rather than trust".

It is argued that successful partnerships are those that grow incrementally and progress through building trust and shared experiences which often are a time-consuming process (Slater *et al.*, 2007). Efforts of key members, in this case the steering committee, played a major role in spurring improved interactions among partners for a greater part of the partnership working, however, as stated by Slater *et al.* (2007), it could be the case that once the partnership is formed established and main objectives achieved they are likely to become less important to the partnership. Furthermore, due to the dynamic nature of collaboration, efforts put into developing mutual understanding and trust could be easily disrupted (Huxham and Vangen, 2004). It was the case in the BT partnership that once the funding bank received the repayment on the loan, the representatives of the bank in the steering committee stopped attending meetings; it thus became difficult for other members of the committee to function in full capacity and to get the bus cooperative to comply with certain performance indicators, especially in terms of establishing the number of trips that are made per day and the returns made per day.

The operation of the BT system was successfully launched in March 2008 and there is evidence from the preliminary evaluation carried out by the World Bank in 2015 that there has so far been efficient provision of services. The evaluation indicated that the performance exceeded initial expectation of about 200,000 bus passengers daily using the BT system. Passengers also enjoyed a 30% reduction in the average fare costs. In addition, passengers also enjoyed a 40% reduction in journey time, an

increase in the average speed from less than 15km/hour to 25 km/hour and a reduction in the average waiting time by 35% (World Bank, 2015). The e-ticketing fare collection system was introduced in July 2013 to phase out the paper ticketing system (LAMATA, 2015a). These indicators could be argued to depict that collaborative advantage had been achieved by the Transport Agency in terms of a better structure of the bus transport services sector and in the regulation of fares. The Co-operative on the other hand could (a) access the required capital to purchase buses; they would otherwise have not been able to achieve this on their own initiative as a partly informal bus service sector; (b) to improve the co-ordination of the activities of the transport union; (c) improve the work environment and work conditions for the bus drivers in terms of the dedicated bus service routes and garages (World Bank, 2015; LAMATA, 2015a).

Nonetheless, the sustainability of partnership agreement led to the achievement of the partnership goals in alleviating the problems of high demand for transport services and the reduction in traffic congestion within the state (discussed in section 5.2.1). This can also be attributed to the relentless commitment of the Transport Agency, the Lagos State Government and the World Bank, to meet the needs of the local residents through a strong community engagement approach and also being able to deliver the milestones within the set budget (World Bank, 2015). This is in line with Slater *et al.*, (2007) argument that must importantly there must be political will, support of all the partner organisations involved as well as buy-in into the vision and goals of the partnership. A strong commitment to engaging partners in the planning and decisions at the technical and operational levels is seen as a means to promote consensus on the implementation of the contractual agreements relevant to achieving the partnership goals and to sustain the partnership working (Ramiah and Reich, 2006). This success has led to public acceptance and has also brought confidence to the Transport Agency, the Lagos State Government and international organisations like the World Bank and 'Agence Française de Développement' (AFD) to scale-up the BT projects to other routes in a new local regeneration partnership which is estimated to cost \$350 million (World Bank, 2015).

### **9.2.2 Realising Sustainable Collaborative Advantage in the Rail Mass Transit Partnership**

The Rail Mass Transit Partnership was established to meet up with the inadequacy of the transport needs in Lagos State and to improve the limited rail service operated by the existing state rail infrastructure being managed by the Nigerian Railway Corporation (NRC). A key feature of the Alpha Rail Partnership is that PPP procurement documentation prescribed by the World Bank had been used in the selection of the private sector consortium and is also being used in the formation of the partnership. The selection process as indicated by the participants interviewed was a rigorous one, at the end of which the Transport Agency were confident that they had selected a private consortium with a good track record and were knowledgeable in rail infrastructure and transport services. The researcher argues here that the rigorous selection process is due to the drive by the Transport Agency to uphold transparent and accountable practices through strict adherence to the guidelines of the PPP procurement documentation prescribed by the World Bank.

Empirical findings from the data collected showed that this had a direct implication on the interaction between partners because it was very important to keep partners involved, to ensure effective communication and to promote confidence and engagement such that disputes did not arise. Minutes of the meetings and periodic reports on the partnership's operations are also sent to the PPP office of the Lagos State Government to keep them abreast of key decisions and on the project's progress. In a bid to ensure continuous funding for the Alpha Rail Line construction, regular meetings are held with the sub-contractors and representatives of the partner consortium to discuss the progress and the challenges faced in the partnership's operations. However, the exchange of information among partner organisations as evident in the attendance of regular meetings is suggested by the researcher to be an important shift towards a more interdependent way of working and away from traditional approaches to project implementation. According to Slater *et al.*, (2007), transparency is required to build consensus in adhering to the specifics of the contract agreement which can be difficult for partner organisations and it also requires effective communication both within and between partner organisations. The researcher argues that this prompts questions on how the partner organisations may act on or make use of the information exchange to further support transparency and accountability in the

partnership working. Ferratt *et al.*, (1996) also argue along this line that partner organisations may achieve collaborative advantage through information exchange, transparency and accountability in processes, if better services to end users are improved through sharing activities.

Although the partnership is on-going with the construction of the Alpha Rail Line to cover 27km, the researcher is of the opinion that the potential for sustaining the partnership agreement and eventual provision of services raises significant considerations. The partnership operations are approaching its initial key performance milestone which is the completion of the first phase of 8km of the rail route; there are concerns about delays that could impede the implementation of the second milestone. A participant [Managing Director, Funding Institution] believed the good track record exhibited by the selected private consortium meant that it could be trusted to keep to the terms of the contractual agreements. The second phase is the provision of railway systems which include trains, control systems, electric power signalling and fare collection equipment to be provided by the selected private sector consortium who would also be responsible for the operation and maintenance of the Alpha Rail operations. The researcher infers that there is potential in the Alpha Rail Partnership for efficient provision of services, if appropriate considerations are given to the effective management of risks (discussed in section 7.2.2) and to the adherence of the partnership agreement.

### **9.2.3 Realising Sustainable Collaborative Advantage in the Kappa Housing Partnership**

The Kappa Housing Partnership had been established for the development of 351 low and medium cost housing units in the Kappa housing estate as part of the strategy to mitigate against the housing deficit of over 16 million units being experienced in Nigeria. The development of the housing estate involved the construction and maintenance of roads, water works, sewage disposal systems, incinerators and street lights. The Kappa Housing Partnership was based on the Design, Finance, Build and Transfer (DFBT) model and presents a good case whereby the public sector organisations were determined to adhere to the partnership agreement despite the challenges faced in the partnership working. This was driven by the determination of

the Housing Authority not to forfeit their 'Land Title' to funding organisations. Working alongside external consultants, the Kappa Housing Authority was able to identify that it was not only pertinent to look out for a private developer partner with the required technical expertise, but one with financial and management capabilities in a bid to minimise the risk of repayment defaults resulting from forfeiting "Land Titles" to financiers. Lessons had been learnt from past traditional procurement approaches where cash flow problems had led to abandonment of contracts and incomplete housing projects. Soliciting the expertise and skills of a project cost consultant and the independent engineer was useful for the Kappa Housing Authority during road shows and on-site marketing and sale shows.

Included in the partnership agreement was the Kappa Housing Authority's responsibility to allocate the land for the development of the housing estate at a discounted price to the private developer. This was with the aim that the private developer would borrow less from the bank, such that it would be reflected in the selling prices of the housing unit and in line with the objective to build affordable low and medium cost housing units. It was also the responsibility of the Housing Authority to ensure that the relevant planning documents and licences from the affiliated government institutions were approved before commencement of construction works. The private developer was tasked with sourcing the project finance needed for the construction and to deal with any commercial risk associated with the project. The researcher argues that the incentives for collaboration and the motivation of the private sector developer to enter into the partnership could have been based on a profit sharing scheme that was deemed favourable. The scheme was based on a profit sharing of 60:40 for the private developer and the Kappa Housing Authority respectively. Ferratt *et al.* (1996) argues similarly that partnerships are more likely to realise the benefits they seek if those desiring collaboration provide incentives for it.

Despite the initial date of completion been exceeded, the housing units were completed in 2006 and the private developer was able to meet the terms of the 'Bill of Quantities' with the provision of 351 housing units. The completed houses were eventually sold off to the off-takers at a profit and the ownership rights transferred back to the Kappa Housing Authority for the management of the housing estate. A participant from the Kappa Housing Authority was certain that the collaboration could be seen as a benefit for the Housing Authority.



*“...we [the Kappa Housing Authority] have more units, the environment is beautified, the value of the houses is increased and we can now easily upgrade the road network, because there is additional money to operate the infrastructure.”*

*[Deputy General Manager, PPP Unit]*

One of the current efforts of the Housing Authority is to restructure the Kappa Housing Authority and to ensure that the PPP arrangements meet with international best practices that emphasises transparency and accountability. This is expected to also curb political interference in the functioning of the Housing Authority and to protect the interest of the off-takers who usually are not involved in decision making at the stage of the negotiation of partnership agreements, but only at the stage of management and maintenance of the housing estate. The above findings presented depict that there is to a certain extent improved interaction among public and private sector institutions involved in this partnership away from the traditional procurement methods where bureaucracy tends to hinder partnership arrangements. The researcher draws from this that the quest for improved transparency and accountability in operations within the housing authority led to the commitment of the Housing Authority to ensure sustainability of the partnership agreement and the “MoU”. There is however evidence to suggest that the Housing Authority might have dominated every stage from design to construction with active monitoring and independent evaluation teams (discussed in section 8.2.3) to ensure the adherence of the private developers to the partnership agreement.

#### **9.2.4 Realising Sustainable Collaborative Advantage in the Gamma District Development Partnership**

The Gamma District Development Partnership was formed using the Design, Finance, Build and Transfer (DFBT) model as part of the Federal Capital Territory, Abuja objectives to facilitate the social and economic infrastructure development and to ensure inclusivity of the growing population in the city. A five-year contractual agreement with the District Development Agency, a private infrastructure company and a financial institution was signed in June 2011 for the development of a district detailing the construction of 64.49km of network of roads, 131.18km of storm water drainage, 90.55km water supply pipeline, 64.49km sewage, drainage, walkways,

bridges, electrical lines and telecommunications distribution network and associated ducts. Interested members of the public were given the opportunity to buy plots in the district to build their houses.

The expertise of consultants were sought at the formation stage to assist in the selection of a private sector partner with adequate knowledge and experience of partnerships, not only in mass housing, but in other infrastructure development, such as road, sewage and water provision. This was to mitigate against past inadequacies of the private sector in traditional procurement. The partnership is currently at its implementation stage, but not without issues of delays with the pace of the constructions (as discussed in section 7.2.5). Although, the verdict is still out about collaborative advantage achieved, especially in terms of sustainability of the partnership agreement. The expertise of an independent engineer has also been sought to monitor on-site operations.

A consultant with the Gamma District Development Partnership asserted that:

*“Overtime partners are beginning to learn more about the allocation of risk, especially as the government is beginning to see that there are certain risks that need to be considered to ensure that the partnership succeeds”.*

*[CEO, Legal Advisory Services]*

The researcher argues that such dependence on external consultants up to the implementation stage might be an avenue for continuous improvement of collaboration efforts of the private infrastructure developer and the District Development Agency and in the achievement of expected outcomes, such that consultants act as facilitators of the collaboration process. In addition, it is also an opportunity for capacity building for the individual partner organisations.

Empirical evidence from the partnership also indicated that the government is determined to make sure that the project succeeds by guaranteeing that disagreements and conflicts get resolved in a timely manner. A participant indicated that:

*“Some issues quickly get resolved, they have meeting in their offices and are able to resolve them amicably; it is for the benefit of the overall interest of the project and so long as they are focused on the overall goal.”*

*[Lead, Transaction Advisory Services]*

The researcher argues that the District Development Agency recognises the increasing complexity of district development and by having statutory responsibilities for such development, they understand the need for quick conflict resolutions and realism of objectives as well as to draw on expertise outside the public sector in tackling these complexities. Pouloudi (1999, p.348) state that “collaborative advantage should not necessarily be viewed in economic terms, but technological, social and political considerations also come into play such that they might affect the progress and the success of partnerships”. This recognition might as well continue to aid interaction between partner organisations and to guide the partnership working.

### **9.2.5 Realising Sustainable Collaborative Advantage in Road Local Regeneration Partnership**

The Road Partnership was the first PPP at a state level in Nigeria and it was formed for the expansion, construction and operation of an existing road built in the 1980’s which had exceeded its technical design life span of 25 years, as well as to promote economic development within the area. The PPP model utilised was the Design, Finance, Build, Operate and Transfer (DFBOT) model to construct and maintain the toll road. It was a 30-year concession agreement and financial closure was reached in 2008. This partnership was between the SPV established by the project sponsor (the concessionaire), the State Government and a consortium of local and international funding institutions (OPPP, 2014).

The first phase of the concession agreement was the expansion and upgrade of 49.36 km of express-way to six lanes and the construction of a ramp along the stretch of road. The second phase of the concession agreement was the construction of 20 km of coastal road. The provision of complementary facilities such as street lights, road signs, pedestrian bridges and drainages were part of the concession agreement (OPPP, 2014). Challenges faced in the partnership were because adequate feasibility and risk management planning had not been carried out to ascertain the appropriate fares that commuters would be willing to pay at the toll gates and the ability of the commuters to pay these fees. This decision to charge high toll fees led to civil protests, thus leading to delays in implementing agreed actions and in meeting set construction milestones. It also made it difficult for the SPV to charge fares at the completed toll gates with a resultant implication of the ability to recover the costs on investment.

