

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS FOR PUBLIC-PRIVATE PARTNERS IN INFRASTRUCTURE DELIVERY IN NIGERIA

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Abstract

Public-private partnership (PPP) is basically the collaboration between a public and a private organisation in order to achieve a specific goal. This paper examines the capabilities of partners and the environment in which they operate in Nigeria using a case-study approach. Data for the study were collected from written documents, inter alia company's business brochures, official reports, unpublished performance data on resources and operations; interviews were also conducted with 8 professionals from public and private parties. Data analysis was done using analytical induction, content and logical analysis. The study revealed that diversity and multidisciplinary attributes, and ready access to consultants are among the major strengths of the public partners, while its weakness is insufficiency of arm. The passing of relevant laws was seen as an opportunity by both parties, while lack of understanding of roles by ministries, and an unfavourable banking climate were identified as threats by the public partner. The private partner identified creativity and innovativeness, high knowledge of business and superb negotiation ability among its strengths and saw poor federal influence as a major weakness with poor local understanding of PPP as a threat. The study concluded that the success of partnerships depends much on cordial relationships between partners.

Keywords: strengths, weaknesses, opportunities, threats, partners, public-private partnership

INTRODUCTION

The strength of a nation's economy lies in its level of social and economic infrastructure as infrastructure contributes immensely to all economic activities, improves human welfare and has considerable potential for directly reducing poverty (Department for International Development, 2007; Omana, 2007). The initiative of bringing in the private sector to assist in infrastructure provision by several governments was basically because of the sector's access to finance, knowledge

of technologies, managerial proficiency and good entrepreneurial spirit (DFID, 2007). In Nigeria and some other countries of the world, several methods of financing have been employed for infrastructure development, yet many of these nations are still short of infrastructure. According to Mansur (2011) a sum of US\$15bn is needed annually by Nigeria to bridge the infrastructure gap. Also in India, about US\$475bn was estimated to be needed between 2007 and 2012 for roads, railways, seaports, airports, electricity transmission lines and other infrastructure according to Omana (2007). These huge amounts cannot be raised by the government without intervention from private partners.

In Nigeria, a number of projects have been completed under this delivery system; among these projects are the Murtala Mohammed Airport Terminal 2 - Ikeja, Lagos State; Garki Market - Abuja; part of Lekki - Epe expressway - Lagos State; Gani Fawehinmi Diagnostic centre – Ondo State; and an independent power project in Lagos State. Some other public-private partnership (PPP) projects are at the procurement stage while some are at the construction stage in Nigeria and also in other countries of the world. As the attention had shifted towards the private sector for assistance, a number of issues are relevant to be considered; among these is to establish how capable the private partners are in ensuring successful collaborations.

The motivation to undertake this study was based on the fact that there are outstanding issues in a number of projects executed under this delivery system, despite the series of documentations usually described as painstakingly drafted framework, clearly defined agreement structure and high cost of procurement (Blaiklock, 2005; Adeniyi, 2008). Therefore, examining the strengths, weaknesses, opportunities and threats of partners could assist in identifying some underlying matters that need to be addressed. SWOT is an alphabetisation of strengths, weaknesses, opportunities and threats, and the concept of laying out the SWOT of an organisation, a person or an entity is referred to as SWOT analysis. SWOT analysis is a strategic planning approach that reveals the condition of the environment (both internal and external) in which an organisation or an individual operates. It is being employed in this study to analyse partners in collaborative infrastructure delivery with the aim of providing a clear picture of the important factors that influence survival and success, with the goal

of providing information necessary for planning and ensuring improved performance in collaborative infrastructure delivery in Nigeria.

PROBLEM STATEMENT

As a result of infrastructure shortage in Nigeria and the government's inability to bridge the gap, the business community that would rather invest in activities that are profit oriented according to Olashore (1991) was called upon for support. A number of problems have been identified in projects on which private partners have been engaged; among these problems are unsettled controversies and delays. However, the presence of these problems is seemingly sweeping away the glory of public-private partnerships. Therefore, it is necessary to examine the attributes of the participating partners and the environment in which the partners operate. This study revealed the positive and negative influences on the operations of partners and issues affecting partnerships.

Harris (2003) categorised the framework for effective implementation into 5 broad groups, namely government guarantee, effective procurement, favourable economic condition, project implementability and available financial market. Pongsiri (2002) emphasised the importance of the establishment of a transparent and sound regulatory framework as a necessary precursor to private sector participation in a PPP. The private partner is expected to be assured of a sound regulatory system that includes respect for contract agreements, protection from expropriation, quick and satisfactory dispute settlement and legitimate recovery of costs and profit proportional to the risks undertaken. Samii, Van-Wassenhove and Bhattacharya (2002) identified resource dependency, commitment symmetry, common goal symmetry, intensive communication, alignment of cooperation working capability, and converging working cultures as key success factors. It is expected that the existence of the listed success factors in a partnership will ensure a seamless collaboration. The existence of disapproval marked by public protests as observed in the reports by Osiyemi (2010) and *Concession: 2 Days of Rage* (2010) signifies breach from either party, incompetence of one or both parties or faulty implementation framework. This study revealed the status of partners in respect of the aforementioned success factors.

