



ADVANCING PUBLIC-PRIVATE PARTNERSHIP FOR SUSTAINABLE ECONOMIC DEVELOPMENT IN NIGERIA

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Nigeria has constantly struggled to achieve sustainable economic development, especially with major infrastructural shortage in areas of energy, healthcare, education and other major sectors. These shortages hinder the nation's progress; reduce the quality of life; and limit opportunities for job employment, poverty alleviation and economic diversification. Both the public and private sectors have made efforts to address these issues independently, but their efforts have often fallen short of achieving sustainable economic development. The public sector enterprises often encounter constraints such as lack of funding, bureaucratic delays, and governance related issues; while the private sector initiatives face regulatory challenges, market risks and limited access to public support systems. Due to these constraints, Nigeria's economic growth remains inferior, and social inequities persist, preventing broad-based development and rebounding. Considering these issues, this study aims to examine how public-private partnerships can be used to advance sustainable economic development in Nigeria. It also examines the legal and regulatory framework, and the current state of public-private partnerships in Nigeria. Using a doctrinal research methodology, the study finds that while PPPs have been successfully applied to certain projects in the country, there are still gaps in the legal and regulatory frameworks, weak institutional capacity which can create significant challenges to private investors and political instability which can hinder the execution of long-term projects. To enjoy the full benefits of PPPs, the study recommends that the government should strengthen legal, regulatory and institutional frameworks, create a transparent environment for local and foreign investors, and promote financial sustainability through sourcing for alternative funding mechanisms.

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1. INTRODUCTION

Nigeria which is known as Africa's largest economy and most populous country,¹ is faced with major economic challenges.² Its Gross Domestic Product (GDP) growth remains modest at about 3.4% in 2024³ while inflation has remained high, but is expected to fall to an annual average of 22.1% in 2025.⁴ The unemployment rate has reportedly declined to 4.3% in the second quarter of 2024 as opposed to the 5.3% reported in the first quarter of 2024,⁵ but chronic underemployment and youth joblessness persist as roughly 3.5 million people enter the labor force each year.⁶ According to the World Bank Group, nearly 39% of Nigerians which is about 87 million people live below the poverty line.⁷ Additionally, decades of underinvestment have left a wide margin of infrastructural gaps, especially in electricity supply and road networks in the country, which can further limit productivity and trade.⁸ Moreover public finances are also strained, but there was a major improvement in 2024 as the fiscal deficit shrank from 5.4% of GDP in 2023 to 3.0% of GDP in 2024.⁹ This

¹ Pontianus Vitalis Jafla, 'The Nigerian Population: A Treasure for National Development or An Unsurmountable National Challenge' (2021) 2(1) International Journal of Science and Research Archive, 136-142.

² *ibid*

³ World Bank Group, 'Building Momentum for Inclusive Growth' (Press Release, 12 May 2025) <<https://www.worldbank.org/en/news/press-release/2025/05/12/afw-nigeria-building-momentum-for-inclusive-growth#:~:text=The%20report%2C%20titled%20%E2%80%9CBuilding%20Momentum,%20trillion>> accessed 16 June 2025

⁴ *Ibid*

⁵ Analyst Data Services and Resources, 'Key Highlights of Labour Statistics Q2 2024' (Prepared by ADSR Research Team September 2024) < <https://adsrng.com/download-material/167#:~:text=%E2%80%A2%20Unemployment%20Rate%3A%20Declined%20o,than%20rural%20areas%20%282.8>> accessed 16 June 2025

⁶ World Bank Group, 'World Bank in Nigeria' (10 April 2025) <<https://www.worldbank.org/en/country/nigeria/overview>> accessed 16 June 2025

⁷ *ibid*

⁸ *ibid*

⁹ World Bank Group, 'Building Momentum for Inclusive Growth' (Press Release, 12 May 2025) <<https://www.worldbank.org/en/news/press-release/2025/05/12/afw-nigeria-building-momentum-for-inclusive-growth#:~:text=The%20report%2C%20titled%20%E2%80%9CBuilding%20Momentum,%20trillion>>> accessed 16 June 2025

search for complementary models that can leverage private resources and capabilities.

Public-Private Partnerships (PPPs) offer one such alternative. PPPs are long-term contractual arrangements under which government agencies engage private firms to finance, build, and operate public infrastructure or services that the state would otherwise provide.¹⁶ In effect, PPPs mobilize private capital, technology and management expertise to bridge funding and skills gaps,¹⁷ also well-designed PPPs transfer appropriate risks such as finance, construction, and demand to the parties best able to manage them and incentivize performance through clear contract terms.¹⁸ Globally, PPPs have been used to accelerate projects by opening access to new financing and innovation.¹⁹ In Nigeria's resource-constrained context, PPPs thus have the potential to help achieve national and sustainable development goals as they can speed up the delivery of critical infrastructure such as roads, power plants, ports, water systems, hospitals, schools, and improve service quality by bringing in private efficiencies and accountability.²⁰

Nigeria has been building the institutional framework to support PPPs. In 2005, the federal government enacted the Infrastructure Concession Regulatory Commission (ICRC) Act to establish the ICRC as the national PPP regulator.²¹ At the state level, many governments have passed

¹⁶ Amedanou, Yawovi Mawussé Isaac. 'Financing the Economy in Debt Times: The Crucial Role of Public-Private Partnerships' (2023) 77(3) *Research in Economics* 295-309.

¹⁷ Lawal Comfort et al. 'Advances in Public-Private Partnerships for Strengthening National Financial Governance and Crisis Response Systems.' (2024) 6(4) *International Journal of Advanced Multidisciplinary Research and Studies* 1700-1719.

¹⁸ Akomea-Frimpong, Isaac, Xiaohua Jin, and Robert Osei-Kyei, 'Managing Financial Risks to Improve Financial Success of Public-Private Partnership Projects: A Theoretical Framework.' (2022) 20(5) *Journal of Facilities Management* 629-651.

¹⁹ Vassileva, Antoaneta Gueorguieva. 'Green Public-Private Partnerships (PPPs) as an instrument for sustainable development.' (2022) 2(5) *Journal of World Economy Transformations & Transitions* 65

²⁰ Obasa, Stephen Olufemi and Oluwatosin Olatunji Oluyomi Oluyomi. 'Public-Private Partnerships and Sustainable Development Goals in Nigeria.' (2024) 16(2) *African Journal of Stability and Development (AJSD)* 390-417.

²¹ Infrastructure Concession Regulatory Commission Bulletin, Second Quarter 2023 <<https://www.icrc.gov.ng/wp-content/uploads/2023/08/ICRC-Bulletin-Q2->

their own PPP laws, for example, there is a Lagos State's 2011 PPP Law and creation of a PPP Office to facilitate local projects.²² A number of major concessions and projects have been pursued which will be discussed in the body of this article.

Most importantly, any expansion of PPPs in Nigeria must integrate sustainability considerations such as economic, environmental and social, to ensure truly inclusive development.²³ Worldwide, PPP projects are increasingly evaluated on their alignment with the UN Sustainable Development Goals and on their environmental impact.²⁴ In practice, this means future infrastructure partnerships in Nigeria should incorporate clean and climate-resilient technology, and be built to high environmental and social standards.²⁵ For example, PPPs in the power sector should prioritize renewable energy and resilience to climate risks, while transport PPPs should reduce emissions and improve connectivity in underserved areas. Likewise, social-sector PPPs such as health, education or housing should safeguard affordability, labor standards and community benefits. Ultimately, the integration of environmental safeguards and social impact assessments into Nigeria's PPP framework will be essential, so that private-financed projects support the country's climate commitments, generate local employment, and help close equity gaps.²⁶

This article will examine how advancing PPPs can play a key role in that strategy. It will review Nigeria's PPP legal and institutional arrangements, analyze recent project experience across sectors, and discuss how

2023.pdf#:~:text=Also%20in%20Nigeria%2C%20Public,years%2C%20the%20governme nt%20through%20the> accessed 16 June 2025

²² Adama Onyanta, 'Garbage Politics: The Global Infrastructure Turn, Local Politics and Public-Private Partnership in Lagos, Nigeria.' (2022) 15(2) *Africa Review* 170-195.