**Table 9: Collaborative Advantage from Partnership Working in the Five Nigerian Local Regeneration Partnerships**

Nigerian Local Regeneration Partnership	Sustainability of Partnership Agreements	Improved Interaction among Partners	Efficient Provision of Services
BT Partnership	<p>The objectives to regulate bus transportation and services were met, these include:</p> <p>Improving the existing inefficiencies in the public sector</p> <p>The Co-operative was able to access capital finance to purchase buses they would otherwise have not been able to access a</p> <p>Improved work environment and co-ordination of the activities of the transport union</p> <p>Improved work conditions for the bus drivers in terms of the dedicated bus service routes and garages</p>	<p>Efforts of the steering committee, played a major role in spurring improved interactions among partners for a greater part of the partnership working i.e. to the point where the funding institution recouped their investment</p>	<p>Daily ridership exceeded the expectation of about 200,000 bus passengers</p> <p>A 30% reduction in the average fare costs</p> <p>40% reduction in journey time</p> <p>An increase in the average speed from less than 15km/hour to 25 km/hour</p> <p>A reduction in the average waiting time by 35%</p> <p>Introduction of the e-ticketing fare collection system</p> <p>A 2<sup>nd</sup> BT project has been initiated</p>
Rail Mass Transit Partnership	<p>Positive rhetoric from the partnership that the concession agreement would be adhered to despite the construction delays experienced</p>	<p>Drive for transparency and accountability through strict adherence to the guidelines of the PPP procurement documentation as prescribed by the World Bank</p> <p>Regular meetings were held with the sub-contractors and representatives of the consortium;</p> <ul style="list-style-type: none"> <li>• to ensure effective communication;</li> <li>• to promote confidence and exchange of information</li> </ul>	<p>Completion of the first phase of 8km of the rail route</p> <p>2nd phase of implementation initiated</p>

<p>Kappa Housing Partnership</p>	<p>Capacity building from working alongside external consultants</p> <p>Minimised risk of forfeiting “Land Titles” due to commercial risk allocation to private developer</p> <p>Met the objectives to build affordable low and medium cost housing units</p> <p>Favourable profit sharing scheme</p> <p>Ownership rights transferred back to the Kappa Housing Authority</p>	<p>Land for the development of the housing estate provided at a discounted price to the private developer</p> <p>Less debt financing from the bank</p> <p>Ease of approval of relevant planning documents and licences from the affiliated government institutions. This were handled by the Kappa Housing Partnership, thereby reducing bureaucracy associated with the process</p>	<p>‘Bill of Quantities’ met with the provision of 351 housing units</p>
<p>Gamma State Housing Partnership</p>	<p>Capacity to select a private sector partner with adequate knowledge and experience of partnerships</p> <p>Evidence of commitment to interdependence of the partner organisations</p>	<p>Timely resolution of disagreements and conflicts</p> <p>Potential for continuous improvement of collaboration efforts in the partnership</p>	<p>Positive rhetoric from the partners about the potential to fulfil terms of partnership agreement</p> <p>Completion date for the engineering construction however has been extended</p>
<p>Road Partnership</p>	<p>Road infrastructure upgrade and construction</p> <p>Reduction in daily traffic congestion</p> <p>30-year concession agreement terminated in 2014</p>	<p>Reputation of private partners enhanced based on an innovative idea and successful tender for the construction of a six-lane toll road</p>	<p>Expansion and upgrade of 49.36 km of express-way to six lanes and the construction of a ramp along the stretch of road.</p> <p>Construction of 20 km of coastal road.</p> <p>The provision of complementary facilities such as street lights, road signs, pedestrian bridges and drainages</p>

**Source: Compiled by Author**

From empirical evidence, participants interviewed stated that the opinions of the local community had not been taken into consideration in the decision to construct a toll road.

As reported in the (Cambridge Economic Policy Associates, 2015) report, a great deal of effort had been put into securing finance for this innovative project, but the shortfalls of the country's macro and micro economic environment, the limited capacity of decision makers to understand and mitigate against key challenging issues that emerged from the partnership's operation had implications for the unsuccessful outcome of the partnership. The researcher further argues that perhaps the toll partnership lacked the ability to exude openness within the partnership working and develop effective communication with the public. Trust does take time to develop and would require open and consistent communication of the partnership objectives to the public. As Huxham and Vangen (2004) explained, the nurturing process needs to be 'continuous and permanent' in the partnership working for it to be a success. Furthermore, Faehnle and Tyrvaenen (2013) argue that community participation is only justified in a partnership's decision making if adequate attention is paid to, and emphasises the quality of the community participation; more specifically, the need for clarity about why the partner organisations involve the community and to what extent they influence the partnership decisions and practices.

The challenges with inadequate risk allocation and the inability for sustainable payments (discussed in sub-section 7.2.2.), according to Barlow and Koberle-Gaiser (2008) produces negative outcomes that lead to financial and legal uncertainties for the private partner and are detrimental to innovative activities. As evident in this partnership, the capacity to sustain the 30-year concession agreement was defeated as the Nigerian government has far higher decision-making authority and holds the mandate as to what conditions a partnership should operate under and the resolutions of this. Consequently, due to various political pressures, the State Government decided that the best option was to buy back the shares of the SPV from the existing shareholders and to complete the construction of the toll road using traditional procurement thus defeating the purpose and goals of the partnership. Collaborative advantage in the Road Partnership can be argued in terms of the outcome of the collaboration process; the innovative construction of a six-lane toll road which was an idea proposed by the private sector investment organisation, which also enhances their

reputation. Apart from the reduction in traffic congestion, the increased capacity to accommodate potential traffic growth and the provision of a safe, quicker route for road users, there are economic benefits and positive impacts being recorded with the toll road construction, for instance, employment opportunities for low-skilled local residents during construction; increase in the number of small scale business that sprung up (for instance, food and drinks vendors); property owners being able to let out apartments to construction workers. Future economic benefits expected to be derived from the construction of the toll road include, property value increase and other infrastructure developments (for instance, residential estates, hotels, shopping complexes) (AFDB, 2007). In addition, the toll road provides a linkage to a Free Trade Zone, an International Airport, a Hydrocarbon Park, which are currently being constructed, as well as to a Deep Seaport (BrockleBank, 2014).

A participant suggested that:

*"By and large it delivered a road, a good world class road, I think it initially underrated the problem, the community issues, the stakeholder issues, but in the end, it's been a success... by and large it's not been a bad experience"*

*[Director, Consultancy Services]*

However, empirical findings suggest that there is the feeling among the private sector partners that despite initial mutual interdependence and shared experiences of the partner organisations, when it came down to issues affecting the public good the government exercised its authority due to political pressure and had an upper hand in the decisions that led to the termination of the partnership. According to Pouloudi (1999), a more equitable distribution of power will be needed before the real meaning of partnership can be fulfilled. The author further stated that, collaborative advantage can be easier to realise only when partner organisations first learn to collaborate.

### **9.3 Chapter Summary**

This chapter critically explored and explained the underlying dynamics involved in realising sustainable collaborative advantage in the five Nigeria local regeneration partnerships investigated. The local regeneration partnerships experienced contextual issues that made it difficult for them to achieve high levels of collaborative advantage. Adequate management of the partnerships and coordination of partnership working are needed to enable the various partner organisations work effectively together, as

partnership structures allow organisations to seek high levels of collaborative advantage. Over the course of the partnership life cycle various forms of governance and decision-making models that dictated how the individual partner organisation perspectives, skills and resources were utilised also needed to be emphasised. These considerations would then encourage collaborative advantage through effective communication strategies that allow for broader outreach and participation of the local community as well as the maximisation of the partnership's efficiency.

In the five local regeneration partnerships investigated, empirical findings indicated that the Nigerian government's PPP policy considerations are to address budgetary goals and public goods management problems; quicker guarantee of infrastructure provision, capacity building through knowledge gained from consultants and the private sector partners (the private sector investment organisations, the private sector developers and the funding institutions), and improved collaboration with the private sector partners. Evidence from the Kappa Housing and BT Partnerships suggested that private financing of the local regeneration projects reduced the pressure on public sector budgets and provided the needed infrastructure. This would otherwise have been a budgetary challenge for the government, especially within the time scale of the partnerships. Despite high expectations that the Road Partnership would attain all its set goals, the collaboration efforts resulted in the Lagos State Government buying back the rights of the concession. Despite this, there are some elements of success, for instance, the innovative idea of the toll road to reduce congestion of traffic and travel time.

This research highlights that the overall experience of the five Nigerian local regeneration partnerships in achieving collaborative advantage have been mixed, some positive outcomes have been presented in the Kappa and in the BT Partnerships and to some extent in the Road, the Gamma District Development and the Alpha Rail Partnerships. This was down to the efforts of the partner organisations in sustaining the partnership agreements; improving the interaction among partner organisations and in providing infrastructure and services in line with the objectives of the partnerships. What these findings suggests is that there is a wider applicability of the concept of collaborative advantage away from what the western context has mostly reported in academic literature, especially for developing country like Nigeria.



## CHAPTER TEN

### CONCLUSIONS AND RECOMMENDATIONS

#### 10.1 Introduction

Local regeneration partnerships in Nigeria are being increasingly implemented for physical infrastructure development and as a catalyst to support the growth of the economic activities in the country; for instance, in the transportation sector access to local communities have been increased, with the modernisation of the Abuja-Kaduna railway line; the restoration of the Lagos-Kano and the Lagos-Ibadan lines (AfDB, 2013); the concessions to scale-up efficiency in 26 Nigerian Ports; the development of engineering infrastructure for Katampe District, Phase II in Abuja (ICRC, 2014); and the restoration of the Kafanchan-Makurdi-Enugu-Port Harcourt rail route (Ozohu-Suleiman and Oladimeji, 2015). The implementation of these partnerships has not been without challenges that have led to some unsuccessful outcomes. Conceptualising partnership working in Nigeria in this research allowed in-depth investigation, analyses and explanation of the effectiveness of the partnership approach in local regeneration in the empirical context of a developing country. Given the broad-based objectives of local regeneration projects, the five Nigeria local regeneration partnerships investigated provided a unique opportunity for understanding the strategies for implementing their collaborative activities for these reasons: (a) as the partnership arrangements are embedded in local regeneration reform initiatives directed at achieving specific intended goals; (b) they are expected to be designed to involve integrated responsibilities, obligations and requirements over a long term agreement; (c) and are therefore subject to various uncertainties. It then becomes imperative to investigate and explain the collaboration processes in Nigerian local regeneration partnerships and the implications of these collaboration processes on partnership working.

A comprehensive qualitative semi-structured data collection and analyses has been carried out with key participants involved in decision making in the local regeneration partnerships and the findings have been analysed and presented in previous chapters. This chapter thus concludes the research and elaborates on the achievements of the primary research aim and objectives. This chapter also synthesises the research

findings presented in chapters 5, 6, 7, 8 and 9 of the thesis. First, the aim of this research and objectives are reiterated, the framework showing the contributions of the research and summary of the research findings are presented. Second, the research contributions to knowledge are also discussed. Third, the limitations of the research are highlighted. Fourth, recommendations are presented and finally, in line with the limitations of the research, recommendations for further study on Nigerian local regeneration partnerships are highlighted.

## **10.2 Aim and Objectives of the Research**

Through a review of the existing literature, the research first identified current debates on collaboration, specifically on Public Private Partnerships and then with a focus on partnerships in Nigeria. In chapter 2, debate on collaboration, Public Private Partnerships and partnerships implementation for infrastructure development, particularly for regeneration programs was reviewed. The literature was reviewed in these areas in a theoretical and global context, as well as covering the empirical context of Nigeria. Literature review on the institutional environment of Nigeria allowed insights into the adoption of the PPP policy, especially as it concerns local regeneration of communities which has been portrayed as an important part of the country's economic and social development. Chapter 3 reviewed literature on the collaboration processes in a partnership's life cycle from the perspective of the collaborative advantage theory. The review of the literature led to the identification of the gap in the body of knowledge in the area of strategies for collaboration processes in Nigerian local regeneration partnerships. It was also important for the development of the research instruments i.e. research aim and conceptual framework.

This research aimed to investigate, understand and analyse how collaboration processes shape and impact upon Nigerian local regeneration partnerships. In consequence, relevant interpretations and lessons learnt were mapped and explained.

This was driven by five objectives which are to investigate, understand, analyse and explain:

- the institutional context factors and the impact on Nigerian local regeneration partnership working;
- the expertise of the various participant organisations in guiding the formation

process and the implications on Nigerian local regeneration partnership working;

- the implementation of the operational activities and the implications on Nigerian local regeneration partnership working;
- the delivery of implementation targets and the implications on Nigerian local regeneration partnership working;
- the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage

