



# Effectiveness of Public-Private Partnership Initiatives on Transportation Management in Nigeria: Empirical from Lagos Metropolitan Area Transport Authority (Lamata)

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## Abstract

Public-Private Partnership is a model of New Public Management advocating for private sector involvement in the core function of government, especially social service delivery. The study examined the effectiveness of Public-Private Partnership on the transportation management in Nigeria using Lagos Metropolitan Area Transport Authority (LAMATA) as area of study. It reviews the concept of Public Private Partnership, relevant empirical and adopted transaction cost theory. The study adopted descriptive research design with administration of 77 questionnaires to randomly selected respondents that represents 40% of the total population. Also, interview was conducted for 3 selected heads of unit in LAMATA office, to elicit information on the study. The study discovered that Public Private Partnership has improved procurement of vehicle for public transport, reduce traffic and enhance revenue generation of the government. It concluded among other, that Public Private Partnership has been able to improve transportation service in Lagos state.

**Keywords:** Public-private partnership; New public management; Concession; Risk-sharing; Metropolitan.

## 1. Introduction

Traditionally, responsibility for the provision of social services rest with the government through effective and efficient utilization of resource at disposal for the wellbeing of the citizen. Improvement in human life, environment, health, technology, as well as globalization trend has shifted the sole responsibility of social service provision from government alone. The new development advocated for private sector participation in the provision of social services through contractual obligation called Public Private Partnership.

In Nigeria and other emerging market like Malaysia, South Africa, Thailand, Argentina and Hungary, government have engaged in Public Private Partnership (PPP's) to seek new source of long term-investment capital as well as management expertise and new technologies. However, whether governments have entered in partnership for reasons of operating efficiency or expanded capital investment, public private partners require a high degree of project structuring in order to become financeable.

Infrastructure Concession Regulatory Commission, Nigeria in 2017 analysed Public Private Partnership as government service or private business venture which is funded and operated through a partnership between a government and one or more private sector companies. This affirms that, the arrangement involves some form of risk-sharing between the public and private sector in the provision of infrastructure or services. The sharing of risk with private partners is the key feature that distinguish PPP from traditional public service delivery.

The consistent failure of government to provide adequate infrastructural facilities to their people has hindered economic development. The main goal of infrastructural development consists of achieving prosperity, peace and anchored on reinforcing manufacturing and agricultural productive capacity, education, manpower development and expansion of economic infrastructure. The capacity of an economy to achieve these developmental goals depends on the quantity and quality of its infrastructural facilities (Duru, 2008).

According to United Economic Commission (2002) posited that Public Private Partnership (P3) are well known instrument. They are not only to cover road infrastructural but provide for a wide range of public service like Telecommunication, Water plant, Health care, Waste discharge, Power (Electricity), Housing, Education, transportation, among others. Public Private Partnership arrangement is made attractive by limitation in public fund and also by effort to increase the quality and efficiency of public services.

In Nigeria, greater effort to involve the private sector by government became apparent with the introduction of the Structural Adjustment Program (SAP) in 1986. The Obasanjo administration's National Economic Empowerment and Development Strategy (NEEDS), which also introduced an extensive socio-economic reform in 2003 also, has as its core program the restricting of government and the way government does things. Thus, there has been increasing involvement of private sector and non-profit organization following the world trend. Public-Private Partnership is not tantamount to total abandonment or withdrawal of the government in major service and public goods like roads, dam, hospital, defence and educational service, among others, (Marcellus, 2009).

Oyedele (2014), asserts that Public-Private Partnership is one of the public finance initiatives to share financial, technical and management risk in project development and management between a government and one or more private enterprises. The initiative is due to inherent problems noticed in the traditional model of public service

delivery such as substandard facilities or services, abandonment, influence of corruption in public service, lack of value for money expended, poor maintenance as well as mismanagement of revenue or proceed from the social service. The above resulted into initiatives that will prevent noticeable flaws in traditional model of public service delivery as well as ensure private sector participation, as a sort of partnership that will leads to combine resources to provide the infrastructure and service necessary for social, political and economic development of the country.

