Investigating the Role of Public-Private Partnership in Clean Water Provision in South Eastern Nigeria

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Abstract: The study investigates the Public Private Partnership as a solution to portable water supply in southeast Nigeria, the goal is to investigate if the public-private partnership can be utilized to bring about pump water supply in the region of study. Institutionalism theory is the framework of the study, and the data for the study is generated from documentary sources. The findings include that the PPP is a good avenue to solve the perennial water problem and other infrastructural needs of the region, and the region has the institutional framework to utilize PPP to achieve this desire. The recommendations include that Public Private Partnership is an avenue to bring about the required infrastructural development but the contractual agreement and the program details must be well specified, the financial and legal agreements well-articulated and the risk-sharing responsibilities specified. The collaboration is to be monitored and supervised by the government ministries, while the menace of corruption is put in check.

Keywords: Public Private Partnership, Water Provision

1. INTRODUCTION

Globally, access to a safe water supply affects the health and quality of life of the people. The assertion that water is life becomes imperative as it is a necessity for meaningful socio-economic development, hence, no substance can adequately replace water. It is paramount to the health, food security, energy future and the ecosystem (Transparency International Global Corruption Report, 2009). The United Nations (UN, 2006), noted that water is a fundamental human need and so entrenched universal access to clean water is a basic human right, and an essential step towards improving living standards worldwide. In the South Eastern states, just like the other states in Nigeria, the responsibility for urban, semi-urban and rural water supplies are under the coverage of State Water Authorities within their respective areas. In some states, separate agencies or corporations, as the case may be, exists for rural water supplies. Several states also have waterworks managed by the state water authorities, to serve limited households, commercial, and institutional connections. The supply network usually faces multiple challenges arising from heavy dependence on meagre state budget subsidies that do not cover costs; and noted for many other problems which include, lack of investment in expansion, lack of upgrading and modernization; maintenance issues; and non-revenue water losses. (Ishaku, 2011). The harsh realities of the scarcity of water in the South Eastern states of Nigeria are enormous as economic opportunities are routinely lost to the time-consuming processes of acquiring water where it is not readily available. Children and women bear the weight of these burdens. Among the myriad of purposes, water is obviously essential for hydration and food production. (Ugwuoti, Ohah and Ojinnaka (2021), noted that in Enugu metropolitan for instance, inhabitants currently depend largely on drinking water transported from boreholes at the 9th mile corner. The scarcity of water and the ugly menace it brings on the people has brought untold suffering to the people, especially the poor populace (Ohwo, 2012).
The existence of the state water corporation in these states is being questioned as the case has become critical. Most laid pipes and water networks that have worked over the years are broken or dilapidated. The amount of portable water supplied has continued to dwindle over the years and many pipes are now rusticated while the machines are either vandalized or removed. Some few areas that are opportune to still see portable water supply have taken to fate on the next time water will drop on the taps. Water availability is necessary for good health and good life, while non-availability creates pressure, spurs health hazards, generates untold hardship for the people and raises tensions as a result of the increasing fight and struggle to secure just a little water for the day. Many corporate organizations, individual households and many service and production industries in the South Eastern states are affected, reducing life potency, productivity and social order.

Despite huge investments over the years, in water projects and programmes, efforts to create access to water facilities have remained a mirage. A hugenumber of Naira was spent, plans and projects were initiated, appointments and recruitments made, and media propaganda carried out, yet, the state of water supply in the South Eastern states has remained abysmal. Chukwurah, (2018), maintains that the water supply situation in Enugu and by extension, the South East states are far from being satisfactory. She insists that there is a need for both the government and the people to adopt more vigorous strategies to improve the pathetic water situation. The South Eastern states like their counterparts in Nigeria had ample chance to bolster infrastructural structures, to grow their economy by proper utilization of funds allotted for its infrastructural projects, but failed to utilize the opportunity due to: a high rate of corruption, poor management and lopsided policies. Taking notes from reports from Enugu and Imo states to buttress the point, Ede (2021) writes on the plight of Enugu residents following the perennial scarcity of water in the metropolis despite reported interventions.

