

Legislative Oversight Functions and Projects Infrastructure Financing in Nigeria: Issues and Way Forward

By

Prof. Ladi Hamalai, MFR

Director-General, National Institute for Legislative and Democratic Studies

National Assembly

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1. Introduction

The centrality of infrastructure to national development has long been recognised the world over. Traditionally, infrastructure is seen as a public good, built and maintained with public funds. In its broadest sense, however, infrastructure encompasses both Physical Infrastructure (for example, ports, roads, communications, power) and Social Infrastructure (education, health care, sanitation and so on). Meaningful development is unthinkable, or better still unsustainable without adequate physical and social infrastructure. Among other development gains, adequate and efficient infrastructure can have positive impact on job and wealth creation, improving global competitiveness, increase foreign and domestic investment, as well as enhance citizens' overall quality of life (Usman, 2017). The United Nations recognizes this when it makes the infrastructure question feature prominently in its Sustainable Development Goals (SDGs). Specifically, Goal 9: Industry, Innovation and Infrastructure, basically seeks to 'build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation' (Casier, 2015:1). While this goal remains 'the most direct call for increased investment in sustainable infrastructure', almost all other goals, as we will soon demonstrate, have one connection or the other to infrastructural development.

This paper is primary centred on the role of the legislature in infrastructure development in Nigeria. The paper is structured as follows. After the introduction, which underscores the developmental significance of infrastructural financing and development, the second part of the paper provides a situational analysis of infrastructural financing/development in Nigeria within a comparative perspective. This is done with respect to both selected developing and developed countries. The third section surveys some of the past and present interventions, both official and unofficial, targeted at addressing the infrastructural gaps in the country. The fourth part of paper examines the challenges facing Nigeria in its effort to achieve sustainable infrastructural financing/development. The final substantive section addresses the place of legislative oversight in repositioning infrastructural financing and -development in Nigeria. The conclusion recaps the major highlights of the paper and draws pertinent conclusions.

2. Linking Infrastructure and Development

Infrastructure is a heterogeneous term, including physical structures of various types used by many industries as inputs to the production of goods and services (Chan et al., 2009). This description encompasses "social infrastructure" (such as schools and hospitals) and "economic infrastructure" (such as network utilities). The latter includes energy, water, transport, and digital communications. They are the essential ingredients for the success of a modern economy and the focus of this paper (Stewart, 2010).

Reviewing the relevant studies in the literature on the infrastructure-growth nexus, and acknowledging that the connection between infrastructure and growth appears to vary across

countries and over time as well as within countries and within sectors themselves, Estache and Fay (2009) suggest that increasing empirical agreement exists regarding the growth-enhancing effect of infrastructure. For instance, in a review of evidence produced by Romp and de Haan (2005, p. 6), 32 of 39 studies on OECD countries find a “positive effect of infrastructure on some combination of output, efficiency, productivity, private investment, and employment.” Moreover, 9 of 12 studies on developing countries indicate a significant positive impact (Estache and Fay 2009, p. 15). In addition, by employing an econometric technique that accounts for biases arising from omitted variables and that explicitly accounts for the government budget constraint, Bose et al. (2007) find that government capital expenditures as a share of GDP are positively and significantly related to per capita income growth across a panel of 30 developing countries over the 1970–1980 period. However, current expenditures are shown to have an insignificant effect on growth in these countries over this timeframe.

In this context, it is important to highlight the various transmission mechanisms through which infrastructure affects growth. The most conventional channel, first described in Aschauer (1989) and Barro (1990), is that public infrastructure investments enhance private sector productivity. Indeed, Aschauer (1989) attributed the 1970s U.S. productivity slowdown to the lack of infrastructural investment. This direct productivity effect of infrastructure investment captures the idea that an increase in public capital stocks (relative to private capital) has a positive but decreasing impact on the marginal product of all factor inputs (such as capital and labour). Hence, the cost of production inputs falls and the level of private production increases. As Agenor and Moreno-Dodson (2006, p. 9) point out, “this scale effect on output may lead, through the standard accelerator effect, to higher private investment – thereby raising production capacity over time and making the growth effect more persistent.”

Agénor and Moreno-Dodson (2006) identify two additional conventional channels through which infrastructure may affect growth, namely complementarity and crowding out effects. The first channel promotes growth through private capital formation. That is, public infrastructure raises the marginal productivity of private inputs, thereby raising the perceived rate of return on private capital and possibly also increasing private sector demand for physical capital. The second channel, crowding out, captures the idea that, in the short run, an increase in public capital stocks may displace or crowd out private investment. This negative crowding out effect of infrastructure may turn into a long-term negative effect if the decrease in private capital formation persists over time.

In addition to the three ‘conventional’ channels above, recent studies have also identified a variety of other channels through which public infrastructure may impact growth. Estache and Fay (2009) suggest that, in addition to the channels mentioned above, investment in public infrastructure can also impact investment adjustment costs, the durability of private capital, and both the demand for

and supply of health and education services. In the same vein, Agenor and Moreno Dodson (2006) argue that infrastructure may reduce investment adjustment costs.

Maintaining the quality of public infrastructure may positively affect growth by improving the durability of private capital. That is, increasing government infrastructure maintenance spending allows the private sector to spend less to maintain its own capital and thus to allocate its investment capacity to other uses, thereby generating an additional growth effect. Better infrastructure is also found to improve access to health care and education. By improving health and education outcomes, the impact of public infrastructure on growth is magnified or compounded due to the interconnected relationship between education and health (Agenor and Moreno-Dodson 2006). Healthier individuals tend to study more, while more educated individuals also tend to be healthier.

Moreover, Agenor and Moreno-Dodson (2006) add labour productivity as another channel whereby public infrastructure indirectly increases growth. Better access to infrastructural facilities means that workers can get to their jobs more easily and perform their job-related tasks more rapidly. Other studies have also found evidence of various positive externalities induced by public infrastructure, including increased competitiveness, greater regional and international trade, expanded FDI, and finally higher profitability of domestic and foreign investment flows which raises investment ratios and boosts growth in per capita income (Fourie 2006; Fedderke et al. 2006; Richaud et al. 1999).