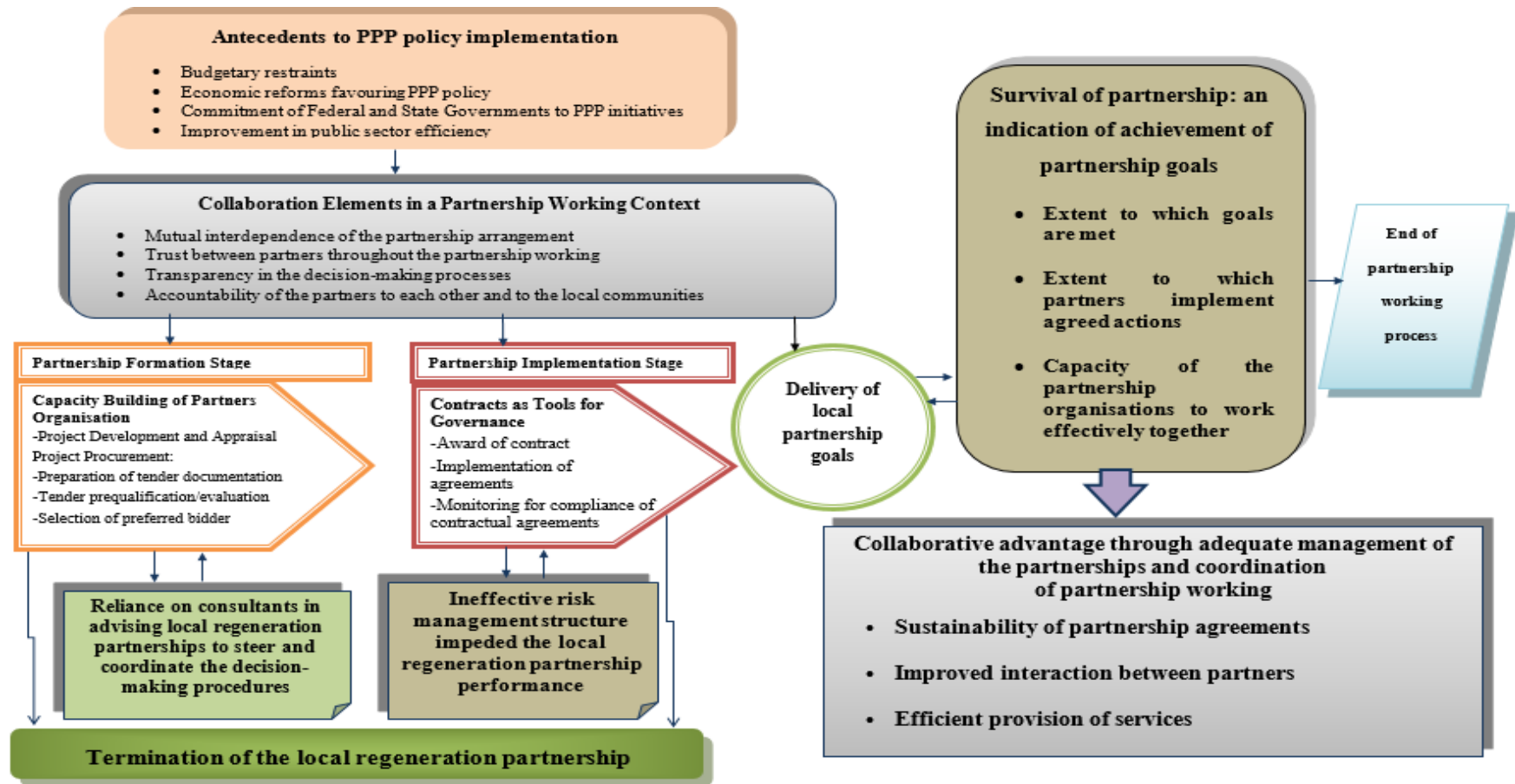
Exploration of these questions provides an important contribution to the literature on public and private sector collaboration, by focusing not only on factors that motivate partnership formation, but investigating an unaddressed area of partnership collaboration processes from the context of a developing country. The research aim is expected to provide knowledge to assist partner organisations in enhancing collaboration decisions made at the different stages in a local regeneration partnership lifecycle. This research recognises that this can only take place through adequate cognisance by partnering organisations of the applicability of collaborative advantage at various stages in the lifecycle of these local regeneration partnerships. Findings from this research also provides insights for government institutions, policy makers, private sector investment organisations and infrastructure developers, as well as funding institutions as they identify and develop strategies for future actions and to researchers examining issues of collaborative action.

### **10.3 Research Conceptual Framework**

The conceptual framework presented in chapter 3 (see figure 4, p.82) has been modified to depict the contribution of the research. With this empirical basis, this research's framework provides a foundation for deeply understanding the characteristics of the collaboration processes in local regeneration partnerships in Nigeria. In other words, the framework presented in this concluding chapter is the research core that has emerged from the collaboration practices and strategies in Nigerian local regeneration partnerships. The framework portrays the following four principal elements: (a) the realisation of the need for sustainable long-term

collaboration between the public and private sectors; (b) an awareness for a dynamic environment that promotes mutual interdependence, trust, transparency and accountability within the various stages of the local regeneration partnership life cycles; (c) an increasing quest for stronger co-ordination and integration of collaboration processes between the partner organisations; (d) a new concept for developing and improving partnership capabilities and strategies for attaining collaborative advantage.

Figure 10 (p.269) provides a framework that links these various elements in a way that facilitated the empirical study of Nigerian local regeneration partnerships. Furthermore, as Nigeria's PPP policy area and practice is still developing as it is not yet fully established, the conceptual framework is expected to enable partner organisations think about the collaboration processes in the partnerships they are involved in and the considerations within these collaboration processes where collaborative advantage could be achieved. This gives clarity on decisions on how improvement of future local regeneration partnerships could successfully be attained. The conceptual framework aims to provide policy makers; private sector investment organisations, infrastructure developers and funding institutions priority areas for consideration during the formation, implementation, delivery and evaluation of their partnership working.



**Figure 10: Conceptual Framework depicting the influence of the collaboration elements on the collaboration processes (The arrows indicate the flow of interactions and the shaded boxes depict the conceptual contributions)**

### **10.3.1 Outcome of objective one: to investigate, analyse and explain the institutional context factors and the impact on Nigerian local regeneration partnership working**

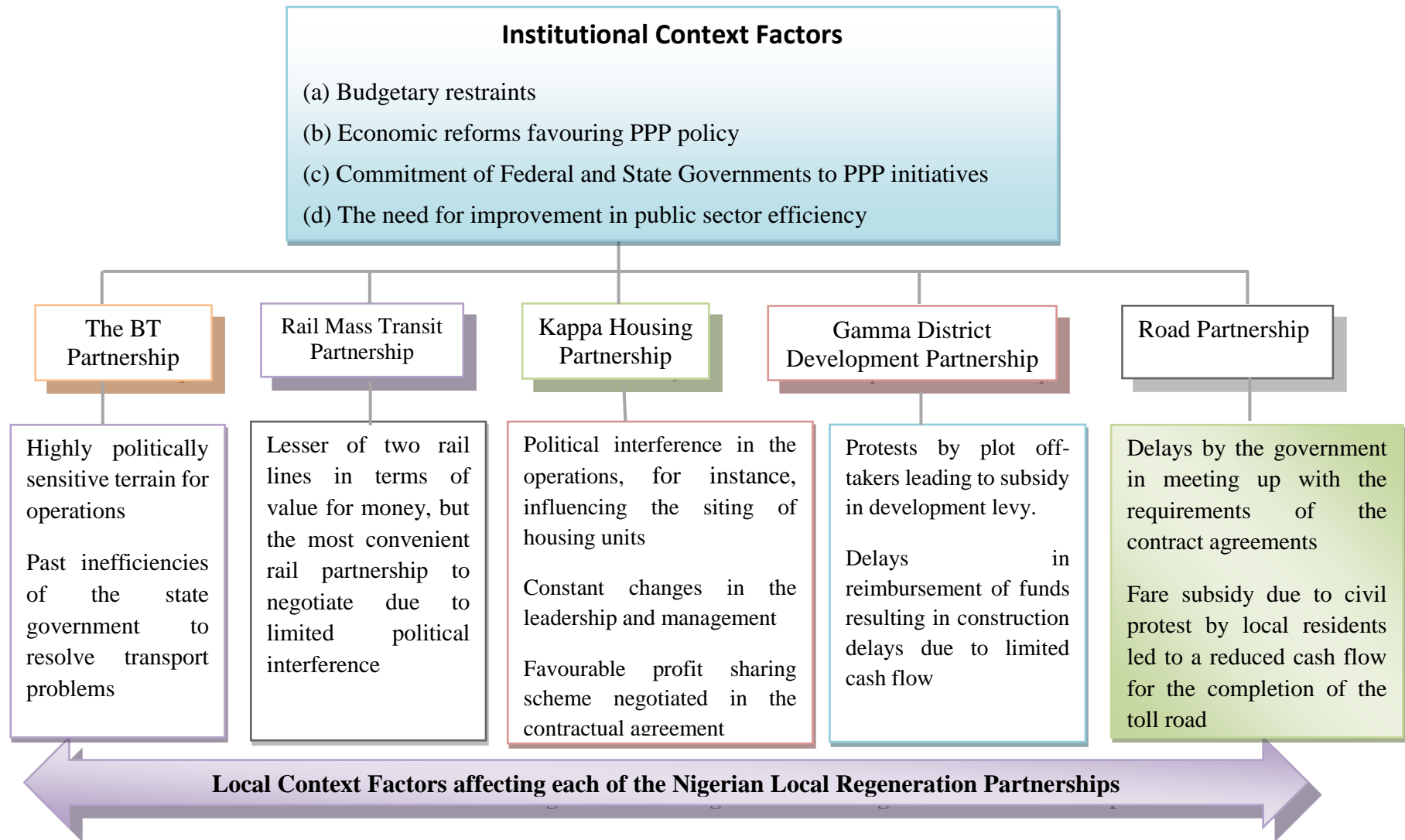
The role of adequate institutional environment in the success of partnerships in Nigeria have been explored and considered in this research. The adoption and implementation of Public Private Partnerships by the Nigerian government since 2001 has been mainly due to three local conditions; (a) budgetary constraints for the provision of infrastructure and public services which need to be available and delivered efficiently to the citizenry. An expenditure of around US\$14.2 billion per year (about 12% of the country's GDP) is required over 10 years to address infrastructure needs; for instance, the Federal Government has indicated that the on-going development of districts in Abuja could only progress at the expected rate with the collaboration of the private sector investment and infrastructure developers; (b) to take full advantage of private sector expertise in the development and management of infrastructure projects; for instance, only about 42% of federal roads are paved, 70% of state roads and 90% of local government roads are in poor and unmaintained conditions (AfDB, 2013); Likewise, the restructuring of the transport sector in Lagos State is to a great extent dependent on the expertise and investment of private sector infrastructure organisations and funding institutions; (c) a means of improving the existing inefficiencies in public sector practice that is heavily laden by excessive bureaucracy in government institutions and self-interests of some government officials.

Extant Nigerian literature on infrastructure development indicate that the high cost of executing public utilities through traditional procurement, mismanagement practices in existing infrastructure and incessant corruption - whereby funds made available or revenues generated are embezzled by public officials and have led to abandoned, uncompleted projects and substandard infrastructure (Idris, Kura and Bashir, 2013; Olaseni and Alade, 2012). Similarly, from the empirical data collected, traditional procurement approach to infrastructure development was considered by participants interviewed to be hindered by bureaucratic practices, reduced flow of funds from the Federal Government, consistent delays in project execution that led to high costs and in some cases project abandonment or ineffective project management practices. However, the short history of implementing PPPs in the Nigeria both at the federal and state levels has not met all round success. The tangled web of various organisations

involved in the decision-making processes that go into the feasibility studies; the planning for partnerships formation and implementation; and in signing off required documents, often leads to delays of the collaboration processes at the various lifecycle stages. This lengthy process has been indicated to be a put off to private investment and development organisations, and the lesser likelihood of the partnership working based on trust and transparency.

There are also scepticism by citizens and organisations within the PPP environment about the value and the effectiveness of the PPP policy and the value it offers over traditional procurement. These concerns are expressed towards the lower tiers of government in Nigeria, where confidence, trust, political will and commitment to long-termed partnerships tend to lessen. Tang, Shen and Cheng, (2010) and Bazzoli *et al.* (1997) stated that the political, legal, and economic environments in which partnerships are formed needs to be adequately understood, as the partnership models need to be careful selected to adapt to local context situations. Furthermore, as partners are trying to learn and adjust to each other at the formation stage, they need to be able to form modest expectations about desired outcomes, the more modest the desired outcomes expected and the lower the level of risk, the greater the chance that expectations will be met (Huxham and Vangen, 2005; Das and Teng, 1998).

More so, because state and local government officials can only hold political offices for four years at a time and only a handful returning to office if re-elected. The premise of infrastructure development in the states they govern is often an indication that the interest of the citizenry is at the heart of government officials. There is therefore a reservation from these officials for partnerships that would take more than four years from start to finish. On the other hand, when new government officials come into office they do so with new agendas and priorities for their tenures, with little or no agenda to continue previously on-going projects. A direct consequence of this is that in the states where long termed partnerships are being implemented, the sustainability of such partnerships is not assured. In certain situations, the partnerships either gets terminated or abandoned.



**Figure 11: Overview of objective 1 outcome depicting institutional context factors and implications on Nigerian local regeneration partnerships**



In few cases, the new government would usually choose to renegotiate the terms of the existing contractual agreement of the partnerships. In such cases, partnerships still have to be meaningful for the individual partner organisations involved as this would have implications for the capacity of the partner organisations to collaborate towards maintaining sustainable development of regeneration projects. Within a context of trust and transparency, partners must be more willing to exercise the tolerance and perseverance necessary to see the partnership through difficult times (Charlier, Glover and Robertson, 2009).

In this regard, the partnerships that have survived or tend to outlive successive governments are those with some degree of autonomy of their functions with established PPP organisations. Private sector investors are able to cut through the bureaucratic red tape by engaging directly with these autonomous organisations, especially in terms of getting the approval of documentations fast tracked within affiliated organisations. This was the case with the Transport Agency in Lagos State. The establishment of a PPP unit within the Kappa Housing Authority enabled the establishment of good working relationships over years with some of the affiliated government agencies and on the basis of these working relationships have been able to conduct transactions through the bureaucratic tapes easily. However, despite the PPP unit, having some degree of autonomy, participants interviewed stated that there was still political interference that resulted in government officials influencing the decisions, in terms of the areas where certain housing units could be developed.

The empirical findings also depicted that there are two approaches to proposing PPPs in Nigeria; the first approach is through 'solicited partnerships' where government institutions placed advertisements for 'EoI' from private sector investment and infrastructure development companies. The Kappa Partnership, Gamma Partnership, Rail Partnership and the BT Partnership were all 'solicited partnerships' proposed by the Nigerian government. The second approach is through 'unsolicited partnerships', an approach where private investment institutions and infrastructure companies propose partnerships to a government institution and are willing to act as sponsors for infrastructure projects identified by them. The Road Partnership was proposed by a private investment institution. In line with these findings, Hodge and Greve (2007) stated that, it is pertinent to be fully aware of who is proposing PPPs as better clarity is

required in articulating the key participants in the collaboration, the extent of their individual influence and the payoffs that could influence the collaboration's success.

The researcher is of the view that the Nigerian government has a higher decision-making authority and holds the decision as to what conditions a partnership should operate under. This was clearly evident in the formation of the Rail Partnership, the BT Partnership, the Kappa Housing Partnership and the Gamma District Development Partnership. In the Road Partnership, the researcher suggests that at the time of formation of the Road partnership, the private sector had an unfair advantage of PPP expertise over the Lagos State Government leading to an inadequate allocation of risks, and this was the major drawback in the formation, implementation and delivery processes experienced in the Road Partnerships.