OBJECTIVES OF THE STUDY

The aim of this research was to examine the strengths, weaknesses, opportunities, and threats for partners in infrastructure provision in Nigeria, with the intention of providing information that will be helpful in matching their capabilities with the environment in which they operate. In clear terms, this study attempts to:

- examine the strengths and weaknesses of public and private partners in collaborative infrastructure provision;
- examine the opportunities for public and private partners in collaborative infrastructure provision; and
- identify the threats facing public and private partners in collaborative infrastructure provision.

LITERATURE REVIEW

A public-private partnership (PPP) is simply a contractual agreement formed between a government agency and a private sector entity that allows for greater private sector participation in the delivery of public infrastructure projects (Deloitte, 2005). In some countries, involvement of private financing is what makes a project a PPP project. According to Wikipedia (2008) Public-private partnership (PPP) describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. The expression public-private partnerships ('PPPs') is widely used but is often not clearly defined. This can be confusing, as some PPPs may include only a narrow range of project types while for others it may encompass the whole spectrum of approaches from privatisation, through the contracting out of services and revenue-sharing partnership arrangements to pure non-recourse project finance (Harris, 2003). Governments stretching the definition for political reasons can cause further confusion. The UK Labour Government, for example, includes projects in its definition of PPP that are, essentially, part-privatisations. According to HM Treasury (2000), a PPP is an arrangement that brings public and private sectors together in a long-term partnership for mutual benefit – this definition in its simplicity leaves much to be desired in terms of interpretation. In this context the term 'partnership' is ambiguous and the wording 'mutual benefit' is highly debatable. It could, for example, be argued that the public and private sector cannot have mutual goals as their planning horizons differ; thus,

what could be considered beneficial for one party in the long-term may not be beneficial for the other. The following definition was adopted and was used thereafter in Leiringer (2006;): a public-private partnership is an arrangement between public sector and private sector investors and businesses whereby the private sector on a non-recourse or limited recourse financial basis provides a service under a concession for a defined period that would otherwise be provided by the public sector.

However, the exact definition of PPPs is not as important as ensuring that both sides of the dialogue understand what they are both talking about. In Nigeria, Build Operate Transfer (BOT) and Joint Venture (JV) are the popular PPP models being employed in the provision of infrastructure projects ranging from road, airport, to housing units. In a study conducted by Dada et al. (2006) cited in Ibrahim (2006), 18 out of 21 PPP projects surveyed in Lagos State, Nigeria used either JV or BOT models with two thirds of the projects being in the housing sector. In another study conducted by Jagafa (2008), 9 out of 10 projects referenced in the work were based on the BOT model.

The BOT PPP model is the granting of a concession by the government to a private promoter, known as a concessionaire, who is responsible for financing, construction, operation, and maintenance of a facility over a concession period before finally transferring the functional facility to the government. The JV approach is the system of partnership in which the private and the public sector partners pool their assets, finance, and expertise under joint management, so as to deliver long growth in value for both partners.

Wehrich (1982) presented a typical list of attributes affecting business enterprises, being classified as economic factors, social and political factors, management and finance abilities, markets and competition. Shen, Li, Drew and Shen (2006) classified contractors' strengths and weaknesses factors into management ability, technological ability, financial ability, and organisational structure and operational procedures. This classification is also suitable for other private enterprises in the infrastructure world. They further examined the factors contributing to contractors' opportunities and threats, including social and political environment, economic environment, market opportunities and competition mechanisms. Based on these existing studies, the following typical attributes can then be used for examining SWOT of private partners: management ability; financial ability;

technological ability; cost differences; resource differences; social and political environment; economic environment; and markets and competition.

Kuprenas, Chinowsky, and Haran (2000) conducted a study on strategic planning in public sector engineering organisations; the SWOT analysis was the second task carried out after the drafting and publicising of bureaus' vision. It was noticed from the outcome of the analysis that the outlined SWOT attributes were similar to the aforementioned 8 categories but differs as the list includes no emphasis on direct monetary profit, and less emphasis on the development of a niche market.

Wehrich (1982) and Shen et al. (2006) have identified the basic attributes through which a company's SWOT can be established if they are just to be used in line with the responsibilities or functions of a concerned enterprise. The attributes are: management ability; financial ability (financial ratios and others); technological ability; cost differences; resource differences; social and political environment; economic environment; and markets and competition. Not all the 8 classifications are relevant in all cases.