3. Legislative Oversight, Accountability and Infrastructure Financing

Legislative oversight has been widely recognized as one of the most critical functions of the legislature. Madue (2012: 431) defines oversight as 'the review, monitoring and supervision of government and public agencies, including the implementation of policy and legislation'. The objectives of legislative oversight can be deduced from the foregoing definitions. According to Madue (2012: 435), legislatures conduct oversight in order to:

- ensure transparency and openness of executive activities. Legislatures shed light on the operations of government by providing a public arena in which the policies and actions of government are debated, scrutinised, and subjected to public opinion.
- hold the executive branch accountable. Legislative oversight scrutinises whether the government's policies have been implemented and whether they are having the desired impact.
- provide financial accountability. Legislatures approve and scrutinise government spending by highlighting wasteful expenditure within publicly-funded services. Their aim is to improve the economy, efficiency and effectiveness of government expenditure.
- Legislatures also oversight policy and ensure that policies reflect the development needs of the people and government expenditure reflect approved policies of government.

- The legislature is responsible for appropriation. Effective and efficient Appropriation in favour of infrastructure development would make a huge difference in the trajectory of infrastructure development. For example, each year the legislature approves budgets that are over 70% recurrent expenditure and overlook that of the less than 30% Capital budget for the preceding year, which was only 50% cash backed (making it effectively 15%) and part of that 15% goes to corruption. Eventually, less than 10% of the Federal Budget every year goes to Capital development and only a fraction of that goes to Infrastructure. That may explain why each year, infrastructure experience decline rather than growth. In most cases, life time of capital projects last over 10 years.
- The Legislature equally approves all foreign loans sourced by the Federal Government and in most cases, such loans are targeting infrastructure development.

Oversight of the executive by the legislature is a constitutional requirement to ensure accountability and transparency in governance. By Section 88 of the Constitution, the National Assembly is empowered to conduct investigations into any matter or thing with respect to which it has power to make laws. It also has power to conduct investigations into the conduct or affairs of any person, authority, ministry or government department charged, or intended to be charged with the duty or responsibility of executing or administering laws enacted by it and the disbursement or administration of funds appropriated or to be appropriated by the lawmakers. These powers are meant inter alia to correct defects in existing laws and for the enactment of new laws, expose corruption, inefficiency or waste in the system or disbursement of money appropriated by the legislature. By Section 89, the National Assembly has powers to procure evidence needed for the investigation, require evidence to be given on oath, compel the attendance of witnesses on the pain of punishment if they fail to attend, etc.

As will be shown in subsequent sections, **the challenge of infrastructure development in Africa is both that of lack of funds and mismanagement of available funds (corruption).** Price Waterhouse Coopers, PWC (2016) found that generally 'corruption is associated with lower investment; and higher prices and barriers to entry for businesses'. More specifically, the study reveals that 'Nigeria's 2014 GDP could have been USD 113bn higher if it had reduced corruption to Ghana's levels'; and in percentage 'Nigeria's GDP could have been 22% higher in 2014 if it had reduced corruption to Ghana's levels'. By implication, huge resources that could have been devoted to development projects, including infrastructural financing were diverted into private purses.

Suffice it to say that oversight by itself may not necessarily guarantee that a project will deliver its required outputs to cost, time and quality. Capital projects may fall short in some way due to factors beyond their control. However, robust oversight by parliament increases the likelihood that projects will deliver to cost, time and quality, and assist government to respond effectively if problems arise.

The financial and development significance of major capital projects demands a high level of transparency about the progress of these projects. However, limited reporting on major capital projects means that Parliament and the public are restricted in their ability to assess the progress of each project against cost and timeline targets. This amounts to a major gap in the transparency and accountability framework of government given the cost and importance of these projects.

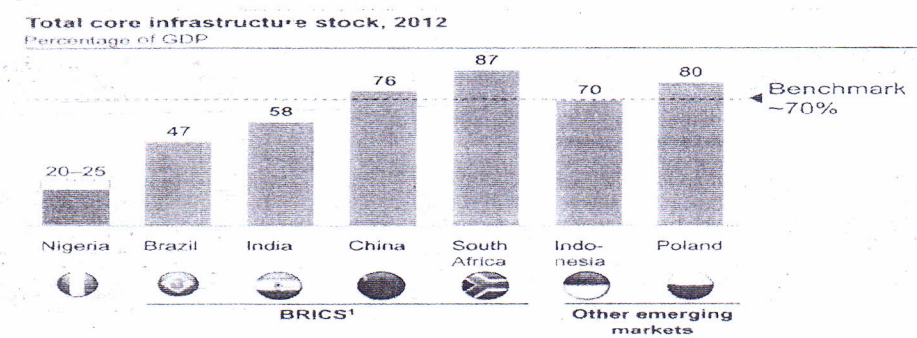
4. Situational Analysis: Nigeria's Infrastructure Deficits

Presently the greatest drag on Nigeria's economic growth is the country's substantive deficit in basic physical infrastructure, which also severely compromises human development (Bello-Schünemann & Alex Porter, 2017). The World Economic Forum's 2016-17 Global Competitiveness Index ranks Nigeria's infrastructure at the bottom – 132 out of 138 countries – and according to the organisation's 2016 Executive Opinion Survey (WEF, The Global Risks Report 2017), the poor supply of infrastructure is also the largest constraint on doing business in the country.

In a similar vein, Nigeria's 2017 Economic Recovery & Growth Plan (ERGP) points to 'deplorable infrastructure' as one of the main factors that 'seriously undermined' economic performance in the past.