In a bid to promote private sector investments needed in the formation of PPPs, dedicated organisations that promote PPPs in Nigeria have been established in recent years. They have been set up at the level of the Federal Government and within 6 states in Nigeria. A PPP office was set up at about the time the government entered into the partnership as a necessity to address the limited PPP expertise which existed with the affiliated ministries in Lagos State. Countries that establish dedicated organisations for PPP policy have been suggested, to indicate an apparent top-down drive for PPPs across government agencies and a need for clearer separation of policy support from the preservation responsibilities for public funds (Hodge and Greve, 2007; Mirafab, 2005).

The inadequate legal and regulatory framework for PPPs in Nigeria is another challenge that has implications for effective partnership working, because it is not enforceable on partners such that they adhere to the terms of contract. Ninety-nine PPP projects are recorded to be under the ICRC's custody since 2005; 47 of these projects are at various stages of implementation, while the other 46 projects are at various stages of procurement (ICRC, 2014). The ICRC Act which was drawn from the PPP policy as the primary legislation that enables public sector institutions at the federal level to enter into PPP agreements or to grant concession agreement to a private sector partner does not give the Regulatory Commission the mandate to embark on regulatory proceedings which would be pertinent to the success of such partnership agreements (Soyeju, 2013; Nwangwu, 2012). Furthermore, Lagos, Rivers, Oyo, Cross Rivers State Governments that have been actively implementing PPPs have passed their individual PPP laws and

established PPP offices. The states with established PPP offices have the mandate to approve PPP negotiations without seeking prior approval from the Regulatory Commission before establishing partnership arrangements. This situation causes concern for private investment and development organisations; especially, as it concerns little uniformity in the regulatory environment of PPPs at the federal and state levels.

### **10.3.2 Outcome of objective two: to investigate, analyse and explain the expertise of the various partner organisations in guiding the formation process and the implications on Nigerian local regeneration partnership working**

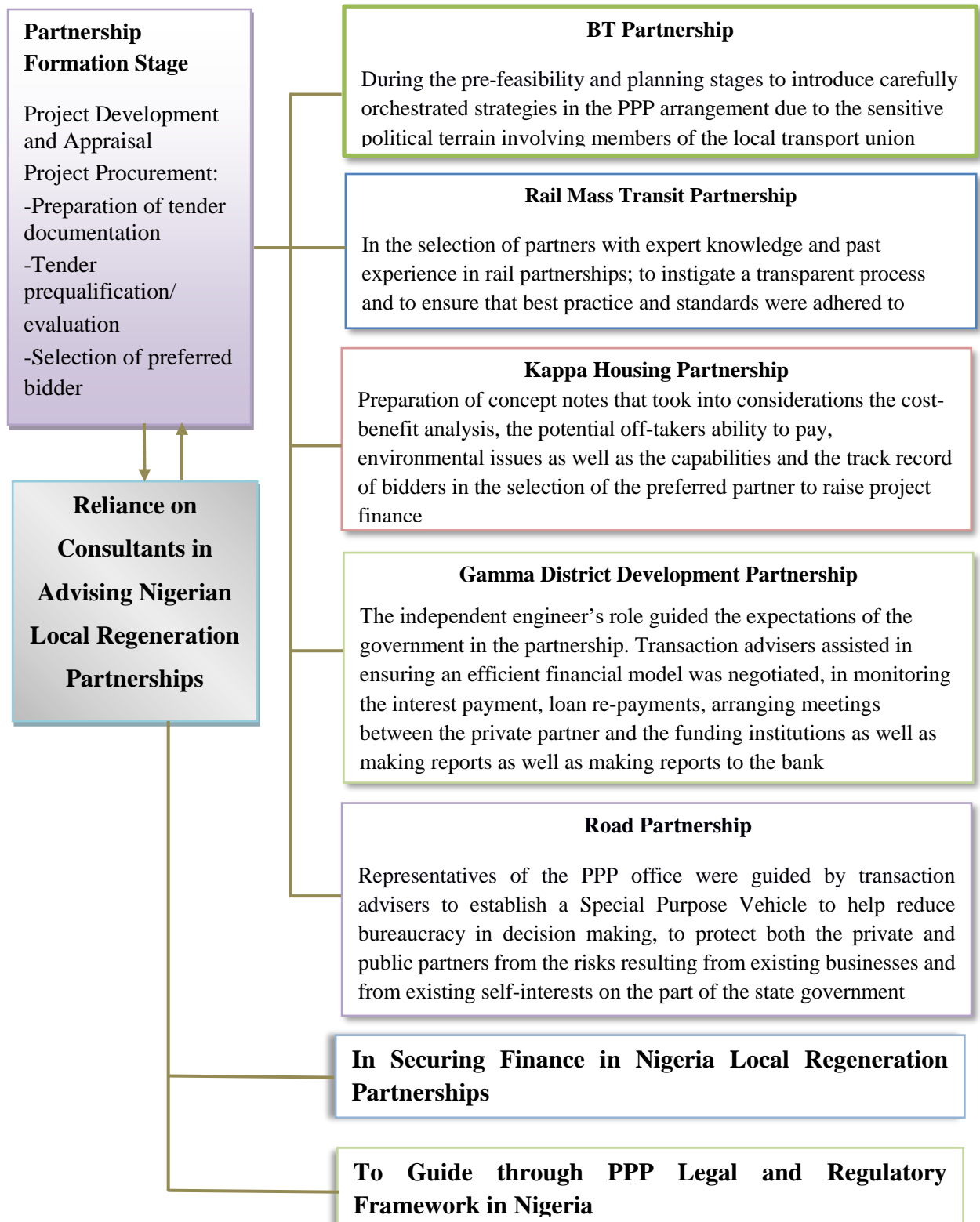
Empirical findings from the cases investigated indicated that limited capabilities of partner organisations in relation to PPPs had led to past unsuccessful partnerships being treated as traditional procured contracts. More so, these competency gaps and limited capabilities is more of a feature of government ministries, departments and agencies that regulate PPPs. In recent years, there is beginning to be the recognition that partner organisations must go above and beyond the traditional procurement approach in the formation of partnerships. This has led to the engagement of PPP consultants, legal and transaction advisers at the early stages of the partnerships; specifically, during the pre-feasibility and planning stages, in guiding the selection process of suitable partners, and during the negotiation of the contractual agreements. This finding is line with Devkar, Mahalingam and Kalidini, (2013) argument that limited competencies portrayed by the public sector are due to decades of traditional procurement practice, as PPPs require completely different set of competencies due to their more complex nature of formation and implementation.

To some degree, it is now an occurring feature in partnership arrangements in Nigerian to employ the services of these consultants, also referred to as technical advisers who have the needed expertise, requisite knowledge and innovative skills to offer advice and to some degree guide the process of project preparation; tendering and bidding; financing and contractual negotiation up to financial closure. Common services provided as identified from the partnerships investigated were in the area of the outline business case for partnership projects; more specifically, options appraisal, public sector comparator, viability gap funding, environmental, project risk analysis and the decision-making process in the selection of an appropriate partner. For instance, the

Lagos State PPP office before the formation of the 30-year Road Partnership in 2006 were guided by consultants to produce a business case that became part of the documentation used to define the tendering and bidding process.

Findings from the research however, indicated that this practice differed in the partnership organisations investigated. International technical advisers had been involved in providing specialised services in the Road Partnership and support key processes of the contractual negotiation and its implementation. In the formation of the 5-year Gamma District Development Partnership in October 2010, technical advisers guided the partner organisations through their expected roles and ensured that the transactions were negotiated fairly among the partner organisation. More specifically, with the guidance of transaction advisers, the District Development Agency during the selection of the preferred partner were able to recognise that they needed to select a private sector developer not only with the required technical capabilities and track record, but more importantly one with the experience and capacity to raise project finance.

The findings of this research also indicated that in the formation of the Kappa Housing Partnership in 2001, the service of external consultants such as the independent project engineer was at the insistence of the Regulatory Commission. So also, the Transport Agency adopted the prescribed PPP procurement documentation proffered by the World Bank in August 2009, in a bid to meet international standards in the selection of the private consortium for the Rail Partnership. Similarly, in the 5-year BT Partnership in March 2008, the World Bank also provided the Transport Agency with some technical support in terms of funding and advisory services. A further step was also taken by the Transport Agency to educate the representatives of the transport union on the goals of the Lagos State Government in improving bus transport services.



**Figure 12: Overview of objective 2 outcome depicting reliance on consultants in advising Nigerian local regeneration partnerships**

### **10.3.3 Outcome of objective three: to investigate, analyse and explain the implementation of the operational activities and the implications on Nigerian local regeneration partnership working**

The challenges faced in the partnership working of the five local regeneration partnerships investigated had resulted from inadequate identification, allocation and mitigation of risks; more importantly, as an important process leading to contractual negotiations for partnership formation. This had resultant negative effect on the collaboration processes at the implementation stage because appropriate decisions on how to mitigate the risks identified should have been decided and agreed upon during the contractual negotiations. These findings are in line with Wilson (2014) and Ward, Chapman and Cutis (1991), who stated that partners need to first identify and understand the potential risks associated with a PPP project to ensure proper risk management strategies, such that keeping the level of risk commensurate with each partner can be more structurally stable and could enhance collaboration. An adequate risk management practice is likely to increase commitment from partners, thereby creating a more encouraging environment in which trust and accountability can flourish (Das and Teng, 1998).

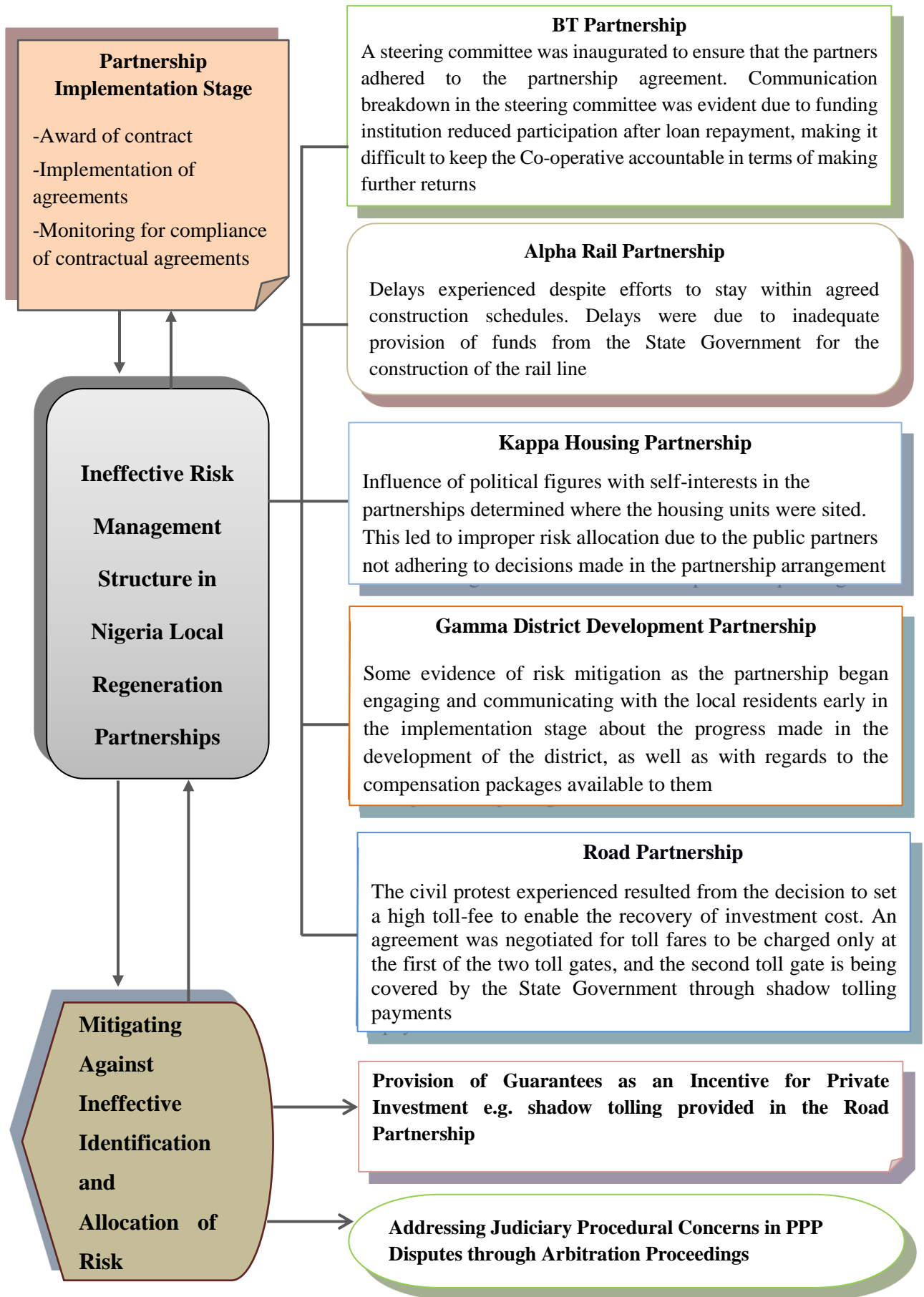
Six significant risks factors were identified from the collaboration processes of local regeneration partnerships, namely (a) public protests (b) self-interests and influence of political officials (c) construction time and cost overrun (d) inadequate communication within partnerships (e) limited expertise of PPP arrangements in public sector organisations and (f) renegotiation of contracts. Consequently, this resulted in inadequate execution of contractual agreements and delays in meeting milestones in the implementation stage of the local regeneration partnerships. The researcher argues that although the expertise of external consultants had been sought, the incomplete nature of contractual agreements makes it difficult to cover all risks within the lifecycle of a partnership. In addition, the Nigerian institutional context within which these partnerships operate (discussed in chapter 5) to a good extent makes it challenging for appropriate risks allocation to the right partner able to mitigate against them. As an example, the implementation of the contractual agreement in the Road Partnership was inundated with escalating exchange rates and the inability of the private infrastructure partners to charge cost reflective tariffs. The civil protests that resulted from the decision to set an unfavourable toll fee made it

difficult for the recovery of the costs of the investment and led to delays in operations at the implementation stage. The Lagos State Government was nonetheless committed to the success of the partnership and made the strategic decision to cover the fees at the second toll gate through shadow tolling payments amidst civil protests in order to avoid loan repayment defaults.