SWOT analysis

According to QuickMBA (2010), a scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths or weaknesses (S or W) and those external to the organisation can be classified as opportunities or threats (O or T). A SWOT analysis framework is used for identifying strengths, weaknesses, opportunities and threats. Enterprises' strengths and weaknesses are usually considered as business internal factors which are controllable, while opportunities and threats are external factors over which enterprises have no direct control, but to which they can react to their own advantage (Pearce, 1992). This type of strategic analysis of the environment is referred to as a SWOT analysis. This strategic analysis provides information that is helpful in matching an organisation's resources and capabilities to the environment in which it operates.

A number of researchers have employed SWOT analyses in the examination of construction-related organisations; in a study conducted by Zhao and Shen (2008), SWOT analysis was used to examine the competitiveness of Chinese construction companies in the international market. The study

reported that Chinese contractors find difficulties and barriers in developing their overseas businesses largely because of the differences in operating their businesses in the domestic market compared with the international market. Shen et al. (2004) identified the typical differences between the Chinese construction market and the overseas markets. For example, the Chinese construction market is regulated through a set of complicated policy systems, including quality monitoring system, tendering procedures, contract administration system, owner responsible system, business licence and qualification system. These differences suggest that Chinese contractors need to adjust their business strategy cultivated in the domestic market to be adaptable to the international market when they operate in overseas markets. Zhao and Shen (2008) stated that a number of researchers have actually suggested methodologies meant to assist the international business of Chinese construction companies, but they only provided valuable references for their own study which actually presented the state of Chinese construction companies operating abroad through the identification of their strengths, weaknesses, opportunities and threats. The identification was then followed by proposing a framework for assisting the Chinese international contractors in selecting suitable strategies for developing overseas business.

The attributes of the environment in which an organisation operates dictate the success or failure of such organisation. The identification of the surrounding conditions can be done via a number of methods, among which are PEST analysis – political, economic, social, and technological; Porter’s Five Forces analysis; PRIMO-F analysis, i.e. people, resources, innovation and ideas, marketing, operations and finance; and SWOT analysis which was employed in this study.

RESEARCH METHOD

This study employed the case-study research design approach. Two private partners/concessionaires were targeted to be used as case studies alongside the public partner which was represented by a State Public Private Partnership Office; the private partners/concessionaires were selected because of their involvement in prominent capital-intensive BOT projects in the same State. The targeted private organisations are perhaps among the few private partners to have been involved in prominent core infrastructure PPP projects in Nigeria.

The research commenced by doing an adequate review of relevant literature to gain an understanding of general factors affecting the operation of public and private partners in a partnership. This was also done in order to understand the basic principles of the SWOT analysis.

Data were collected using the following approaches:

Interview survey: A semi-structured interview was conducted with top-ranking officials of the selected concession companies and the public party. The interview was in two parts; the essence of the first part was to collect demographic information about the respondents, while the second part was meant to extract information about the SWOT attributes of the respondents' organisation. Open-ended questions were used for the interview in order to avoid the influence of pre-conceived opinions. A minimum of four top-ranking officials of the concession/private companies and at least four high-calibre professionals in the PPP office in the state were targeted for the interview. Presented below are the questions raised:

- 1) At present, what do you see as your strengths (the qualities possessed by your company that must be maintained and also gives you an edge over competitors) and weaknesses (things your organisation must improve on, things you know are supposed to be improved on) in respect of infrastructure delivery through partnership with the private parties? (strengths and weaknesses are internal to your organisation).
- 2) At present, what are the opportunities for you and threats to your involvement in infrastructure delivery through PPP? (opportunities and threats are external to your organisation)

The Nigerian National Policy on Public Private Partnership and its supplementary notes were used as guidelines for the interview. It was used alongside the knowledge of the potential attributes of an infrastructure development organisation already identified from the literature.

Several other questions came up during the interview; the results are analysed in the results section using content analysis.

Literature/written documents: Information related to SWOT attributes was collected from company's business brochures, unpublished performance data on resources and operations, official reports and other operation documents. Data analysis was done using content analysis and logical analysis.

RESULTS

Out of the targeted interviewing of a minimum of four (4) professionals in each concession company and the State Public Private Partnership Office, making 16 interviews overall, two (2) professionals responded to the interview in each of 2 concession companies and four (4) from the public-private partnership office.

Table 1: Distribution of interviewees

Groups	Interviewees	Number of interviewees
Government	Legal and risk unit	1
	Director-General's office	1
	Procurement unit	1
	Engineering and construction	1
Concessionaire	Line manager	2
	Project engineer	2

Presented below is the case analysis of one concessionaire and the public partner

Public partner

The Lagos State Public Private Partnership Office was established in 2008 to accelerate the development of infrastructure. This is in line with the vision of transforming Lagos State into Africa's model megacity. The office collaborates with the Ministries, Departments and Agencies (MDA) involved in infrastructure delivery and reports to the Office of the Executive Governor who is the approving authority for all procurement projects. Prior to giving reports to the Executive Governor, the office acts totally in the capacity of the state government.