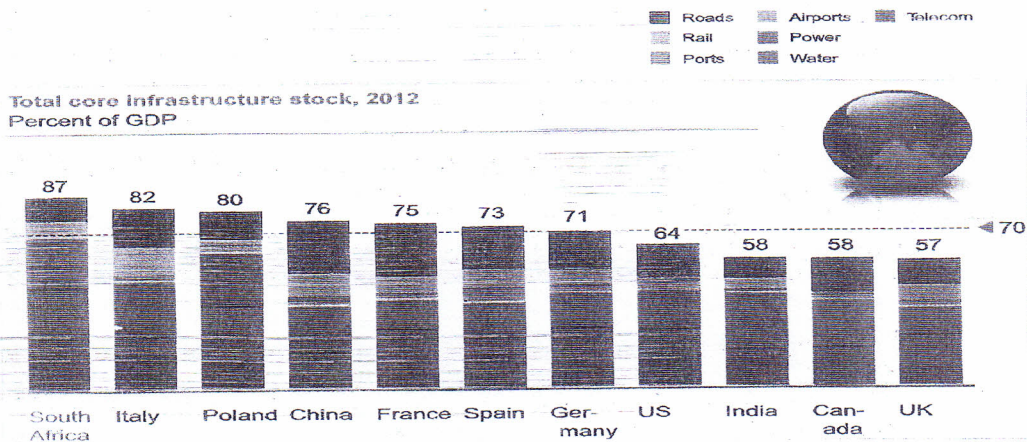
At the aggregate level, Nigeria's poor infrastructural showing is evident. Specifically, the value of total Infrastructure stock (road, rail, power, airports, water, telecoms and seaports) represents only 20-25% of GDP. This is far below the level of peer emerging market countries, where the average is 70% as illustrated in the figures 1 and 2 below.

Figure 1: Total Core Infrastructure Stock, 2012



Source: Usman, 2018

Figure 2: Total core infrastructure stock for selected countries, 2012



Source: National Integrated Infrastructure Master Plan, p.9

This is worrisome as Nigeria does not only fall far behind the minimum benchmark of 70%, but also lags behind the BRICS countries such as Brazil that has a total core infrastructure stock to GDP of 47%, India 58%, China 76% and South Africa 87%. Many other countries either maintain or surpass the minimum benchmarks, including Indonesia 70%, Germany 71%, Spain 73%, France 75%, Poland 80%, Poland 80% and Italy 82%.

With the above data, it is hardly surprising that the 2014-2015 World Economic Forum on Global Competitiveness Report ranks Nigeria 133 of 144 countries in terms of overall quality of Infrastructure. The breakdown shows that in terms of the quality of electricity supply, Nigeria ranked 141st, quality of roads 124th; quality of air transport 121st, quality of port infrastructure 110th and quality of railroad infrastructure Nigeria ranked 100th.

In 2016, Nigeria had one of the lowest levels of access to improved basic infrastructure anywhere in the world, ranking 162 out of 186 countries, according to the IFs traditional infrastructure index. In Africa, Nigeria ranks 32 out of 54 countries, and among its global lower middle-income peers only Sudan and Papua New Guinea perform worse. On the current development trajectory, by 2040 Nigeria is expected to still rank only second-last in this group.

4.1 Infrastructure: Performance by Sectors

Nigeria's infrastructure deficit is evident across all categories as the country performs worse than its average African income peer and significantly worse than its average global income peer as shown below:

Table 1: Comparative Selected Indicators for Infrastructure

Country	Roads per Sq km	Quality of Port Infrastructure WEF Index (1-7)	Power Consumption kWh/capita	Access to Water (%)	Access to Sanitation (%)
Japan	0.31	5.2	8,934	100	100
Brazil	0.21	2.7	2,384	98	79
Russia	0.06	3.7	6,452	97	70
Mexico	0.19	4.0	1,990	96	85
Indonesia	0.29	3.6	641	82	54
South Africa	0.30	4.7	4,803	91	79
Nigeria	0.21	3.3	126	59	31
Pakistan	0.34	4.1	457	92	48
Bangladesh	1.66	3.4	279	81	56

Source: AfDB, 2015

The table above shows that compared to other countries across the globe with longer road network size with over 80% of paved roads (see figure 3 below), only a third of Nigerian roads are paved. Most of these roads, however, are in deplorable condition.

With regards rail infrastructure, Nigeria railway has 3,557 km of 3 feet 6 inches (1.067 metres) gauge, of which 329 km of standard gauge (4 feet 8.5 inches) and also 19km of narrow gauge convertible to standard gauge. The Rail sector in Nigeria, has been mostly dormant for over a decade but currently being revived. The Global Economic Forum (GEF) ranks Nigeria's quality of rail transport infrastructure at 95 out of 144 countries studied. The reasons can be gleaned from some of the indicators shown below:

Table 2: Comparative Selected Indicators for Railway Services (2016)

Country	Year	Population	Area sq.km (ooo)	Total rail Routes (km)	Passenger-km (millions)	Freight ton-km (millions)
Japan	2016	127,748,513	377,962	20,140	244,591	20,255
Russia	2016	143,964,513	17,098,250	85,375	144,612	2,342,590
Mexico	2016	127,540,423	1,964,380	26,704	449	69,185
Indonesia	2016	261,115,456	1,910,931	4,684	20,283	7,166
South Africa	2016	56,015,473	1,219,090	20,500	18,865	113,342
Nigeria	2016	185,989,640	923,770	3,557	174	77
Pakistan	2016	192,826,501	796,100	7,791	20,619	1,757
Bangladesh	2016	162,951,560	147,630	2,835	7,305	710
India	2016	1,324,171.35	3,287,259	68,525	978,508	625,723
China	2016	1,378,665.00	9,562,911	124,000	795,639	1,920,285

Source: World Bank (2016), 2016 World Development Indicators

Furthermore, as shown in table 1 above, the quality of port infrastructure is equally low in comparison to other countries. Nigeria has 6 ports complex which operate at a capacity of 30-40% and are only able to accommodate small to medium ships.

Despite past efforts (well over a trillion spent during Obasanjo's tenure) towards ensuring steady electricity supply, Nigeria still experiences poor electricity access. With a population of over 170 million, Nigeria lags far behind other developing nations in terms of grid-based electricity consumption at **126kWh per capita**. Based on the country's GDP and global trends, electricity consumption should be four to five times higher than it is today. For example, **Ghana's per capita consumption (361kWh) is 2.9 times higher** than that of Nigeria, and **South Africa's (3,926kWh) is 31 times higher**.

