

VISION 20-2020: IMPERATIVES FOR INFRASTRUCTURAL FINANCING

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ABSTRACT

The issues addressed in this paper pertains to infrastructural deficiencies, bridging the gap, role of Public Private Partnership (PPP) and Financial institutions, Multilateral Agencies, Independent Guarantee and international best practice for infrastructural financing and development. Without a vision, the country is like a ship without a rudder, going round in circles. It is like a tramp, it has no place to go. The creation of vision comes from considerable amount of exploring, analyzing, and rooting around in the territory of a problem. Creating in conjunction with the investing public and government an investor-friendly and an enabling environment that will facilitate the country's bid to attract inward foreign investment cannot be undermined. Nigeria's experience is that huge infrastructure deficit has greatly constrained economic growth and development, thus inhibiting our ability to improve the quality of life as envisaged in the Seven-Point Agenda. The Methodology of this paper is content analysis. Today, many business entities operate like independent communities as they have to generate their energy requirements, produce own water and communication facilities, construct own roads, etc. It concludes that creating in conjunction with the investing public and government an investor-friendly and an enabling environment will facilitate the country's bid to attract inward foreign investment.

Key words: Vision 20-2020, Infrastructure, Financing, Nigeria

1.0 INTRODUCTION

Vision is the total concept of what an organization or its people are trying to become. Vision seeks to focus people on the future. The challenges for today's leaders are to find and communicate a vision of the society that is in some way better than the old one and to encourage others to share that vision. Vision does not simply descend from above. Vision requires knowing where you want to go and means having a clear vision; articulating it well; and getting your team enthusiastic about sharing it. Vision is usually values driven. Values are the supporting principles that guide the vision into a successful fulfillment. Values motivate and sustain performance; gives the society character; constitute the anchor for any development programme; guide future actions; provide the society a reference point by which to examine past practice. The creation of vision comes from considerable amount of exploring, analyzing, and rooting around in the territory of a problem. Umoh (1997) "posited that vision is the ability to create or invent what does not exist; it is the ability to become what we are not. Vision clarifies purpose; gives direction; empowers us to perform beyond our resources; bonds people together; becomes the constitution, the criterion for decision making; gives a sense of unity and purpose and provides great strength in times of uncertainty". Mullins (2005) opined that vision is the desired future state of the organization, and an aspiration around which to focus attention and energies of members of the organization. It is a general belief that without a vision a person perishes.

Precisely the problem statement in this paper are bad roads, poor transport system, inadequate independent electric power generation, distribution and supply which have negatively impacted on the recurrent cost of stakeholders in Nigeria; manufacturing sector and the Financial Services Industry (FSI). This has raised the cost of products and services rendered to customers as FSI players rely heavily on diesel-powered generating sets for power backup. It also limits customers' access to online services in areas where alternate sources (like organic fuel are not available). Instability in major macro-economic indicators such as inflation rate and interest rate have been on the high side. Small businesses find it difficult to breakeven as a huge part of their earning is used to service loan facilities. The poor state of basic infrastructure such as roads, the transportation system, power supply and potable water has affected the quality of life of the average Nigerian and has inhibited his/her ability to engage in entrepreneurial and wealth creation activities. There is general low level technology awareness. Identifying the extent of decay in Nigeria's infrastructure is not a difficult task; from transportation to health; from energy

to utilities, decades of malaise and underinvestment have taken their toll on the nation’s infrastructure. Bridging the immense infrastructure funding gap that stifles Nigeria’s socio-economic development cannot be met by public resources alone. Nigeria for the first time in its history decided to take its destiny into its hands by coming to terms with the fact that it requires a vision if it is to move ahead and gain its rightful place in the comity of nations. Vision 20-2020 was conceived according to the late Head of State, General Sani Abacha to embrace and institutionalize a culture of long term planning. The Chairman of Vision 20-2020 Committee, Chief Earnest Shonekan, has said that the goals of the project are achievable. International organizations including the Bretton Wood institutions (the World Bank and the IMF) have endorsed the project. The visionary process required by Nigeria to fully actualize this dream (20-2020) is depicted and captured in Table 1 below.

Table 1 Visionary Process

Dimension	Outcome
Vision	
Timeframe	2020
Geographic Dimension	Emerging Markets
Growth rate	Fastest Growing
Size of the Economy	Driver and Catalyst
Sectoral Target	Dominance of Non-Oil Sector
Additional	
Focus	Efficiency and Safety

Source: Compiled by the Author

The Vision of Nigeria is to be the safest and fastest growing and emerging market, fastest growth economy measured by clearly defined parameters that would enable us become the 20th largest economy. Emerging markets will enable us to conquer and also use the key emerging markets as our benchmark for further economic growth. The growth of the economy is expected to serve as a catalyst which will once again enhance the dominance of the non-oil sector that will eventually drive the economy towards prosperity. Emerging markets as defined by World Bank and International Monetary Fund (IMF) e.g the “BRICs” that is Brazil, Russia, India and China.