The PPP office was described as a ‘one-stop shop’ as it gives prompt assistance to prospective investors to ensure efficient project implementation in accordance with the legal and regulatory frameworks. The office acts as a liaison between the private sector and ministries and development authorities to ensure that the state government enters into meaningful partnerships with private investors and developers across a range of sectors. The head of the office is the Director-General who leads a team of ten (10) professionals with expertise in the areas of finance, procurement, engineering/construction, legal analysis and project management.

The office organised its team of professionals around two broad infrastructure clusters, namely core infrastructure – power, public transport, water resources, roads; and social infrastructure – healthcare, education and social housing, among others. The two project teams are supported by a team of professionals specialising in administration, risk management, information technology, communications and project management to ensure the smooth running of processes.

PUBLIC PARTNER: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Strengths

All those interviewed identified the multidisciplinary and diversity attribute of the organisation as a great strength that will definitely support the achievement of the organisation’s vision. The areas of expertise are finance, procurement, engineering/construction, legal analysis and project management. This attribute is very untypical of a public organisation and it gives a noticeable advantage of quick decision-making and easier task allocation as each party takes care of its own aspects of the work and use its knowledge with the support of others to make necessary consultations and manipulations. Also, the unit has direct access to consultants from different fields which they usually contact whenever the need arises. Due to the specific interest of the state government in public-private partnerships, the unit has been given the mandate to consult with various consultants as might be needed, and this usually results in approvals being given more rapidly; it was revealed that sufficient consultations are usually made with consultants, among which are risk managers, debt managers, and finance consultants before recommendations are made by the office to the governor. The in-house expertise is great as all members of staff have served in one ministry or the other with an appreciable

number of years of experience before being drafted into the office thereby ensuring an assemblage of highly skilled professionals with sufficient commitment and high level of collaboration with other public sector offices and teams.

Weaknesses

Despite the high level of diversity in discipline which is seen as a great strength, the office still requires more divisions with staff members who can handle varieties of PPP projects beyond infrastructure, and even more on infrastructure. Probably to prevent spreading wrong notions, the specific desired divisions where shortages are noticed were not mentioned by the interviewees, despite some probing questions. It is worthy of note that the government has a focus on health; power; transportation – roads, highway, bridges, ferry service, airport; housing; water; tourism; commercial real estate infrastructure; industry; and waste management. This is evident in the brochure of projects that has been technically scrutinised and is now presented as showcasing investment opportunities. It is envisaged that the respective projects will be undertaken through different forms of partnership with the private sector and ranging from construction to service and maintenance only. Despite the non-readiness to disclose some specific insufficiencies it is evident that the organisation needs to look inward and make necessary improvements.

Opportunities

The Lagos State Government was said to have a specific interest in PPP, because it is seen as the only way through which the states' infrastructure deficit can be addressed. The interviewees stated that this is evident through the state government's activity on a number of key challenges on PPP projects, e.g. the state government's role on the Lekki - Epe Toll Road, ranging from dispute resolution and the provision of a mezzanine loan. The holding of workshops and summits on different occasions for potential investors was referred to as a clear indicator of the interest in PPP. This is seen as a great lift for the PPP office.

The strengthening of existing laws and enactment of others were seen as an opportunity for the achievement of the objectives of the office; about 8 laws are in existence to control the operation of the office and partnerships as a whole. All these laws are seen as needed legal frameworks for the

success of the office and partnerships.

Threats

The interviewees mentioned the lack of understanding of the roles of the office as a major threat to its operation; this was said to be as a result of lack of enlightenment and personal development among the staff of MDAs with whom they are supposed to be collaborating; this was said to have caused a lot of shortcomings and some disagreements on a number of occasions. Some ministries are not seeing the office as an arm to complement their own activities and vice versa but as a contender, i.e. just a duplicate office. The other ministries were said to see the PPP office as interfering in their duties.

As a result of a lack of knowledge and understanding of the concept of PPP among ministries, interviewees stated that there is always the fear of the PPP office taking over the responsibilities of the ministries it is meant to be assisting on partnership issues. A quick recap was made about the project origination procedure, whereby ministries can identify a project that is suitable for the PPP and then for the Public Private Partnership Office to take over and conduct a technical appraisal and call for expression of interest; instead, some ministries see it as a pure take-over that will eventually demean their own effort and give the glory to the PPP office. The interviewees stated that as a result of the diversity of the office, some of the activities performed are also being done in similar ministries but people tend to forget the distinguishing factor, i.e. it is concerned only with public-private partnership issues.