²³ n 20

²⁴ Akomea-Frimpong, Isaac, Xiaohua Jin, and Robert Osei-Kyei. 'Mapping Studies on Sustainability in The Performance Measurement of Public-Private Partnership Projects: A Systematic Review.' (2022) 14(12) *Sustainability* 7174.

²⁵ Unegbu, Hyginus et al. 'Climate Resilience in Nigerian Construction: A Systematic Review of Strategies and Outcomes.' (2024) 4(1) *Journal of Sustainable Construction* 60-76.

²⁶ Obasa, Stephen Olufemi and Oluwatosin Olatunji Oluyomi Oluyomi. 'Public-Private Partnerships and Sustainable Development Goals in Nigeria.' (2024) 16(2) *African Journal of Stability and Development* 390-417.

sustainability goals can be embedded into PPP design and implementation. The paper aims to inform both decision-makers and academics about how well-structured PPPs can catalyze Nigeria's sustainable development and bolster long-term, inclusive economic growth. The article is divided into five parts: Part I introduces the work; Part II discusses the conceptual clarifications and theoretical frameworks on PPP, types of PPP, literature review and the current state of PPPs in Nigeria; Part III examines the legal and regulatory framework on PPP in Nigeria; Part IV explains the importance of advancing PPPs for sustainable economic development in Nigeria; Part V examines challenges faced in advancing PPPs and gives recommendations for advancing PPPs and, Part V presents concludes the article.

2. CONCEPTUAL CLARIFICATION

2.1 Public-Private Partnership (PPPs): A public-private partnership (PPP) is a collaboration in which the public and private sectors share resources, skills, and risks to accomplish mutually beneficial goals. In other words, PPP is a sustained and long-term partnering relationship between the public and private to provide services and goods.²⁷ PPPs' primary attributes include the requirement for partnership between the public and private sectors, a common goal, the sharing of resources between the public and private sectors, the distribution of risks and duties, and the involvement of long-term partnerships. The ICRC Act does not specifically define PPPs. Instead, the Act relates to the granting of concessions by public sector parties to private sector project proponents for “the financing, construction, operation or maintenance of infrastructure by whatever name called”²⁸ There are different kinds of public-private partnerships (PPPs) which are: infrastructure PPPs, which

²⁷ Olufemi Adedamola Oyedele, 'Public-Private Partnership (PPP) and Infrastructure Provision in Nigeria' (2020) <https://www.researchgate.net/publication/232596373_PublicPrivate_Partnership_PPP_and_Infrastructure_Provision_in_Nigeria> accessed 2 December 2024.

²⁸Infrastructure Concession Regulatory Commission Act, s 1.

concentrate on building roads, bridges, and airports;²⁹ social PPPs, which concentrate on providing citizens with healthcare,³⁰ education, and water; and economic PPPs, which concentrate on trade facilitation and industrial development.³¹ More so, Public-Private Partnership (PPP) models can be in several forms which include Build-Operate-Transfer (BOT) PPP, which involves the private sector building, operating, and transferring of project to government, an example here is the Lekki Toll Road Concession;³² Build-Own-Operate (BOO) PPP, here the private entity builds, owns, and operates the infrastructure without transferring ownership to the government. This model is less commonly implemented in Nigeria.³³ Public-Private Joint Venture (PPJV), which involves shared ownership and management, and Design-Build-Finance-Operate (DBFO) where private partner in the PPP type is commissioned to design, finance, build, and operate the project. The government may retain ownership but pay the private partner through a series of negotiated payments over the project's lifecycle.³⁴ PPP has numerous advantages in Nigeria, including bridging the infrastructure deficit, boosting economic growth, enhancing service delivery, attracting private sector investment, and advancing sustainable development.

2.2 Sustainable Economic Development: Sustainable economic development is the process in which the exploitation of natural resources, the direction of investment, the orientation of technological development, and institutional change or reform are all in coordination and harmony

²⁹ Eze Chukwukadibia Chimauzom et al., 'Public-Private Partnership (PPP) and Management of Public Infrastructure in Enugu State' (2024) 3 NG-Journal of Social Development <<https://dx.doi.org/0.434/ngjsd.v3i.9>> accessed 2 December 2024.

³⁰ Uzodinma Adirieje, 'Public-Private Partnership and Nigeria's Development' <https://healthmarketlinks.org/sites/default/files/resources/3204_file_Public_Private_Partnerships_and_Nigeria_s_Development.pdf> accessed 2 December 2024.

³¹ Abdullah Khalis, 'Public-Private Partnership: A Catalyst for Economic Growth' (2022) <<https://www.linkedin.com/pulse/public-private-partnerships-a-catalyst-economic-growth-abdullah-khalis/>> accessed 2 December 2024.

³² NESG Policy Brief, 'Making Public-Private Partnership Work in Nigeria' (2007) 6(2) *Economic & Policy Review*.

³³ Price & Water Consulting Limited, 'Public-Private Partnership in Nigeria: An Overview' (2024) <<https://priceandwaterconsulting.org/public-private-partnerships-in-nigeria-an-overview/>> accessed 2 December 2024.

³⁴Ibid

and enhance both the current and future potential for meeting human needs.³⁵ Public-private partnerships are critical in promoting sustainable economic development. These alliances promote resource sharing, creativity, and knowledge, which improves the effectiveness of SDG implementation. However, issues remain, such as ensuring equal benefit distribution, preserving accountability, and resolving possible conflicts of interest. Balancing these benefits and constraints is critical for realising PPPs' promise to promote SDG development.³⁶ To ensure long-term prosperity, sustainable economic development (SED) is a development strategy that places a high priority on social justice, economic growth, and environmental preservation. Among the fundamental principles of SED are economic growth which increases GDP, earnings, and job creation. Also, SED increases living standards and lowers poverty and inequality. It also mitigates climate change and encourages natural resource conservation and sustainability. Infrastructure development, service delivery enhancement, employment creation, private sector investment, innovation, and technology transfer are all aspects of SED that are impacted by public-private partnerships.

2.3 Types of Public-Private Partnerships (PPPs)

Public-Private Partnerships (PPPs) have various models that apportion risk and responsibility between the private and public sectors. These models facilitate infrastructure development, service delivery, and economic growth. Some of the most common PPP structures include Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), Design-Build-Finance-Operate (DBFO), and other contractual arrangements tailored for new projects or the rehabilitation of existing facilities. These

³⁵Yu-Yun Wang, 'Sustainable Economic Development' <<https://www.elibrary.imf.org/display/book/97855775542/ch00.xml#:~:text=Sustainable%20economic%20development%20is%20the,potential%20for%20meeting%20human%20needs>> accessed 2 December 2024.

³⁶ Kutu Ramolobe and Unathi Khandanisa, 'The Role of Public-Private Partnership in Achieving Local Government Sustainable Development' (2024) <<https://apsdpr.org/index.php/apsdpr/article/view/86/558#:~:text=or%20animal%20subjects,-,Review%20findings,achieving%20local%20government%20sustainable%20development>> accessed 2 December 2024.

contracts usually allow private entities to design, finance, construct, and operate infrastructure for a fixed period before transferring ownership back to the government. In the case of BOO agreements, ownership remains indefinitely with the private sector.³⁷

In the BOT model, a private entity constructs and operates a facility under a contract with the government, eventually transferring it to public ownership.³⁸ The Build-Transfer-Operate (BTO) variant ensures that ownership is transferred to the government immediately after construction, with private operators managing it for a set period.³⁹ BOO arrangements differ by allowing the private sector to retain ownership indefinitely. At the same time, Buy-Build-Operate (BBO) structures involve the sale of an asset to a private entity, which then upgrades and operates it.⁴⁰

Many PPPs involve service contracts where private entities handle operations and maintenance without owning the asset. In these cases, the government retains ownership while benefiting from the private sector's efficiency. Similarly, Design-Build (DB) and Design-Build-Maintain (DBM) models streamline project delivery by allowing a single private partner to handle both design and construction, with maintenance responsibilities in some cases.⁴¹ Design-Build-Operate (DBO) extends this model by including operational responsibilities.⁴²

Another type of PPP called a Developer Finance agreement enables private entities to fund public infrastructure in exchange for the rights to

³⁷ Navarro Adora, *Build-Operate-Transfer (BOT) Arrangements: The Experience and Policy Challenges*, PIDS Discussion Paper Series, 2005.

