

PUBLIC PRIVATE PARTNERSHIP: MODEL FOR PFI IMPLEMENTATION IN NIGERIA

The **21st Public Lecture** of
Abubakar Tafawa Balewa
University, Bauchi – Nigeria

Presented by: *Dr Kassim Gidado*

Tuesday 31st May 2011 at 4.00pm

Venue: New 1000 Capacity Lecture Theatre, Yelwa Campus, ATBU,
Bauchi - Nigeria



University of Brighton

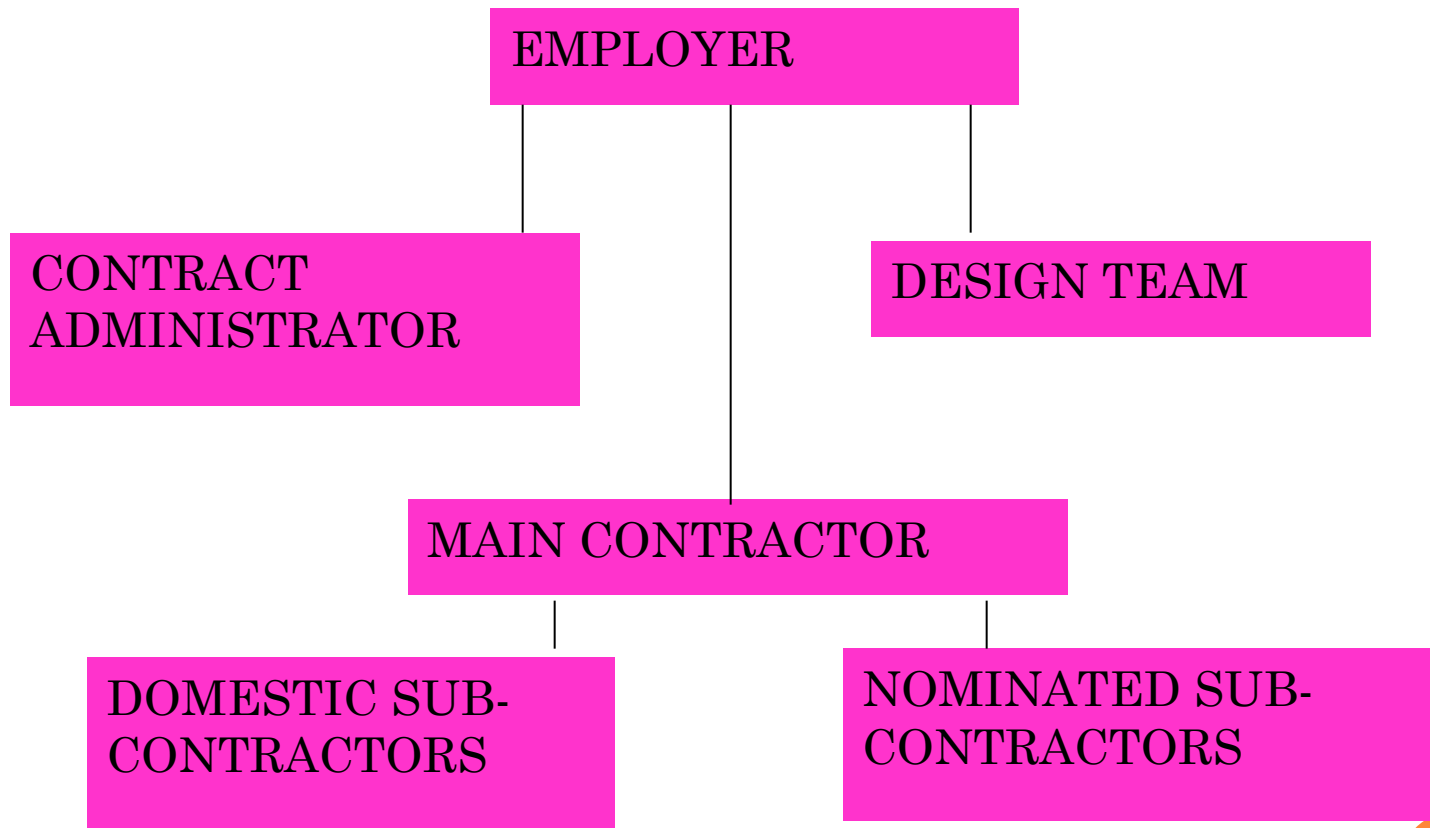
LAYOUT OF PRESENTATION

1. Introduction to Procurement Systems
 - Traditional
 - Design and Build
 - Management Orientated
 - Public Private Partnership
2. Definition of Public Private Partnership PPP
 - The 8 Types of PPP
3. Definition of Private Finance Initiative PFI
 - The 3 Types of PFI
4. Challenges that need to be faced by public sector in today's environment
 - State PFI uniqueness and why it's best to deal with the Challenges
5. UK Experiences (broadgate, channel tunnel, canary wharf, jubilee line)
6. Malaysian (petronas towers) and China Experiences
7. Nigeria Experiences (yankari project)
 - Issues, risks, constraints and problems
8. Proposed Model for PFI implementation in Nigeria

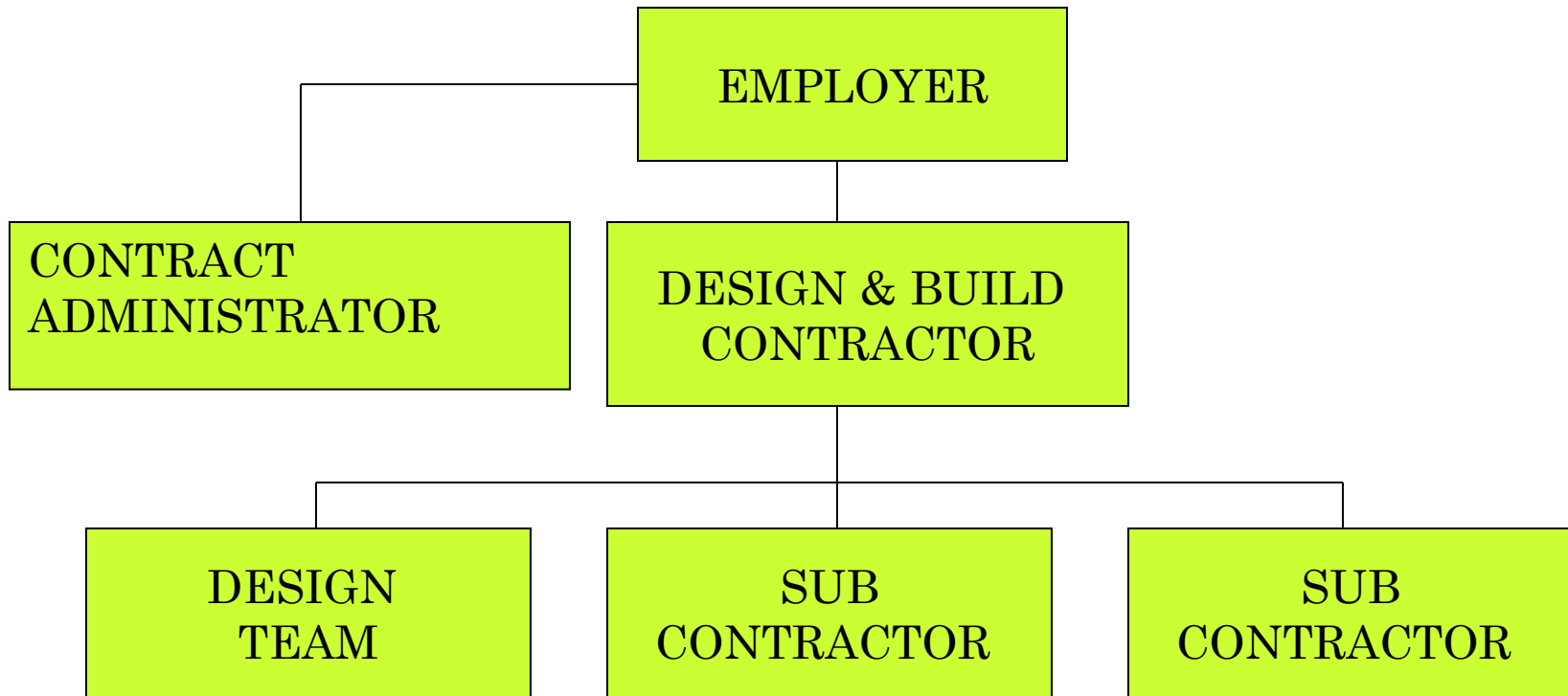
PROCUREMENT SYSTEMS

- The term procurement relates to the strategic organisational management of resources in a logical sequence in order to meet project objectives.
- The activities of procurement relate to the set of actions required to design, manage and deliver the project objectives.
- Fundamental to all procurement systems is the development of a framework that clearly establishes the boundaries of roles, responsibilities and relationships between parties.
- Procurement Strategies are differentiated by management structure, liability and risk sharing, design management, tendering procedures and determination of the contract price.

A: TRADITIONAL PROCUREMENT



B: DESIGN & BUILD



B: DESIGN AND BUILD: VARIANTS

○ DIRECT

- Designer/Contractor is appointed after an appraisal process, but no price competition

The client appoints a design team of an architect and other consultants. The design team then works out what the client needs and then develops this information as far as is appropriate in the circumstances.

○ COMPETITIVE

- Several contractors submit **THEIR OWN** competing design & price proposals
- Usually based on a consultant-prepared concept design

The client places himself entirely in the hands of the contractor and has his own advisors, other than a quantity surveyor.

○ DEVELOP & CONSTRUCT

- Contractors asked to competitively tender to complete and guarantee a partially complete design prepared by **CLIENTS OWN** designers
- Contractor may employ Clients designer to finish the design scheme

The client employs the design team to work out a solution. A contractor is then brought in as the design is worked up until it is priced and the sum agreed. After the contract is signed, the design team is employed by the contractor to complete the design and construct the building.

○ PACKAGE DEAL

- where the contractor provides an off-the-shelf building
- building type is often modular so that its size can be adjusted
- Typical examples are farm, factory, warehouse and straightforward office buildings.