In the BT Partnership, the implementation stage was carefully monitored as the partnership with the transport union workers was deemed to be political sensitive; it was a situation that required adequate number of buses to meet the needs of various bus services routes without jeopardising the daily subsistence of the bus drivers who usually favoured certain routes at the expense of others. To ensure that the operations as prescribed went with little disturbance, a steering committee was inaugurated to monitor the activities and operations of the partnership. To also ensure that the decisions made would impact on the bus transport service delivery in Lagos State in line with the objectives of the partnership and to reassure the funding institutions of recouping investments.

There were specific successes evident from the empirical findings in terms of adequate risk management. This was seen in the Kappa Housing Partnership's approach to selecting a private developer with three key capabilities: technical expertise; the capability to source project finance and project management capabilities with the aim to minimise the risk of forfeiting "Land Titles" to funding institutions in the cases of loan repayment default.

In the Rail Mass Transit Partnership, the Transport Agency was particular that the government adhered to the terms of the partnership agreement as prescribed in the partnership such as the timely issuance of land, right of way documentation and other release of assets paramount to the successful delivery of the partnership objectives. In the on-going Gamma District Development Partnership, while the empirical evidence suggests that risks had been adequately identified and allocated to the right partner organisation; for instance, the construction and design risk had been allocated to the private infrastructure developer and the political risk was taken up by the government. This partnership remains an interesting case for further research to see how adequately the risks were identified, allocated and mitigated against.



**Figure 13: Overview of objective 3 outcome ineffective risk management structure and risk mitigation in Nigerian local regeneration partnerships**



Certain capacity building strategies are being introduced at the level of the Federal Government that includes the establishment of PPP departments and units in most of the federal ministries. PPP trainings are being organised by the Regulatory Commission for staff of Federal Government MDAs on the implementation of standard procedures for PPP arrangements and on appropriate risk management approaches. Steering and monitoring committees have also begun to play an important role in protecting the interest of the individual partner organisations, this is particularly important for private investors who have limited confidence in governments' ability to enforce existing PPP laws or policies relating the judiciary procedures meant to address PPP disputes. This is currently the trend as evident from the findings, where changes in government officials could result in a partnership termination or contract re-negotiations. There is also the expectations of private partners' that the Nigerian government would offer some form of project guarantees; such as foreign exchange guarantees, operation period guarantees and project service guarantees, as a way to mitigate against risks associated with the local regeneration partnerships.

Findings depicted that the Nigerian Government is not obliged to provide any form of project guarantees; out of the five local regeneration partnerships investigated, the Road Partnership was the only partnership, where the Lagos State Government had offered a partial risk guarantee in form of shadow tolling to offset the user fees at the second toll gate due to the inherent difficulties faced by the partnership. At the insistence of the private sector participants in the Alpha Rail Partnership, the current LAMATA law in the State which allowed the Transport Agency to enter into partnerships was amended and a number of new clauses were included. This was to protect the private partner interests in the Alpha Rail Partnership and to make sure that they would not be exposed to such risks that emanated from the Road Partnership - where the State Government was able to buy back the rights of the concession company. The provision of traffic guarantee has also been a major concern that the private consortium wanted addressed to mitigate against demand and revenue risk, this had been a major cause of delay in finalising negotiations for the commencement of the rail operations.

From literature, the provision of guarantees to the private sector partners as a way of mitigating against risks could serve as an incentive for the partnerships (Babatunde, Opawole, and Akinsiku, 2012). The main arguments by the Nigerian Government, is that

the provision of guarantees, could create contingencies that could eventually fall back on the government. Second, if the government provided guarantees it could create a culture where potential partners became complacent and would not consider innovative ways of resolving issues as they arise. Third, the business environment in the country was quite stable; therefore, concerns such as political instability or government interference in partnership operations were no longer so much of a hindrance as it may have been in past years. Lastly, if the potential partners believed they could deliver on the project they needed to show commitment towards successful partnership working without the request for guarantees. An approach to addressing the concern about the lengthy and costly judicial procedures in practice within the country has been to include conflict resolution clauses in partnership agreements. Thus, conflict resolution would start with an initial arbitration proceeding using an independent arbitrator, if the individual partners were not satisfied with the outcome out the process, only then could formal judicial processes through the law courts commence.

#### **10.3.4 Outcome of objective four: to investigate, analyse and explain the delivery of implementation targets and the implications on Nigerian local regeneration partnership working**

Evidence from the five local regeneration partnerships investigated indicated that timely delivery of the local regeneration milestones was a consistent challenge; consequently, the survival of the partnerships was based on the capacity of the partners to deliver on contractual agreements. More specifically, the survival of the partnerships was based on the extent to which goals were met; the extent to which partners were able to implement agreed actions and the perceived effectiveness of the partnership working. While it is argued that shared vision, common concerns and established key objectives are integral to partnership working and that they have implication for increasing mutual transparency and accountability because it requires partners to continuously set goals and provide evidence of their performance (Merminod and Rowe, 2012; Shortell *et al.*, 2002; Gamm, Rogers and Work, 1998). The evidence from this research are more similar to Roehrich, Lewis and George (2014) and Tomkins (2001) arguments that contracts and ‘MoU’s play even more significant roles in governing the relationship between the partners; clarifying the partners’ responsibilities; managing the collaboration processes and determining if the

three performance criteria were met, in terms of the extent to which goals were met; the extent to which partners were able to implement agreed actions and the capacity of the partnership organisations to work effectively together. In the context of the five Nigerian local regeneration partnerships, contracts acted as a governance tool as they focused on the technical and visible outputs of the collaboration processes in the partnership. Furthermore, the success of the partnership working is assessed in terms of performance measures, for instance, the partnerships ability to deliver intended outcomes and to meet procedural standards (Forrer *et al.*, 2010; Kelly, 2012).

Various monitoring strategies were employed in the five partnerships investigated to enable the delivery of the set milestones. The Kappa Housing Authority set up a monitoring team from its PPP department to ensure standards set out in the contractual agreement were met amidst the delays that challenged the partnership. The monitoring was in terms of the private developers delivering on set mandates, such as meeting the 'Bill of Quantities' (the target number of housing units) and also to carry out routine inspections to evaluate that the construction of the housing units met the standard construction compliance index. Despite the various challenges encountered in the partnership working, the terms of contractual agreement were eventually met with the completion of 351 housing units and the management of the completed estate was eventually transferred to the Kappa Housing Authority. In the on-going Gamma District Development Partnership, delays in the development of the district had been partly due to the District Development Agency not meeting its obligations in terms of the collection of the development levy from the off-takers and reimbursing it towards the needed cash flow for the project. These delays had been caused by political interference, issues with accountability and transparency and delays in obtaining certificate of occupancy. The government representatives of the District Development Agency have continued to issue press releases about the government's determination to ensure that the project succeeds and that partners continue to adhere to the terms and obligations of the 'Development Lease Agreement'.

Another strategy employed in the Gamma District Development Partnership to mitigate against civil protests was to adequately engage local residents through various enlightenment campaigns and to give assurances of appropriate compensations to residents in the local community in the areas where the constructions are on-going.

Independent Project Managers (IPMs) were also appointed by the funding institutions to monitor the on-site operations as well as to ensure that the partners adhered to the terms of the partnership agreement.

The eventual termination of the 30-year concession agreement of the Road Partnership in its 6th year had been a concomitant of various strategic oversights. The civil protests in the construction of the toll road resulted in delays in implementing agreed actions. The researcher is of the opinion that communication with local residents was not properly managed and this led to the unwillingness of the public to pay the toll fare and public protests. Court litigations resulting from 'Right of Way' also caused extended periods of delays in construction; this was because compensation to land owners had not been initiated on time. There was also the need to redesign the architectural plans to fit the challenges met with the geographical terrain, this was despite the initial geographical surveys undertaken. The combination of these delays led to the eventual debt default resulting in the lenders calling on the Federal Government partial guarantee. Despite best efforts from both partners, challenges continued to hamper the effective implementation of agreed decisions and this led to the termination of the partnership and the buying back of the shares of the SPV by the Lagos State Government.

In the BT Partnership, performance indicators had been agreed upon at the formation stage, these performance indicators were based on the number of bus availability per route; the number of passengers carried per trip; the number of trips that are made per day and the returns made per day. A joint weekly performance report had to be sent to the Transport Agency by the private partners and the partnership monitoring team.



**Figure 14: Overview of objective 4 outcome depicting delivery of partnership goals**

The World Bank being a co-sponsor of the BT Partnership also embarked on monitoring procedures called ‘Missions’ to determine if the operations were well under way and if they met set milestones. During the missions, reports were reviewed and then physical inspections were held to then discuss the challenges faced and how best to mitigate against those challenges. In addition, a steering committee was inaugurated and the monitoring was based on the performance indicators agreed to in the contractual agreement. The BT system was successfully completed in 15 months and was launched in March 2008. A preliminary evaluation carried out in 2015 indicated that about 200,000 passengers commuted daily using the BT system and this success has led to the commencement of the Lagos State Government and the World Bank to scale-up the BT to other areas within the state.

In the on-going Rail Mass Transit Partnership, the 27km stretch of rail construction taking place in phases was expected to have been completed by 2014; but delays in implementing agreed actions have led to the set milestones been moved at various times and at the time of this research is still on-going. The 25-year concession agreement for the operation of the rail services is yet to be awarded to the selected partner made up a consortium of 4 local and international companies. Despite the challenges, the consortium are highly optimistic that they can deliver on the terms of concession agreement and are keen to implement innovative technological solutions that would allow effective integration of the rail and local bus service routes. It is the goal and expectation that the Alpha Rail Line would attract 300,000 passengers per day and that the citizenry along the rail route would benefit from improved transport facilities and reduced travel time.

#### **10.3.5 Outcome of objective five: to investigate, analyse and explain the conditions under which Nigerian local regeneration partnerships achieve sustainable collaborative advantage**

The underlying dynamics of the collaboration processes in the formation, implementation and delivery stages of the five Nigerian local regeneration partnership investigated have implications for them achieving collaborative advantage or not. Huxham and Vangen (2004) stated that collaborative advantage is not always realised as a tangible output, but could also be realised in non-obvious forms evident within the process of collaborating. The evidence from this research indicated that the

achievement of collaborative advantage is through the consideration of the sustainability of partnership agreements, the improved interaction among partners and the provision of services.

The Kappa Housing Partnership was formed for the development of 351 low and medium cost housing units as part of the strategy to mitigate against the housing deficit being experienced in Nigeria. The Kappa Housing partnership was based on the Design, Finance, Build and Transfer (DFBT) model and also involved the construction and maintenance of roads, water works, sewage disposal systems, incinerators and street lights. The incentives for collaboration and the motivation for the partnership was a favourable profit sharing scheme of 60:40 for the private partner and the Kappa Housing Authority respectively. The housing units were completed in 2006; despite that the expected date of completion had been exceeded and with cost overrun. The completed houses were eventually sold off to the off-takers at a profit and the ownership rights transferred back to the Kappa Housing Authority for the management of the housing estate.

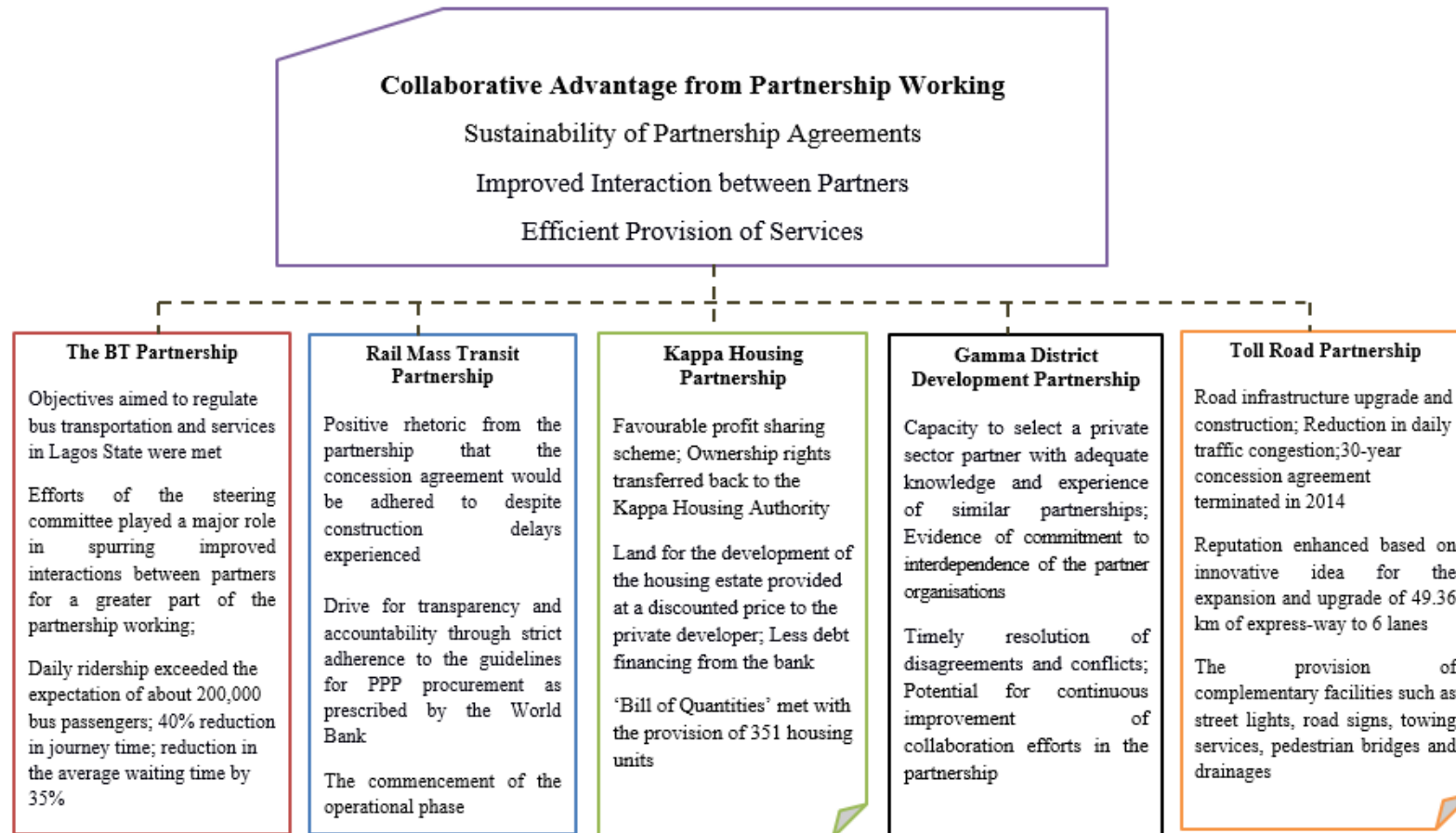
From the research findings, collaborative advantage achieved by the Kappa Housing Agency was the capacity building of staff members gained from working alongside external consultants; the minimised risk of forfeiting “Land Titles” due to commercial risk allocation to private developer; meeting the objectives to build affordable low and medium cost housing units and the successful transfer of ownership rights back to the Kappa Housing Authority. For the private developer, collaborative advantage was achieved from getting a discounted price for land used in the development of the housing units; from obtaining less debt financing from the bank; the reduced bureaucracy and ease of approval of relevant planning documents and licences made possible by affiliation with Kappa Housing Authority.