³⁸ Ibid

³⁹ Ezema Jonas, 'Public-Private Partnership (PPP) and Efficient Library Service Delivery in Nigeria' (2004).

⁴⁰ Emenike Kalu Onwukwe, 'Infrastructure Finance Mechanism and Challenges in Nigeria' (2005) 6(3) *Independent Journal of Management & Production* 827-836.

⁴¹ Robert Beringer, 'DBO and DBM Gain Popularity' (1999) 9(4) *American Water Works Association Journal* 8.

⁴² Ibid

develop commercial or residential projects within the area.⁴³ Enhanced Use Leasing (EUL) allows public agencies to lease government-owned property for private development while receiving financial or in-kind benefits.⁴⁴ Lease-Develop-Operate (LDO) and Build-Develop-Operate (BDO) models grant private entities control over an existing facility, with a mandate to modernize and operate it under government oversight.⁴⁵

There are also some financially structured PPPs such as Lease-Purchase and Sale-Leaseback arrangements which provide innovative funding mechanisms for infrastructure projects. In Lease-Purchase agreements, the private sector builds and leases a facility to the government, which assumes ownership over time.⁴⁶ Sale-leaseback transactions involve selling a public asset to a private entity and leasing it back to maintain government control while unlocking capital for investment.⁴⁷ Tax-exempt lease models offer financing advantages by allowing public entities to borrow funds at tax-exempt rates while retaining asset ownership.⁴⁸

Finally, Turnkey projects involve a private entity handling the entire design and construction process under a fixed-price contract, ensuring timely and cost-effective delivery.⁴⁹ Depending on the arrangement, ownership, and financing responsibilities may rest with the public or private sector. These different PPP models provide governments with

⁴³ Jaebum Jun, 'Appraisal of Combined Agreements in BOT Project Finance: Focused on Minimum Revenue Guarantee and Revenue Cap Agreements' (2000) 4(2) *International Journal of Strategic Property Management* 39-55.

⁴⁴ Pamela Rothenberg, 'Enhancing Opportunities: Real Estate Managers Realize New Profits with VA Partnerships' (2007) 72(2) *Journal of Property Management* 6-7.

⁴⁵ Idris Aliyu, Sani Mustapha Kura, and Mohammed Basir, 'Public-Private Partnership in Nigeria and Improvement in Service Delivery: An Appraisal' (2003) 10(3) *Journal of Humanities and Social Science* 63-67.

⁴⁶ Dennis Monson, 'The Conceptual Framework and Accounting for Leases' (2000) 5(3) *Accounting Horizons* 275-287.

⁴⁷ *Ibid*

⁴⁸ Micheal Granof, 'Tax Exempt Leasing: A Framework for Analysis' (1984) *Public Administration Review* 232-240.

⁴⁹ Joachim Schneider, 'Design/Build—Turnkey Projects' in *Public Private Partnership for Urban Rail Transit: Forms, Regulatory Conditions, Participants* (Deutscher Universitätsverlag 2004) 54-226.

various tools to improve infrastructure, manage resource allocation, and promote economic development while leveraging private-sector expertise and investment.

2.4 Theoretical Framework

Principal Agent Theory was developed in 1976 by Economists Michael C. Jensen and William H. Meckling.⁵⁰ Since then, the theory has grown to be a fundamental component of organizational economics research and is applied extensively across a range of domains to examine interactions in which a principal assigns authority to an agent to act on their behalf. This theory investigates partnerships in which a principal assigns authority to an agent to act on their behalf. In the context of PPPs, it helps to understand the challenges in aligning the interests of the public sector (principal) and the private sector (agent) in achieving common goals. One of the principles of the theory is information asymmetry, which can result in conflicts of interest when the agent has more information than the principal. Costs associated with agencies, such as bonding and monitoring, emerge as ways to match the interests of the principal with the actions of the agent.⁵¹ Contractual agreements define expectations and incentives to reduce these costs. The approach recognizes that opportunistic behavior and conflicting objectives make perfect alignment difficult. As a result, it emphasizes how crucial it is to create agreements, oversight procedures, and incentive plans to handle the difficulties that arise in principal agent relationships, influencing corporate governance and the dynamics of decision-making.

The second theory is the Sustainable Development Theory. In the context of public-private partnerships (PPPs) for infrastructure development, sustainable development theory is particularly relevant. This theory was formulated by the United Nations Brundtland Commission in 1987. This

⁵⁰ Michael Jensen and William Meckling, 'Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure' <<https://www.sfu.ca/~wainwrig/Econ400/jensen-meckling.pdf>> accessed 2 December 2024

⁵¹ Eze Chimauzom, 'Public-Private Partnership (PPP) and Management of Public Infrastructure in Enugu State' (2024) 13(1) *NG-Journal of Social Development* <<https://dx.doi.org/0.434/ngjsd.v3i.9>> accessed 2 December 2024.

theory seeks to balance economic, social, and environmental development to ensure a livable future for generations to come.⁵² In other words, Sustainable development theory emphasizes the need for economic growth that is equitable, inclusive, and environmentally sustainable. With regards to PPPs, this means that infrastructure projects should be designed to promote economic growth, create jobs, and stimulate local economies, while also ensuring that the benefits are shared equitably among all stakeholders. Also, Sustainable development theory recognizes the importance of social development in achieving sustainable outcomes. In relation to PPPs, this means that infrastructure projects should be designed to promote social development, including improved access to basic services such as healthcare, education, and sanitation. More so, sustainable development theory emphasizes the need to protect the environment and promote environmental sustainability. This means that infrastructure projects should be designed to minimize environmental impacts, promote the use of renewable energy, and ensure that environmental risks are mitigated. Overall, sustainable development requires the participation of all stakeholders, including local communities, civil society organizations, and the private sector. It also requires the integration of economic, social, and environmental considerations in the design and implementation of PPPs.

2.5 Literature Review

In Nigeria, the advancement of public-private partnerships can serve as an effective means of promoting sustainable economic development. PPPs can amalgamate the efficiency of the private sector and oversight of the public sector in tackling critical financial shortages and environmental challenges. This study reviews the literature of several authors who have written on the necessity of applying PPPs in the different economic sectors for sustainable developmental growth in Nigeria. Oyadiran and Akintola⁵³

⁵² United Nations, 'Sustainability' <<https://www.un.org/en/academic-impact/sustainability#:~:text=In%20987%2C%20the%20United%20Nations,development%20needs%2C%20but%20with%20the>> accessed 2 December 2024.

⁵³ Phillip Oyadiran and Olusola Akintola, 'Public-Private Partnership in Nigeria: Challenges and Prospects for Power Sector Development' (2003) 4(3) *International Journal of Social Sciences and Humanities Reviews* 59–65.

argues that PPPs should be effectively and efficiently used to improve public service availability, especially in important sectors like energy/power, education, transportation, water, and infrastructures which are all very important for economic growth. Nwangwu⁵⁴ notes that even though Nigeria has fully embraced PPPs as a policy to finance infrastructure, very few projects have been delivered successfully. He argues that the lack of successful PPP transactions can hinder both local and foreign investors from investing as they would need cogent evidence that their investments are safe and can eventually yield profit despite the risks involved.⁵⁵ Lugard⁵⁶ observes that PPPs can serve as a channel through which investors can join hands with the government both at national and subnational levels to address the huge infrastructural challenge in Nigeria. However, he points out that to build an investor's confidence in the security of his investment, an evaluation of the legal and regulatory framework that promotes transparency and public disclosure regarding project agreements, political risk mitigation, and time-based alternative dispute settlement mechanisms is of utmost importance.⁵⁷

According to Oyadiran and Akintola,⁵⁸ Nigeria should take the development of its power sector seriously if it hinges on growth and development, and went further to assert that the power sector could be developed through PPP if the issue of corruption is dealt with not only in the sector but generally in Nigeria. Adirieje⁵⁹ observes that to effectively ensure a productive and result-oriented PPP, the members of the partnership must adopt a single framework of action that provides the basis for co-coordinating the work of all partners; put in place and maximally utilize stakeholders and or community coordinating body with

⁵⁴ George Nwangwu, 'Public-Private Partnerships in Nigeria: The Journey So Far' (2020) 8(3) *NAU Journal of Comparative and Public Law* 97-114.