The client agrees to buy a building to a standard design

○ TURNKEY

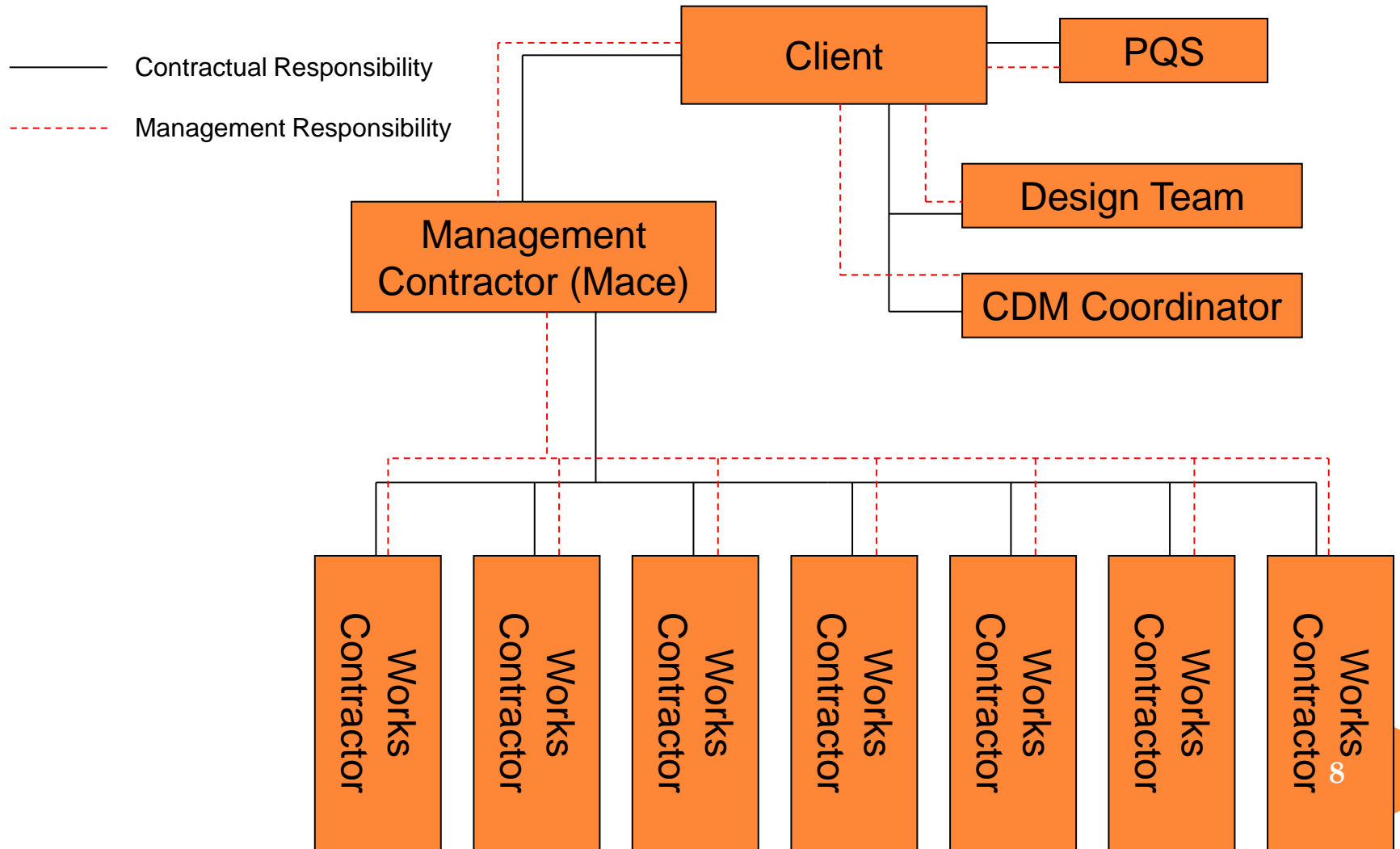
- where the contractor provides a facility that meets the client requirements
- Client's participation in design and construction is almost nil.

The client agrees to buy a facility that meets stated requirements in accordance to internationally recognised standards

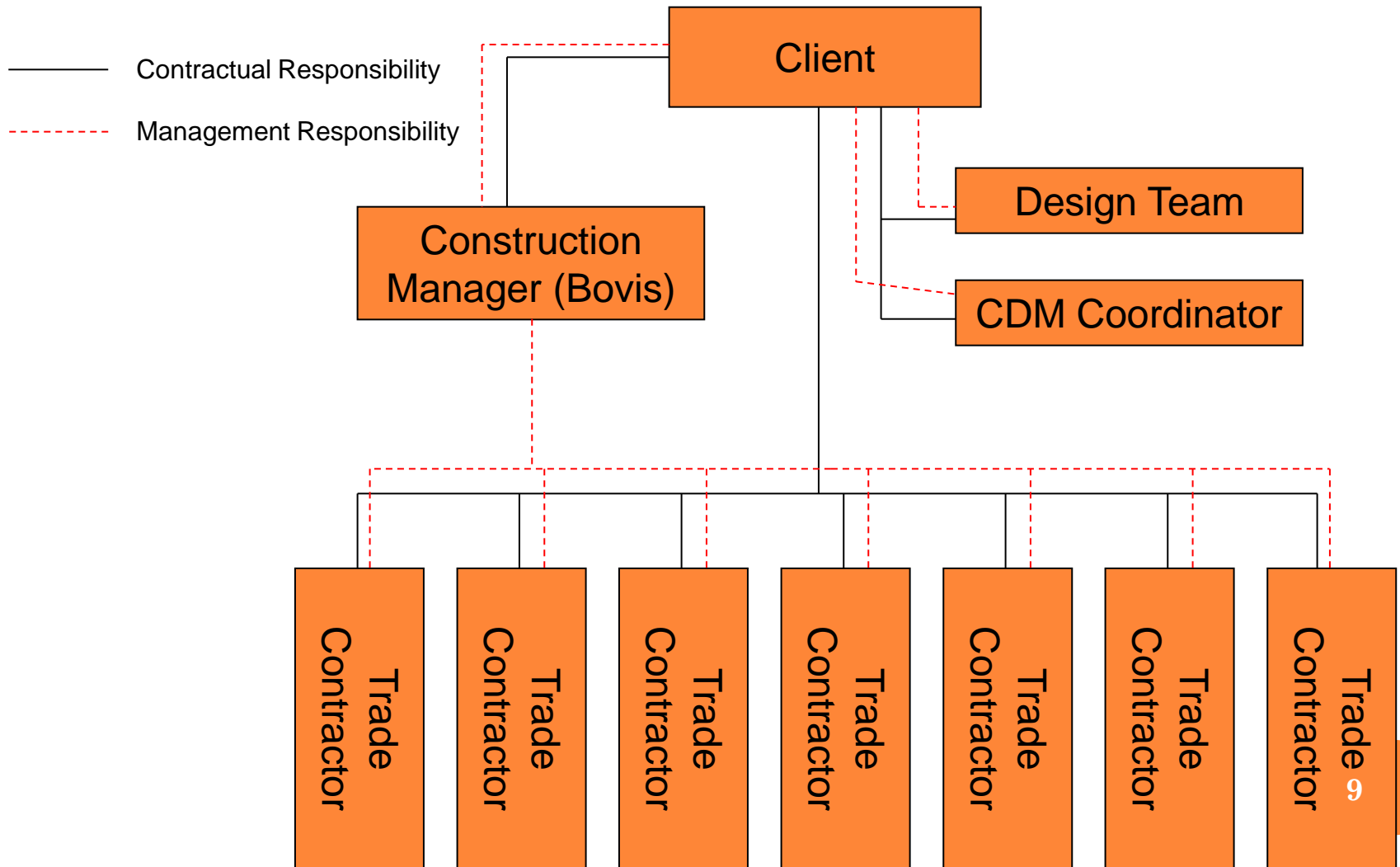
C: MANAGEMENT ORIENTATED

- TWO MAIN VARIATIONS
 - (i) Management Contracting
 - (i) Design and Manage (Consultant-led)
 - (ii) Design and Manage (Contractor-led)
 - (ii) Construction Management

MANAGEMENT CONTRACTING (MC)

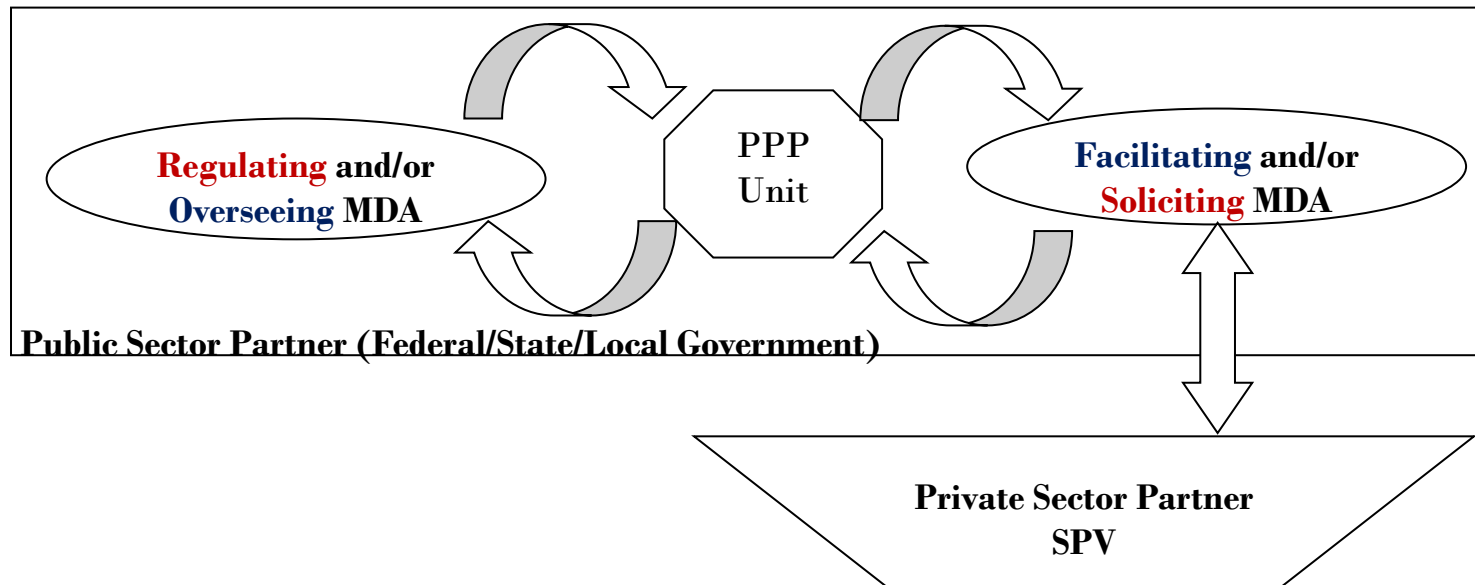


CONSTRUCTION MANAGEMENT (CM)



D: PUBLIC PRIVATE PARTNERSHIP

- PPP is a procurement system based on a **long-term contractually** regulated co-operation between the public and private sector for the **efficient fulfilment of public tasks** in combining the necessary resources (e.g. know-how, operational funds, capital, personnel) of the partners and **distributing existing project risks appropriately** according to the risk management competence of the project partners (German Federal Dept of Transportation, Construction and Real Estate – 2003)
- PPP is a negotiated partnership to deliver services and infrastructure to the wider combined market based on a **win-win-win** agenda.
- **PPI** is any participation of the private sector in the life cycle of an infrastructural development that would otherwise be undertaken by the public sector.