5. Infrastructure Development in Nigeria: Financing Needs

From the foregoing data, it is clear that Nigeria suffers from acute infrastructural gaps with serious ramifications for national development. Redressing the gap, requires huge financial outlay over a fairly lengthy period of time. The FGN in its 2013 *"National Integrated Infrastructure Master Plan"* projected that the country would need about N398.1 trillion, over the next three decades, for building world class infrastructure that will guarantee sustainable economic growth and development in Nigeria.

According to the African Development Bank (**"AfDB"**), in its 2015 Report titled: *"An Infrastructure Action Plan for Nigeria: Closing the Infrastructure Gap and Accelerating Economic Transformation"*, a Federal Government of Nigeria (**"FGN"**) specially commissioned project; the country needs an estimated US\$3 trillion in infrastructure investment in the next 30 years (and about US\$165 billion in the medium-term) to close its infrastructure gap.

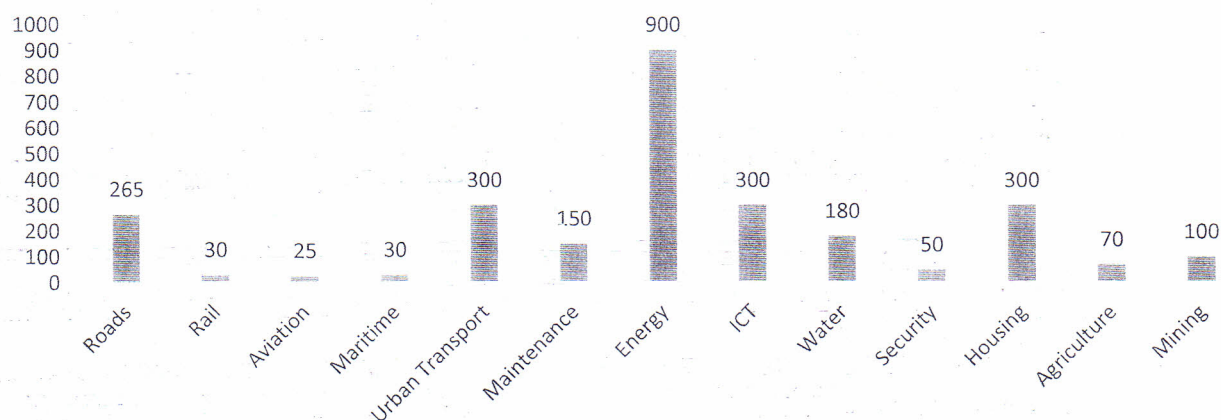
The Institute of Appraisers and Cost Engineers, a division of The Nigerian Society of Engineers projected in 2015 that about US\$2.9 trillion investment is needed, in the next 30 years, to close current infrastructure gap in the country. That same year, a former Minister of Finance and the Coordinating Minister for the Economy, Dr. Ngozi Okonjo Iweala stated that "to fund infrastructure, Nigeria needs about US\$14 billion every year.

The Lagos Chamber of Commerce and Industry (**LCCI**) in 2016 estimated that, Nigeria's infrastructure deficit is up to US\$300 billion (about N5.91 trillion at the then exchange rates). This figure represented 25 per cent of the Gross Domestic Product in that period.

One thing that has come out clearly in recent years is the fact that the public sector can no longer sustainably fill the infrastructure gaps of the country alone. According to the Ministry of Budget and National Planning, the implementation of the Nigerian Infrastructure Master Plan requires a total investment of \$3 trillion over the next 30 years. To attain this, annual infrastructure investments have to increase from \$9-10 billion annually when the plan was formulated to an average of \$33.2 billion annually during 2014-2018. Bichi (2017) provides the specific investment outlay for each infrastructure types as shown in Figure 6. These amounts are obviously beyond the

limit of public sector budgeting, and necessitated the need to develop other alternative financing options. This led to public-private partnerships (PPP) in infrastructure development.

Fig 6: Projected investment outlay (US\$ Billion) for each infrastructure type



Source: Bichi (2017)

6. Available Financing Strategies

6.1 Government financing

Infrastructure projects are mainly financed through annual budgetary allocations, particularly capital aspects of the budget. Unfortunately, **government allocations for infrastructure projects have proven to be grossly inadequate** in meeting the growing demand for the construction of public infrastructures. The tables below highlight the total budgetary allocation to the Sectors for the years in view; the budgetary allocations to the Sectors; the total amount appropriated; and the allocation to individual sectors as a percentage of the total appropriation for the years in view.

Table 3 – Budgetary Allocation by Sector

YEAR	TOTAL BUDGET (N)	ROAD SECTOR (N)	RAIL SECTOR (N)	AVIATION SECTOR (N)	TOTAL FOR 3 SECTORS (N)
2015	4.5tn	18.1bn	565.1mn	870mn	19.5bn
2016	6.06tn	260.08bn	149.25bn	15.42bn	424.75bn
2017	7.44tn	182.08bn	150.03bn	35.00bn	367.1bn
TOTAL	18tn	460.26bn	299.85bn	51.29bn	811.35bn

Sector	2015	2016	2017
Road	18.1bn	260.08bn	182.08bn
Rail	565.1mn	149.25bn	150.03bn
Aviation	870mn	15.42bn	35.00bn

Legend: ■ 2015 ■ 2016 ■ 2017

Summary: Road N 460 Billion, Rail N 299 Billion, Aviation N 51 Billion

Source: 2015-2017 Budgets

Table 4 – Budgetary Allocations by %.