⁵⁵ *Ibid*

⁵⁶ Sunday Bontur Lugard, 'Risks and Challenges in Public-Private Partnership Projects in Nigeria: A Case Study of the Concession of Murtala Mohammed Airport 2 Terminal (Lagos) to Bi-Courtney Nigeria Ltd' (2009) 6 *KAS African Law Study Library* <<https://doi.org/10.577/2363-6262-209-4-563>> accessed 2 December 2024.

⁵⁷ *Ibid*

⁵⁸ Philip Oyadiran and Olusola Akintola, (n 53)

⁵⁹ Adirieje Uzodinma, 'Public-Private Partnership and Nigeria's Development' <<http://www.iaen.org/pronet/index.php?view=detail&id=53>> accessed 2 December 2024.

a mandate from various sectors or stakeholders, and agree on a single national monitoring and evaluation (M&E) mechanism to ascertain and maintain accepted standards. He believes that such an arrangement will enhance the coming together of several stakeholders such as federal, state, and local governments; profit-oriented businesses; community development associations, UN and other transnational agencies, civil society groups and faith-based organizations; to work towards sustainable development and poverty reduction within the communities and the country.⁶⁰ Koya and others⁶¹ identifies some challenges in the enforcement of PPP, some of which include a lack of transparency and public accountability; an inequitable distribution of risks that often disproportionately burdens the public sector, especially in cases of unforeseen circumstances leading to increased costs, project delays, or reduced demand for the project's output and; there is also the complexity of PPP contracts, which require meticulous drafting to ensure clear definitions of roles, responsibilities, and risks identification, allocation, and mitigation tools. Olufemi⁶² examines the legal framework of PPP in Nigeria, highlighting that it is inadequate. He further asserts that the inadequacy of the law fuels the private sector's lack of engagement, especially foreign investors in the nation's public infrastructure.⁶³ For PPPs to be recognized as an avenue to drive sustainable development, they must be connected to environmental sustainability. Wojewnik-Filipkowaska and Węgrzyn⁶⁴ emphasizes that it is fundamentally essential for PPPs to address climate change impacts on agriculture and food

⁶⁰ Ibid

⁶¹ Temiloluwa Koya, Daniel Adegbamigbe, and Mercy Ikeokwu, 'Understanding Public Private Partnership in Nigeria' (24 May 2024) Mondaq <<https://www.mondaq.com/nigeria/government-contracts-procurement-ppp/469288/understanding-public-private-partnerships-in-nigeria>> accessed 2 December 2024.

⁶² Olufemi Soyaju, 'Legal Framework for Public Private Partnership in Nigeria' (2003) 46(3) *De Jure* (Pretoria) <https://scielo.org.za/scielo.php?script=sci_arttext&pid=S222576020300030000> accessed 2 December 2024.

⁶³ Ibid

⁶⁴ Anna Wojewnik-Filipkowska and J Węgrzyn, 'Understanding of Public-Private Partnership Stakeholders as a Condition of Sustainable Development' (2009) *Sustainability* <<http://doi.org/10.3390/SU0494>> accessed 2 December 2024.

security in Nigeria. Their findings call for an alliance between the government and the private sector to devise agricultural practices to allay climate change effects. This partnership model will address immediate agricultural challenges and contribute to durable economic stability. Similarly, Cheng et al.⁶⁵ suggests that there is need for a proposal on a conceptual framework that addresses sustainability-oriented PPPs, emphasizing their potential as pilots of sustainable development. Their research insinuates that incorporating sustainability principles into PPP frameworks can strengthen environmental outcomes while promoting economic growth. Implementing such frameworks in Nigeria could remarkably boost the advantages of PPPs in addressing environmental challenges. The existing literature highlights the need for a coherent legal and regulatory framework for public-private partnerships to promote their deployment and utilization in Nigeria. However, the studies fail to comprehensively consider PPP's advancement in promoting sustainable economic development in Nigeria. This gap in the existing knowledge needs to be identified through research, which will be important for the effectiveness of PPP's potential in promoting sustainable economic growth and for the country to benefit from its resources.

2.6 The Current State of PPPs in Nigeria

Nigeria has demonstrated openness to PPPs across multiple sectors, including leasing, franchising, concessions, equity, and joint venture participation. Notably, many states are actively facilitating PPP projects. The most recent example of a PPP in Nigeria is the \$1.2 billion deal signed in November 2024 to revamp a gas processing plant crucial for the country's aluminum production. In this arrangement, Nigeria partnered with the Chinese state-owned firm CNCEC and the BFI Group, a significant investor in the Aluminum Smelter Company of Nigeria, to overhaul the plant.⁶⁶ The deal was announced by the Minister of State for

⁶⁵Zhe Cheng et al., 'Public-Private Partnership as a Driver of Sustainable Development: Toward a Conceptual Framework of Sustainability-Oriented PPP' (2020) 23 *Environment, Development, and Sustainability* 1043-1063 <<http://doi.org/10.1007/s0668-09-00576-6>> accessed 2 December 2024.

⁶⁶Camillus Eboh, 'Nigeria Signs \$1.2 Billion Deal to Revamp Gas Plant for Aluminum Smelter' *Reuters* (2 November 2024)

Gas, Ekperikpe Ekpo.⁶⁷ The project is expected to modernize the facility, boost its efficiency, and help position Nigeria as a stronger player in aluminum production.⁶⁸ This PPP exemplifies the country's ongoing efforts under President Tinubu's administration to attract foreign investment and improve operational efficiency in key sectors despite broader economic challenges such as high inflation and a weak currency.

On November 15, 2023, the Infrastructure Concession Regulatory Commission (ICRC) provided an important update to its PPP project pipeline, highlighting several key initiatives that exemplify Nigeria's drive to leverage private sector investment in critical infrastructure. One notable project is the 'Dagbolu Inland Container Depot'.⁶⁹ This initiative is designed to improve cargo handling and ease port congestion which has been a persistent challenge in Nigeria's logistics sector. By establishing an inland depot, the project aims to decongest busy seaports, streamline the movement of goods, and reduce turnaround times for cargo operations. This, in turn, is expected to lower logistical costs and enhance the efficiency of Nigeria's trade and export processes, contributing significantly to the country's economic competitiveness both regionally and globally. The Build, Own, Operate, and Transfer (BOOT) model of concession is considered by the ICRC as the most suitable for the concession of the Dagbolu ICD in Osogbo because it is in tandem with the existing policy and legislative framework, which approved concessions as a model for the private sector's involvement in the nation's port sector.⁷⁰

Another significant project in the pipeline is the 'Omi-Kampe Dam Project'.⁷¹ This project focuses on harnessing hydroelectric power to boost

<<https://www.reuters.com/markets/commodities/nigeria-signs-2-billion-deal-revamp-gas-plant-aluminium-smelter-2024-11-2>> accessed 14 February 2025.

⁶⁷ Ibid

⁶⁸ Ibid

⁶⁹ Infrastructure Concession Regulatory Commission ICRC, '**Dagbolu Inland Container Depot**' <<https://ppp.icrc.gov.ng/project/244/dagbolu-inland-container-depot>> accessed 14 February 2025

⁷⁰ Ibid

⁷¹ Infrastructure Concession Regulatory Commission Act '**Omi-Kampe Dam**' <<https://ppp.icrc.gov.ng/project/107/omi-kampe-dam>> accessed 14 February 2025

the region's energy supply which is a very important need given Nigeria's ongoing power challenges. By tapping into renewable energy resources, the dam project is intended to diversify the country's energy mix and provide a more reliable, sustainable source of electricity. In addition to generating power, the project may also support agricultural irrigation and water supply, thereby delivering broader socio-economic benefits. To attract private sector technical expertise and financial resources for the generation and distribution of power to industrial and domestic consumers, the PPP model is Finance, Build, Own, Operate, Train, Transfer (FBOOTT). These projects highlight Nigeria's strategic use of PPPs to address long-standing infrastructure deficits.