All those interviewed agreed that for systematic appraisal of technical solutions, preparation of economic, social and environmental cost/benefit analysis, environmental impact assessment, and financial analysis, among others, the PPP office requires the support of the ministries and even individuals. However, obtaining the requisite information for relevant analysis is always difficult even within the government offices. They stated that people are always reluctant because of the fear of possible prosecution, i.e. the information might be used against them no matter how trivial it looks.

Interviewees were a bit reluctant to talk at length on this issue of insufficient consultations and engagement with stakeholders when they were asked whether they see the protest experienced on one of the PPP projects initiated by the state as a threat to their operation, but the respondent from the legal and risk unit admitted that this is definitely a threat but it is being managed. Other respondents opined that once a major project like the road project is experiencing such protests, other host communities for PPP projects might also stage an uproar which will definitely affect the delivery system. They all pointed out that whatever threatens the project threatens the partnership, and whatever threatens the partnership threatens the public partner which they are representing. The uproar was simply said to be the result of insufficient consultations and engagement with stakeholders by the private partner.

Nigerian banks have been playing significant roles in the finance of PPP infrastructure development in Nigeria; they have been supporting development in different ways ranging from direct investment finance to technical assistance, provision of loans and overdrafts, among others. One of the interviewees made reference to how five indigenous banks spearheaded the fund-raising for over ₦20bn for the Murtala Mohammed Airport Project, in agreement with the Federal Government in Lagos State. The unpleasant present climate of the Nigerian banking sector is visible through the sacking of five Managing Directors/Chief Executive Officers (MD/CEOs) not so long ago and mass retrenchment of staff by many others even up till now. Sanusi (2009) opined that the banking sector's problem was a result of lack of corporate governance and poor risk-management system, but according to the information gathered from the unit, whatever the case was, banks are presently being more cautious when it comes to granting loans and rendering financial support. Therefore, since the interaction between the infrastructure development private partners and the banks is very significant, the private partners might have problems with financial guarantees; this was classified as a critical success factor for PPPs by Harris (2003). This is a serious potential threat to the vision of the office as difficulties in finance will definitely affect the delivery system.

Private partner: Strengths, weaknesses, opportunities and threats

An asset management company floated a special purpose vehicle (Concession Company) in 2008 in line with the company's ambition to develop infrastructure projects throughout Nigeria and West Africa. The company as at the time of floating the company had ₦130bn under management.

The floated special purpose vehicle received the concession of the expansion and upgrade of 49.4 km Ozumba Mbadiwe Avenue/Lekki-Epe Expressway plus a ramp at Falomo Bridge (Phase 1 of the project) and the construction of a coastal road (20 km) plus an option to do the southern by-pass as Phase 2. The agreement was signed in August 2008 with a construction period of 30 months and an operation and maintenance concession term of 30 years. The investment on the project is to be recovered through toll charges, advertising fees and duct leases. The project is being financed by the concessionaire on a limited-recourse basis. The estimated cost of construction is US\$300 million (₦50bn). Macquarie Bank of Australia and Old Mutual of South Africa through the African Infrastructure Investment Fund are major shareholders in the company. The mission of this concessionaire is to provide high-quality road infrastructure and related services along the peninsula, and to be recognised as the pioneer for change in road infrastructure delivery throughout Nigeria.

The outcome of the interview conducted and written documents consulted in respect of the SWOT analysis of the above identified private partner is as presented below:

Strengths

Creativity and innovativeness of the company can be viewed through the three-option tolling system being installed for road users, which is the first in Nigeria; unorthodox financing approach through mutual agreement with the state government to provide a 20-year ₦5bn mezzanine loan for the abridge work. The mezzanine loan was needed to show visible progress of the work ahead of the financial close for main works. Apart from constructing the road, a number of projects are being executed in the host community; this is meant to support the development of the host community and also to ensure the community's support for the partnership. Among these projects are Donation of 4 x 500 KVA electricity relief substations to generate a total of 2 000 KVA power for communities in Ajah, Ilaje, Sangotedo, Badore and Ajah McCarious; landscaping; upgrading of a football pitch; and

beautification of Ikota Primary School at Ikota, among others. This was mentioned as a creative means of receiving support from the community.

The company is backed by a highly skilled management team and credible lenders, the managing director has 16 years' experience with a privatised water company in the UK, and experience in privatised development across Europe, Latin America and Africa, holds a degree in financial accounting and management, with professional certifications and affiliations, and also had a spell at American Water before coming to Nigeria. The head of construction and project management holds 2 first degrees and was the project manager for the N3 Toll Project, a 400 km highway from Johannesburg to Durban in South Africa. All other management staff members also hold overwhelming records. Also, the financing of the project is being assisted by respected lenders, namely African Development Bank Group, Standard Bank, First Bank, United Bank for Africa, Diamond bank, Zenith Bank, Fidelity Bank (the last 5 banks are of Nigerian origin) and even mezzanine loan assistance from the state government.