Table 2 Percentage of Gross Domestic Product Spent of Infrastructure

Country	% of GDP on Infrastructure
China	12
India	8
Rusia	5
Brazil	2
Nigeria	3.5

Source: Economist International Business Monitor 2008

According to editorial of the Economist International Business Monitor (2008), table 2 shows that China is currently spending an estimated 12% of its GDP on infrastructure, equivalent to \$120 billion per year according to its 11th 5 year plan. For India the figure is 8%, Russia 5%.Brazil has notoriously been under spending at only 2% but they have realized that they need to brush up their act. Last year Brazil Launched a four-year plan to spend \$300 billion to modernize its road network, power plants and ports. Nigeria government is currently spending approximately 3.5% of GDP on capital projects. However, there is need to raise our level of financing to close the infrastructural deficit and further boost our GDP growth.

The 2006/07 Global Competitiveness cited in Delaney (2008) reported infrastructure as one of twelve pillars that are fundamental to a country's ability to compete. The report ranked Nigeria as the 95th in the world in the world overall, behind countries such as Namibia, Botswana and Khazakstan and fared even worse at 119th in respect of infrastructure (See table 3 below). Engaging private capital is paramount in order to surmount the obstacles faced by government in the wake of increasing urbanization, limiting public bourses and sheer depth and breadth of infrastructure investment requirements. In order for Nigeria to participate in the global economy, adequate infrastructure must be put in place to accelerate the transition from virgin to emerging economy.

Table 3 Global Competitiveness Report

2nd Pillar: Infrastructure	Nigeria World Ranking	
	Out of 131 countries	
Quality of Electricity Supply		128
Quality of Port Infrastructure		127
Quality of railroad Infrastructure		122
Quality of roads		114
Available Seat Kilometers		113
Quality of Air Transport Infrastructure		102
Telephone Competitiveness		89

Source: Global Competitiveness Index 2006/07 Reported in Delany (2008)

Infrastructural Deficiencies

With the over \$90 billion bill for addressing the poverty of infrastructure, poor regime of tax revenue collection, and the private sector needs to be mobilized. Opening the door to private sector capital brings a host of benefits including increased governmental transparency and accountability, capital efficiency, optimal risk allocation and specialized expertise. It is generally agreed by many informed analysts and players in the economy that the parlous state of our infrastructural facilities is a causal and critical factor for the acknowledged high cost of doing business in Nigeria. Today, many business entities operate like independent communities as they have to generate their energy requirements, produce own water and communication facilities, construct own roads, etc. Given the magnitude of funds required to address the problem, the public sector resources alone will be grossly inadequate to finance the necessary infrastructural development needed to drive the economy as one of the largest economies by 2020. There is urgent need to address the discepit state of our infrastructure such that we can have uninterrupted power supply, motorable roads, functional transportation system, good health care delivery services, academically up-to-date educational institutions, etc. This is the best time to strongly advocate for the Public/Private sector Partnership (PPP) in the development of the nation and this can take the form of concessioning, build-own-operate-transfer (BOO), venture capital, etc.

These are the common models of privatization for water supply, seaports, airports and too-roads, where government desire private participation and investment but do not wish to relinquish rights to ownership of the sector's assets in the long term. In this paper, some of the models will be revisited that we undertook in the immediate past with sub-optimal results. As an economy develops, more goods need to be transported, more people will travel, more products produced; all this can only be possible with a transport network equipped to handle the large volume of goods that a country with about 150 million populace needs. Delaney (2008) stated that "Nigeria's transport sector contributed just over 3% to real GDP, with road transport accounting for over 85% of sector output. The number of vehicles on the road has increased by over 20% since the start of 2000; struggling to traverse a mere 193,000 kilometers of roadways, of which 15% is paved". Section 1 above discusses the introduction, Section 2 dwells on Analytical Framework; Section 3 sheds light on Research Methodology, Section 4 dwells on Nigeria infrastructural financing requirements: it examines the opportunities that are presented within infrastructure and focuses on two key areas; Energy and Transport. Section 5 dwells on the imperatives for infrastructure financing while Section 6 ends the paper with and conclusion recommendations.