Lagos State Nigeria is one of the states at the forefront of adopting PPP in transportation management and other governmental services. The state is the most urbanized and industrialised state in Nigeria with a population of about 9,013,534 according to 2006 census and over 22,553,924 according to claims by the state government. Traffic is a major nuisance in most parts of Lagos State, Nigeria. The huge population in such a small state will not be without negative effect. This necessitates the state government introduction of Public-Private Partnership in the transport management to ensure reduction in the negative effect of population congestion on movement of people and goods, with regulatory agency being Lagos Metropolitan Area Transport Authority (LAMATA). This study tends to examine the effect of Public-Private Partnership in transportation management of Lagos State, Nigeria, to evaluate whether the adoption of the initiative is a worthwhile scheme, and has reduced problem identified with transportation system in the city.

## 2. Literature Review

The concept of public-private partnership has come to occupy an important place in public administration. However, the concept of public-private partnership falls short of a universally acceptable definition. Rather, scholars have defined and used the term differently but in a manner that suggests consensus in meaning and characteristics. [Marcellus \(2009b\)](#), defines public private partnership as “a model of the New Public Management (NPM) in which government collaborates with the private sector or other independent organisations in the provision of those public goods and services which the private and independent organisations can as well handle”. [Sava \(2001\)](#), shares similar view as he opined that public private partnership refers to any arrangement between a government and a private sector in which partially or traditionally public activities are performed by the private sector.

The above definitions suggest a collaborative effort based on mutual trust, division of labour and a comparative advantage in the sharing of responsibilities, risks and benefits between government and the private counterpart. [Henry \(2007\)](#), describes the PPP model as intersectoral administration. He posits that government is giving ground to governance, that is, the public, private and independent sectors increasingly are administering public programmes, delivering public services, and implementing public policies through contractual or collaborative arrangements. The government remains accountable for service quality, price certainty and cost effectiveness (value for money) of the partnership. “Under the public private partnership format, the government’s role gets redefined as one of facilitator and enabler, while the private partner plays the role of financier, builder and operator of the service or facility” ([Fadia and Fadia, 2011](#)).

[Allen Consulting Group \(2007\)](#), investigates cost performance and timeliness outcomes of public private partnership in Australia relative to budgetary provisions for the management and construction of public infrastructure projects. The study covers largely completed projects that were undertaken from the year 2000 to 2007. Drawing from a population of 206 projects, 50 of which were public private partnership financed, the study is based on detailed analysis of publicly available data for a sample of 21 PPP projects and 33 traditional projects. On the cost aspect they use value weighted analysis to test and estimate the optimism bias which is the possibility of underestimating costs and overestimating benefits from a PPP financed project.

[Barlow et al. \(2013\)](#), investigate relative costs and benefits of public private partnership in comparison with the traditional procurement methods in Scotland. The study covers all infrastructure public private partnerships projects implemented up to 2005 in that country. The approach involved sending questionnaires to the public authority and private sector contractor responsible for each operational public private partnerships as well as interviewing public and private sector public private partnership contract managers. 84% of the projects used PSC in project evaluation and indicated the public private partnership returned a saving versus the PSC. However, from the procurement and construction standpoint, the public private partnerships procurement process is shown to be expensive and particularly burdensome for small projects.

The study adopted transaction cost theory. This theory examines the circumstances under which cooperation agreements are the most efficient form of organization ([Williamson, 2002](#)). According to this theoretical approach, science-industry linkages can be explained by the fact that with increasing vertical disintegration, the necessity of exchange processes increases and thus the number of required transactions. Differentiation, technological complexity and interdependence lead to the increase in costs of activity coordination within enterprises, so that the pressure to search for external arrangements rises as well. But not only the firm internal transaction costs are rising, but also information asymmetries are increasing, resulting from production segmentation and bounded rationality of economic agents. As a matter of fact, the market - through the price mechanism - is not longer the most efficient form of resource coordination. The resulting question is that under what conditions companies opt for (firm internal) hierarchical coordination, for the market or for hybrid forms of cooperation. The answer is that in each case the most cost-effective variant should be sought. In this interpretation, transaction cost efficiency can be regarded as a motivation for public private partnerships.