Year	Total Budget (N'trillion)	Road Sector (% of Total Budget)	Rail Sector (% of Total Budget)	Aviation Sector (% of Total Budget)
2015	4.5	4.02	1.26	1.93
2016	6.06	4.29	2.46	2.54
2017	7.44	2.45	2.02	4.70

Source: 2015-2017 Budgets

Over the years, the Federal Government capital budgets have been poorly implemented by the executive. Recurrent-capital expenditure ratio has always been in the region of 70% to 30%. In large parts, capital budgets have largely been plagued by poor performance. Since 1999, capital budget implementation has hardly risen above 50 per cent at the end of the fiscal year. This has resulted in massive infrastructural deficit and its attendant consequences including unemployment, high rate of poverty and underdevelopment. Until recently, there is a wide margin between what is budgeted, released (i.e. cash backed) and utilized. Furthermore, the ratio of capital utilization performance to amount cash-backed of total releases has been low. And further still, a significant percentage of capital budget released was not utilised. Thus, capital budget performance measured as the ratio of cash utilization by MDAs to the total appropriation has always been largely poor. There is also the challenge posed by corruption and inefficiency in decision making which compound the problem of implementation.

Lack of implementation plan for each of the capital expenditure for the sectors and clear timeframe that link each of these allocations to the policy thrust of the Act, coupled with the delay in the release of funds impaired greatly on the performance of most of the MDAs.

Earlier discussion indicated that Nigeria needs about 14bn USD every year to eliminate infrastructure deficit over a 30 year period. Given the budgetary allocation to infrastructure above, it would be useful to establish the gap using the assumption and the budgetary allocation. Evidentially, the funding gap is quite huge, thus the infrastructure deficit cannot be effectively reduced in the near future. Additionally, the data in tables 6 indicates a glimmer of hope as government spending on infrastructure has been increasing since 2016. It has been evident that the increased spending in infrastructure development has led to recovery of the rail system even if at a small scale and some major road networks are under construction.

Table 5: Funding Gap in Nigeria's Infrastructure

Year	Okonjo-Iweala (US\$)	Amount Budgeted by FGN Annually (US\$)	Funding Gap (USD)	Funding Gap (%)
2015	14,000,000,000	630,428,000	- 13,369,572,000	-2,120
2016	14,000,000,000	2,549,570,000	- 11,450,430,000	-449
2017	14,000,000,000	2,606,970,000	- 11,393,030,000	-437
2018	14,000,000,000	2,957,420,000	- 11,042,580,000	-373

Source: MBNP

The government has also established special interventions such as Petroleum Trust Fund (PTF) and Tertiary Education Trust Fund (TETFund) were established to provide funding from specified sources to finance key projects in different sectors of the economy including health and Education.

Still at the official level, the Central Bank of Nigeria has also intervened in infrastructure financing by creating the Infrastructure Finance Office to evolve a sustainable financing framework to stimulate long-term financing for infrastructure development. The bank has taken series of steps to enhance the development of major infrastructure in Nigeria. These steps include the review of the prudential guidelines to recognise the peculiarities of long-term financing to the real sectors of the economy like SMEs, agriculture and infrastructure, review of the universal banking model to encourage innovation and specialised banks. In terms of tangible step, the Central Bank provided the sum of N300 billion facility under the Power and Aviation Intervention Fund (PAIF) to support infrastructure development in the power and aviation sectors. The Nigeria Sovereign Investment Authority also initiated the Nigeria Infrastructure Fund to focus on investment in selected infrastructure with a 40% allocation of funds under its management. The infrastructure to be supported under the National Infrastructure Fund include power generation, distribution and transmission infrastructure, transport infrastructure, housing/real estate infrastructure, water resource infrastructure, healthcare infrastructure, among others.

6.2 Private sector financing

Until recently, private sector participation in and financing of infrastructure projects in Nigeria was severely limited or non-existent. This is partly due to the strategic role of the government in infrastructure provision and the low returns on investment in public infrastructure due to government intervention and subsidies. This has, however, changed due to the inability of the government to meet the multi-year funding required to construct and maintain key infrastructure. As at 2015, the private sector accounts for about 46% of infrastructure investment in Nigeria; and this share has increased with the recent privatisation of the power sector.

In recent years too, other diverse financing options for infrastructure projects in Nigeria have emerged and gaining prominence. Loan from multilateral development finance institutions like then World Bank and African Development Bank, for example, have been pivotal. The development of the Nigerian capital market has also been another useful option for infrastructure financing. Several states and the federal government have issued bonds to raise funds to finance major infrastructure projects. Furthermore, domestic development finance institutions have been at the forefront of providing financing for key infrastructure projects within their sectors of operations. The Infrastructure Bank is purposely established to provide financing for urban infrastructure in Nigeria. There have also been calls for the government to tap into the N6.5 trillion pension assets through infrastructure funds, but the guidelines in the 2014 Pension Reform Acts (PRA) as well as

the resistance from the National Pension Commission over the safety of workers' savings is a challenge in this regard.

The need to encourage private investment in the infrastructure sector also led to the establishment of the Infrastructure Concession Regulatory Commission with the main purpose of promoting, facilitating, supporting and coordinating implementation of a sound PPP process. The government's PPP programme covers the creation of new infrastructure and refurbishment of existing assets in several infrastructural sectors such as power, transport, ports, gas and petroleum infrastructure, housing, etc. The government has adopted the use of Private Public Partnership (PPP) initiative in transportation infrastructure development. Development of road infrastructure via the PPP model remains at the infant stages while that of rail is still at the conception/design phase. Concession of seaports has been the most successful when compared to other modes of transportation in Nigeria. An enabling framework is critical to the success of the PPP models in transportation infrastructure financing and development.

Nigeria has huge opportunities for private financing of public infrastructure but these potentials are unexplored due to certain constraints. These constraints range from tariffs, regulations and investment climate to public procurement system. Other challenges include bureaucracy and lack of transparency in contract bidding, difficulties in concession negotiations, inadequate investment in project preparation and planning by government agencies, security concerns, lack of economic incentives, and political and sovereign risks. Government regulation of infrastructure tariffs could discourage private investors from investing in public infrastructure over fear of losses arising from inability to recoup investment. The overall investment climate could also influence investor's decision to invest in public infrastructure. If the investment climate is not suitable, investors may be reluctant to invest in infrastructure. These issues can be addressed to spur private sector financing in infrastructure.