NOT TO BE CONFUSED WITH:

PARTNERING

“Partnering is a structured management approach to facilitate teamworking across contractual boundaries.... It should not be confused with other good project negotiated contracts, or preferred supplier arrangements, all of which lack the structure and objective measures that must support a partnering relationship” Construction Industry Board (working Group 12)

Types of Partnering:

- Strategic Partnering
- Project-specific Partnering

NOT TO BE CONFUSED WITH:

- Corporate Social Responsibility
- Charity or Helping or Supporting Government to deliver a Public Service
- “Corporate bait” or “Business Seeding” or “Sweetner” or “PR”

THE 3 BROAD CATEGORIES OF PPP

- Issue private sector ownership into state-owned businesses (whether by flotation or the introduction of a strategic partner), with sales of either a majority or a minority stake;
- The public sector contracts to purchase quality services on a long-term basis so as to take advantage of private sector management skills incentivised by having private finance at risks. This includes concessions and franchises, where a private sector partner takes on the responsibility for providing a public service, including maintaining, enhancing or constructing the necessary infrastructure; and
- Selling Government services into wider markets and other partnership arrangements where private sector expertise and finance are used to exploit the commercial potential of Government assets

VALUE FOR MONEY (VFM)

- In PPP projects, VFM has 6 key drivers:
 - risk transfer,
 - the long term nature of contracts (including whole life costing),
 - the use of an output-based specification,
 - competition,
 - performance measurement and incentives,
 - private sector management skills.

- *VFM is a term used to assess whether or not an organisation or individual has obtained the maximum benefit from the goods and services it acquires or provides within the resources available to it.*

THE 12 ADVANTAGES OF PPP

- Enhance government's capacity to develop integrated solutions;
- Facilitate creative and innovative approaches;
- Reduce the cost to implement project;
- Reduce the time to implement project;
- Transfer certain risks to the private partner;
- Attract larger, potentially more sophisticated, bidders to the project;
- Access skills, experience and technology;
- Remove the responsibility of funding the investment from government's balance sheet;
- Introduce competition;
- Adopt managerial practices and experience of the private sector;
- Restructure public sector services by embracing private sector capital and practices;
- Achieve greater efficiency in providing public services

TYPES OF PUBLIC-PRIVATE PARTNERSHIPS

- Privatisation
- Joint Venture
- Service contract
- Management contract
- Lease and franchises
- PMETS
- Concessions
- Private Finance Initiative (PFI).

TYPES OF CONCESSION CONTRACTS

- Build Own Operate Transfer (BOOT)
- Build Operate Transfer (BOT)
- Build Own Operate (BOO)
- Build Operate and Renewal of concession (BOR)
- Design Build Finance Operate (DBFO)
- Design Construct Manage and Finance (DCMF)
- Build Lease Transfer (BLT)
- Build Rent Transfer (BRT)
- Lease Renovate Operate Transfer (LROT)
- Build Transfer Operate (BTO)
- Rehabilitate Own and Operate (ROO)
- Rehabilitate Own and Transfer (ROT)
- Modernise Own and Transfer (MOT)
- Modernise Operate and Transfer (MOT)
- Build and Transfer (BT)
- Build Lease Transfer Maintain (BLTM)
- Build Transfer Service Maintain (BTSM)

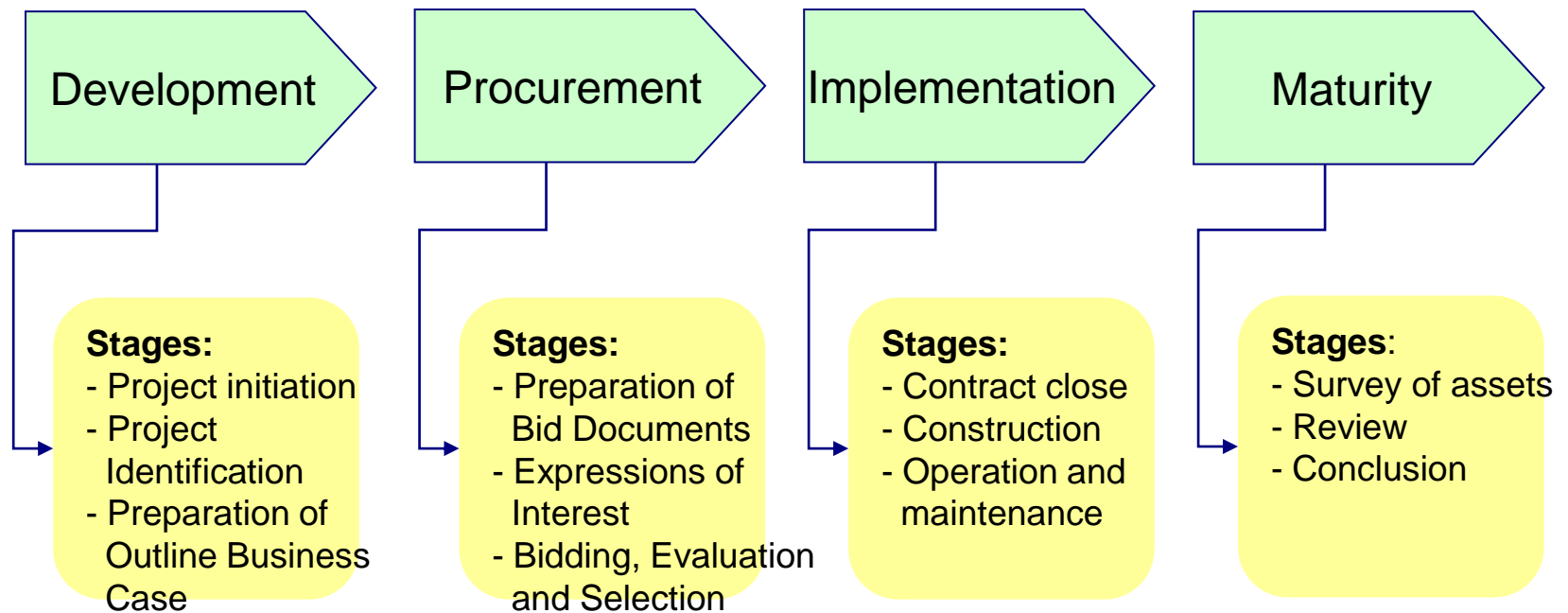
PFI IS DEFINED AS.....

- PFI is a concept where the private-sector provides the government a complete scheme or a project that the government would be interested in.
- The private party fully funds the development and operates it for an agreed period, during which the services produced are to be purchased by the government or directly by the users.
- PFI differs from **privatisation** in that the public sector retains a substantial role, either as the main purchaser of the services provided or as an essential enabler of the project

THE TYPES OF PFI

- **Financially free-standing projects** – where cash is recovered entirely through charges for services to the final (private sector) user such as tolls on bridge projects.
- **Services sold to the public sector** – where the cost of the project is met wholly or mainly by charges to public sector such as privately financed prisons.
- **Joint Ventures** - projects met partly from public and partly from other sources but with private sector control.

STAGES OF PROJECT LIFE CYCLE, PRIMARY AND SECONDARY TASKS OF PPP PROCESS





THE CHALLENGES TO ECONOMIES IN SUB-SAHARAN AFRICA

- **Population** growth and **Democratisation**;
- **Poverty**, lack of **basic infrastructure**, and poor industrial development (need at least \$90 billion annually over the next 10 years to service its infrastructure needs); Poor **maintenance culture**;
- Increase in **Awareness** thus greater demands for modern public services;
- Fiscal conflict between **taxation** and demand for more social protection;
- Declining funds in real terms and Limit of **Public Sector Borrowing**;
- Spiral **corruption** in government projects due to lack of **transparency**;
- Weak or lack of legal and financial frameworks;
- **Poor capacity** in managerial and technical expertise especially in the public sector;
- Conflicts and lack of functioning institutional and **value systems enablers**
- Freer movements of **FDI** thus the need to make the economy investor-friendly by lesser taxation and other incentives;



TO FACE THESE CHALLENGES:

- It is evident that governments will have to put in-place appropriate frameworks to seek **private finance** and **expertise** to satisfy the *political need to increase provision of public services*.
- Initiatives to bring private sector skills and finance into provision of public services exist for the past decades.
 - Privatisation;
 - Non-Concession-type agreements
 - Management contract;
 - Management lease;
 - Service contract;
 - Concession-type agreements;
 - **Private Finance Initiatives PFI** (*concept in 1992*)



UNIQUENESS OF PFI

- The private-sector provides a **complete scheme** to government and operates it for an **agreed period**, during which the services produced are **purchased by the government** and/or other stakeholders.
- It **transfers the appropriate risks** away onto the private sector, whilst harnessing superior management skills from the private sector and consequently increasing value for money, innovation and savings;
- It enables capital-intensive projects to be provided without increasing the public sector's **borrowing requirements**;
- In some circumstances, the government may **not have partnership** with the private sector but may provide guarantees, incentives and grants or act as simply a facilitator;
- It differs from **privatisation** in that the public sector retains a substantial role, either as the main purchaser of the services provided or as an essential enabler of the project
- Three main types:
 - **Financially free-standing projects;**
 - **Services sold to the public sector ;**
 - **Joint Ventures with private sector control.**