The Gamma District Development Partnership was formed using the Design, Finance, Build and Transfer (DFBT) model as part of the objectives to facilitate the social and economic infrastructure development and to ensure inclusivity of the growing population in the city. A five-year contractual agreement was signed in June 2011 with the District Development Agency, a private infrastructure company and a financial institution for the development of a district detailing the construction of 64.49km of network of roads, 131.18km of storm water drainage, 90.55km water supply pipeline,

64.49km sewage, drainage, walkways, bridges, electrical lines and telecommunications distribution network and associated ducts. The partnership is currently at its implementation stage, after completion, interested members of the public are given the opportunity to buy plots in the district to build houses. The evidence from the partnership so far portrays a successful selection of a private sector partner with adequate knowledge and experience needed for the Gamma District Development Partnership; the commitment to interdependence of the partner organisations, as evident in the timely resolution of disagreements and conflicts and the potential for continuous improvement of collaboration efforts in the partnership.

The Bus Transport (BT) Partnership was an initial pilot scheme to regulate the bus transportation and services sector in Lagos State. The Transport Agency with support from the State Government and the World Bank engaged in a strategic plan to address transportation needs within the state; to alleviate the problems with high demand for transport services by increasing accessibility and reduction in social exclusion and to protect the public from the increase in fares as dictated by private bus owners. Key members from partner organisations formed a steering committee that played a major role in spurring the partnership. The success of this partnership has led to the decision to scale-up the BT to other areas within the state in a new local regeneration project which is estimated to cost US\$ 350 million to implement. Collaborative advantage in the BT Partnership on the part of the government was achieved by meeting its objectives to regulate bus transportation and services in Lagos State; the performance evaluation indicated a daily patronage of about 200,000 bus passengers; a 30% reduction in the average fare costs; 40% reduction in journey time, an increase in the average speed from less than 15km/hour to 25 km/hour, a reduction in the average waiting time by 35% as well as the introduction of the e-ticketing fare collection system. On the other hand, the private partners could access huge capital finance to purchase buses they would otherwise have not been able to access alone; improved work environment for the bus drivers in terms of the dedicated bus service routes and garages as well as co-ordination of the activities of the transport union.





**Figure 15: Overview of objective 5 outcome depicting collaborative advantage from partnership working**

The Rail Mass Transit Partnership was established to meet up with the transport needs in Lagos State and to improve the limited rail service currently being managed by Nigerian Railway Corporation. The construction of the Alpha Rail Line began in August 2009 and it is to cover 27km; the first phase of 8km under construction has been sub-contracted to a private construction company and financed by the State Government and was scheduled to be officially opened in 2014. Although the partnership is on-going and is approaching the second phase, there are concerns about delays that could impede the implementation of the second milestone. The second phase is to commence the operation and maintenance of the completed rail route by the private sector consortium. It is clear from the partnership that there is a drive for transparency and accountability through strict adherence to the guidelines of the PPP procurement documentation as prescribed by the World Bank. This drive thus leads to the potential to achieve tangible collaborative advantage. Currently in the partnership working, collaborative advantage is evidence through regular meetings that are held with the representatives from the Transport Agency and the PPP office, sub-contractors and representatives of the private consortium to ensure effective communication; to promote the exchange of information between partners and confidence in the partnership activities.

The termination of the Road Partnership which was a 30- year concession agreement was based on the Design, Finance, Build, Operate and Transfer (DFBOT) model corroborates the difficulty of operationalising the principles of collaborative advantage. As Bloomfield (2006) argued true partnerships are to the extent that partner organisations share a mutual purpose and agree to place the interests of the partnership before their own organisational interests. The Road Partnership was unfortunately not the success story that had been hoped for. Reflecting on the benefit that can be realised from the collaborative nature of partnership working as opposed to that which can be realised by a single organisation, collaborative advantage for the Lagos State Government was the expansion and upgrade of 49.36 km of express-way from four to six lanes to reduce daily traffic congestion. For the private sector investment company, this can be said to be an increase in its reputation based on the innovative idea for the construction of a toll road.

#### **10.4 Contribution to Knowledge**

Local regeneration partnerships are investigated in this research from the empirical context of a developing country, Nigeria. From extant literature, local regeneration partnerships should bring about significant infrastructure development and efficient service delivery to local communities in any national context (Stadtler, 2016; Ross and Yan, 2015; Bloomfield, 2006; Bovaird, 2004), especially as it concerns regeneration projects. However, it is also argued that this will depend on the ability of national and local authorities to engage in the capacity for effective partnerships between the public and the private sector (Sarmiento and Renneboog, 2016; Siemiatycki, 2015; Appuhami, Perera and Perera, 2011).

In Nigeria, where the context of the institutional environment could be challenging for such collaborations efforts due to issues of mutual interdependence, trust, transparency and accountability, understanding partnerships functioning for local regeneration goals in this context is significant. This contrast with most of the empirical studies which has tended to focus on these regeneration partnerships in developed countries and appear to be better reported than in developing ones (Couch, Sykes and Borstinghaus, 2011; Ramiah and Reich, 2006; Selsky and Parker, 2005). Xie and Stough (2002), suggests that it is thus essential to investigate the types of objectives for which partnerships have been developed and to investigate how these partnerships operate to achieve different types of activities.

Therefore, this research explored the complexity of the collaboration processes in five Nigerian local regeneration partnerships formation, by considering the features of the partnerships, the implementation of contractual agreements and management of the partnership working. Consequently, this research became imperative to document if partner organisations benefit from the full potential of their collaboration. More importantly, to investigate the capacity of these Nigerian local regeneration partnerships to achieve their intended goals for which they were established and to determine if their collaborative efforts have been on the right track.

#### **10.4.1 Contribution to theory**

To address the challenging PPP policy issues raised from the literature review, there is a need to investigate and conceptualise partnership working that captures the mechanism that makes them effective or not. Mitchell-Weaver and Manning (1991, p.60), argued that “partnerships need to be defined and categorised as to their role in development planning and decision making under different development strategies and at different scales of action”. As discussed in chapter 3, the characteristic feature of PPPs is the key mechanism whereby partnerships through collaboration processes can search for solutions to address societal issues and to create new value together.

This research makes a contribution to knowledge through the application of the collaborative advantage theory to partnership working in the context of a developing country, Nigeria. Within the context of the debates above, researchers have argued that collaborative advantage is the proximal outcome of partnership working that gives them their unique advantage (Huxham, 1996; Kanter, 1994). This debate has benefited from the support of various studies conducted in developed countries (Wilson, 2014; Apostolakis, 2004). This is achieved by investigating and analysing a number of different local regeneration partnerships that operate in an ever dynamic and complex area of local regeneration, as well as the experiences and views of key participants involved in Nigerian local regeneration partnerships whose organisations are the prime beneficiaries of collaborative advantage.

By utilising the collaborative advantage theory as the guiding theoretical framework, it emerged from the empirical data that in the Nigerian local regeneration partnerships sustainable collaborative advantage is achieved through adequate strategic considerations given to the sustainability of partnership agreements, improved interaction among partners and the provision of services (as presented in table 9, pp. 260 and 261). This contribution highlights collaborative advantage theory as an important concept that could be achieved in the collaboration processes of Nigeria local regeneration partnerships. These insights have not been considered in extant literature on local regeneration partnerships in Nigeria. Therefore, this research elucidates collaborative advantage within the changing dynamics of the collaboration processes in the partnership life working of the Nigeria local regeneration partnerships investigated.

For instance, the efforts of the steering committee spurred the BT partnership working such that the funding institution was able to recoup their investment and to commence on a second BT project. So also, the improvement in the work environment and co-ordination of the activities of the transport union, and improved work conditions for the bus drivers in terms of dedicated bus service routes and garages in the BT Partnership. There is a drive for transparency and accountability in the Rail Partnership through ensuring strict adherence to the World Bank guidelines on PPP procurement and to the concession agreements as prescribed by the World Bank; reduced bureaucracy and the ease of approval of relevant documents and licences was often a reference point for the participants in the Kappa Partnership. Likewise the drive for accountability in the Kappa Housing Partnership, minimising the risk of forfeiting “Land Titles” and the capacity of the private developer to meet the ‘Bill of Quantities’ for the provision of 351 housing units. In the Gamma Partnership, there is a practice of timely resolution of disagreements and conflicts, evident through the commitment to interdependence of the partner organisations.

The successful toll road infrastructure expansion and upgrade which was one of the key objectives of the Road Partnership has led to a reduction in daily traffic congestion. It is also worth noting that the five local regeneration partnerships investigated also dealt with issues of collaborative inertia in the bid to achieve the partnership goals or agreed upon milestones. Huxham and Vangen (2014) stated the issue of collaborative inertia captures the reality of partnerships in practice, whereby the output from such arrangements could be negligible or extremely slow or at other times filled with stories of pain and unpleasantness. The five local regeneration partnerships investigated where by no means exception to this; collaborative inertia was evident in the construction delays in the Gamma Partnership that has seen the construction period been extended for a further 23 months as a result of government delays in meeting up with its obligations and delays in the resettlement and compensation of the local residents; in the Road Partnership, there were incessant delays as well due to contract re-negotiations that led to the Lagos State Government providing shadow tolling and the eventual termination of the partnership. Only two of the toll gates were completed before the termination of the partnership, with the last toll gate put up for completion through traditional procurement. In essence, Nigerian’s

political, economic and institutional contexts have implications that contributed to the functioning of the local regeneration partnerships.

#### **10.4.2 Contribution to research methods**

This study makes a methodological contribution to partnership research in Nigeria. While empirical research into PPP implementation strategies and management in Nigeria is still upcoming, to the best of the researcher's knowledge this study is the first to make use of a qualitative, interpretive and inductive approach based on multiple case study strategy to capture the experiences and views of key participants involved in collaboration processes in Nigerian local regeneration partnerships. This is in contrast to the vast majority of the country's' PPP studies that use quantitative methods and/or secondary data, for instance, documentary reports, project documents (see Dominic, *et al.*, 2015; Ozohu-Suleiman and Oladimeji, 2015; Oluwasanmi and Ogidi, 2014; Iloh and Muktar, 2013; Babtunde, Opawole and Akinsiku, 2012; Daramola *et al.*, 2005; Ibrahim, Price and Dainty, 2006). These studies do provide useful findings and they confirm that within the context of Nigeria as a developing country, there are on-going debates about the real benefits to be achieved with the implementation of local regeneration partnerships.

The multiple case study and interview process proved to be an appropriate way of investigating this phenomenon by bringing understanding to the collaborative advantage phenomenon from this empirical context. The methodology allowed emphasis on the individual and collective perspectives of participants, as well as their recurrent and shared experiences. The key theoretical and empirical contributions presented in this research have subsequently resulted from a rich context of findings from the in-depth semi-structured interviews collected from key participants from public institutions, private infrastructure companies, consultancy organisations that revealed issues about how collaboration processes shape and impact upon Nigerian local regeneration partnerships, as well as the evaluation of project documents and documentary reports. In essence, the methodological contribution to local regeneration partnerships research in Nigeria signifies a thorough exercise that triangulated the findings from interviews and documentary analysis in identifying institutional processes and unfolding themes and relationships that existed in the five local regeneration partnerships.

### **10.4.3 Contribution to practice**

Difficulties in documenting the potential benefits of collaboration in a developing country have been raised from various research (Ramiah and Reich, 2006; Selsky and Parker, 2005). According to Selsky and Parker (2005), Miraftab (2004) and Otiso (2003), this is because the many partnerships that operate at sub-national levels do so quite often outside the attention of researchers and most of these activities are usually funded and published by donor agencies as promotional material. Within the context of developing countries, Miraftab (2004) suggested that political, social, economic and cultural environment greatly influenced partnerships in a way that led them to deliver outcomes opposite to those they claim.

At a practical level, it is imperative to recognise that local regeneration partnerships are young vehicles for the design and delivery of public infrastructure and services in Nigeria, but are increasingly becoming significant within the policy arena. While these formalised and complex collaboration forms have been implemented, they have not been without major challenges. The evidence from this research is that although partnerships are models promoted because of the value they can create, in practice, the partner organisations have been too absorbed with partnership procedures to be able to act as real collaborative partners. Consequently, the researcher is of the view that partner organisations in the local regeneration partnership investigated have only succeeded to create mutual contractual agreements as it seems this is the most that the partnerships can deal with. To aid this contribution to practice, the researcher presented a framework (see figure 10, p.269) that portrays the research contribution in a coherent and comprehensive way for better understanding partnership collaboration processes related to local regeneration partnerships and partnership working in Nigeria.