7. Innovative strategies in financing infrastructure

Traditional infrastructure financing sources for Nigeria over the years have included: various models of Public-Private Partnership frameworks; divestment through privatization of infrastructure assets; grants and donations from multilateral and bilateral financial institutions such as the World Bank, International Financial Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and the Overseas Private Investment Corporation (OPIC); direct loans and credit enhancements insurance/guarantees from development finance institutions (DFI) such as the African Development Bank (AFDB) and Africa Finance Corporation (AFC); infrastructure bonds backed by sovereign government, states or local municipalities; development & corporate loans from commercial banks; project financing through Special Purpose Vehicles (SPV); private equity financing in listed infrastructure securities; and philanthropic organisations and non-profit foundations (Iyortyer, 2017).

Going forward, there is the need to vigorously pursue alternative and innovative ways of financing infrastructure. According to the World Bank (2009), in recent years, a number of emerging economies have begun to play a growing role in the finance of infrastructure in sub-Saharan Africa. Their combined resource flows are now comparable in scale to traditional official development assistance (ODA) from Organisation for Economic Co-operation and Development (OECD) countries or to capital from private investors. These non-OECD financiers include China, India, and the Gulf states, with China being by far the largest player.

Chinese finance often goes to large-scale infrastructure projects, with a particular focus on hydropower generation and railways. At least 35 African countries are engaging with China on infrastructure finance deals, with the biggest recipients being Nigeria, Angola, Ethiopia, and Sudan. The finance is channelled primarily through the China Export-Import (Ex-Im) Bank on terms that are marginally concessional, though significantly less so than those associated with ODA.

In 2013, former president Goodluck Jonathan had signed \$3billion loan from China at an interest rates of less than 3 percent over a 15-20 year period and targeted at infrastructure development. In 2017, China disbursed over \$30 billion in funding support to Nigeria to drive its cooperation plans on industrialisation and agricultural modernisation. While in January 2018, Nigeria secured the commitment of China for the provision of \$550 million towards the purchase of two additional satellites for subsequent launch into the space in the next two years. Such innovative ways of financing infrastructure need to be more vigorously pursued within an appropriate legislative framework.

Diplomatic moves should be made to make China to expand its **Belt and Road Initiative (BRI) to Nigeria**. The B&R initiative promises massive infrastructure investment, building railways, ports and pipelines to enhance links between China, Central and Southeast Asia, Africa, and Europe. Five main projects currently highlighted under the initiative include construction of a railway linking China to London; routes linking China to Pakistan's Gwadar port; a railway to Iran; a set of Central Asia-China gas pipelines; and a railway connecting China with Kazakhstan.

Another avenue towards developing Nigeria's infrastructure is the use of **Sukuk to raise funds to finance infrastructure**, contributes directly to achieving this objective. The proceeds from the Issuance of the N100 billion Sukuk will be used to construct and rehabilitate 25 roads in Nigeria's six geopolitical zones. These roads have been selected by the Federal Ministry of Power, Works and Housing (FMPWH) because of their strategic economic importance. The deployment of the Sukuk proceeds to these projects would improve road infrastructure which because of the multiplier effect of good infrastructure, will translate to many benefits all over the country. Good roads are important for Nigeria's economic development; they connect different parts of the country, facilitate trade, provide access to markets for farmers and link remote areas to essential social services such as education and health.

Another funding alternative is to resort to **mopping up idle funds to finance infrastructure**. For instance, in 2016, the **National Pension Commission said that out of the N1.16tn pension fund assets available for investment in infrastructure**, only N1.36bn was invested in infrastructure bonds. This left about N1.159tn idle and unable to be invested in the provision of critical infrastructural projects. This is despite investment regulations which allow for investment in infrastructure through infrastructure bonds and infrastructure funds. Opportunities such as need to be identified and utilised. Other such opportunities as the NSITF should also be utilised.

8. Creating the Enabling Business Environment through Legislation

The National Assembly, particularly the 8th Assembly, has been cognisant of the critical role infrastructure plays in a country's economic welfare and have taken active measures to legislate in this regard. Legislative proposals in this area focus on enabling private sector participation and financing and the delivery of targeted high priority transportation projects. To this effect, the National Assembly put together six infrastructure reforms bills aimed at not only modernising the nation's infrastructure base, but also creating at least 580,000 new jobs for Nigerians in the next five years (2017-2022). The bills are the Nigerian Railway Bill, Nigerian Ports and Harbour Bill, National Road Funds Bill, National Transport Commission Bill, National Inland Waterways Bill and the Federal Roads Bill.

Specifically, the Nigeria Infrastructure Bill, 2015 which has been passed by the House of Representatives and awaiting consideration by Senate establishes the Nigeria Infrastructure Investment Fund to mobilise and provide financial resources for infrastructure development.

The Nigerian Railway Authority Bill, 2015 (which has already been passed by the Senate) provides for the restructuring of the Railway Sector and allows the private sector to partake in the management and investment in the sector. The National Inland Waterways Authority Bill will grant concessions and enter into Public Private Partnership (PPPs) for management of assets that will make inland waterways profitable and efficient.

Other major Bills passed by both Houses include the Federal Roads Authority Bill, 2016 which seeks to ensure safe and efficient management of the Federal Roads Network to meet the socio-economic demands of the country. It will also facilitate the development of competitive markets and enabling environment for private investment. Second, the Nigeria Ports and Harbours Authority Bill, 2016 also, among others, aims to facilitate private sector participation while the National Road Fund (Estab.) Bill, 2016, will create a favourable environment for private industry participation, management and financing in the road sector.

As stated by the President of the Senate, Sen. Bukola Saraki, "the net effect will be more investment in the country, reduced pressure on the forex market and public funds will be channelled towards more governance oriented public services". The bills are also projected to cause a 2.5 per cent

reduction in national poverty levels, as it will save lives, reduce wasted man-hours while reducing the cost of food and other essential goods and services as a result of cheaper logistical costs.