THE AIM OF THE SEMINAR

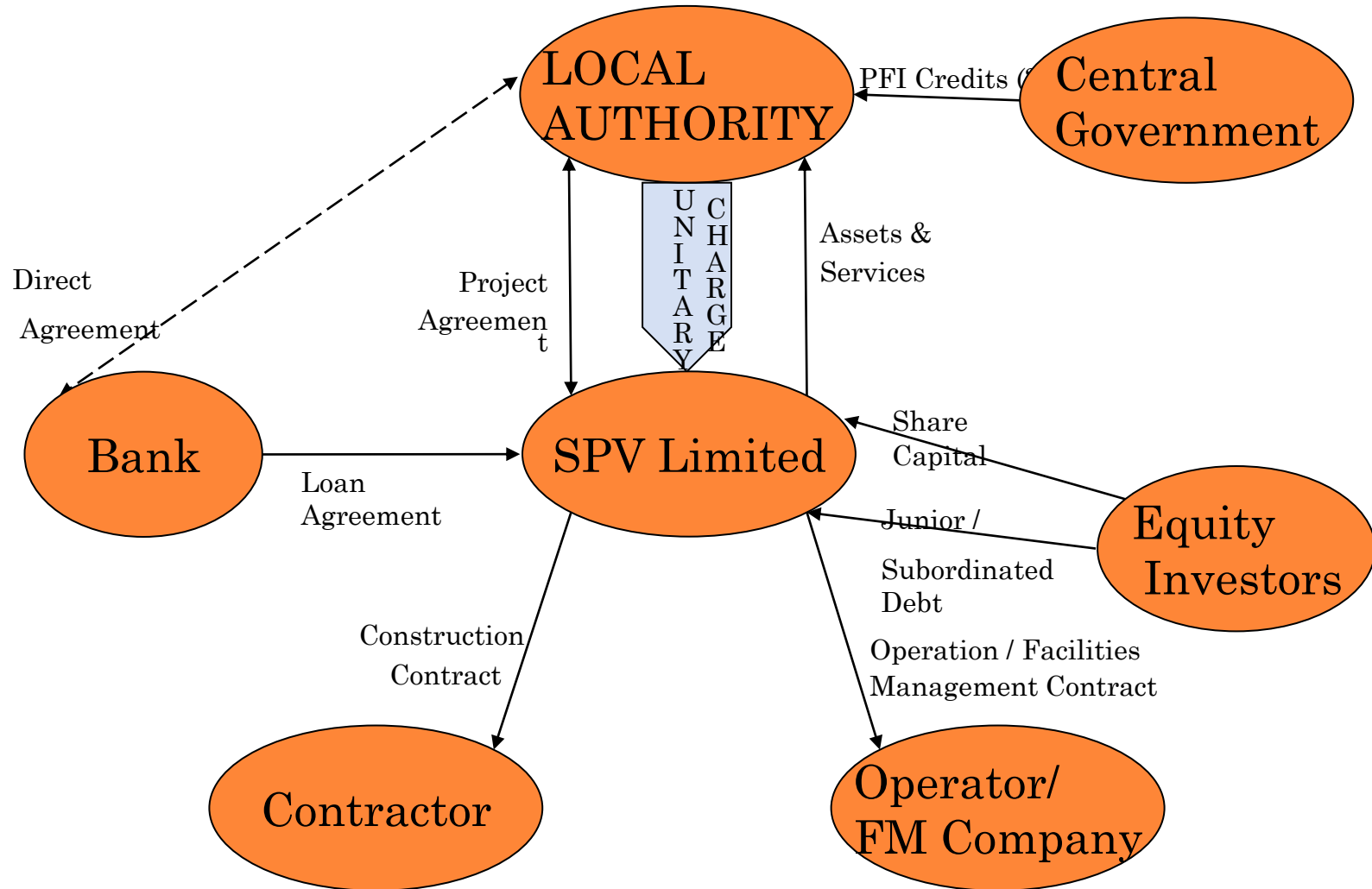
- To propose an implementation model for Private Finance Initiative (PFI) for the Nigeria Environment.
 - Investigate experiences of developed economies (UK, France, US) and other developing economies (China, Malaysia, South Africa); - *Using Desk-Top Research*
 - Identify the key issues, risks, constraints and problems associated with private sector participation in provision of public services within the Nigeria's socio-economic and political environment; - *Using Questionnaires, Severity Index, Importance Index*
 - Identify the enablers for implementation of PFI in Nigeria – *Using Intensive descriptive empirical studies on a selection of government departments and on existing PPP-type projects.*



UK EXPERIENCE: PFI CHARACTERISTICS IN THE UK

- Design, build, finance and operate
- Services requiring capital investment
- Typically 15 – 25 years
- Output/outcomes driven
- Payment for performance of service
- Risk allocation optimised
- Financed by private sector

UK EXPERIENCE: TYPICAL PFI STRUCTURE





THE UK EXPERIENCE:

PriceWaterhouseCoopers (27 PFI projects) revealed **Benefits:**

- high quality facilities and infrastructure;
- better quality in design and construction;
- provide better innovation and competition;
- flexibility;
- opportunity for a more disciplined commercial approach by public sector;
- ensures careful consideration of the whole-life cycle (WLC) cost consequences;
- the opportunity of refinancing of project from the consortium's point of view.

Barriers:

- High participation costs;
- High project values (SMEs can not aspire to bid);
- High Risks (design, construction, operating, technology and obsolescence, regulation and project financing) are transferred to the private sector;
- Demands on management's time; and
- Life cycle cost (LCC) estimates may be unreliable



UK EXAMPLE I

1985 - BROADGATE – CITY OF LONDON

- A new City in a City
- based on careful urban planning
- a commitment to world class architecture
- creation of new city spaces for people to enjoy
- over 16 buildings
- covering 4.8 million sq ft of Grade A office, retail and leisure space.





UK EXAMPLE I

1985 - BROADGATE – CITY OF LONDON

- Knew the City was asleep
- Client acting on real market intelligence.
- Time it very well – to coincide with the coming financial big bang
- Brought ideas, methods from US
- Construction management.
- First 5 buildings on time for Big Bang in 1987 – incl fit out
- All buildings within budget of c£100 per sq ft – but Client wanted \$100
- Development continued over a further decade with similar team arrangements.

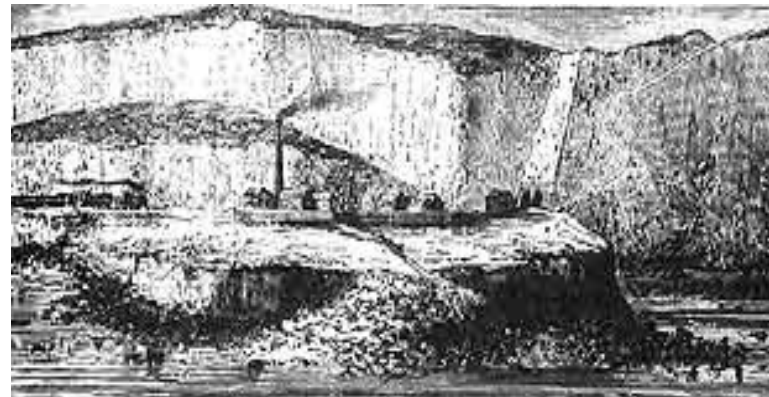
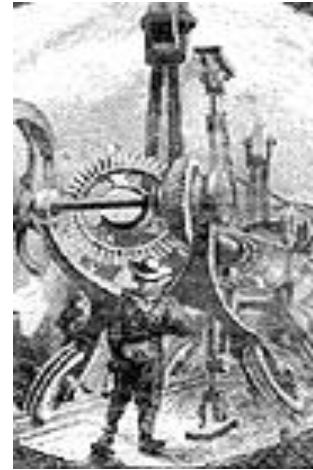




UK EXAMPLE II

CHANNEL TUNNEL – 1ST ATTEMPT - 1880

- Total Length 50.5KM
- 40m below sea bed
- Dug from both ends simultaneously
- Rapid progress against 5 year programme
- Stopped by Government in 1883 on advice of military – fear of French Invasion!





UK EXAMPLE II

CHANNEL TUNNEL – 2ND ATTEMPT 1974

- New agreement signed on UK joining European Common Market
- Prime Minister Ted Heath had it at the core of his European Vision
- 1975 Prime Minister Harold Wilson cancels scheme due to economic troubles!