The record of the management team members suggests a high level of knowledge of the business, but this was displayed alongside superb negotiation ability, considering the pattern of finance and some specific terms secured for the project. A N46.4bn long-term financing package was secured on ground-breaking terms.

Table 2: Financing package and support terms

Criteria	Terms at financial close
Sources of finance	On- and off-shore
State financing	₦5bn mezzanine finance
Senior debt tenor	12-15 years
Change in senior debt margins	Over 300 bps lower
Interest rate	Fixed and floating
Federal support	Sovereign guarantee
Foreign currency hedging	US\$85m (₦7.5bn) senior loan hedged in Naira by ADB

The exemplary business skills were again displayed when a ‘tied in equity’ and a fixed-price lump sum contract was arranged with the engineering, procurement and construction management (EPCM) contractor so as to align long-term interest of the concessionaire and the contractor. The sovereign guarantee by the federal government is to cover termination scenario; ₦33.5bn senior debt of between 10 years and 15 years is the longest commercial tenor currently achieved in the Nigerian market according to the interviewee. The N11.5bn 15-year senior debt tenor at fixed rates is a first for Nigeria. The foreign exchange (FX) hedge in place covering the \$85m African Development Bank (ADB) senior loan ensures that the concessionaire’s assets and liability are matched in local currency; the first time ADB is able to disburse in local currency.

Weaknesses

Insufficient federal influence was noticed when the company was trying to secure Federal Support Security (Irrevocable Standing Payment Order); it took very long, but the intervention of the State Governor ensured the securing of the sovereign guarantee which is meant to cover termination scenario.

The company does not want to accept that there was insufficient consultation, but ideally under SWOT analysis, weaknesses are not just what the organisation sees as weaknesses but what people outside also see as their weaknesses. In an interview conducted by a media house with the MD/CEO of the organisation (Ayara, 2010) he stated that there were town hall meetings with several chiefs and various Obas before the agreement was signed, but the host community is refusing to have ever consented at any time, and the public partner representatives interviewed agreed with the insufficiency in consultation and stakeholders’ engagement of the particular partner.

Opportunities

The state government’s specific interest in PPP and the project can be seen through its various forms of support to the project; among these are mezzanine loan provision, assistance in securing sovereign guarantee, and roles in settling concessionaire and host community’s disputes. The holding of workshops and summits on different occasions for potential investors was referred to as a needed support structure to ensure the achievement of objectives. The office shared the same view with the

PPP office on existence of enabling laws and regulations; it is believed that the strengthening of existing laws and the enactment of others are opportunities for the achievement of the mission of the company; about 8 laws are in existence to control operations and partnerships as a whole (the laws are as listed under the analysis of SWOT of the public partner).

Although it takes rather long to obtain federal support, once the guarantee has been obtained, it becomes a great advantage for the pursuance of the company's mission. Also, the shortage in infrastructure supply in the country was identified as a great opportunity, as all potential private partners can therefore explore the infrastructure market; it is definitely favouring the demand for private sector participation in infrastructure provision.

The interviewees also believed that the present-day respect for the abilities of the private sector that they always refer to as possessing great management ability, high technological knowhow, and access to funds is another great opportunity to be explored.

Threats

In the year 2010, there was a public protest by the host community about the project being executed by this concessionaire; the host community denied ever consenting to the execution of the road project while the concessionaire is insisting on the adequate engagement of stakeholders. However, the state government set up a committee to look into the issue and a resolution has been reached for now. This scenario was identified as a threat to the success of the project and even infrastructure partnerships as a whole, especially if it persists. Also, the view about the high-risk nature of Nigeria was a serious threat initially, especially when attempting to attract capital and on reasonable terms. The risks identified by those approached are: lack of continuity; unstable foreign exchange (FX) rate; inflation; unpredictable judiciary; uncertainty over volume; and unfamiliar experience. As the concession agreement does not end until 30 years from now, these identified threats are still valid, although there are mitigation measures on the ground for some.

In addition, there are still doubts by many Nigerians about the dream of PPP infrastructure delivery coming to pass; some are still doubting the ability of concessionaires to deliver, and thereby not giving the necessary embrace to projects, whereas in such projects the support of all parties to the contract, the potential users and others is necessary.

The local understanding of the PPP model is insufficient; so many people and especially the other stakeholders see the close working relationship between the concessionaire and the state government as connivance, simply because they do not understand what PPP (BOT) entails. It is supposed to be a close and healthy relationship between the public sector, private sector and the civil society at large. Also, there is a lack of skills and experience in key areas, for example, in deal development/packaging, project structuring/financing, and major project management/execution. All these need to be addressed.