“Inadequate water supply has been one of the major challenges of the government of Enugu which could be attributed to mismanaged infrastructures and erosion at the Ajali Water Works which was supplying 77,000m3 of water daily. The Enugu State government began the rehabilitation of the 9th Mile Crash Program in November 2021 after the project was abandoned for over 30 years. This project was carried out by FordMarx Nigeria Limited., despite these assertions, access to potable water in the state is still a mirage.

Agbo (2021) on January 16, Vanguard Newspaper noted in his article titled, “Enugu, where water is gold” put that;

“An insider source said that the major problem militating against urban water supply in Enugu and Nsukka is the lack of maintenance of water pumping machines and their components. The case of the Emene fabrication industry where tools for maintenance of the water machines were cited but have now allegedly cleared, the machines removed and an estate built on the premises is mind-boggling (Emelumba, 2020, p9.)”

In the same vein, the report from Imo state also shows a good effort, but yet a work in progress. On National 22nd April 2020, Emelumba noted;

“After 24 years of operating without portable water, in 2020, the Imo state government under the leadership of Senator Hope Uzodinma released funds to revive public water supply in Owerri the capital of Imo State resulting in Owerri residents having access to the free water supply. The last major water maintenance project was the 1996 Otamiri water works. Hence the governor instructed a holistic revision in line with modern technology (Emelumba, 2020, p4).”

Yet the people of the Imo state urban population are yet to see this report as a reality. The result metamorphosed into infrastructural deficiencies, poor standard of living and general social and economic degradation. All the above underlines the urgent need for an alternative source of infrastructural financing and management in Nigeria, of which Public Private Partnership, appears to be the more credible and appropriate panacea to the provision of infrastructure in the states especially the lingering problem of water supply. The study is therefore aimed at investigating the effectiveness of adopting the Public Private Partnership as a panacea to the persistent water problem in South East Nigeria.
2. THEORETICAL FRAMEWORK

This research work is guided by the “Institutional theory” as the theoretical framework for the analysis of the topic; investigating the role of Public Private Partnership in providing clean and adequate water in South Eastern Nigeria. Puffer, McCarthy, and Boisot, (2010), posit that the environment in any institution highly influences the formal structural development of the organisation and that any innovation-based structure can be easily legitimized in that organisation. They are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artefacts.

According to Scott (2008), the institutional theory is "a widely accepted theoretical posture that emphasizes productivity, ethics, and legitimacy.” Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships. Institutions by definition note stability but are subject to change processes, both incremental and discontinuous. Institutional theory has become a major approach to the social sciences generally, as it specifically discusses the utility of institutionalism for understanding public policy. Institutionalists believe that institutions matter and policies are embedded in institutions. That said individual political behaviour is always present in institutions. In other terms, institutions provide guidance for individual actions, and could possibly provide sanctions when they do not adapt to the institutions’ expectations.

The application of institutionalism, therefore, involves the interaction of structure and agency in producing outcomes. The utilizing of Public Private Partnership as an agency to actualize the public policy of the government becomes normal as the government through its institutional framework provides guidance and limits to the partnership process. Appropriate for transparency through the institutionalization of ethics and this is more than drafting a code of ethics; instead, it involves top management's support, ethical leadership and cultural change. Professionalization, which is common in many forms of normative influence, has been recognized as a mechanism of institutionalization. There is division of labour led by high sense of professionalism resulting to the actualization of the intended goals, which in this study is the supply of clean portable water in the South Eastern region of Nigeria, or any other program of choice, what matters is to deliver the set objectives.

3. A CONCEPTUAL FRAMEWORK

Public Private Partnerships (PPP) has become an important instrument for efficiency services and infrastructural delivery around the world. (Humming, 2017) Public–private partnerships (PPP), as cooperative institutional arrangements between public and private sectors, have received considerable attention over the past 40 years, and as an innovative public procurement approach, PPPs have drawn considerable attention from academic circles. Public–private partnership (PPP) has been applied in the fields of infrastructure and public services, such as water and sewage, energy, transportation, environment protection, public health, and others (Hodge & Greeve 2007). Public–private partnership (PPP) refers to the various forms of cooperation between public and private sectors, including build-own-operate-transfer, build-operate-transfer design-build-finance-operate, and other forms of public–private cooperation. PPPs are mainly to lower associated costs, lower risks, lower budget deficits, higher efficiency, and greater effectiveness and equity. PPP is an effective way to provide much-needed and expensive infrastructure, public services, and urban renewal, without increasing public sector borrowing.