## 3. Methodology

The study adopted descriptive research design through administration of questionnaire and conduct of in-depth interview to staff of Lagos Metropolitan Area Transport Authority (LAMATA), Lagos State, Nigeria. The

population of the study were 192 staff of LAMATA, in which 40% amounted to 77 staff were randomly selected for questionnaire purpose. Also, 3 heads of department were selected for interview purpose to elicit information on the effectiveness of Public-Private Partnership (PPP) initiative on transportation management in Lagos State. Questionnaire was used as the instrument for primary data collection while textbook, journal articles, government publication, newspapers and bulletins were used for secondary source of data. Data collected were analysed with the use of frequency distribution table, percentage and mean to rank the variables used to test effectiveness of PPP initiative on transportation management in Lagos State, with a view to provide recommendation that will improve the potency of the initiative.

## 4. Data Presentation and Interpretation

### 4.1. Response Rate and Data Analysis Table

Out of 77 questionnaire administered to staff of Lagos Metropolitan Area Transport Authority (LAMATA), Lagos State, Nigeria, 67 questionnaires are well filled, returned and useful for analysis, which amount to 87% of the total sampled respondents. The result of the 67 questionnaires returned was presented as follows;

**Table-4.1.** Effectiveness of Public-Private Partnership Initiative on Transportation Management in Lagos State, Nigeria

S/N	Questions	Mean Score	Rank	HE	ME	FE	NE	Total
1	Public-Private Partnership is effective in the procurement of vehicle for public transportation	2.42	1 <sup>st</sup>	45 (67.2%)	9 (13.4%)	9 (13.4%)	4 (6.0%)	67 (100%)
2	Public-Private Partnership is effective for proper maintenance of road and motor parks	0.67	8 <sup>th</sup>	4 (6.0%)	10 (14.9%)	13 (19.4%)	40 (59.7%)	67 (100%)
3	Public-Private Partnership has enhance movement of people to & fro their workplace in Lagos State	2.22	2 <sup>nd</sup>	36 (53.7%)	14 (20.9%)	13 (19.4%)	4 (6.0%)	67 (100%)
4	Initiation of Public-Private Partnership in Lagos transportation sector has improve government service delivery in the sector.	2.21	3 <sup>rd</sup>	31 (46.3%)	23 (34.3%)	9 (13.4%)	4 (6.0%)	67 (100%)
5	Public-Private Partnership has curb corruption in the transportation sector of Lagos State.	1.45	7 <sup>th</sup>	4 (6.0%)	26 (38.8%)	33 (49.3%)	4 (6.0%)	67 (100%)
6	Public-Private Partnership is an effective tool for transport service delivery in Lagos State	1.96	4 <sup>th</sup>	23 (34.4%)	22 (32.8%)	18 (26.9%)	4 (6.0%)	67 (100%)
7	Public-Private Partnership initiative in transport service of Lagos State has helped in traffic control and reduction	1.66	6 <sup>th</sup>	13 (19.4%)	22 (32.8%)	28 (41.8%)	4 (6.0%)	67 (100%)
8	Public-Private Partnership initiative in transportation management in Lagos State has increase revenue for government from the sector	1.94	5 <sup>th</sup>	22 (32.8%)	23 (34.3%)	18 (26.9%)	4 (6.0%)	67 (100%)

Source: Author's Fieldwork, 2019

Table 4.1 shows the result of responses and ranking of variables use to test the effectiveness of Public-Private initiative on transportation management in Lagos State. The result shows that Public-Private Partnership as an effective tool for the procurement of vehicle for public transportation was ranked first with a mean score of 2.42. It also shows that 67.2% of the total sampled respondents rated Public Private Partnership as highly effective in the procurement of vehicle for public transportation, 13.4% of the total sampled respondents rated it moderately effective, 13.4% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective in the procurement of vehicle for public transportation in Lagos State. Also, the result show that second rated variable with a mean score of 2.22, Public-Private Partnership has enhanced movement of people to & fro their workplace in Lagos State, shows that 53.7% of the total sampled respondents rated Public-Private Partnership as highly effective in enhancing movement of people to and fro their workplace in Lagos State, 20.9% of the total sampled respondents rated it moderately effective, 19.4% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective enhancing movement of people to and fro their workplace in Lagos State.

However, the result show that third rated variable with a mean score of 2.21, initiation of Public-Private Partnership in Lagos transportation sector has improve government service delivery in the sector, shows that 46.3% of the total sampled respondents rated initiation of Public-Private Partnership in transport sector of Lagos State as highly effective in improving government service delivery, 34.3% of the total sampled respondents rated it moderately effective, 13.4% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective in improving government service delivery. Also, the result show that fourth rated variable with a mean score of 1.96, Public-Private Partnership as an effective tool for transport service delivery in Lagos State, revealed 34.3% of the total sampled respondents rated Public-Private Partnership as an effective tool for transport service delivery in Lagos State as highly effective, 32.8% of the total sampled respondents rated it moderately effective, 26.9% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective in government service delivery.