Primarily, partner organisations are usually involved in main decision-making processes of the local regeneration partnerships; it has nevertheless been a challenge to implement the collaborative actions agreed upon in reaching set objectives. A major challenge faced by these local regeneration partnerships is that the actions of external actors have had a substantial impact on their partnership working. For instance, external actors; such as the local residents in the case of the Road Partnership, the local transport union in the case of the BT Partnership and government officials and

affiliated institutions in the case of the Kappa Partnership have not been without influence over their partnership working. This empirical finding is particularly significant as it concerns the PPP policy arena and practice in Nigeria.

The collaboration elements of mutual interdependence in the partnership arrangement; trust between partners throughout the partnership working; transparency in the decision making processes and accountability of the partners to each other and to the local communities thus deserved careful deliberation within the empirical context of Nigeria local regeneration partnerships (discussed in sections 6.5, 7.5 and 8.3). The considerations of these four collaboration elements have had implications on the collaboration processes of these partnerships has evident from the key findings in this research. These empirical findings are that (a) certain factors in the Nigerian local contexts have acted as constraints faced in the implementation of PPP policy; (b) the reliance on PPP consultants and transaction advisers in advising partnerships has now become a common feature in partnership arrangements; (c) ineffective risk management practices have also impeded the local regeneration partnership working and (d) the delivery of partnership goals have implications for the survival of the partnership working.

The research's framework rests on the existing PPP policy paradigm in Nigeria and shows the unique features and characteristics to which the researcher has contributed insights. It also proves useful in characterising the partnerships in terms of the motivations and objectives for establishing them and in highlighting key collaboration processes where partner organisations can achieve collaborative advantage (see figure 10, p.269). The framework makes a unique and crucial contribution to the understanding of the nature and scope of local regeneration partnerships and operational activities in the context of a developing country. The framework is aimed to be applicable to partnerships in similar contexts (for instance, other sub-Saharan African countries) and simultaneously usable for their operations in practice in the context of local regeneration partnerships.

### **10.5 Limitations of the Research**

There are three main considerations that could limit the generalisation of the findings of this study to other types of partnership projects in Nigeria and to similar developing



countries. These considerations are as follows:

### **10.5.1 Conceptual Framework Bias**

The applicability of the research's framework to other contexts would need to be considered based on the partnership type; this is because an appropriate evaluation needs to be based on the specific goals of the partnership. Although, the framework depicts an overall picture of partnership working in Nigerian local regeneration partnerships, it is important to note that each local regeneration partnership investigated is unique and its potential for success depended on the implications of institutional context factors and the partnership's implementation strategies and management. This does not however change the fact that the situations in which local regeneration partnerships are implemented in different countries, sectors and projects types will usually differ. In making use of the conceptual framework, it then becomes pertinent that the motivation of policy makers, private sector investment organisations and infrastructure developers, as well as funding institutions in establishing partnerships are considered, as any other approach from this would depict a lack of consideration to the local context. What this means is that there would generally be concerns on how receptive partner organisations are to the consideration of the concept of collaborative advantage and the implication that this could have on partnership working. In other words, the usability of this conceptual framework depends on its capability to direct attention to the key challenges and factors crucial for achieving the partnership objectives and to achieve collaborative advantage. In spite of these limitations, the conceptual framework has potential and usability in other forms of partnerships, as well as other developing countries context.

### **10.5.2 Research bias**

Another research limitations stems from the philosophical position that the researcher has adopted for this study. By adopting an interpretive, inductive and explanatory approach, the researcher sought to understand the subjective perspective depicted by the participants interviewed, in their own words. The researcher asserted, in the methodology chapter, that an interpretive approach and qualitative study was best suited because the overarching research aim was to capture the experiences and perceptions of key participants who had been involved in the collaboration processes

of local regeneration partnerships in Nigeria, rather than analyse certain quantitative variables. The research findings portrayed the data's richness and depth, which demonstrated a high degree of appropriateness of an interpretive approach to the aim and objectives of the research.

An interpretive approach is however based on data collection by interviewing that inevitably involves the researcher's interaction with the participants. It is unlikely that the researcher remained completely unbiased, independent and unaffected during the interview process, so also when reflecting on the data collected. Nonetheless, the researcher took steps to ensure the data collected are to a great extent accurate and appropriate in accordance with good case study research practice and research ethics. This is especially in terms of conformity which refers to the extent to which the findings from the qualitative research can be free from the bias of the researcher (Denscombe, 2010). The researcher accomplished this by collecting data through semi-structured interviews and by drawing on a range of perspectives from different participants (discussed in section 4.5.3) involved in the partnership until the point of data saturation was reached. Consequently, semi-structured interviews allowed the participants' to freely give their opinions because the researcher did not at any point exert any influence on their opinions while they elaborated on various partnership issues.

The researcher further maintained a neutral stance by demonstrating the participants' voices in their original forms. This was achieved by including quotes in the thesis' writing that indicated a diversity of views, opinions and experiences (see chapters 5, 6, 7, 8 and 9) thus avoiding uniformity that might come from the researcher's bias. The researcher also continually reflected on the actions and decisions made in terms of determining if and how the researcher has affected the research process, the data collection process and the interpretation of findings. Despite every effort that the researcher has made to ensure that the data collected are to a great extent accurate and appropriate in accordance with good case study research practice and research ethics, there is no absolute guarantee that the researcher has got it all right. This is because with a multiple case study research, the research has not attempted to control the environment, but has most importantly taken into consideration the context of the empirical research as part of the richness of the entire data collected.

### **10.5.3 The Data Size**

Qualitative data has been collected in this research from five case studies with 42 participants. There is the opportunity for improvement for future work if more cases are studied and more data is obtained from a larger number of participants involved in local regeneration partnerships.

### **10.6 Recommendations**

The following recommendations are offered as a starting point for developing a practical approach to the formation, implementation and management of local regeneration partnerships:

1. Successful collaboration processes and collaborative advantage cannot be achieved by only focusing on the technical aspects of project planning and execution, in other words the details of a partnership contract cannot alone ensure successful collaboration processes and collaborative advantage. In the spirit of collaboration and trust, intense commitment needs to be given to sharing the vision and goals of local regeneration partnerships as they are fundamental for successful partnership working. They also guide against individual organisations' priorities and differing interests that constrain partnership working. Slater *et al.* (2007) stated that even after the vision and objectives of a partnership have been agreed, partner organisations are still likely to have opposing objectives that could often lead to strains and disputes in the partnership working. Differing interests and efforts could derail the partnership working and lead to huge public costs and disruptions in service provision that usually characterise such conflicts.
2. The research recognises that local regeneration partnerships in Nigeria are still young policy vehicles for the design and delivery of infrastructure development and service delivery. A number of infrastructure to address local regeneration problems might not have existed without them. The local regeneration partnerships had varying capacity and leverage for their formation and implementation that resembled the theoretical models. However, the challenges posed by the institutional nature of the empirical context of Nigeria further complicated the tasks of fostering meaningful transparency in

contractual arrangements; the fair allocation and appropriate mitigation of project risks and the partnership guidance towards meeting set performance targets.

The researcher however highlights that the Nigeria government both at federal and state levels need to re-think the strategies and methods of implementing PPPs in regeneration projects. It is recommended that participating organisations narrow the gap between theory and practice by managing the ardent expectations associated with PPPs to adapt to the reality of the local context (Bloomfield, 2006). The researcher therefore suggests that partner organisations dedicate adequate time to partnership formation as a way to ensure better success in identification and allocation of risks. The researcher also recommends that the ICRC continually re-evaluate and update its existing PPP toolkit based on the past partnerships experience as a comprehensive guide for future PPPs. This type of PPP toolkit has been successfully designed by the Indian Government as part of its PPP capacity building programme, with a focus on supporting decision making of key participants from both public and private sectors for infrastructure PPPs and to improve the quality of the PPPs developed.

3. The researcher recommends that collaborative efforts towards shared decision-making and accountability in local regeneration partnerships working should be encouraged. The partnerships and affiliated organisations have to reflect more cautiously on how to adapt to rules of accountability and shared decision-making. Consequently, partner organisations need to continue to build capabilities to sustain the viability of partnership by understanding the need for the partnerships to succeed; to effectively manage the transitions between the collaborative stages; to address the need to keep focused on the objectives and goals as the partnership progresses. According to Bovaird *et al.*, (2002), this would pave way for significant trust-building and capacity-building activities, such that the various members of the partnerships and affiliated institutions can play their allocated roles quickly and flexibly, while not overstepping their remits. In other words, there needs to be a holistic mutual reinforcement of partnership goals and on-going partnership activities, this

would require organisations to support each other in the acknowledgement of long-term collaborative advantage and sustainability. Building on collaborative monitoring of partnerships instead of individual monitoring could lead to deeper mutual interdependence, whereby goals and objectives become better coordinated and integrated. Capacity for shared monitoring and overseeing long termed partnership contractual agreements could increase transparency, as well as strengthen the confidence of the public in the information released by the government in terms of the local regeneration partnership activities.

4. In order to build such a collaborative culture as recommended above within partnering organisations, there is also the necessity for joint training programmes, workshops and conferences focused on collaborative capacity building for project leaders and team members within the public and private sector organisations. This furthers collaboration between government and private organisations than the single organisation approach to training programmes as conducted by the ICRC (Babatunde *et al.*, 2013).
5. Better attention thus needs to be paid to the local regeneration partnership's institutional environment. This is because the wider policy context in the long run determines the Nigerian government's will and capacity to intervene by steering partnerships towards fairness, especially, in terms of downwards accountability. This leads to the need for accountability and transparency mechanisms that will increase as government institutions enter into such local regeneration arrangements with the private sector. Government Ministries, Departments and Agencies unwilling or unable to make such commitments are not likely to attain sustainable partnership arrangements. In order words, a strong competent and committed agency is required to monitor and enforce the legality of partnership contracts in accordance with the ICRC Act. The ICRC needs to be further empowered as an accountability agency that evaluates the performance of partner organisations across all partnership types.
6. The current situation with local regeneration PPP arrangements in Nigeria is that a lot of effort is put towards easing budgetary constraints and in promoting private sector participation, but attention needs to be turned to monitoring the

interest of the populace and to promote public participation, trust, downward accountability and transparency. Miraftab (2004) argued that the strength of the public and deprived communities must be promoted so that they can sustain their interests during the PPP processes; specifically, such that these elements are critical to the capacity of the local regeneration partnership to achieve justifiable processes and outcomes that serve the interests of the citizens as well as of other partner organisations.

According to Bloomfield (2006, p.409) “governments that hope to garner the theoretical benefits of long-term contracts with the private sector will continue to confront daunting management and governance challenges”. New accountability and transparency structures are needed in place as effective mechanisms for informing and engaging the public and to reassure them that the commitment and decisions made in the partnership are sound and beneficial to the public over a sustained period. The author also argues that the advice for government to be more trusting in their dealings with the private sector will not help them to meet challenges faced, nor will suggestions to eliminate bureaucracy. Appropriate information systems to evaluate and monitor partnership performance needs to be developed. The impact of such information systems is to effectively coordinate activities across partner organisations. This would also provide a foundation for evidence of the value of local regeneration partnerships to partner organisations, investors, the local residents and other external groups. Efforts however must be taken such that the development and maintenance of these information systems do not distract from the implementation of partnership activities as it requires time and effort to successfully put them in place (Bazzoli *et al.*, 1997).

### **10.7 Areas for Further Research**

1. Local regeneration partnerships have a great potential for rejuvenating local communities and for improving the coordination and effectiveness of infrastructure provision and service delivery. Longitudinal research to improve understanding of collaboration processes and collaborative advantage in these partnerships is needed. For instance, the Rail Partnership and the Gamma District Development Partnership are going on to the next phases of their

partnership workings, while a new BT Partnership has been established. Further research could look (a) Cost effective methods for monitoring local regeneration partnerships performance over their life cycles (b) Strategies on how the public could be involved in partnership decision making that impact on their lives for years to come? The knowledge that is gained through continued research of these partnership collaborative efforts will provide important policy direction for policy makers as they seek to further develop partnerships that respond to local needs.

2. With the growing interest in formation and implementation strategies of local regeneration partnerships in Nigeria, there is a pressing need to gain a better understanding into how these partnerships effort sustains them and their collaborative activities. The findings of this research suggested that partnerships are multi-dimensional and distinctive patterns exist depending on the types of projects being considered. Further research could look at how a more effective competitive tendering and bidding environment can be created and sustained by the Nigerian government for partnership arrangements that are prone to issues of trust, accountability and transparency in this context? This research provides both theoretical and empirical basis for continuing this research suggestion.
3. Governance presents a challenge for the public and private sector partners, but it also provides a means for creating partnership strategies towards promoting partnership working, downward accountability and achieving partnership objectives. Alexander, Comfort, and Weiner (1998) identified the need for partner organisations to shift from their conventional approach from institutionally focused governance to an approach of collaborative, community-oriented governance. Further research could investigate Nigerian local regeneration partnership governance models that cover the necessity for effective governance structures and broad inclusion in these partnerships.

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## **APPENDICES**

### **Appendix A: Participant Information Sheet**

#### **RESEARCH TITLE: COLLABORATION PROCESSES IN PARTNERSHIP WORKING: LOCAL REGENERATION IN NIGERIA**

You are being invited to take part in a research project titled “Collaboration processes in partnership working: local regeneration in Nigeria”. Do take some time to read through the following information carefully as it is important for you to understand what the research is about and why you have been invited to take part in it. You can also ask for further clarification if there is anything that is not clear or if you would like some more information (please find some contact details at the bottom of the sheet). Do take time to decide whether or not you wish to take part.

#### **1. What is the purpose of the PhD research?**

With organisations coming together to form local regeneration Public Private Partnerships, their different characteristics, resources, capabilities and approaches bring complementary strengths to the collaboration process and may have the most potential for achieving intended goals. The achievement of intended goals by the PPPs is likely to be reflected in the scope of partnership management effectiveness as part of their collaborative advantage. The collaborative advantage that drives PPPs is reflected in the way partners think about the partnership’s goals, plans and strategies, the type of activities the partnership carries out, the partnership delivery and the relationship the partnership develops with the local community. My research thus is concerned with exploring and explaining “how collaboration processes shape and impact upon Nigerian local regeneration partnerships and the relevant interpretations and lessons that can be learnt from these experiences”.