Public-Private Partnership ‘has no single, internationally accepted definition, the Reference Guide Book (World Bank, 2017), takes a broad view of PPP, as a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance. This views PPP as a tool that provides new assets and services, and those for existing assets and services, in which the private party is paid entirely by service users, and contrary to those in which a government agency makes some or all of the payments. It posits some responsibilities transferred to the private party—such as design, financing, operations, construction, and maintenance. PPP may vary from contract to contract, but in all cases the private party is accountable for project performance, and bears significant risk and management responsibility (World Bank, 2004).
Public-Private Partnership is an enduring contractual relationship between two or more partners of which at least one is a public body, in which both public and private partners bring some kind of resources (e.g., money, property, authority, knowledge) to the partnership, and in which responsibilities and risks (e.g., financial, economic, social) are shared for the purpose of delivering public infrastructure-based products and/or services (Grimsey & Lewis, 2004). A Public-Private Partnership is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility ((Izuwah, 2019) Globally, Public Private Partnership is increasingly being utilized as a veritable tool for procuring public infrastructure, Nigeria equally is not left out in the reigning trend. South Eastern states in Nigeria, are equally keying in to the trend to improve the social services delivery to the people through the Public Private Partnership contractual agreements, the issue, however, is ascertaining, the extent, the region has utilized PPP to ameliorate the excruciating scarcity of portable water supply in the region.

4. EMPIRICAL STUDIES

Akininni (2014), examines how an effective PPP approach could assist in increasing affordable housing delivery. His study aimed to develop a PPP framework for the implementation of affordable housing delivery in Nigeria. To do this, the research develops a framework based on five components: capacity development, operating environment, project development, project financing and government commitment. The research also uses the Institutional Analysis and Development (IAD) Framework to analyze and initiate housing policy reform for PPP arrangement. The research provides further evidence on constraints that are hindering the effectiveness of PPP in Nigeria, including lack of regulation guarantee, poor financial projections, poor feasibility assessments, poor communication, inadequate financial resources, project cancellation and contract renegotiation etc. These findings could assist in developing effective tools to enhance the process, build appropriate institutions and legal system for a fairer and more transparent environment to facilitate the private sector involvement in affordable social service delivery in Nigeria.

Bashayi(2020), put that governments the world over, especially in developing countries, are experiencing an ever-increasing demand for improved health care, water supply, sanitation, education, housing and so on. The rising population and recent economic crisis in developing countries has affected provision of urban services neither the state nor the private sector alone can efficiently provide adequate water supply for the urban population. The study recommends Government should formulate clear legislation and regulatory systems and qualified local, national and regional enterprises should be given the opportunity to compete for PPP projects.

Olufemi, (2012) Public Private Partnership (PPP) is a collaboration of the public and private sectors in the financing and development of public goods and services (agriculture, communication, infrastructure etc.). The collaboration of government and the private sectors in the production of public goods and services is based on the notion that government has no business in production of some goods and services in order to ensure value for money. Olufemi reported that the experience of PPP in Nigeria has not been a thing to write home about. Concessioning of Lagos-Ibadan Expressway, Kuto-Bagana Bridge, Lekki-Epe and Maervis management of Airports have been sour.

Okonkwo, Ndubusi, and Anigbogu (2014) in their work, reveal that weak regulatory framework is a factor militating against Implementation of PPP project in Anambra State. It was also found that inadequate allocation of risks and responsibilities are factors that hampers the execution of public-private partnership project in Anambra State. It was recommended that Government should establish a strong legal and regulatory framework that will facilitate the success of PPP arrangement, the framework will ensure that PPP projects are well implemented in accordance with specified agreement. Also government should propose amendment of existing legislation or legal framework that will ensure that public authorities are empowered to enter into agreements for the implementation of privately financed infrastructure projects and also ensure that the regulation or legal framework is transparent, and effective, this will facilitate the success of PPP arrangement. Furthermore, government at all levels, Federal, State and Local should develop a moral will power or justification and capacity to enforce the laws, monitor and ensure that the parties comply with the set standard.
Akinniyi (2019), put that Government failure to provide the essential amenities such as water and good health services in Nigeria, the inadequacy of government resources and the absence of required manpower, have further galvanized the need for Public Private Partnership. Based on international and local record, PPPs have shown credible effort towards an effective partnership with the government that in reality, has produced the desired results. It is believed that PPP bring new resources such as management expertise and finance and potentially combine the resources to enhance effectiveness and achieve results. A number of challenges threaten the success of PPP, including unattractive enabling environment, inadequate local expertise, and lack of political will, political and bureaucratic processes and inadequate transparency.