Another example is the Fourth Mainland Bridge which is one of Lagos State's flagship infrastructure projects, implemented through a PPP to ease chronic traffic congestion and improve connectivity between Lagos Island and the mainland. The project, spanning approximately 38 kilometers, is designed to link Lagos Island via Lekki and Ikorodu across the Lagos Lagoon to Itamaga. Under the PPP model, private partners are engaged to design, build, finance, operate, and maintain the bridge over a defined concession period before eventual transfer back to the state which is known as the DBFOMT (Design, Build, Finance, Operate, Maintain, and Transfer) approach.⁷² In December 2022, the Lagos State Government announced that the CCECC-CRCCIG Consortium had been selected as the preferred bidder, marking a crucial step toward finalizing the project's execution plan.⁷³ This decision paved the way for the next phase of implementation, as it signaled confidence in the consortium's capability to manage such a large-scale project. Following this, on November 8, 2023, the Lagos government confirmed that a contractor had been chosen for the bridge's construction. The state now anticipates that, once

⁷²PPP Lagos, 'The Fourth Mainland Bridge' Oct 20,2022 <https://ppplagos.lagosstate.gov.ng/project-details/the-fourth-mainland-bridge-4mb?utm_source=>accessed 14 February 2025

⁷³ Joshua Bassey, '\$2.5bn Fourth Mainland Bridge for Completion 2027' Business Day (1 January 2023) <<https://businessday.ng/news/article/2-5bn-fourth-mainland-bridge-for-completion-2027-lasg/>> accessed 14 February 2025.

construction begins, the project will be completed within four years which puts it in 2027.⁷⁴

This PPP arrangement allows Lagos to leverage significant private sector investment and expertise while minimizing the fiscal burden on the government. The contract includes clearly defined performance benchmarks, risk-sharing mechanisms, and revenue streams through toll collections, ensuring that private partners can recover their investments while delivering a high-quality, sustainable infrastructure asset. Ultimately, the Fourth Mainland Bridge is expected to not only transform traffic and logistics in Lagos but also to spur broader economic development in the region.⁷⁵

The Lagos Rail Mass Transit system is a prime example of how Public–Private Partnerships (PPPs) can be leveraged to transform urban mobility in megacities. Under the PPP arrangement, the Lagos Metropolitan Area Transport Authority (LAMATA)⁷⁶ partnered with private investors and construction consortia to finance, design, construct, and eventually operate the rail lines. This model has enabled the state to tap into private sector efficiency and technical expertise while sharing the financial and operational risks. The PPP approach was pivotal in the timely inauguration of the Blue Line on September 4, 2023,⁷⁷ and the subsequent formal launch of the Red Line on February 29, 2024,⁷⁸ both of which represent significant milestones in reducing Lagos's notorious traffic congestion and enhancing overall connectivity.

⁷⁴ Ibid

⁷⁵ Ibid

⁷⁶ Lagos Rail Mass Transit, 'Lagos Metropolitan Area Transport Authority' (2025) <https://web.archive.org/web/20620332/http://www.lamata-ng.com/rail_services.php> accessed 14 February 2025.

⁷⁷ Bolaji, Samuel, 'Lagos Blue Line rail begins operations September 4'. Punch Nigeria. <<https://punchng.com/lagos-blue-line-rail-begins-operations-september-4/>> accessed 14 February 2025.

⁷⁸ Emele Onu, 'Lagos Opens Second Rail Line to Ease the World's Worst Traffic' Bloomberg.com (29 February 2024) <<https://www.bloomberg.com/news/articles/2024-02-29/lagos-opens-second-rail-line-to-ease-the-world-s-worst-traffic>> accessed 14 February 2025.

By adopting the PPP model, the government effectively shifted a substantial portion of the project's burden, both financial and technical, to capable private sector partners. This collaboration not only accelerates the delivery of critical infrastructure but also ensures sustainable long-term operation through performance-based contracts and clear risk-sharing mechanisms. Private partners are responsible for providing the necessary rolling stock, maintenance, and day-to-day management of the rail lines, while the state maintains oversight and sets strategic objectives. Overall, the PPP arrangement for Lagos Rail Mass Transit is a forward-thinking approach to urban development, combining public oversight with private sector dynamism to create a modern, efficient, and economically beneficial transit network.

Nigeria has also executed several major Public-Private Partnership (PPP) projects aimed at enhancing infrastructure development across various sectors. Notable among these is the concession of Nigerian ports, which attracted an estimated \$2 billion investment to improve cargo handling operations.⁷⁹ Similarly, the Murtala Mohammed Airport (MMA2) concession was valued at approximately N38 billion, highlighting efforts to modernize the country's aviation infrastructure.⁸⁰ Other significant projects include the Lagos-Ibadan Expressway concession, worth about N167 billion,⁸¹ and the Lekki-Epe Expressway Concession, estimated at \$450 million.⁸² Additionally, the recent concession of railway lines to General Electric, with an investment of over \$2.2 billion, marks another

⁷⁹ Okeke Adaora and Kalu Alexander, 'Port Concession and the Quality-of-Service Delivery in Nigerian Ports Authority' (2019) 3(2) *International Journal of Research in Business, Economics and Management* 1-27.

⁸⁰ Sunday Bontur Lugard, 'Risks and Challenges in Public-Private Partnership Projects in Nigeria: A Case Study of the Concession of Murtala Mohammed Airport 2 Terminal (Lagos) to Bi-Courtney Nigeria Ltd' (2020) 6(4) *KAS African Law Study Library* 563-76.

⁸¹ Ebekozen Andrew and Samsurijan Mohamad, 'Concession of Public Infrastructure: Pitfalls and Solutions from Construction Consultants' Perspective' (2022) 23(5) *Asian Journal of Civil Engineering* 753-64.

⁸² Arimoro Augustine, 'Impact of Community Stakeholders on Public-Private Partnerships: Lessons from the Lekki-Epe Concession Toll Road' (2015) 3(7) *International Journal of Law and Legal Studies* 165-67

significant step in leveraging private sector participation to revamp Nigeria's transport sector.⁸³

The port concession was introduced to address inefficiencies, as Nigerian ports were once among the most expensive in the world due to frequent tariff hikes and poor service delivery. By handing over cargo handling operations to 25 private terminal operators for a concession period of 15-25 years, significant improvements have been recorded, including reduced ship waiting times and enhanced vessel turnaround.⁸⁴ Meanwhile, the Lagos-Ibadan Expressway project, initially awarded to Bi-Courtney Limited under a Design-Build-Operate-and-Transfer (DBOT) model for 25 years, faced setbacks due to political interference, lack of transparency, and management challenges, ultimately preventing its successful execution.⁸⁵

Similarly, the Lekki Toll-Road Concession was structured under a 30-year Design-Build-Finance-Operate (DBFO) agreement between the Lagos State Government and Lekki Concession Company (LCC). With an investment of approximately \$450 million, the project aimed to expand and upgrade key road networks, including the Eti-Osa Lekki-Epe Expressway, Falomo Bridge Ramp, and a 20 km Coastal Road. However, the project encountered challenges such as public opposition to toll collection, legal disputes, and political interference, which have affected its smooth operation.⁸⁶ Despite these hurdles, these PPP initiatives demonstrate Nigeria's commitment to private sector collaboration in

⁸³ Monsurat Omotayo, 'Developing Public-Private Partnership (PPP) in Nigerian Railway Corporation: The Governance Challenge' (Doctoral dissertation, University of Manchester) 2020

⁸⁴ Okeke Adaora & Kalu Alexander, 'Port Concession and The Quality-of-Service Delivery in Nigerian Ports Authority International' (2019) 3(2) *Journal of Research in Business, Economics and Management*, 1-27.

⁸⁵ Ebekozien Andrew and Samsurijan Mohamad, 'Concession of Public Infrastructure: Pitfalls and Solutions from Construction Consultants' Perspective' (2022) 23(5) *Asian Journal of Civil Engineering*, 753-764.