Government bureaucracy is sometimes a necessary evil, but it caused some months of delay for the project and every second lost especially on this type of project is simply a loss of funds. In addition, a few other issues need to be addressed, such as the fledgling institutional capacity of some regulatory institutions and the ambiguity on some legal issues, for example, the Fiscal Responsibility Act.

Table 3: Summary of SWOT analysis of public and private partners

PUBLIC PARTNER	PRIVATE PARTNER
STRENGTHS	
Diversity and multidisciplinary attribute	Creativity and innovativeness
High technical and organisational capability	Credible and experienced players' involvement
Ready access to consultants	High knowledge of business and superb negotiation ability
WEAKNESSES	
Insufficient units	Insufficient federal influence
	Insufficient consultation
OPPORTUNITIES	
Government's interest in PPP	Unflinching state government's support
Passage of relevant laws	Existence of enabling laws and regulations
	Federal support
	Enormous demand for public infrastructure

THREATS

Lack of understanding of roles by ministries	Host community's uproar
Fear of taking over	Nigeria being viewed as high risk
Holding on to information	'Nigerian factor'
Insufficient stakeholders' consultation	Insufficient local understanding of PPP model
Unfavourable banking climate	Government bureaucracy

DISCUSSION OF RESULTS

The outcome of the SWOT analysis which is a strategic planning tool as well as a tool for situational analysis reveals that the private partner is strong in the areas of creativity and innovativeness, involvement of credible and experienced players, high knowledge of business and superb negotiation ability. All these have given the company a high competitive advantage unlike domestic private investors in China whose great marketing competition ability was based on the ability to explore new markets, independence of new operation, organisational structure and management ability as reported by Ke, Zhao, Wang, and Wang, (2009). The major weaknesses as identified by the study are internal structure management; poor negotiation ability; financing and investment problems; lack of management capability in infrastructure projects; and unsustainable development. This is almost the opposite of what was obtained from the SWOT analysis of the private party assessed in this work, especially in terms of negotiation ability. In a SWOT study conducted on foreign invested companies in China by Shen, Zhao and Drew (2006), it was realised that good project management skills, better information management facilities, and good finance-raising ability were among their major strengths. Ke et al. (2009) identified finance-raising ability as a weakness among domestic private enterprises (DPEs) in China, but this is not true of the private party engaged in this study. The partner successfully secured financial backing of five indigenous banks and two foreign banks alongside the financial buoyancy of the mother asset management company. Shen et al. (2006) also identified the limited number of professionals and lack of knowledge on regulations among the threats for foreign invested companies in China; this is in agreement with the finding in this study that identified insufficient understanding of PPP models among professionals and even stakeholders as one of the major threats.

The public and private partners assessed in this work shared similar opinions in some areas; they both believed that government's interest in PPP and the existence of enabling laws are opportunities to explore. Also, the existence of high technical and organisational capability in the public sector and the backing of the private partner by credible and experienced players should ensure successful collaboration; these qualities can be related with the work of Iyar and Jhar (2006) which identified the competence of project managers as a factor needed for project success. The technical and organisational capability, the credibility and experience of both the public and private partners cannot be separated from their ability to manage resources and relationships in line with the objectives of collaboration. Therefore, since the competence of project managers is important for project success, competence of parties involved in partnerships is equally important to success, and the existence of these qualities in the partners assessed gives a hope of success in the collaboration.

Zhang (2005) discussed the importance of technical and financial capability of concessionaires; he stated that a reliable concessionaire consortium with strong technical and financial strength is important to the success of collaborations. While the government is in a better position to create a favourable environment for private sector participation in public infrastructure development in general, private sector participants play a paramount role in the successful implementation of particular PPP projects. Technical and financial strengths are the most important success factors in competitive tendering for a PPP project (Tiong, 1996) and since they are important to win bids, they are important to the success of the partnership as a whole.

Zhang (2005) listed some expected strengths of a suitable concessionaire as follows: strengths in formulating advantageous financial and technical packages; managerial capabilities, including a leading role by a key enterprise or entrepreneur; workable project organisational structure; good relationship with host government authorities; partnering skills; rich experience in international PPP project management; multidisciplinary participants; and a strong project team. It can be observed that the majority of the listed attributes are possessed by the examined partners.

The World Bank also provided the following reasons why many partnered infrastructure projects could be held up:

- Wide gaps between public and private sector expectations
- Lack of clear government objectives and commitment
- Complex decision-making
- Poorly defined sector policies
- Inadequate legal/regulatory frameworks
- Poor risk management
- Low credibility of government policies
- Inadequate domestic capital markets
- Lack of mechanisms to attract long-term finance from private sources at affordable rates
- Poor transparency
- Lack of competition (Asian Business, 1996)

All the listed factors are the conditions needed for partnership success, usually referred to as critical success factors. In particular, partners in PPP can measure themselves in relation to the expected attributes already identified by a number of authors.