Okonkwo, Ekekwe, & Okeke (2019), maintain that the principal reasons for government becoming involved in Public Private Partnerships are to benefit from increased efficiency, shorter implementation time, greater innovation and ultimately better value in the delivery of services brought about by increased competition. The ability to finance a project so that the debt is —off book should not be the prime motivation for entering into a Public Private Partnership in that the government and the ultimate users of the service are still responsible for servicing the debt in one way or another. The emphasis should be on structuring, creative and cost-effective ways of delivering services, not on creative accounting.

5. ROLE OF PRIVATE PARTNERSHIP IN INFRASTRUCTURAL DEVELOPMENT

The protocols and difficulties in raising finance for public infrastructure such as health facilities, provision of portable drinking water, roads and railways are forcing many states to explore alternative financing approaches and the trending alternative now is having the private sector build and operate infrastructure, recoup its investments then transfer the infrastructure to governments (Ighobor, 2017). This approach has risen as a result of the shortfall of government revenue and banks’ reluctance to provide loans. Both the federal and state governments need huge capital annually to develop infrastructure and social amenities. Therefore, Public Private Partnership have become lifelines for cash strapped governments. Recently, governments at all levels in the country, are increasingly turning to Public Private Partnerships to bridge the financing gap and deliver more efficient and cost-effective infrastructure No single sector will be able to deliver on the sustainable development agenda alone. It is an approach adopted to enhance the economic value of infrastructure outputs, and it encompasses a broad spectrum of public sector infrastructure. PPP hence, stand to play significant roles in the infrastructural development in all the levels of government, these roles could be in different dimensions, which may include;

5.1. Prompt and Timely Provision of Information

Information remains a key factor in and aids to business operations. Private sector management put information at the forefront of its operations, this could be in various areas of need. The current trend of machineries, the most modern accounting and management systems and retinue of data are readily made available to keep the business at best. This flow of information is brought to bear in these partnership to achieve the objective of the venture. The need for portable water supply in South East region could be assuaged if current and viable information are available to propagate the use of modern materials, technology and transparent accounting models to bring about the desired result, and this information are readily available with the private partners as they exert much effort to be in the forefront of business though harnessing desired information.

5.2. Maintenance of Social Services

The Private sector involvement in infrastructural development in the federal, state and local governments levels of the country is basically, to promote social services delivery in the country. Public Private Partnership plays a vital role to raise the standard of living through effecting the provision of road, health, water and housing infrastructures to the people. The expertise used in other contractual ventures are made available in current contracts in the provision of social services especially water services.

5.3. The Management of Risk

There is a strong motive for private sector participation in the management and running of infrastructural services aimed at state and national development. But the expectation of some dividends of infrastructures is coupled with expectation of risks. The public management sector is
provided with huge infrastructural opportunity but sharing of risks in the operation of these infrastructures. The maxim that risk shared is risk solved becomes real as these risks are expertly managed. (Hurst C and Reeves, 2004)). Private partner usually takes on a share of the responsibility and risk for the infrastructure project as a condition of the contract (PricewaterhouseCoopers 2005).

5.4. New Infrastructure Development

The reality of Public Private Partnership spearheads new dimensions and areas of infrastructural development. Readily at mind include the idea of concession, joint ventures, commercialization and privatization (Tijani, 2015) The effect of these new dimensions in the incursion and focus of development in virtually in every sector of the economy. These results in infrastructural development being dared into some lofty sectors with strong conviction of achieving success.