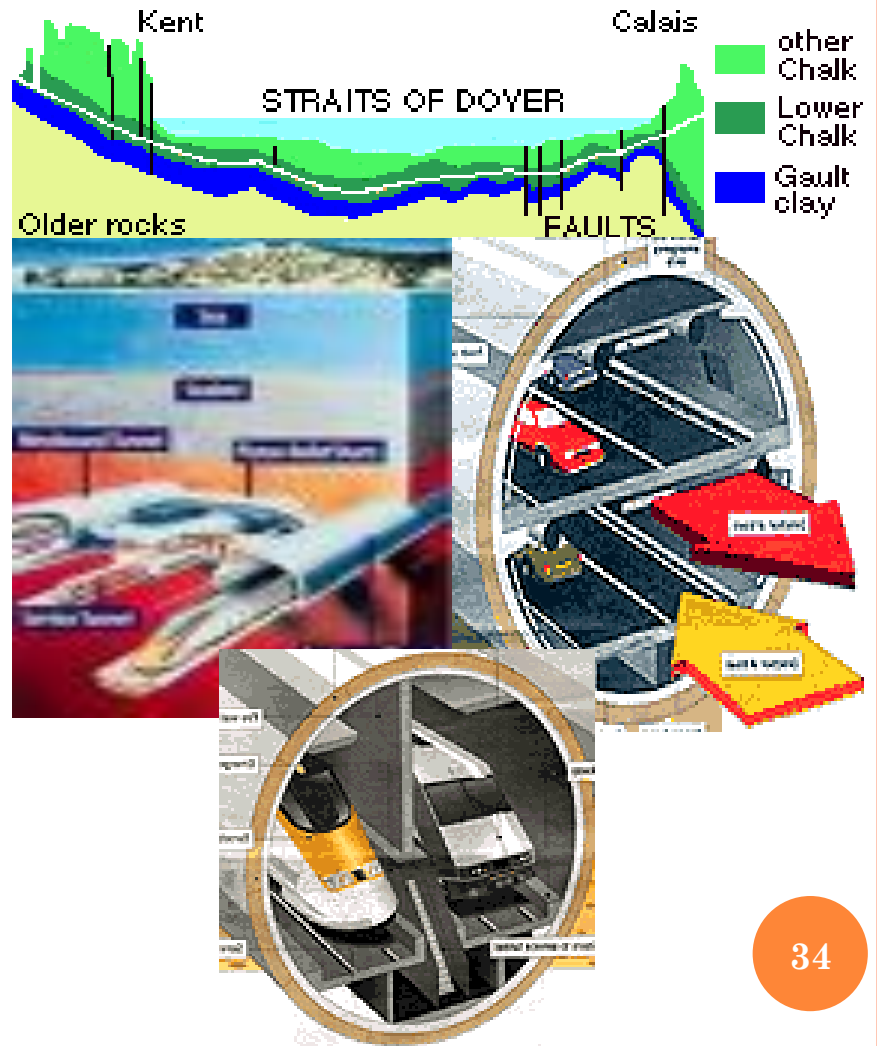




UK EXAMPLE II

CHANNEL TUNNEL – 3RD ATTEMPT - 1987

- Inter Government debates determine rail only tunnel – after 100 years
- Thatcher & Mitterand sign new Anglo French agreement
- Winning 7 party Design & Construction Joint Venture starts work.
- Then Maggie states – no taxpayer money, must be funded by private sector!
- Banks agree to Fund Joint Venture companies who form new Client body – Eurotunnel.





UK EXAMPLE II

CHANNEL TUNNEL – 3RD ATTEMPT - 1987

- Budget £4.4bn Programmed to open in Spring 1992
- 3 Tunnel configuration – 2 x 7.6m running rail plus 5m dia centre service tunnel
- Constructed depth 40-75m below the sea bed
- Employed workforce of 13,000
- 4 million cubic metres of chalk were excavated on each side of the Channel
- Tunnel boring took 3 years
- Tunnel opened 1994 – 2 years late; Outturn Cost £9.2bn
- Contract fight finished 1999





UK EXAMPLE III

CTRL – CHANNEL TUNNEL RAIL LINK

- Planned to start 1988 to link with opening of Channel Tunnel
- Actually Govt approval granted 1996, but no funding!
- October 1999 John Prescott agrees to Govt guarantee.
- Final design and contracts start early 2000 – 11 years late





UK EXAMPLE III

CTRL – CHANNEL TUNNEL RAIL LINK

Phase 1

- 43 Km High Speed track
- Budget £1.9 bn
- Programmed 4 years
- Completed September 2003 – early – on budget
- No disputes, no claims.



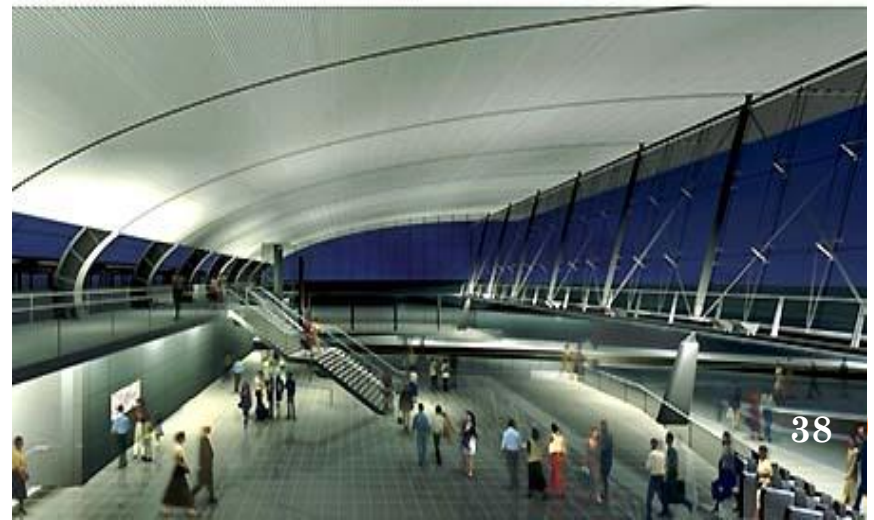


UK EXAMPLE III

CTRL – CHANNEL TUNNEL RAIL LINK

Phase 2

- 26 Km plus major station works at Kings Cross/St Pancras
 - Budget £2.3 bn - 6 years
 - Completed October 2007 – on programme – on budget
- No defects in 3 years operation!
- Contract Structure NEC 3
Target Cost with conversion to shared saving
- No disputes, no claims.





UK EXAMPLE IV

CANARY WHARF - 1986



UK EXAMPLE IV CANARY WHARF – THE NEW CITY FOR LONDON

Phase 1

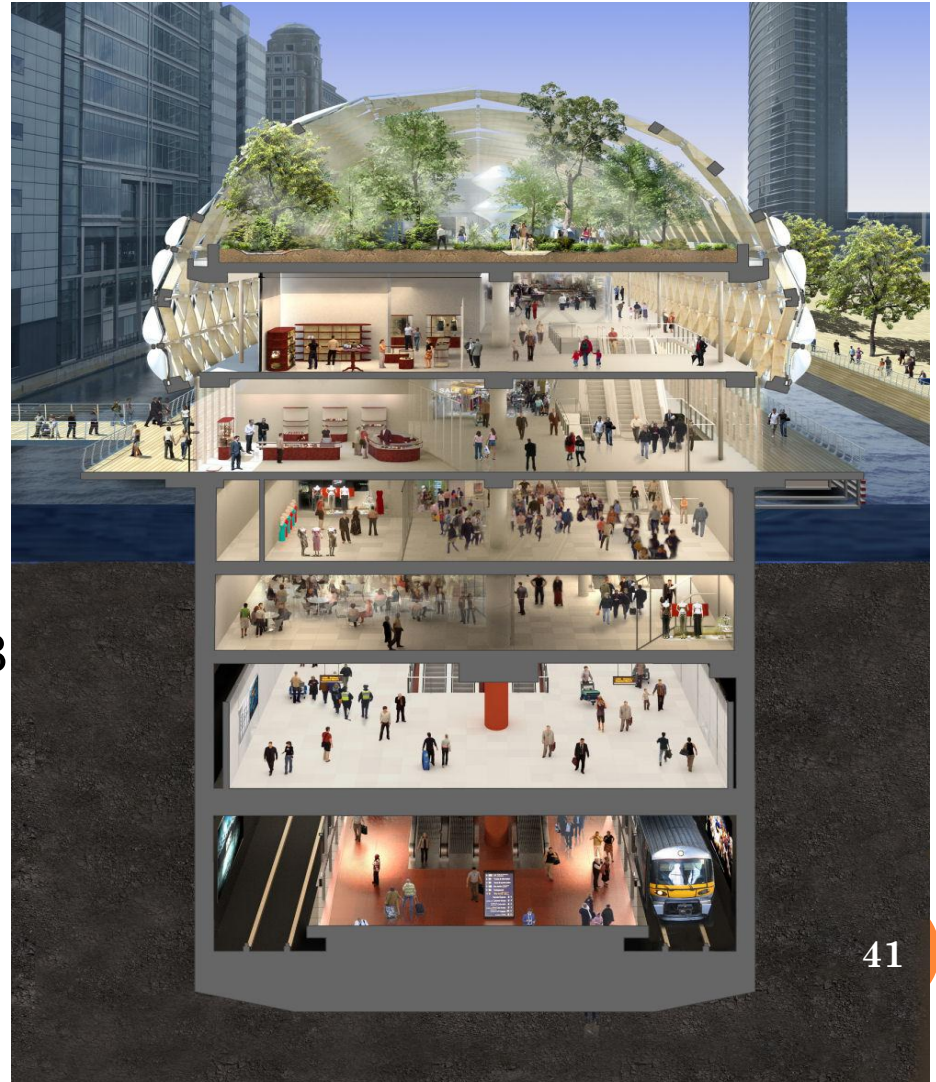
- 4.5 million sq ft over 8 buildings
- Offices, Retail & Infrastructure
- Budget £4.2 Bn
- Design start Oct 1988
- Construction Start April 1989
- Planned Occupation April 1992



UK EXAMPLE IV CANARY WHARF – THE NEW CITY FOR LONDON

Phase 2

- 2.6m sq ft over 4 buildings
- Formed Eastern gateway to the site
- Budget £2.4 bn
- Design Start Spring 1991
- Construction start Autumn 1991
- Planned completion end 1993



UK EXAMPLE IV

CANARY WHARF – THE NEW CITY FOR LONDON

○ OUT TURNS

Phase 1

- Completed & Occupied April 1992 – on time
- Cost £3.6bn – 15% under budget

Phase 2

- Completed end 1993 – on time but not occupied
- Cost £2.4bn – on budget but rising
- BUT no infrastructure links



UK EXAMPLE V

JUBILEE LINE EXTENSION

- Critical for the development of London docklands and beyond.
- Promised for delivery 1992 – to coincide with Canary Wharf Phase 1.
- Late 1990 Mrs Thatcher gave assurances, but would be late and private sector would have to contribute



UK EXAMPLE V

JUBILEE LINE EXTENSION

- 1991 Government said sorry, no funds available.
- 1993 Canary Wharf fails due to lack of access.
- 1995 Project gets provisional go ahead for design & enabling



UK EXAMPLE V

JUBILEE LINE EXTENSION

- Budget agreed at £4.8 bn.
- Programme agreed for completion July 1999 and full operation October 1999 – key to Govt Millenium plans.
- Special contract drawn up transferring all risk to Designers and Contractors.
- Electro Mechanical works let separately from tunnel and building works. Separate management teams