⁸⁶ Arimoro Augustine, 'Impact of Community Stakeholders on Public-Private Partnerships: Lessons from The Lekki-Epe Concession Toll Road' (2015) 3(7) *International Journal of Law and Legal Studies*, 165- 167.

infrastructure development, though addressing transparency and stakeholder concerns remains crucial for their success.

3. GAPS IN EXISTING LAWS REGULATING PPPs IN NIGERIA

Nigeria operates under a federal system where legislative powers are divided among three levels of government: federal, state, and local authorities. The Constitution categorizes these powers into two primary lists: the exclusive list, which is solely under federal jurisdiction, and the concurrent list, which both the federal and state governments can legislate on.⁸⁷ Additionally, there is an implied third category, the residual list, which falls exclusively under state government control. As a result of this power structure, both federal and state laws govern Public-Private Partnerships (PPPs) in Nigeria. The jurisdiction over a specific PPP project depends on the type of infrastructure involved, determining whether private investors engage with state authorities, federal agencies, or both. For example, infrastructure such as roads and electricity fall under the concurrent list, allowing both federal and state governments to regulate them. Consequently, various legislative frameworks exist at both levels of government to oversee PPPs, working alongside other regulations such as state planning laws, taxation statutes, and contract laws, which are largely influenced by English common law principles.

At the federal level, Nigeria's PPP legal framework is complex, consisting of overlapping and, at times, conflicting policies and regulations.⁸⁸ Currently, any proposed PPP project may fall under one or more legal statutes, including the Infrastructure Concession Regulatory Commission (ICRC) Act, the Public Enterprises (Privatisation and Commercialisation) Act, or the Public Procurement Act. The ICRC Act, enacted in 2005, serves as the primary legislation guiding private sector involvement in infrastructure projects. It grants ministries, departments, and agencies

⁸⁷Constitution of the Federal Republic of Nigeria, 1999 (as amended), s 4(2)

⁸⁸ George Nwangwu, 'The Legal Framework for Public-Private Partnerships (PPPs) In Nigeria: Untangling the Complex Web' (2012) 74 *European Procurement and Public Private Partnership Law Review* 268-277.

(MDAs) the authority to enter into agreements or grant concessions to private entities for financing, developing, operating, and maintaining public infrastructure.⁸⁹ The ICRC, established under this law, is tasked with overseeing concession agreements and ensuring compliance.⁹⁰ However, despite being labeled a "regulatory" body, the ICRC lacks direct authority over economic or technical regulations in PPP projects. The Privatisation Act, on the other hand, outlines the legal structure for the sale and commercialisation of public assets. It establishes the National Council on Privatisation (NCP) as the primary body responsible for setting and managing privatisation policies.⁹¹ Additionally, the Bureau of Public Enterprises (BPE) was created under this law to execute privatisation transactions.⁹² Several concessions, including those for seaports, trade fair complexes, power plants, and the National Theatre, have been handled by the BPE under this legislation. However, the BPE's involvement in concessions has created a jurisdictional conflict with the ICRC, which is officially responsible for PPP oversight under the ICRC Act. This overlap has led to disputes and regulatory uncertainty.

The Public Procurement Act governs the acquisition of goods and services by the federal government and other public entities that receive at least 35% of their funding from the national budget.⁹³ However, it does not apply to procurement processes at the state level. The law does not explicitly mention PPP arrangements, leading to the assumption that it only applies to traditional government procurement rather than PPP contracts.⁹⁴ To address this, the ICRC has introduced guidelines under the National PPP Policy,⁹⁵ creating friction between regulatory institutions, particularly regarding the scope of the Procurement Act in infrastructure projects. Other relevant laws affecting PPPs include the Debt

⁸⁹Infrastructure Concession Regulatory Commission Act 2005, s 1.

⁹⁰ Infrastructure Concession Regulatory Commission Act 2005, s 14, 15, 16 and 17.

⁹¹ Public Enterprises (Privatisation and Commercialisation) Act 1999.

⁹² Part III of the Public Enterprises (Privatisation and Commercialisation) Act

⁹³ Procurement Act, No.14 2007, s 15.

⁹⁴ Ibid

⁹⁵ Part 1 of the Supplementary Notes to the National Policy on Public Private Partnership (PPP).

Management Act⁹⁶ and the Fiscal Responsibility Act. The Debt Management Office (DMO), established under the Debt Management Act, is responsible for managing Nigeria's internal and external debt, including risks and currency exposure.⁹⁷ Since PPP projects often require government-backed borrowing or guarantees, the DMO plays an indirect role in PPP financing. However, no clear policy addresses how fiscal liabilities from PPPs should be managed. Similarly, the Fiscal Responsibility Act aims to enhance financial accountability by limiting government borrowing and expenditure. The Fiscal Responsibility Commission, created under this Act, oversees compliance and ensures financial prudence in public spending, including PPP-related fiscal commitments.⁹⁸

There is also the Federal **Highways Act of 1971** which grants the Minister of Works and Housing authority over the management, planning, construction, maintenance, and regulation of Federal highways in Nigeria.⁹⁹ This includes the power to erect and operate toll gates, subject to presidential approval. The Act implies that any concession of federal roads requiring tolling must have ministerial consent. However, the Infrastructure Concession Regulatory Commission (ICRC) Act does not reference or provide any saving provision for this legislation, creating a potential legal gap. The **Utilities Charges Commission Act of 1992** establishes the Utilities Charges Commission to regulate tariffs for public utilities such as electricity, telecommunications, transport, and ports. The Commission advises the government on tariff structures, monitors pricing, and maintains an information system on utility charges. Its approval may be necessary when setting tariffs between private investors and the government.¹⁰⁰

⁹⁶ Debt Management Office (Establishment, etc.). Act No. 18 of 2003.

⁹⁷ Ibid, s 4.

⁹⁸ Ibid s. 6.

⁹⁹ Federal Highways Act 1971, s b2

¹⁰⁰ Olufemi Soyaju, 'Legal Framework for Public Private Partnership in Nigeria' <<https://scielo.org.za>> accessed 14 February 2025.

The **Fiscal Responsibility Act of 2007 (FRA)** aims to ensure prudent management of public finances, macroeconomic stability, and transparency in fiscal operations. It establishes the Fiscal Responsibility Commission (FRC),¹⁰¹ which oversees compliance with fiscal policies, compels disclosure of financial information, and promotes international best practices in public finance management.¹⁰² The FRA also mandates the Debt Management Office to maintain a database of public debt and sets limits on consolidated government debt. It allows citizens to enforce its provisions through legal action at the Federal High Court.¹⁰³ The **National Planning Commission Act of 2007** creates the National Planning Commission (NPC) to formulate and coordinate national development plans. Its responsibilities include addressing national economic issues, aligning policies with constitutional objectives, and overseeing project coordination within the federal budget framework. While the Act does not explicitly mention public-private partnerships (PPPs), coordination with the ICRC is necessary to align infrastructure planning with private-sector participation.

Additionally, several sector-specific laws were enacted before Nigeria's economic reforms, emphasizing public sector-led infrastructure development. These include the Federal Airports Authority of Nigeria Act (2004), the Civil Aviation Act (2006), the National Inland Waterways Authority Act (2004), and the Nigerian Railway Corporation Act (1955). Later, reform-oriented laws such as the Nigerian Communications Act (2003), and the Nigerian Ports Authority Act (1999), facilitated private sector involvement. Regulatory bodies like the Nigerian Electricity Regulatory Commission (NERC) and the National Communication Commission (NCC) were established to oversee private sector activities in electricity, energy, and telecommunications.

Given the complexity of Nigeria's regulatory environment, investors in PPP projects face significant legal uncertainties. One of the major challenges stems from the overlapping responsibilities assigned to the

¹⁰¹ Fiscal Responsibility Act 2007, s 1

¹⁰²Ibid, s 3

¹⁰³ Fiscal Responsibility Act 2007 s 51

ICRC and the BPE, leading to disputes over which agency has the authority to oversee and enforce certain PPP agreements. Moreover, various sector-specific laws, such as the Electric Power Sector Reform Act which has been repealed and replaced by the Electricity Act 2023 (as amended), consolidate laws related to the Nigerian electricity supply industry and assign regulatory authority to different agencies, further complicating governance. This fragmented regulatory landscape reveals the need to harmonize PPP-related laws and ensure better coordination among the various institutions involved.