5.5. Attracting New Private Capital

It is clear that accessing traditional financing to fund capital projects and infrastructural facilities is becoming difficult as the day goes by. The continuing dwindling of finance to put in place the huge infrastructural base needed to create a conducive livelihood in the nation at all levels has resulted to the contractual agreements with the private sector in view of accessing finance to close the huge infrastructural gap in all the levels of the country. The huge capital desired to put a last-longing and functional water service delivery in the South East of Nigeria, may not be available in the required figure due to the existence of other social services requiring equal attention, but PPP stands to be at the rescue to put across both the capital, and expertise needed to run the huge machinery, needed to provide the necessary services.

5.6. The Engendering of Competition

The private sector notably is in business to make profit. This drive makes them available and at hand in numbers competing to win the contractual agreement, this also provides the opportunity to make choice and pick the best that will meet up with the desired agenda. The private partners are also expected to be top flyers to be able to win contracts, competition is believed to spur them to be imbued with the required capacity and capability.

5.7. Flexibility and Ease of Doing Business

The public sector has less autonomy in organizing and management than the private sector. Flexibility in contracting is one of the primary motivations for PPPs. Flexibility can raise the quality of service. PPP can achieve an increased level of efficiency in the delivery of services and, consequently, induce the channeling of additional resources to the provision of needed services. The protocols in public service and its characteristics of time wasting is not as much in private sector, time is money, and also business is done guided by objectives.

5.8. Choice of Best Services

Governments choose private contractors through an open bidding process in which the government defines specific requirements for the quality of service that it demands from the contractor. The contracts usually include measurable outcomes and clauses that specify the condition to deliver the desired result, and the best contractor showcasing the lowest cost proposal and required efficiency, is selected.

6. CHALLENGES OF PUBLIC PRIVATE PARTNERSHIP IN INFRASTRUCTURAL DEVELOPMENT

6.1. Perfecting a Credible Agreement

Difficulties in negotiating and reaching agreement between the contractual parties; may arise in some cases and the consequences are usually detrimental and negative. Many fears have arisen out of such cases and has continued to deter some organizations and government from pursuing partnership.

6.2. Political Will

There are in some cases, difficulty in achieving political will and public support for the participation of the private sector and the public sector. Many of the agreements may suffer due to hastiness and insincerity arising from lack of political will to pursue a sincere contractual agreement. Announcements and publicity herald such contracts to create a sense that something is going on, but it is just a deceitful plan to make some cheap honour.
6.3. Accountability and Transparency

Corruption has remained in the forefront of most contractual agreements in our country. This has eaten deep into the bone marrow of the nation and fears are alive that its ugly head may rear in the issues of PPP. Lack of accountability and transparency in public sector has made the officials to always seek for gains at every opportunity resulting to lack of proper agreements and irregularities.

6.4. May Led to Privatization

Public Private Partnership may lead to privatization which is run purely as a private business, denying the citizens low cost of service. When a PPP business succeeds, the politicians are prone to acquire it through a back door privatization process.

7. CONCLUSION

The onus of providing the infrastructural facilities to the people lies on the government, however, the government has reneged in meeting the growing infrastructural need of the people. To fill these infrastructural gaps, to increase efficiency and lower costs incurred in rendering these services, gives the leverage for the involvement of the private sector. The success of any public-private partnership relies on the extent to which all stakeholders perform their duties, stick to risk sharing and contractual legal framework, and efficiency service delivery mechanism. Institutionalism posits the use of the existing structures to put the desired results in place, the South East region government has put in place the institutional structure of governance to utilize the PPP to pursue the provision of portable water to the people, but the root of the structures is already infested with the usual public service menace of corruption and red-tapism. The southeast geopolitical zone has favorable conditions for utilizing the PPP mechanism in infrastructural development in the zone which can lead to sustainable infrastructure and high level of service delivery including the provision of portable water supply to the people.

The South Eastern state governments over the years have partnered in many occasions with private enterprises to provide some critical services to the state, in the areas of waste management, health services and agricultural productions. It is therefore suggested to avail this opportunity to the perennial water problem in the South East states of Nigeria, to save the people from the untold hardship, economic poverty and social degradation arising from this water scarcity by utilizing the collaboration of Public Private Partnership in this direction. However, the collaboration is required to be monitored and supervised by the government institutions, it is feared that despite the role of relevant ministries to ensure compliance to the contractual agreement, backed with strong legal framework. The paper therefore recommend that the contractual agreement should contain measures to sustain corrupt free and objective minded partnership. To actualize the desired objective.

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