Economic viability, appropriate risk allocation via reliable contractual arrangements, sound financial package, a reliable concessionaire consortium with strong technical strength, and a favourable investment environment are the five major classifications of factors needed for success of partnerships (Zhang, 2005). Comparing the outlined SWOT attributes with these factors, diversity and multidisciplinary attributes, creativity and innovativeness, high technical and organisational capability, credible and experienced players' involvement, ready access to consultants, high knowledge of business and superb negotiation ability have a strong relationship with the 2nd, 3rd and 4th factors for success. All the identified opportunities among which are government's interest in PPP, unflinching state government's support, existence of enabling laws and regulations, and enormous demand for public infrastructure, have strong links with economic viability and favourable investment environment. A project that is not viable is not likely to receive support from the state, federal government and financiers as they all have to do an analysis before granting their support. A favourable investment environment is also guaranteed by the available support and laws.

Although opportunities are available for partners to explore, a lack of understanding of the roles played by ministries, the host community's uproar, fear of being taken over, Nigeria being viewed as

high risk, holding on to information, the ‘Nigerian factor’, insufficient stakeholders’ consultation, insufficient local understanding of PPP model, unfavourable banking climate, and government bureaucracy can frustrate the opportunities. The partners are therefore expected to utilise the opportunities to overcome the threats. The principle of SWOT analysis is that strengths should be used to overcome the effects of weaknesses while opportunities should be used to overcome the danger posed by threats, but beyond that, an organisation can use its strengths to overcome some threats. A good example is the creativity displayed by the private party to win the support of the host community, although the state government’s interest did much in settling the uproar. As PPP is a relationship between many parties, but mainly between two prominent parties, and the need for the parties to complement each other cannot be overemphasised.

LESSONS LEARNT

In addition to revealing the factors around the operation of public-private partners, some specific lessons can be learnt from this study. The lessons learnt are summarised below:

- Better terms of agreement between a borrower and a creditor can be reached; it all depends on the business knowledge and negotiation ability of a potential borrower.
- Concessionaires on any social infrastructure project should stick with the rule ‘No sovereign guarantee, no concession’ even if it is a state government project. This will ensure adequate cover in case of termination or delays caused by forces outside the concessionaire’s jurisdiction. This is very important in places where public-private partnership is relatively new. In the case above, the state government is paying the concessionaire for the delay in charging tolls.
- Lack of knowledge is costly to both the public and the private partner. It can destroy a potential partnership even before the project gets to the table for consideration. The concessionaire will have a problem with deal packaging and appraisal, while the public partner will have problem with project origination, project appraisal and deal assessment.

CONCLUSIONS

Public and private partners are striving hard to improve the infrastructure climate, going by their capabilities assessed through SWOT analysis. However, one of the major weaknesses of case-study research is that it does not support generalisation of outcomes, so a statement cannot be made of other partners in several other parts of the country. Also, this study revealed that PPP partners do not carry out situational analysis of their company for documentation. In addition, they do not engage in official strategic planning but rather face their day-to-day activities. This was discovered during the interviews. With the effective use of identified strengths by partners, impacts of weaknesses identified can be overcome or reduced, while also using the interest of the state government to overcome possible threats at the state level. From the revelations of this study, it can be clearly stated that a very cordial relationship needs to be maintained between the government and the private partner, as without this, partnerships in infrastructure may not thrive in Nigeria.

RECOMMENDATIONS

Based on the revelations of this research, the following recommendations are made:

Government should come up with policies that will change the banking climate; it is a fact that the banking sector is very important to any partnership. The sector provides funds and other support structures to private partners like it does for all other investors. Also, governments, concessionaires, and contractors should be made to have financial commitment or equivalent in infrastructure partnerships, as financial commitment tends to guarantee greater dedication from parties. The state government's interest, its ₦5bn mezzanine investment and its financial obligation to the concessionaire if the partnership is terminated could be seen as the cause of its unflinching support. Also, the contractor had a 'tied in equity' which ensured a long-term interest. A standard benchmark should be set for the amount of concessions (cost of projects) that can be shouldered by concession companies based on assessed capabilities, similar to the prequalification system; a company's score must tell the magnitude of the project it can handle. Not all concession companies will be lucky to break the grounds achieved by the private partner assessed in this study. Adequate enlightenment programmes should be done for potential users, key members of staff of ministries, and all stakeholders by the government and the concessionaire before embarking on any partnership in infrastructure development. This will ensure necessary cooperation; prevent misinformation; and

avoidable disputes or uproar which can harm partnerships. Federal government should always be ready to support concession projects and bureaucracy should be considerably reduced.

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