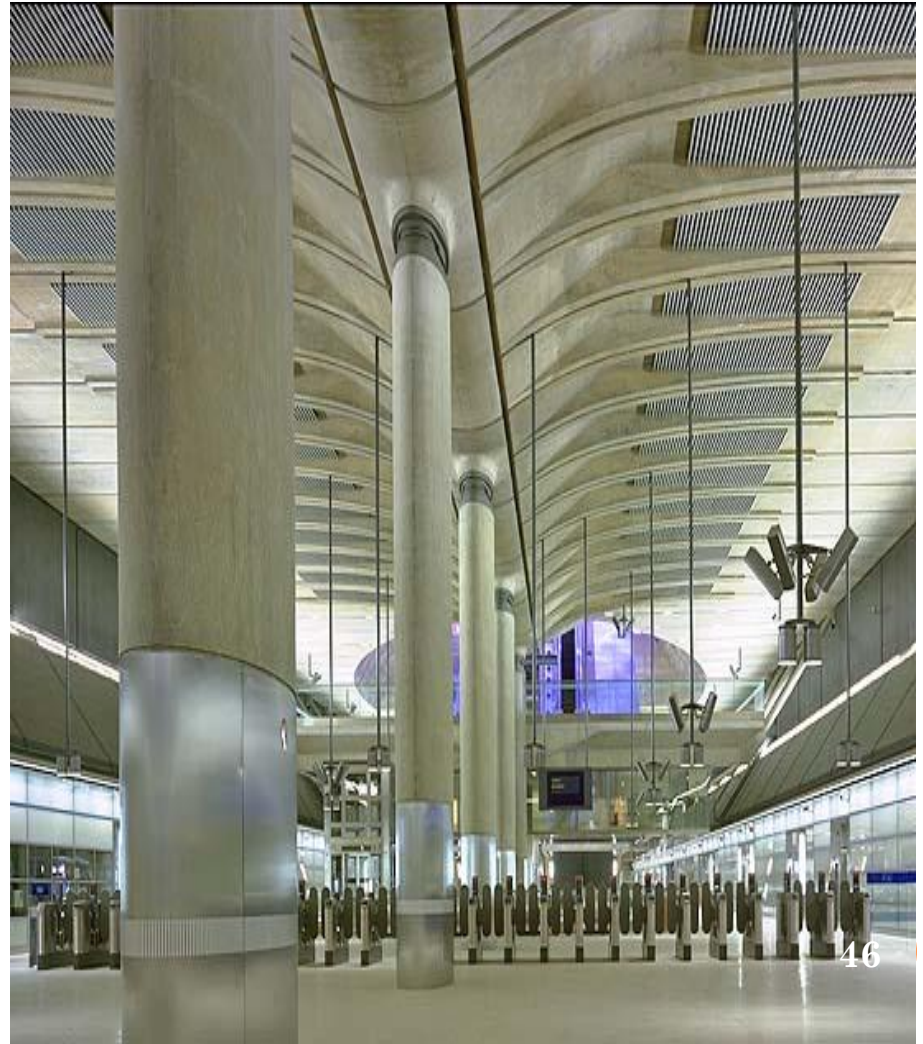


UK EXAMPLE V

JUBILEE LINE EXTENSION

OUT TURN

- Completion achieved November 1999 but with much reduced specification eg 24 trains per hour in lieu of 36; signalling system 1970's.
- Cost £9.3 bn, accounts not agreed until 2007, and legal costs still not settled.
- Defects every month since!



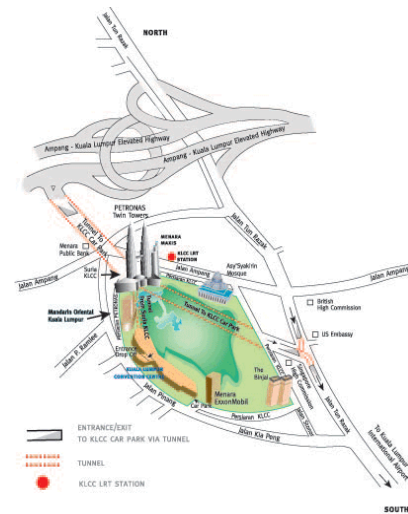
MALAYSIA EXAMPLE: KLCC – PETRONAS TOWER

KLCC – Kuala Lumpur City Centre

- 100 acres
- 230 shops & stores, cinema, auditorium and much more

Petronas Twin Tower

- 452m, 88 Storey
- Design started mid 1991
- Team appointed 1992
- Opened & occupied 1999 but finished earlier



MALAYSIA EXAMPLE

KLCC – PETRONAS TOWER

- Integrated Team – Client & Construction/Project Management – Petronas Bovis
- 2 Tier integrated Design
- Direct control of appointment of contracts Cost estimating & Time planning functions
- Bespoke contracts to match arrangements
- Direct valuation & payment structure





CHINA EXPERIENCE

EXPRESSWAY & HIGH CAPACITY ROADS

- In 1991 - Gordon Wu was the first to finance major private sector highway project in China—the Guangzhou-Shenzhen Expressway.
 - Total cost USD\$ 1.2 billion was primarily funded by international bank loans.
- Since then, a number of HongKong business groups have successfully sponsored and financed infrastructure projects in China.
 - The Hopewell group(Hopewell holding limited, a HongKong –based group) entered into a 30 years joint venture with the Guangdong Government to construct 122.8km of expressway. Project cost USD\$ 1.2 billion with a 12-year international bank loan of USD\$ 800 Million.
 - GuangDong Provincial Highway Construction Co, Newworld infrastructure Ltd and GuangDong Investment Ltd entered into a 37 –years joint-venture to construct a 129km expressway.



CHINA EXPERIENCE

MODELS FOR PRIVATE PARTICIPATION

○ Road sector

- Cooperative Joint Venture (JV)
- International debt financing in the 144A Market
- Securitization of Existing Highway assets
- Build, Operation, Transfer (BOT)

○ Water Sector

- Management Contract
- BOT Contract
- Concession Contract

○ Power Sector

- JV
- BOT
- Securitizations through Initial Public Offerings(IPOs)
- Transfer, Operation, Transfer (TOT)
- Divestitures of Existing Plants through Trade Sales and TOT



CHINA EXPERIENCE SUMMARY

- Private sector Participation in Infrastructure (PPI) seems to have become a strategic necessity rather than just a policy option
- Used various forms of PPIs in a unique model using **equity** in form of non-concession type projects (e.g. subcontracting, licensing and leasing) and concession types (e.g. BOT, BOOT).
- These are carried out by **joint ventures** between a foreign equity investor and a 'domestic company' directly or indirectly owned by the central or local government;
- **Revenues generated** can then be **leveraged or securitised** to support **share issuance** through initial public offerings in the equity markets.



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PFI IN NIGERIA: KEY ISSUES

- Rapid population growth (150m), long hobbled by political instability, corruption, unsolicited proposals, inadequate infrastructure, and weak macroeconomic management;
- Weak Judiciary;
- Capacity: Human, Guidelines and Regulations;
- Oil-rich Nigeria (2.2mbd): 7th largest producer of oil, 8th largest Gas reserve;
- Aims to transform from 1 of the 20 poorest nations to 1 of the 20 richest economies in the world by 2020;



23 KEY PROBLEMS/CONSTRAINTS TO PFI IMPLEMENTATION IN NIGERIA

- Difficulties in securing credit
- Problems of delays in receiving payments
- Lack of effective maintenance culture
- Gratifying officials and Contract Award Syndrome (itching to award new contracts)
- Difficulty in specifying quality
- Potential conflict of interest
- Lack of requisite knowledge and experience of public sector participants
- Problems of inadequate procedures and guidelines
- Complex negotiation process
- Clients representatives constantly changing
- Increase in social intolerance
- Inconsistency of strategic policies
- Difficulty in obtaining foreign exchange
- Lack of effective value management system
- Difficulty in importing spare parts
- Problems of managerial & technical incompetence (local content)
- Lack of transparency and accountability
- Weak judiciary, weak contract enforceability, and weak implementation of rule of law
- Poor appraisal systems
- Poor use of feedback systems
- Poor I.T. and communication systems
- Poor evaluation systems
- Lack of knowledge capture, management and dissemination.



TOP 10 PROJECT RISK TYPES

Type of Risk	Severity Index	Type of Risk	Severity Index
1. Political risk	3.9	6. Availability risk	3.4
2. Inflation risk	3.8	7. Operating risk	3.3
3. Currency risk	3.6	8. Technology risk	3.1
4. Completion risk	3.5	9. Market (demand) risk	3
5. Regulation risk	3.4	10. Resource risk	3





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THE NIGERIA EXPERIENCE

- PROJECTS LOOKED AT:
 - The Yankari Resort & Safari Project
 - The Abuja Boulevard Project
 - Island Power Project, Lagos
 - Funding of the Reform of the NPF
- FEDERAL & STATE MDAs LOOKED AT:
 - Federal Ministry of Police Affairs
 - Federal Capital Territory
 - Lagos State
 - Abuja Investment Company Limited



YANKARI PROJECT: GRAND STRATEGY AND KEY POLICY

○ Grand Strategy:

- *development for conservation*
- to boost the economic development of Bauchi State
- to empower the local community

○ Key Policy

- to seek for the best that is available within the constraints of sustainable environment, budget and legal boundaries



YANKARI PROJECT: THE PROJECT STRATEGY

- To create a Public-Private Partnership aimed at developing the tourism industry in Bauchi State by using **Projects met partly from public and partly from other sources but private sector controlled**
- Private Finance Initiative (PFI)- Financially free-standing project
 - Public sector to provide infrastructure (paid back interest-free using developmental levy)
 - Private sector to provide services that are financially free-standing, initially funded using public sector guarantees
 - Public sector is the initiator using private sector expertise to drive and deliver it, which transforms into private sector ownership and control for a concessionary long term period, then reverts back to public sector (the cycle may start again).