Ease of doing business plays a crucial role in the economic growth of any country. The processes, rules, and regulations set up by the government or government agencies can either help promote a business-friendly environment or hold businesses back from their entrepreneurial ambitions. Recently, the 8th Senate passed a Bill to repeal and re-enact Companies and Allied Matters Act. The Bill comes 28 years after the passage of the original Companies and Allied Matters Act and will make Nigeria the best country in Africa to do business. The reform will provide significant benefits to companies by reducing red tape and making it easier to comply with regulatory obligations. Most of the changes are aimed at encouraging investments in infrastructure that will allow small businesses and start-ups thrive, lower costs and ease regulatory burdens.

9. Oversight and Infrastructure Governance

Similarly, the National Assembly, has through the exercise of its oversight powers, sought to promote transparency and accountability in projects infrastructure financing and promote targeted budget outcomes. This has largely been done through a mix of tools including public/investigative hearings, oversight visits, interactive sessions with the executive and oral/written questions. A committee hearing serves various purposes. First, it enables committees to gather as much information as possible about a proposed legislation. Second, it assists during legislative oversight activities. Third, it helps in the investigation of reported cases of wrongdoing. Investigative hearings (which are a type of public hearing) are potent tools for making the executive accountable. Most parliaments of the world have such investigative powers.

Investigative public hearings have been used increasingly as the Nigerian National Assembly accumulated experience and confidence. Thus, the number of investigative hearings implemented by committees grew from one investigation per session in 1999-2003 to two investigations per session during 2003-2007. However, by 2007-2011, the two chambers implemented 38 investigations per session, which increased to 41 per session between 2011 and 2014. This suggests that NASS members have grown in confidence and have increasingly been probing executive actions or inactions effectively.

During the same period, the House of Representatives initiated most of the investigations with 67 out of a total of 85 investigative hearings. It should also be noted that the executive is highly irked by such investigations and, of recent, some MDAs have shown resistance to these hearings.

What is the impact of oversight activities on inter-branch checks and balances? To what extent do oversight activities bring to the public domain irregularities in public expenditure management and are the irregularities corrected as a result? Some of the outcomes of the oversight activities of the National Assembly particularly in relation to infrastructure development are discussed below:

Exposing Corruption and Financial Mismanagement

Legislative oversight has been a key instrument for uncovering various acts of corruption and mismanagement of public funds in the Nigerian public sector, which revelations are healthy for the development of good governance and democracy.

The bulk of the oversight activities conducted by the National Assembly since relate to infrastructure. In 2010, the **House Committee on Aviation** investigated the contract for the construction of the second Abuja airport runway for the sum of sixty-three billion naira and concluded that the contract sum was inflated and the contractor incompetent. Government terminated the contract and re-awarded it to a more competent company. Similarly, the **Senate Committee on Aviation** exposed the mismanagement of N19 billion naira designed as a federal intervention fund to enhance safety and effectiveness of the aviation sector.

A probe by the **House of Representatives Committee on Power** revealed that hundreds of millions of dollars of contracts awarded to different contractors for Independent Power Projects remained un-implemented months after payments were made. Some of the contractors did not know the contract sites. The Committee also exposed unauthorised and arbitrary spending of internally generated revenues by the Ministry of Power and its agencies. The work of the House committee on Power and Steel highlighted multiple challenges and abuses in the power sector that helped lay the foundation for the subsequent declaration by the executive of a state of emergency in the sector.

The **Senate Committee on Transport** exposed the abusive practice by which top officials of the Ministry compelled agencies under the Ministry to use their budgets to sponsor trips and training programmes for the officials within and outside the country.

Similarly, oversight findings relating to performance of MDAs particularly as it relates to infrastructure have been very informative. Inquiry by the House Committee on Works (2012-2013) revealed slow pace of work on most of the projects visited; negligence of some resident Engineers in assuring quality work; and **inadequate budgetary provision for projects**. Similarly, the **Senate Committee on Solid Minerals** also found delay in quarterly release of funds; poor funding; and absence of political will brings poor attention to the Solid Mineral sector.

In general, oversight works of legislative committees exposed administrative lapses, irregularities and problems within MDAs. Due to such oversight, it has become obvious that that poor performance of MDAs, especially in the implementation of capital budgets, is as a result of: (i) low human resources capacity; (ii) delays in releases of funds; (iii) inadequate budgetary provisions; (iv) inadequate facilities and (v) corruption.

The Articulation of Concrete Proposals or Measures for Governance or Administrative Reform

Corrective actions taken by the executive or legislature in line with reports and recommendations arising from oversight activities are among the direct outcomes of legislative oversight. Many oversight visits, for instance, led to proposals to **increase the annual budgets of some MDAs** by the visiting committees in order to solve some of the problems they identified during oversight visits. Furthermore, legislators find inspection visits and investigations to be invaluable learning experiences as a great deal of knowledge is acquired about how to improve the workings of government and the national political economy, including infrastructure development.

Resolutions

The committees of the National Assembly and individual legislators usually proffer recommendations based on each oversight activity. Often such recommendations respond to an urgent national incidence or petitions from the public. The motions or reports of oversight work by committees are normally read at chamber and adopted as resolutions. The resolutions are forwarded to the executive for implementation.

The House of Representatives forwarded 342 resolutions to the executive between June 2012 and June 2014. The resolutions touched on a variety of issues ranging from specific outcomes of oversight activities to emerging security issues and infrastructure development. The federal executive was tasked with the implementation of some of the resolutions and recommendations emanating from the Assembly. Some of such findings and resolutions end up as amendments to bills or as new bills.

Nonetheless, the two chambers often complain that most of their **resolutions are not accepted and implemented by government**. Committee recommendations that were not converted into chamber resolutions met the same fate. In other Parliaments such as the Indian Lok Sabha, parliamentary resolutions are taken seriously and implemented at an appreciable level. The Government reports back to parliament on the number of resolutions adopted wholesale, those adopted in part and those discarded.

10. Way Forward

As stated above, going forward alternative means of financing infrastructure need to be explored including funding through channels such as loans and grants (as from China), Sukuk and the use of idle funds.