2.0 THEORETICAL/ANALYTICAL FRAMEWORK

There exist in economic literature varying arguments on the appropriate placement of the called unproductive government expenditure such as roads and transport, energy, technology etc which are not income yielding but are central to the productive efficiency of the economy. The basic ideas of compensatory fiscal policy is that in order to provide an impetus to aggregate spending during recessional periods, government should increase its expenditure relative to taxes or reduce taxes relative to a given size of expenditure. Ajayi and Ojo (1980) opined that fiscal policy requires that government should deliberately engage in deficit financing when the economy is in dire need of an expansionary stimulus. In the past the government has been the sole financier of infrastructure finance and has often taken responsibility for implementation, operations and maintenance as well. There is a gradual recognition that this may not be the best way to execute/finance these projects. According to Sehrawat and Nachiket (2006) this recognition is based on considerations such as cost efficiency, equity considerations, allocation efficiency, and

fiscal prudence. Government funds (tax payers' money) are expected to be used transparently, maximally to avoid waste, spread of projects and to stimulate growth of the economy. Against the strength of these arguments, government has made several attempts to create the preconditions for a sustainable level of involvement of the private sector in the development of infrastructure within the country. Governments have come to realize the importance of developing and maintaining adequate and efficient infrastructure services, as well as the implications of falling behind in the provision of these services. Often, severe fiscal constraints face countries because of past neglect in the maintenance of infrastructure.

This increase awareness has resulted in governments looking to the private sector for resources. According to Adepetun (2008), most countries have adopted the Public-Private Partnership (PPP) policy about two or three decades ago as a way of fixing their infrastructural gap and at the same time, delivering good welfare for their citizens. Aside from developed countries including the United Kingdom (UK), France, Germany and the United State of America (USA), emerging economies such as India, United Arab Emirate (UAE), Qatar, Singapore, and Malaysia, have adopted the PPP not only to develop but also to grow their economies. From the World Bank report, since 1984, 86 industrialized and developing countries have privatized 547 infrastructures in developing countries, as well as the shift away from public sector financing. This is far beyond the public sector's capacity and clearly highlights the opportunities for private sector involvement. It is in this light that many developing countries including Nigeria have therefore begun a review of previously 'natural' monopolies in order to create opportunities for the private sector to add value in the provision of infrastructure and to provide relief to their already overstretched budgets. The restructuring of public enterprises is an efficient strategy and an important first step towards private provision of infrastructure. Through reform and privatization of public enterprises, new private infrastructure companies will emerge, with incentives to seek additional opportunities for further development. According to Ferreira and Khatami (2008):

“Infrastructure divestiture in Latin America in the period 1988-93, for example, generated 22.5 billion US dollars in revenues and a significant number of private infrastructure companies. These transactions can also contribute to the development of both equity and debt capital markets. The Argentina government used debt/equity swaps in the privatization of their state telecommunications company to reduce the government's debts to foreign commercial banks,

while gaining capital to upgrade and maintain neglected equipment. The Ferreira-Khatami paper provides real-world experiences of public enterprise restructuring and the subsequent private provision of infrastructure. The reasons range from macroeconomic constraints (Argentina and Mexico) to a recognition of efficiency gains from private provision of infrastructure (Chile). Some Asian countries also present an interesting case in which private participation has been introduced as a way of complementing public sector efforts to keep pace with economic growth”.

A public-private partnership (PPP) involves the private sector in aspects of the provision of infrastructure assets or of new or existing infrastructure services that have hitherto been provided by the government. While many governments have reformed public utilities without private participation, it has become a growing fad to seek finance and expertise from the private sector to ease fiscal constraints and increase efficiency. By engaging the private sector and giving it defined responsibilities; governments broaden their option for delivery of better services and increasing the economic multiplier effects of engaging the private sector. The range of options for public-private partnerships has expanded enormously over the past three decades. Contractual agreements between public and private entities take many shapes and sizes for both new and existing services. At one end of the spectrum is a management or service contract, where a private company is paid a fee for a service. At the other end is full privatization or divesture (outright sale), where a government sells to a private company. Outsourcing has become another popular option; here a private company might handle an aspect of service, such as billing, metering, transport, or even cleaning. From the World Bank report (2008) from 1990 to 2006, the World Bank sponsored “Private Participation in Infrastructure Project Database” tracked almost 3,800 projects involving private participation in the transport, energy, telecommunications, water and sewerage sectors of developing countries. Investment commitments to these projects totaled US\$41.00 billion.

3.0 METHOD

The methodology of the research is the content analysis. Although it is defined in various ways, in this research, content analysis will be seen as “a research technique for the objective, systematic and quantitative description of the manifest content of communication” (Selltize

1977: 335). To this end the research will involve a review of existing secondary sources in books, journals, magazines and Newspapers.