4. THE IMPORTANCE OF ADVANCING PUBLIC-PRIVATE PARTNERSHIP FOR SUSTAINABLE ECONOMIC DEVELOPMENT IN NIGERIA

PPPs can be used as an effective tool in Nigeria to drive sustainable economic development. It can be used to improve faster service delivery, promote economic diversification, and tackle infrastructural deficits. In situations where the government finds it hard to manage large-scale projects, PPPs can be an effective tool especially when the private sector's resources, efficiency, and expertise are utilized to complement the public sector's initiatives. PPPs are important for bridging Infrastructural gaps.¹⁰⁴ Nigeria faces significant infrastructural challenges in key sectors such as energy, transportation, healthcare, and education. The government alone struggles to fund and execute large-scale infrastructure projects due to budgetary limitations. PPPs enable the private sector to invest in critical infrastructure, ensuring timely project completion and improved quality of service. This collaboration not only enhances the country's economic competitiveness but also improves the standard of living for its citizens.

Private sector involvement in public projects introduces efficiency, technological innovation, and global best practices.¹⁰⁵ Unlike traditional

¹⁰⁴ Cui Caiyun, 'Review of Studies on the Public-Private Partnerships (PPP) for Infrastructure Projects' (2018) 36(5) *International Journal of Project Management* 773-94.

¹⁰⁵ Rouboutsos Athena, and Stéphane Saussier, 'Public-Private Partnerships and Investments in Innovation: The Influence of the Contractual Arrangement' (2014) 32(4) *Construction Management and Economics* 349-61.

public sector projects, which are often marred by delays, corruption, and mismanagement, PPPs encourage performance-based contracts that hold private entities accountable for delivering high-quality services within agreed timelines. Additionally, private firms bring advanced technologies and innovative solutions that improve infrastructure and service delivery. Additionally, it is a known fact that Nigeria's economy remains heavily reliant on oil revenues, making it vulnerable to global price fluctuations. Advancing PPPs can help diversify the economy by promoting investments in agriculture, manufacturing, ICT, and renewable energy.¹⁰⁶ This diversification creates employment opportunities, boosts productivity, and strengthens other economic sectors, thereby reducing dependency on oil exports.

Advancing PPPs in Nigeria can also attract domestic and foreign investors.¹⁰⁷ A well-structured PPP framework enhances investor confidence by providing clear regulations, risk-sharing mechanisms, and incentives for private sector participation. When the government ensures a transparent and stable investment climate, both local and foreign investors are more likely to commit funds to large-scale projects. Increased investment contributes to economic growth, infrastructure expansion, and long-term development. The involvement of private entities in key public services such as healthcare, education, and transportation can improve public service delivery such as quality, accessibility, and affordability.¹⁰⁸ For instance, private-sector participation in healthcare can lead to better-equipped hospitals, modern medical technologies, and improved patient care. Similarly, education sector partnerships can create facilities,

¹⁰⁶ Biygautane Mhamed, Cristina Neesham, and Khalid Othman Al-Yahya, 'Institutional Entrepreneurship and Infrastructure Public-Private Partnership (PPP): Unpacking the Role of Social Actors in Implementing PPP Projects' (2019) 37(1) *International Journal of Project Management* 192-219.

¹⁰⁷ Robert Osei-Kyei, Ayirebi Dansoh, and Joseph Ofori-Kuragu, 'Reasons for Adopting Public-Private Partnership (PPP) for Construction Projects in Ghana' (2014) 14(4) *International Journal of Construction Management* 227-38

¹⁰⁸ Steyn Steyn and Van Heerden, 'Public-Private Partnerships as Solutions to Service Delivery Problems' (2011) 19(3) *Administratio Publica* 167-82.

curriculum development, and vocational training, ensuring a skilled workforce for Nigeria's growing economy.

PPPs are also important for reducing the government's financial burdens and debts.¹⁰⁹ The Nigerian government faces significant budgetary constraints, making it difficult to finance large-scale projects independently. PPPs help alleviate this burden by leveraging private-sector financing. This approach allows the government to focus on regulatory oversight while the private sector provides funding and operational expertise, ensuring the sustainability of projects without excessive reliance on public funds. PPPs can also strengthen governance and institutional capacity because well-implemented PPPs encourage transparency, accountability, and efficient project management.¹¹⁰ By establishing clear legal and regulatory frameworks, Nigeria can mitigate risks associated with corruption, bureaucratic inefficiencies, and project delays. Strengthening institutions responsible for managing PPPs will also ensure fair risk-sharing agreements, protect public interests, and foster long-term economic sustainability.

Overall, advancing Public-Private Partnerships is essential for Nigeria's sustainable economic development, and for PPPs to reach their full potential, the government must establish a robust regulatory framework, ensure transparency, and create an enabling environment that encourages private sector participation. These partnerships will position Nigeria for long-term prosperity and global economic competitiveness.

4.1 Key Sectors for Advancing Public-Private Partnerships (PPPs) in Nigeria

Having discussed the importance of advancing PPPs in Nigeria, it is important to note that various key sectors stand out as prime candidates

¹⁰⁹ McQuaid Ronald and Walter Scherrer, 'Changing Reasons for Public-Private Partnerships (PPPs)' (2010) 30(1) *Public Money & Management* 27-34.

¹¹⁰ Sabry Mohamed Ismail, 'Good Governance, Institutions and Performance of Public-Private Partnerships' (2015) 28(7) *International Journal of Public Sector Management* 566-82.

for PPP engagement due to their role in national development and their attractiveness to investors. The first of which is the energy and power sector. Having a reliable electricity supply is essential for industrial growth and economic stability. With the repeal of the Electric Power Sector Reform Act (EPSRA) and the enactment of the Electricity Act 2023, the power sector now operates under a more decentralized regulatory framework, allowing both state and federal governments to engage in electricity generation, transmission, and distribution. PPPs can help address challenges such as inadequate power generation, aging transmission infrastructure, and poor distribution networks. Investments in renewable energy, such as solar and wind projects, are also gaining traction under PPP arrangements.¹¹¹

Secondly, there is the infrastructure and transportation sector under which there are developments of roads, highways, railways, ports and airports. Nigeria's road network is vital for trade, commerce, and connectivity, but many roads suffer from poor maintenance and congestion. Through PPPs, private entities can fund, construct, and manage expressways, toll roads, and bridges, ensuring better infrastructure while recouping investments through toll collection.¹¹² Also, a well-functioning railway system can ease pressure on roads and facilitate the movement of goods and people. The concession of rail lines to private operators, such as the Nigerian Railway Corporation's agreement with General Electric, highlights the potential for PPPs in revamping rail infrastructure. Most importantly are Nigeria's ports and airports which has an important role in international trade and tourism. The concession of port terminals to private operators can improve efficiency, reduce congestion, and increase investment in modern infrastructure.

¹¹¹ Ugwu, Munachi Chikodili, Adefolake Olachi Adewusi, and Naomi Emeka Nwokolo, 'The Role of Public-Private Partnerships in Building Clean Energy Infrastructure in the United States and Nigeria' (2024) 6(4) *International Journal of Management & Entrepreneurship Research* 1049-68.

¹¹² Mark Ochala, 'Public-Private Partnerships (PPPs) in Infrastructure Development in Nigeria: Evaluating Success and Challenges' (2024) *University of Africa Journal of Governance and Politics* 68.

Additionally, the healthcare sector is a very important area of priority for PPPs, especially given Nigeria's need for better medical facilities, equipment, and services. Partnerships between the government and private entities can improve access and affordability to quality healthcare through the construction and management of hospitals, diagnostic centers, and specialized health facilities. Notably also is the fact that providing clean water and effective sanitation remains a challenge in many parts of Nigeria. PPPs can help improve water supply infrastructure, particularly in rural and certain urban areas, through investments in water treatment plants, distribution networks, and wastewater management systems. There is also the housing and urban development sectors. PPPs can facilitate large-scale housing projects by allowing private developers to partner with the government to construct and manage housing estates.