There is the need to drastically **reduce recurrent expenditure** and improve spending on capital projects. Already, the federal government has stated its resolve to raise the proportion of government spending devoted to infrastructure to 30 percent from 10 percent.

Also, through the appropriate legislative frameworks, such as those currently being pursued by the National Assembly, there is the need improve funding of infrastructure through **robust public and**

private partnerships or PPPs. For Nigeria to close its infrastructure gap and bring itself up to the international benchmark for infrastructure stock, private sector spending has to be substantially increased. Concession contracts remain one of the most effective public-private-partnership ("**PPP**") arrangements the world over. The Infrastructure Concession Regulatory Commission (Establishment, Etc.) Act, 2005 ("**ICRC Act**") was passed to provide a PPP legal framework for financing, developing and managing FGN's infrastructure projects.

The second aspect of improving infrastructure financing resolves around improving oversight. As an institution vested with scrutinising the budgetary process, including appropriation, the legislature can work in **collaboration with the executive, to ensure adequate appropriation to capital expenditure.** This must be followed with attention to budget releases and project implementation in line with budgetary provisions. These will demand the effective application of oversight tools particularly autonomous oversight visits to project sites and constant engagements with chief executive officers of affected government ministries, parastatals and agencies.

While working with the executive to develop innovative ways of infrastructure financing, e.g. through borrowing, the National Assembly must ensure, through its oversight function, that the money borrowed is only spent on critical infrastructure required for economic growth and not for recurrent expenditures.

Since corruption has been identified as one of the perennial problems of infrastructural development in Nigeria, detecting and exposing corruption in the process and outcome of contract awards are also pertinent. But the legislature can do these provided it ups its game in terms of the **effective application of oversight tools.**

Generally, the legislature is known to function better with **strong committee systems.** This is particularly true with respect to oversight functions. As such, the composition of legislative committees, including the appointment of Chairs, should be guided by merit. Factors such as academic specialisations, professional competence and experience should be the critical factors, relegating political considerations to the background. Such will empower the committees to carry out oversight functions more effectively.

Even if the legislature possesses these attributes (power, capacity, resources, etc.), they still require **strong political will** to make them count. Developing the political will to effectively execute oversight role, therefore, remains a crucial challenge for the legislature. Such a will, as Pelizzo & Stapenhurst (2014: 260) have argued, is attainable when legislatures' reasonable expectation of deriving benefit from engaging in the oversight activity' is limited, if not totally eliminated. This is because, 'legislators become effective overseers as soon as voters demand effective oversight because they know that they will be electorally rewarded for satisfying their demands'. The implications of this submission are that while legislative oversight capacity and tools should be

developed, greater attention should be focused on mechanisms that can help promote citizen's audit of legislators, especially in terms of popular demand for effective oversight predicated on reward systems that makes it possible to compensate and/or punish legislators based on performance (cited in Hamalai, 2015).

Legislative oversight is often constrained by factors such as **shortage of legislative oversight capacity**, abuse of oversight tools and executive dominance, all of which tend to circumvent or neutralize the potency and effectiveness of oversight. Seedat (2010:2) recognizes this point in the argument that 'legislatures around the world typically have to "fight" for their "legitimate and substantial" role to meaningfully deliberate legislation and perform oversight over the executive – especially because the executive has natural advantages in setting the policy agenda, and better access to information and resources' (quoted in Madue, 2012: 431). So no one should expect the executives, as Hamalai (2010: 21) rightly points out, to always be 'willing partners in this process', arguably because they see oversight as a form of constitutional impediments to the free exercise of executive powers. The import of this is that the legislature must, as a matter of deliberate policy, invest heavily in **capacity building** of its members, most especially in the areas of oversight functions. If fully armed, legislative oversight capacity will reposition the legislature to make judicious use of oversight in making constructive interventions in infrastructural financing and development.

It has also been suggested that to improve transparency, the executive should consider options to provide regular and enhanced reporting to Parliament on the status of major capital projects. These options might include a consolidated report or coordinated reporting by the individual accountable authorities. Regardless, project performance should be reported against the original approved timeline and budget rather than the current practice of inconsistent and disparate information provided on individual agency websites or annual reports.

Monitoring and evaluation (M&E) has become an increasingly important tool in the process of projects and programs implementation (OECD, 2012). At national and international scales, sustainability criteria and indicators for M&E are important tools for defining, monitoring and reporting, tracking progress towards goals, and influencing policy and practices (United Nations, 2012). M&E is a good management tool which, if used properly, would provide continuous feedback on the project implementation as well assist in the identification of potential successes and constraints to facilitate timely decisions. MDAs should strengthen their M&E capacity and also collaborate with legislative committees that oversight them.

7. Conclusion

This paper has examined Nigeria's infrastructural deficits within a comparative perspective. After underscoring the developmental significance of infrastructural development, it proceeded to

situates Nigeria's current location in infrastructural financing/development within comparative perspective, underscoring the fact that Nigeria lags far behind not only developed countries, but even the BRICS countries. While government have always made efforts to invest in infrastructural development, such investments have been inadequate, creating the basis for private sector investments through public-private partnership. This also, as the paper reveals, has been found to be grossly inadequate. Thus the continuing infrastructural deficits to which the country would appear to have been trapped. The infrastructural trappings may not be unconnected to some challenges militating against infrastructural development in the country. While some of these challenges are general, some others are sector-specific. At the general level, these include debt crisis, the phenomenon of corruption, deficient budgetary structure and poor infrastructural governance. The paper also highlighted the importance of accountability and the relevance of legislative oversight in ensuring value for money and tackling mismanagement. Several examples were given of how the National Assembly has legislated on infrastructure issues and how, through oversight, it has been able to expose instances of corruption and mismanagement. Indeed, the paper shows that the legislature, as an institution of democracy has a potential and capability to hold the executive to account for its actions or inactions, and it could effectively contribute to infrastructure development in Nigeria.

In order to salvage the situation and reposition Nigeria's infrastructure, the paper recommends the effective deployment of oversight tools of the legislature in a way that promotes adequate funding and accountability mechanism, strengthening of oversight capacity and strong political will on the part of the legislature.

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