SELECTED KEY SITES

- YANKARI NATIONAL PARK
- SUMU FOREST RESERVE
- LAMME BURRA GAME RESERVE
- MALADUMBA LAKE & FOREST RESERVE

- SUPPORTING PROJECTS:
 - NEW FIVE-STAR HOTEL
 - AIRPORT IMPROVEMENT
 - ROAD LINKS
 - TRANSPORTATION (AIRCRAFTS & BUSES)

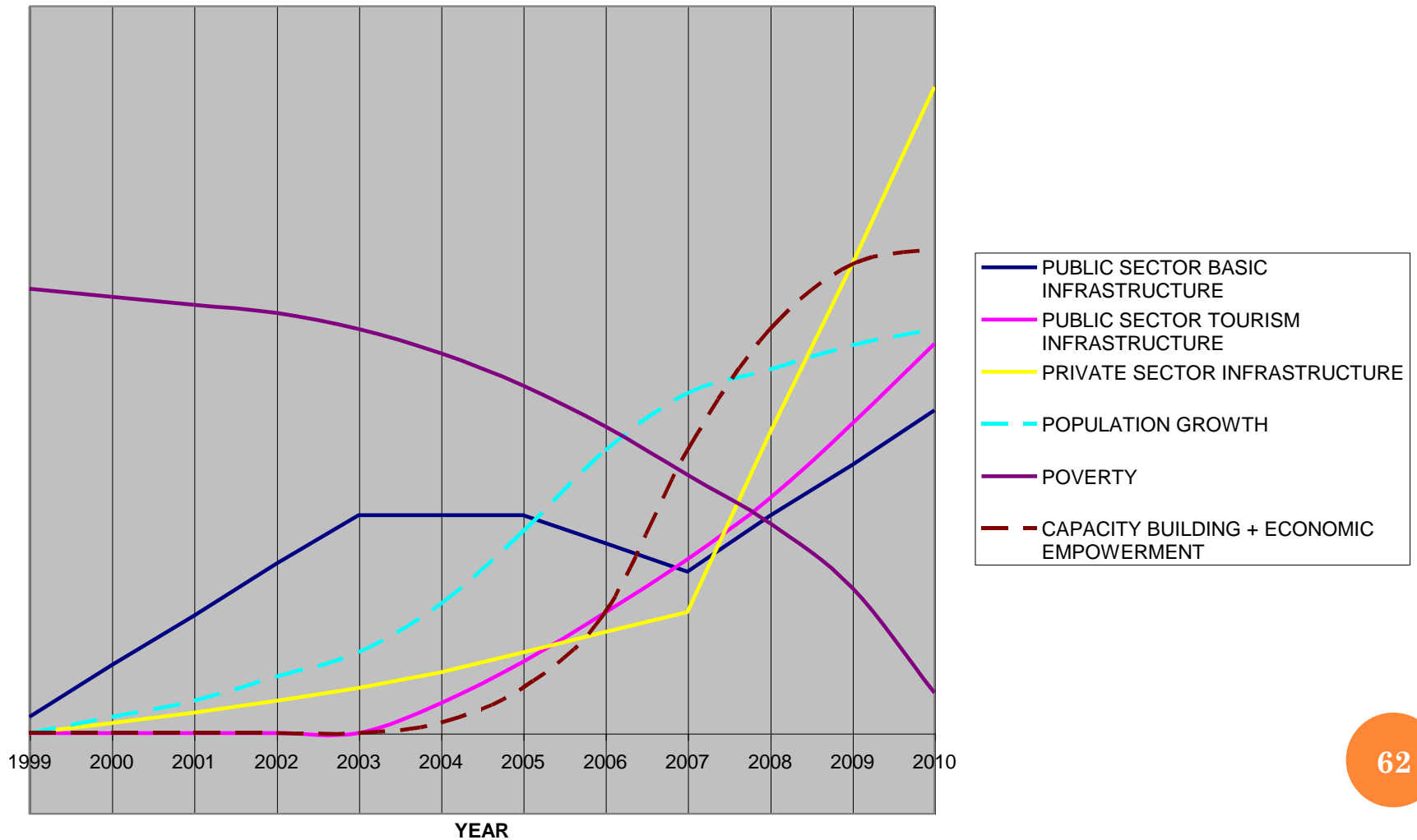


THE VISION FOR EACH SITE

- To transform the **Key Selected Area** into a tourist attraction of **international standard** renowned for their **emphasis on the environment, culture and community** that symbolise **co-existence of man and nature** which will serve as **a benchmark** for **ecotourism** developments in Nigeria and Africa as a whole



MASTER PLAN PROJECTIONS





ACTION POINTS FOR BASG

- Develop strategies and policies for tourism development
- Improve on the political stability and the security in the state;
- Provide basic infrastructure;
- Begin to develop tourism infrastructure;
- Improve on accessibility to Bauchi;
- Develop and implement the legal framework;
- Develop key critical mass tourists destinations/attractions;
- Public awareness and empowerment;
- Invest in capacity building;
- Ensure value for money, quality and discipline;
- Reinforce Conservation to ensure long term sustainability

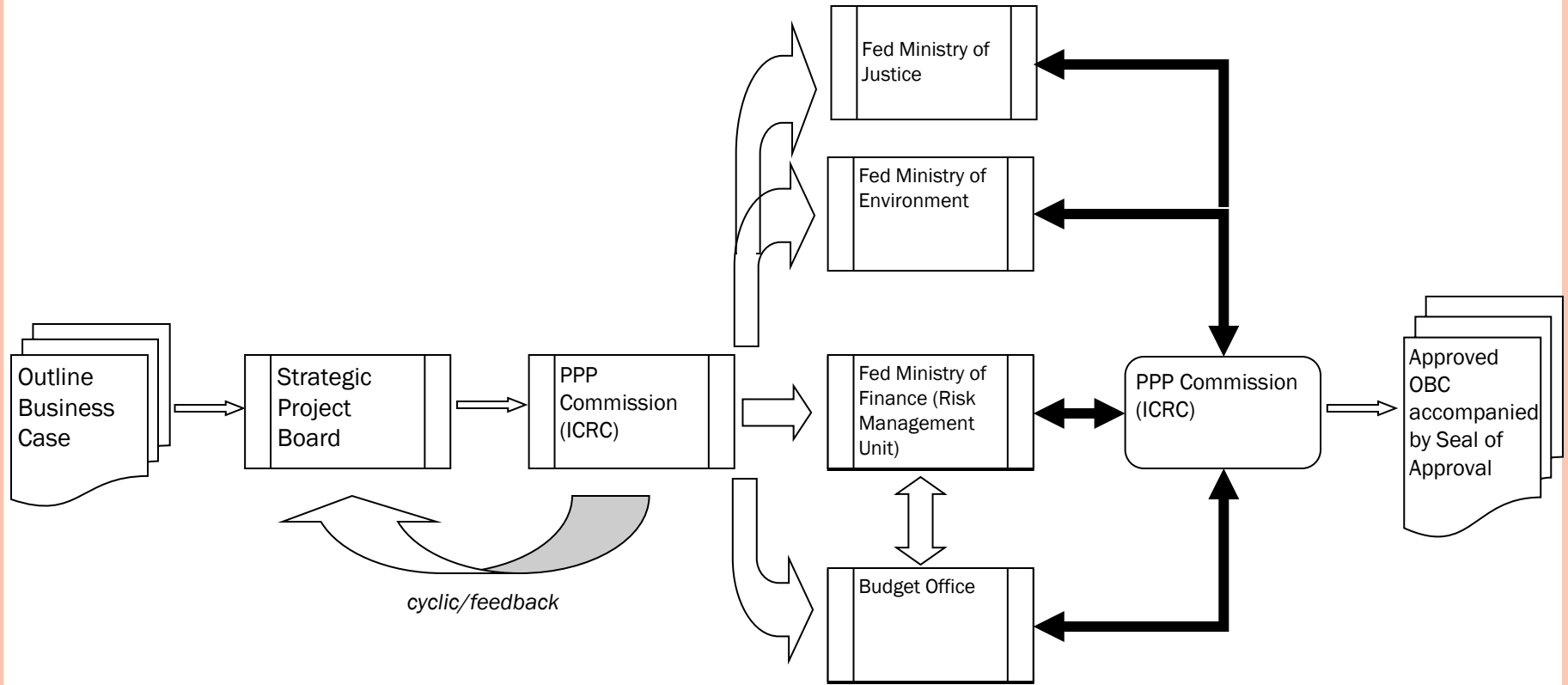


ENABLERS FOR IMPLEMENTATION OF PFI IN NIGERIA

- Project Appraisal,
- Project Evaluation,
- Knowledge Management System, and
- Project Duration