#### **2. Why have I been chosen and do I have to take part?**

I am seeking to interview you for my research because of your expertise in PPPs especially your management role in PPP strategies and operations in Nigeria. Your

participation in this research is voluntary and it is entirely up to you whether or not you chose to take part in the research by granting the request for an interview. You are however free to withdraw your consent to be interviewed at any time. Please note that you would not have to give a reason if you chose to withdraw your consent for an interview.

The interviews would be conducted by me as part of the data collection process for my PhD research. The time and location would be agreed prior to the interview. The duration of the interview sessions is flexible and should take between 40 minutes to 90 minutes. The interview questions would be semi-structured open questions leaving you the opportunity to discuss freely in relation to your opinions and experience of PPP arrangements, implementation and delivery.

### **3. What are the possible benefits of taking part?**

Whilst there are no immediate benefits to yourself or to your organisation, this research is located within the continuing debate on the management of collaborations and especially of PPPs in implementing certain policy initiatives; as the research draws on a range of issues involving the roles of individual actors in the formal and informal processes for establishing and implementing PPPs within the Nigeria context. It is hoped that the findings from this research would contribute to clarifying several fundamental issues relating to how and why certain collaboration elements facilitate a partnership's collaborative process and a partnership's overall performance in the Nigerian context.

### **4. What type of information will be sought from me and why is the collection of this information relevant for achieving the research project's objectives?**

The type of information to be sought during the interview sessions are based on your opinions and expert knowledge on PPPs and especially PPPs in the area of local regeneration; the interview questions would include the following areas; the model of the partnerships you have been involved in, the influencing factors to the choice of these models, the different roles of the partners in the collaborative process and in decision-making, your views and the experiences from the pre-formation to the delivery stage of the PPPs, the strategies employed in the collaborative planning of the

PPPs and collaboration elements of the collaboration process in terms of trust, transparency and accountability. The information being collected is relevant for achieving my PhD research objectives because the interview questions explore the functioning of PPPs directly from the views of experts and professionals in the industry.

**5. Will my taking part in this project be kept confidential?**

All information about you and your organisation will be kept strictly confidential. All data collected during the course of the interviews will only be used for analysis and for writing up the research findings. You will not be referred to in the writing up of the research neither will you be identified from any reports.

**6. Will I be recorded, and how will the recorded media be used?**

The interview sessions would only be recorded with the consent of the participants. Where consent is given, the recorded material is to enable me to examine the statements of the participants more thoroughly and to make the decision about what is important in the data collected. The audio recordings of the interview will thus be used for the main purpose of transcribing and for analysis. No other use will be made of them without your written permission, and no one outside the project will be allowed access to the original recordings. Where consent is not given for recording, I would take down notes of the emerging themes that arise from the interview session.

**7. Who is organising/funding the research?**

My PhD research is partly funded by the Bournemouth University Graduate School (Please find attached a letter of introduction from Bournemouth University).

**Contact details for further information:**

**Research Student Contact Details:**

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Thank you for taking the time to read through the above information.



## **Appendix B: Interview Guide**

### **Introductory Questions**

1. Could you kindly introduce yourself?
2. Could you tell me about the local regeneration partnership(s) you are currently involved in?
3. Could you tell me about your organisation's role in the local regeneration partnership?
4. In your opinion, how is/was collaboration between the public and private sector -partners facilitated in this PPP arrangement?
5. In your opinion, what are the influencing factors to the emergence and implementation of PPPs in infrastructure development and service delivery?
6. In your opinion, tell me about the challenges experienced by PPPs in Nigeria?

### **Main Questions**

7. In your opinion, are the regulatory or legal frameworks for PPPs in Nigeria adequate and how have they enabled the activities of the local regeneration partnership?
8. Can you explain to me the tendering procedures and guidelines for selecting potential partners and the role your organisation plays in this process?
9. What procedures are put in place for setting out the terms of the partnership concession agreement?
10. In your opinion, how is the credibility and visibility of the activities in the partnership ensured and why? e.g. is the relevant information about the partnership's performance readily available to all the interest parties?
11. In your opinion, how is community participation encouraged in the local regeneration PPP and why? e.g. are there meetings that are open to the general public?
12. How are resources shared within the local regeneration partnership? Why are the resources shared in this way within the local regeneration PPP? (e.g. technological, organisational skills, foreign capital, experience, relations with governments)?
13. In your opinion, how does the partnership ensure that the individual capabilities of partners fit the role in ways intended? e.g. what role does the

partners' expertise or past experience play in the partnership arrangement?  
What is the role of individual partners regarding the decision making process?

14. In your opinion, how is risk (financial or operational) allocated to the partner with the best capability to control the events that might trigger its occurrence?
15. What are the guarantees offered by the government and why do you think these guarantees are of benefit to your organisation?
16. In your opinion, how is adequate communication ensured in the partnership and why?
17. In your opinion, how is continuous commitment encouraged in the partnership in terms of project continuity?
18. In your opinion, has the local regeneration PPP encountered issues of trust? Why do you think the partnership has encountered these issues of trust? e.g in relation to the role of the contractual agreement.
19. In your opinion, how does the partnership encourage trusting activities among the various partners and why?
20. In your opinion, to what extent does your organisation trust the other partnership members to abide by the partnership agreements?
21. Could you tell me how the PPP is governed? e.g. does it have a written constitution or set of standing orders defining how it operates?
22. Could you tell me how the performance of the partnership is monitored to ensure project delivery? Why is this procedure the preferred method for monitoring the partnership?
23. Is the partnership subject to external inspection? e.g. Is the partnership required to meet targets agreed with any other body? Does the partnership make a formal report to any other body (including the member organisations)?
24. Is the partnership required to prepare an annual report and is it available to all interest groups (including the public)?

### **Conclusion**

25. In your opinion, has the partnership been successful in delivering what it has been set out to do?
26. In your opinion, what do you think is the future of PPPs in the country?
27. Is there anything you would like to add?

**Appendix C: Local Regeneration Partnerships Participants  
and Allocated Codes**

<b>Partnership Type</b>	<b>Participants and Designated Identifiers</b>			
	<b>Directors</b>	<b>Team Leaders</b>	<b>PPP Consultants</b>	<b>Financial Advisers</b>
<b>Bus Rapid Transport (BRT) Partnership</b>	<p>Director Transport Agency (Public Sector)</p> <p>Director, Legal Services Transport Agency (Public Sector)</p> <p>Deputy Director A, Transport Agency (Public Sector)</p> <p>Deputy Director B, Transport Agency (Public Sector)</p>	<p>Legal Adviser, PPP Office, Transport Agency (Public Sector)</p>	<p>Principal Procurement Officer, Funding Institution (Private Sector)</p>	<p>Private Sector Specialist, Funding Institution B (Private Sector)</p>
<b>Rail Mass Transit Partnership</b>	<p>Director, Transport Agency (Public Sector)</p> <p>Deputy Director C, Transport Agency (Public Sector)</p> <p>Assistant Project Manager A, Transport Agency (Public Sector)</p>	<p>Assistant Project Manager B, Transport Agency (Public Sector)</p>	<p>Private Sector Specialist, Funding Institution B (Private Sector)</p>	<p>Managing Director, Funding Institution (Private Sector)</p>
<b>Kappa Housing Partnership</b>	<p>Assistant Director A, Reforms Agency (Public Sector)</p> <p>Assistant Director B, Reforms Agency (Public Sector)</p> <p>Deputy General Manager, PPP Unit (Public Sector)</p>	<p>Team Leader, Reforms Agency (Public Sector)</p>	<p>Legal Adviser, Reforms Agency (Public Sector)</p> <p>Technical Assistant, PPP Unit (Public Sector)</p> <p>Director, Regulatory Commission (Public Sector)</p>	
<b>Gamma State</b>	<p>Director, Transaction</p>	<p>Lead, Transaction</p>	<p>CEO, Legal Advisory Services (Private Sector)</p>	

<b>Housing Partnership</b>	Advisory Services (Private Sector)  Director, Regulatory Commission (Public Sector)	Advisory Services (Private Sector)	PPP Coordinator, PPP Advisory Unit (Public Sector)  Project Development Adviser (Public Sector)	
<b>Road Partnership</b>	Director, Regulatory Commission (Public Sector)  (Director, Infrastructure developer (Private Sector)  Director, Consultancy Services (Private Sector)	Team Leader, Social Infrastructure, PPP Office (Public Sector)  Team Leader A, Core Infrastructure, PPP Office (Public Sector- Interviewed twice)	Contract Administrator and Contract Management, PPP Office (Public Sector)  Infrastructure Engineer, PPP Office (Public Sector)  Private Sector Specialist, Funding Institution B (Private Sector)  Transport Sector Specialist, Funding Institution (Private Sector)  Economist, Funding institution (Private Sector)  Principal Disbursement Officer, Funding Institution (Private Sector)  Principal Procurement Officer, Funding Institution (Private Sector)	Managing Director, Transaction Adviser (Private Sector- Interviewed twice)  Managing Director, Transaction Adviser (Private Sector)

## Appendix D: Ability to Track Context

The screenshot displays two side-by-side windows from a software application. The left window, titled 'Case 2, Participant 3', shows a list of references with their coverage percentages. The right window shows the original text of the interview transcript with yellow highlights corresponding to the coded content in the left window. Blue arrows point from the coded content back to the original text, illustrating the ability to track context.

Coded Content	Original Context
Reference 1 - 1.61% Coverage	the local regeneration PPP and why? e.g. are there meetings that are open to the general public?
Reference 2 - 2.20% Coverage	When you are doing the project concept, you take a number of things into consideration: the housing needs for the people as we know there is a deficit, 2. The environmental factors have to be considered, 3. Affordability issues, and then 4. Marketing. That is why I said in the planning, in the preparatory stage, both the developer and the local authority would sit down and conceptualise the outlook of the project and then they would agree on everything before they embark, because right now, you see that sadly enough they have some money tied down.
Reason primarily location-examples given.	Reason primarily location-examples given.
	In the new outlook, these are things they have to sit down and agree on the cost, do a benefit analysis, the ability to sell and the off-takers the ability to pay. So all this thing...

**Coded Content**

**Original Context**

The ability to continuously go back and forth my data within its original context, as well as to confirm or discard intuitive thoughts; this is achieved by checking a participant discourses

## Appendix E: Example of Memo Linked to Coded Content

The screenshot displays the NVivo software interface for a project named "PhD Research.myp - NVivo". The main window is titled "Phase 2 Analysis" and shows a hierarchical tree of coded content on the left. The tree includes categories such as "Contractual Arrangements", "Competitive Selection of Partners and Contractors", and "Awareness Campaigns". A blue arrow points from the "Selection of Partners" node in the tree to a memo in the right-hand pane. The memo is titled "Awareness Campaigns" and contains several paragraphs of text discussing communication gaps, PPP champions, and public awareness. A blue box at the bottom left of the screenshot contains the text: "Linked memos facilitated a systematic review and synthesis of coded content".

PhD Research.myp - NVivo

External Data Analyze Query Explore Layout View

Look for: Search In Phase 2 Analysis Find Now Clear Advanced Find

Phase 2 Analysis

Stakeholders Management thr x PPP Champions Public Awareness

[Click to edit](#)

Awareness Campaigns

>Communication- Project activities not properly commnuicated to the public i.e. LCC (x) FCDA (y).

Limited enlightment champaigns to the public- Communication gap between the public and private sector, but there is still a level of communication i.e. negotiations, meetings.

Partner 4- break down after an initial good start leading to communication gap. Not continuous from start to finish. Meetings seem to actively happen only during negotiations, conflicts, renegotiations, formations stages before financial close or financial recoup. However, not in all cases i.e. FCDA sees it as being positive.

>PPP Champions- Complex web of institutions set up to champion PPPs and them not actually pulling their weight.

Participants believe the government should be doing more to drive the awareness/knowledge on PPP units, though they've set up ICRC and PPP units- this is seen as duplication; see article. ICRC is seen as a toothless bulldog, seen but not heard in these cases apart from FHA and FCDA- Federal level.

There is opposition to PPP arrangement/Project activities/affordability and willingness to pay

>Public Awareness- Public enlightment programmes/strategies in place and the implications resulting from these strategies.

>Reluctance to Engage in PPP-

Self-interest and corruption such as misappropriation of funds

Limited confidence:knowledge of PPPs

Political reasons

Linked memos facilitated a systematic review and synthesis of coded content

100%

## Appendix F: Visual Displays of Conceptual Hierarchies

PHD Research.nvp - NVivo

File Home Create External Data Analyze Query Explore Layout View

Row Column Size Transpose Merge Rows Convert to Text Reset Settings Sort By Filter Row IDs Hide Row Unhide Row Show All Rows Column IDs Hide Column Unhide Column Show All Columns Page Setup Page

Nodes

Look for: Search In Phase 3 and 4 An Find Now Clear Advanced Find X

### Phase 3 and 4 Analysis

Name	Sources	References	Created By	Modified By
Assigning data to themes and concepts to portray meaning	0	0	00	00
Credible, Competent and Experienced PPP Specialists Needed to Manage and Monitor PPP Arrangements	0	0	00	00
Explicit Project Feasibility Analysis and Risk Allocation Structure	0	0	00	00
Favourable and Supportive Investment Environment to Build Partners Confidence	0	0	00	00
Implementation of Local Regeneration Partnerships and Delivery Outcomes	0	0	00	00
Partnership Enabled Environment with Strengthened Legal, Regulatory and Policy Frameworks	0	0	00	00
Competitive Selection of Partners and Contractors	0	0	00	00
Selection of Partners	5	11	00	00
Tendering and Bidding Process	16	74	00	00
Tendering and Bidding Standards	9	22	00	00
Contractual Arrangements	0	0	00	00
Bidders and Negotiation Fatigue	5	11	00	00
Communication	7	19	00	00
Contracts	9	29	00	00
Negotiations	6	12	00	00
Inadequate Existing Legal and Regulatory Framework	0	0	00	00

77 Items

Visual display of conceptual hierarchies-linked to memos