Whereas, the fifth rated variable with a mean score of 1.94, Public-Private Partnership initiative in transportation management in Lagos State has increase revenue for government from the sector, revealed that 32.8% of the total sampled respondents rated Public-Private Partnership initiative in transportation management in Lagos State as highly effective in increasing revenue for government from the sector, 34.3% of the total sampled respondents rated it moderately effective, 26.9% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective in increasing revenue for government from the sector. Also, the sixth rated variable with a mean score of 1.66, Public-Private Partnership initiative in transport service of Lagos State has helped in traffic control and reduction, revealed that 19.4% of the total sampled respondents rated Public-Private Partnership initiative in transport service of Lagos State as highly effective in traffic control and reduction, 32.8% of the total sampled respondents rated it moderately effective, 41.8% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective in traffic control and reduction.

Moreover, the seventh rated variable with a mean score of 1.45, Public-Private Partnership has curb corruption in the transportation sector of Lagos State, discovered that 6.0% of the total sampled respondents rated Public-Private Partnership initiative in transport service of Lagos State as highly effective in curbing corruption in the transportation sector, 38.8% of the total sampled respondents rated it moderately effective, 49.3% of the total sampled respondents also rated it as fairly effective and 6.0% of the total sampled respondents rated it as not effective in curbing corruption in the transportation sector. Lastly, the eighth rated variable with a mean score of 0.67, Public-Private Partnership is effective for proper maintenance of road and motor parks, revealed that 6.0% of the total sampled respondents rated Public-Private Partnership initiative in transport service of Lagos State as highly effective in proper maintenance of road and motor parks, 14.9% of the total sampled respondents rated it moderately effective, 19.4% of the total sampled respondents also rated it as fairly effective and 59.7% of the total sampled respondents rated it as not effective in proper maintenance of road and motor parks.

## 5. Discussion of Findings

The study of effectiveness of Public Private Partnership (PPP) Initiative on transportation management in Lagos State discovered that there are varying effect based on the result of mean score from descriptive analysis. The result revealed that PPP is very effective in the procurement of vehicle for public transport in Lagos State, enhance movement of people to and fro workplace, improve government service delivery, increase government income, enhance traffic control and reduction as well as curb corruption in the sector, with failure to enhance proper maintenance of roads and motor parks. Content analysis of interview responses supported the result of the descriptive analysis that, Lagos State government procure all the vehicle being use and control by LAMATA through cooperation from private enterprises, after signing a Memorandum of Understanding with the State Government. It was also revealed that the partnership preceed the present regime in the state, with little modification during each regime since 2007, when it was firstly launched by former Governor, Babatunde Raji Fashola. [Atubi \(2010\)](#) in his finding supported one of the result of data analysed that, the traffic situation in Lagos is that bad because of the absence of effective transport planning; human – misuse, poor management route, inadequacy on the street parking, traffic congestion, delay and accident among other contributory factors, which requires both government and private effort to solve.

## 6. Conclusion and Recommendations

The study examined the effectiveness of Public Private Partnership initiatives on transportation management in Nigeria, with focus on Lagos Metropolitan Area Transport Authority (LAMATA). It was discovered that the model has improve the management as well as service delivery of transport sector in Lagos State, with noticeable achievement in area of procurement of vehicle, reduction in traffic problem, generation of revenue for government, among other. However, despite these achievements, the following recommendations were made to enhance sustainability of the achievements;

- Government should provide an enabling environment for the attraction and retention of the private sector's interest in transport, communication and telematics management.
- Government should be actively involved in dialogue and education of the general public on the need for private financiers and transport users' involvement in transport management financing.
- A legal framework should be put in place to ensure policy continuity for private sector participation in transport, communication and telematics management and financing.
- Creation of National Roads Board and Introduction of Road Fund user charges as a sustainable funding.

- Appropriate monitoring, control and evaluation mechanisms, as well as checks and balances to ensure that corrective measures can be taken quickly to keep the project on track before resources are wasted.
- Modernization of the roads and road rehabilitation, must be pursued.

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