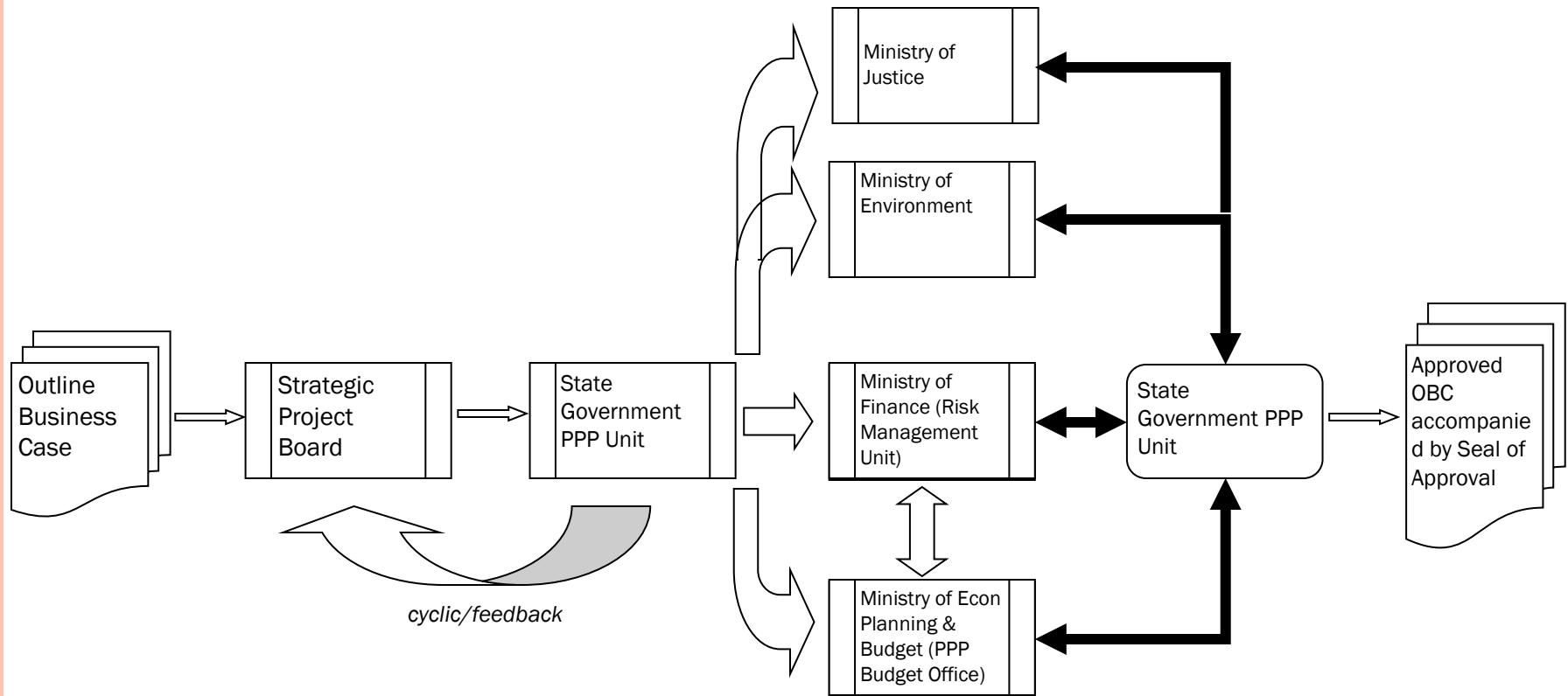


FEDERAL GOVERNMENT LEVEL



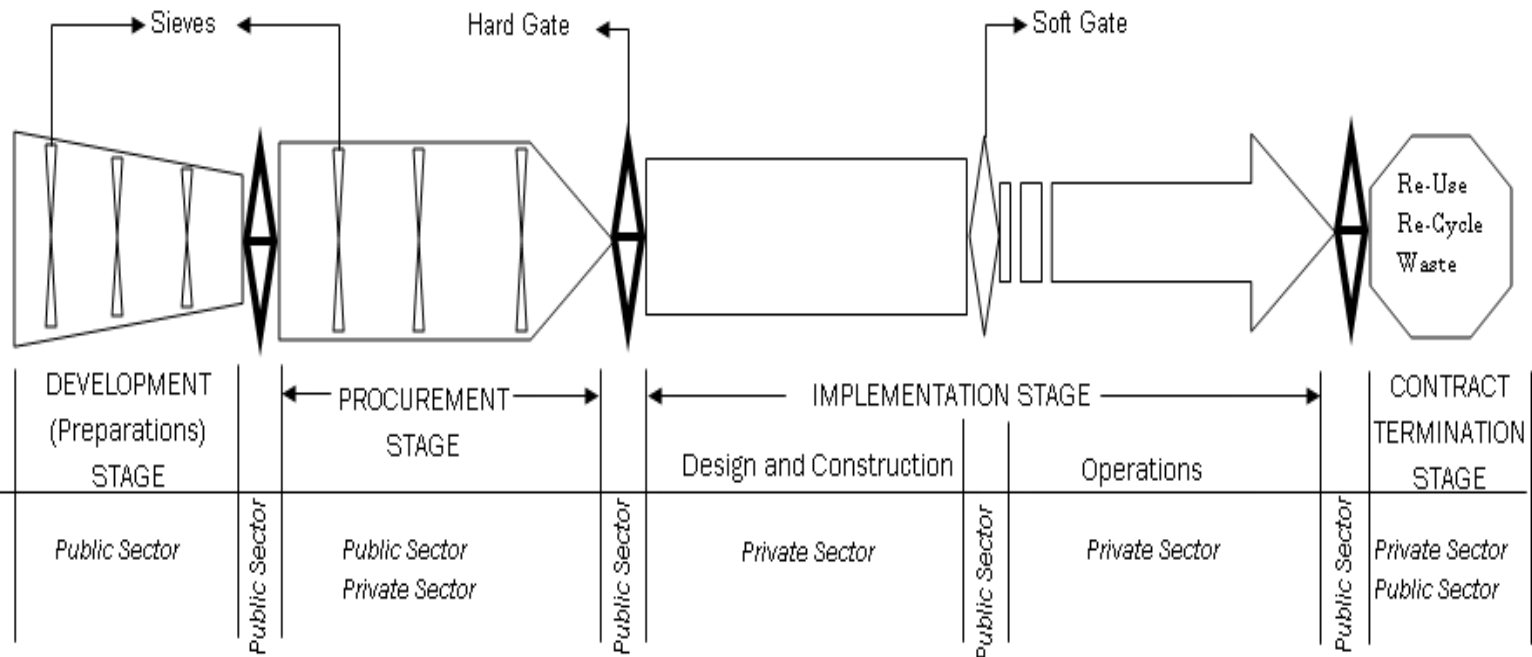


STATE GOVERNMENT LEVEL





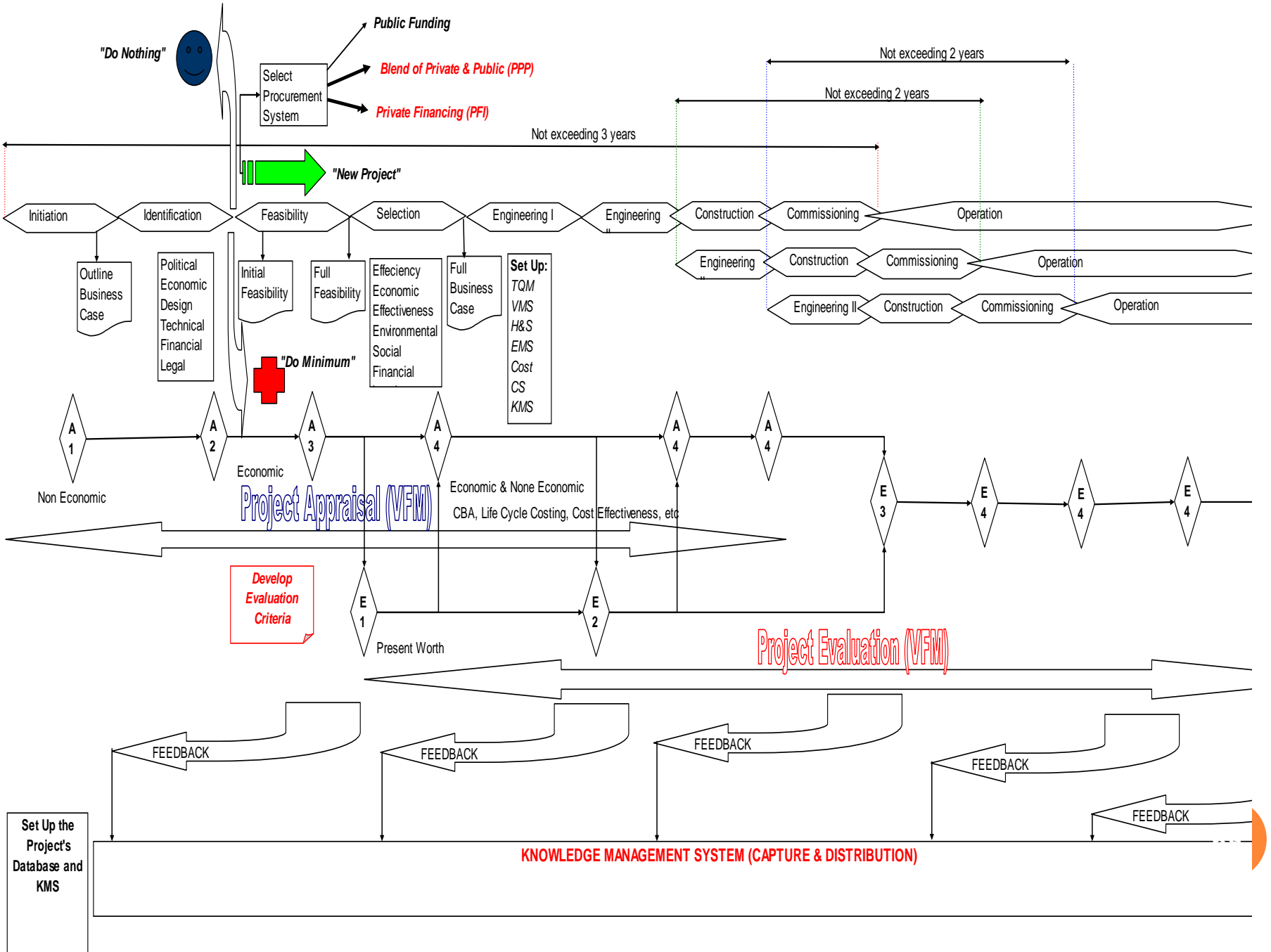
GENERIC PROCESS MODEL OF PFI PROJECT





PFI PROCESS: THE 10 STANDARDISED STAGES

- **Initiation stage:** is a process of formally recognising that a new project exists;
- **Identification stage:** to interpret the business need and transform it into a technical language, and to list options of solving the problem or satisfying the business need;
- **Feasibility stage:** to objectively produce a tentative ranking order of the options;
- **Project Type Selection stage:** to decide on the most VFM option;
- **Global Engineering stage:** to produce strategic technical solution;
- **Detailed Engineering stage:** transforms scheme designs into production mode;
- **Construction & Development stage:** detailed designed solutions into physical assets.
- **Commissioning stage:** testing, training and commissioning
- **Operation & Maintenance stage:** creation and maintenance of wealth
- **Decommissioning stage:** dismantle, re-use, or re-cycle





CONCLUSION

- Private sector participation in the provision of public sector services in Nigeria will contribute to addressing the identified **challenges**;
 - but its success relies on **Appraisals**, **Evaluations**, Feedback for robust **KMS**, and Restrictive **Timeline**;
- The **developed model** uses a generic format for ease of adaption to suit specific needs and conditions;
 - but it is essential to have robust **Capacity Building** of public sector employees as a prerequisite;
- In the Nigeria environment, the ICRC Act, BPE Act, Public Procurement Act and Fiscal Responsibility Act will contribute to improving **transparency** and **accountability**,
 - but further **legal review** is needed in order to clearly spell out the roles and responsibilities of all stakeholders;



RECOMMENDATIONS

- There must be a political will at all levels of government,
- Develop flexible legal and financial frameworks for PFI for the different tiers of government.
- Make good things easy, and bad things difficult (i.e. the pros and cons),
- Improve the perception and understanding of project risk issues in the public sector,
- Improve on transparency and accountability in projects
- Encourage private ownership
- Train and re-train public sector employees on PPP/PFI
- Empower decision-makers (responsibility versus authority)
- Improve direct tax/fees collection system,
- Invest in I.T. and Knowledge management and dissemination
- Set up appropriate government agencies such as the 4Ps to support government establishments at federal, state, and local government levels,
- PPP/PFI should be a strategic necessity rather than a policy issue



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THANK YOU

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