Finally, with the rise of the digital economy, PPPs can play a key role in expanding broadband penetration, enhancing digital connectivity, and modernizing IT infrastructure. Investments in smart city projects, data centers, and e-government solutions can enhance Nigeria's technological ecosystem and support economic diversification. The strategic engagement of PPPs can provide an avenue for addressing Nigeria's infrastructure gaps across multiple sectors as discussed above.

5. CHALLENGES IN ADVANCING PUBLIC-PRIVATE PARTNERSHIPS IN NIGERIA

Public-private partnerships (PPPs) have the potential to drive infrastructure development and economic growth in Nigeria. However, their implementation is often hindered by several challenges, ranging from regulatory and legal bottlenecks to financial constraints and public resistance. These challenges create an uncertain business environment that discourages private sector participation and affects the long-term sustainability of PPP projects. Some of the challenges will be discussed in this section.

a) Lack of Proper Regulatory Framework and Legal Uncertainties: One of the most pressing challenges in advancing PPPs in Nigeria is the lack of

a unified and well-defined regulatory framework. The existence of multiple and sometimes conflicting laws governing PPPs creates confusion about which agency has jurisdiction over certain projects. Additionally, inconsistencies in government policies, frequent changes in political leadership, and bureaucratic inefficiencies further complicate the approval and execution of PPP agreements. The slow pace of the judicial system in resolving contract disputes also discourages investors, as legal battles over concession agreements can drag on for years without resolution.¹¹³

b) Financial Constraints and Limited Access to Long-Term Funding: Infrastructure development under PPP arrangements requires significant capital investment, often over extended periods. However, raising long-term financing remains a major challenge in Nigeria. The country's banking sector is not well-equipped to provide long-term credit for large-scale projects, and the local capital market, particularly the bond market, is still underdeveloped. While international financing options exist, high risks associated with Nigeria's economic and political climate make borrowing from foreign sources more difficult and expensive. As a result, many PPP projects face delays or are abandoned due to insufficient funding.¹¹⁴

c) Political Interference and Instability: Political instability and frequent leadership changes in Nigeria often disrupt ongoing PPP projects. A new government may decide to halt, renegotiate, or even cancel existing concession agreements for political reasons, discouraging private sector involvement. Furthermore, bureaucratic bottlenecks and undue political

¹¹³ Victor Enebeli and David Njoku, 'An Evaluation of the Legal and Regulatory Framework for Public-Private Partnership (PPP) in Nigeria' (2022) 118 *Journal of Law, Policy & Globalization* 31.

¹¹⁴ Oluwaseyi Isaiah Alamu et al, 'Addressing Infrastructure Deficits through Public-Private Partnership Funding of Public Projects in Nigeria: A Review' (2024) 19(3) *TWIST Journal* 130-38.

interference in procurement and contract execution create an unpredictable investment environment that deters potential investors.¹¹⁵

d) **Public Perception and Stakeholder Resistance:** Public-private partnerships often face resistance from labor unions, civil servants, and the public, who perceive them as a means of privatizing public assets for private gain. In some cases, workers fear job losses or unfavorable working conditions under private management. Additionally, a lack of transparency in project execution and concerns over corruption further fuel skepticism, making it difficult to secure public buy-in for PPP initiatives. This resistance can lead to protests, legal challenges, and delays in project implementation.

e) **Weak Institutional Capacity:** Successful PPP implementation requires strong institutional capacity, including well-trained personnel, efficient regulatory agencies, and effective monitoring mechanisms. However, many government institutions responsible for overseeing PPPs in Nigeria lack the necessary expertise and resources to effectively manage these partnerships. Weak contract enforcement, poor project monitoring, and corruption further weaken the institutional framework, leading to inefficiencies and project failures.

Despite their potential to address Nigeria's infrastructure deficit, PPPs face significant hurdles that must be addressed to ensure their success. Without these reforms, the challenges facing PPP projects will continue to hinder their effectiveness and limit their contribution to national development.

5.1. RECOMMENDATIONS

To fully harness the potential of Public-Private Partnerships (PPPs) for sustainable economic development in Nigeria, there is a need for strategic reforms, strong regulatory frameworks, and proactive government

¹¹⁵ Babatunde, Solomon Olusola, Srinath Perera, Lei Zhou, and Chika Udejaja, 'Barriers to Public-Private Partnership Projects in Developing Countries: A Case of Nigeria' (2015) 22(6) *Engineering, Construction and Architectural Management* 669-91.

policies. A well-defined and transparent legal framework is essential for attracting private sector investments in PPP projects. Nigeria needs to strengthen existing PPP laws by ensuring clear guidelines on contract enforcement, risk allocation, and dispute resolution. The government should also streamline regulatory approvals to eliminate bureaucratic delays that discourage investors. Also, effective PPP implementation requires strong institutions and governance with technical expertise to negotiate and manage partnerships. The Nigerian government should invest in capacity-building initiatives for public officials involved in PPP projects. Establishing dedicated PPP units at federal and state levels will also improve coordination, ensure accountability, and reduce inefficiencies in project execution.

Moreover, the creation of a stable and transparent investment environment is vital for attracting local and foreign investors. The government must address concerns such as policy inconsistency, regulatory bottlenecks, and corruption. The provision of tax incentives, guarantees, and risk-sharing mechanisms can further boost investor confidence and encourage private sector participation in critical infrastructure projects. One of the biggest barriers to successful PPPs is inadequate funding and high financial risks. The government should explore diverse financing models, including infrastructure bonds, development finance institutions, and blended finance approaches. Additionally, risk-sharing frameworks such as sovereign guarantees, viability gap funding, and public sector support should be introduced to make projects more attractive to investors.

To prevent corruption and mismanagement in PPP projects, the government must ensure transparency in the bidding, procurement, and contract execution processes. Adopting digital platforms for project monitoring, enforcing due diligence, and conducting independent audits can help build trust between the public and private sectors. Nigeria should also prioritize PPPs in key sectors such as transportation, healthcare, education, power, and ICT. Each sector requires tailored policies and frameworks to address its unique challenges. For instance, in the power sector, PPPs can facilitate off-grid renewable energy solutions, while in

healthcare, partnerships can improve hospital infrastructure and service delivery.

Public support and stakeholder collaboration are essential for the success of PPPs. The government should actively engage with businesses, civil society, and local communities to create awareness about the benefits of PPPs. Encouraging open dialogue and stakeholder participation in decision-making processes will enhance project sustainability and acceptance. Finally, the integration of digital technologies can improve the efficiency of PPP projects. Smart infrastructure solutions, automated monitoring systems, and data-driven decision-making can enhance project execution, reduce costs, and improve service delivery. The government should also explore fintech solutions to streamline PPP financing and payment systems. By creating a transparent and investor-friendly environment, Nigeria can unlock private sector investments, accelerate infrastructure development, and drive long-term economic sustainability. Implementing these strategies will position PPPs as a cornerstone for national development and economic growth.

6. CONCLUSION

Public-private partnerships (PPPs) have come to be widely accepted as a viable strategy in addressing Nigeria's infrastructural and economic challenges through utilizing private sector resources, expertise, and efficiencies. However, success in implementing PPPs will hinge on a combination of such factors as having a clear and stable regulatory framework; transparent governance; and an enabling investment environment. With considerable progress in Nigeria's adoption of this important initiative in various sectors, including transportation, energy, and healthcare, issues such as legal uncertainty, shortage of finance, and political interference still constrain the functionality of these institutions. To bring PPPs on board as a mechanism for sustainable economic development in Nigeria, there has to be a more coordinated and transparent approach to project implementation by the government. Having a strong institutional framework and entrenchment of risk-mitigation strategies for investors will be key in diminishing regulatory plugging gaps. There should also be an increase in creating awareness for

stakeholders and having a strong online and offline media consciousness will further enhance sustainability and public confidence in PPP projects. Depending on their structuring and management, PPPs can serve as very significant vehicles for transforming Nigeria's economy as noted in its importance. By addressing the current challenges and fueling some strategic reforms, Nigeria will be able to enjoy the full benefits of public-private partnership in the development of longer-term infrastructure, job creation, and ultimately resilience in the economy. In the long run, building a consistent, accountable, and innovative policy framework will be critical in positioning PPPs as a sustainable mechanism for national growth and development.