4.0 NIGERIA’S INFRASTRUCTURE FINANCING REQUIREMENT (SELECTED SECTORAL REVIEW)

According to Elebute (2008) major impediment to Nigeria’s economic growth-based on the infrastructure sub-sector of the Global Competitive Index, Nigeria ranks 119th out of 139 countries. The current state of infrastructure suggests significant investment requirements as estimated below on table 4.

Table 4: Infrastructure Spending Requirement (6 years)

Sector	Requirements (2008-2013 US\$' bn	Spending (1999-2007 US\$' bn)
Power	18-20	13.27
Railways	10	n/a
Roads	14	4.2-8
Oil and Gas	60	n/a
Total	104	

Source: Federal Ministry of Finance 2008

n/a : not available

According to the Federal Ministry of Finance (2008), investment of \$510 billion is required over the next 11 years in rail, power, energy and construction, Investment of \$104 billion is needed for the next 6 years in power, rail, roads and oil and gas while infrastructure spending of about 20% of GDP is required to meet vision 2020 target.

Energy – Power Sector

There is slow pace of reform particularly on the privatization of Power Holding Company of Nigeria (PHCN). The funding issues for Nigeria Independent Power Project (NIPP) is very critical for successful resolution of any form of reform especially now that a target capacity (with

NIPP) of 6,000MW (by 2009) and 10,000MW by 2011 has been set. Power projects usually require long term debt funding at attractive rates due to their investment horizon and regulated nature of markets/tariffs. Due to its underlying liability structure and cost of funds, local debt funding are usually of short to medium term not matching tenor requirements for power projects. It is usually expensive relative to comparable international facility/instrument. The investment of US\$18-20 billion has been proposed for the next 6 years while investment of US\$85 billion is required to achieve 2020 target. It further stated that for Independent Power Project (IPP), 15 out of the 27 IPPs with planned capacity of 8,539 MW is required and are in project planning phases. Investments of \$8.5 billion will be required (Presidential Committee on Power Sector Reforms).

Energy - Oil and Gas

No doubt investments are required for developing refineries, depots, Liquid Natural Gas and pipelines. This will require long term financing with appropriate interest rates required to develop these opportunities. Relevant issues affecting investment in upstream gas infrastructure includes need to introduce appropriate fiscal incentives to encourage private sector investment. According to the Federal Ministry of Finance (2008) financing requirements in investment is estimated at US\$ 60billion and has been proposed for the next 6 years (LNG project- Brass LNG, \$8 billion) and OKLNG, \$12 billion).

Transport – Railways

Federal Government of Nigeria has declared its commitment to continue to encourage investment in this sector. According to Federal Ministry of Transport, there is continued interest of about 4-5 operators (with railway operations in Africa) who submitted responses to Bureau of Public Enterprises (BPE's). Following proposals to improve attractiveness of concession and deliver immediate intervention, Federal Government is now to fully fund development of extensions to major ports (\$178m) as links to ports will generate traffic that will improve the viability of the concession with a commitment to fully rehabilitate and maintain projects with affordable investment requirements to the tune of \$98m. It is expected that Federal Government will enhance the value of any concession arrangement. Investment of US\$ 10 billion has been proposed for the next 6 years (Federal Ministry of Finance)

Transport –Roads

The Federal Government of Nigeria under the Public-Private Partnership (PPP) agenda has proposed concession of 10 roads by Federal Environment Road and Maintenance Agency (FERMA). The need to invest, maintain and rehabilitate roads is necessary due to lengthy transaction cycle for concessions and need to enhance viability of underlying concessions. It is expected that Federal Government investment will be refinanced from proceeds of concession. The financing requirement is estimated at US\$ 14 billion proposed for next 6 years (Federal Ministry of Finance). Table 5 shows the roads earmarked for PPP while table 6 shows the proposed Rail PPP projects.

Table 5: Proposed Road PPPs

Road Name	Total Length Km	Traffic Volume Per Day	Total Cost \$mm
Lagos-Ibadan (Dual Carriageway)	252	40,000	103
Shagamu-Benin (Dual Carriageway)	486	22,000	180
Abuja-Kaduna-Kano (Dual Carriageway)	810	20,000	170
Enugu-Onitsha Benin (Dual Carriageway)	440	12,000	133

Source : Federal Ministry of Transport 2008

Table 6: Potential Rail PPP Projects

	Total Length Km	Total Cost
Potential Rail PPPs	1,126	
Lagos-Kano (West)	1,443	450
Port-Harcourt		577
Maiduguri (East)	168	
Kaduna-Kanfanchan		66
Kuru-Jos	44	35
Idogo-Ifwa Junction		7
Apapa-Tincan		13
Port-Harcourt Onne		24
Itakpe-Warri		130
Total	2,858	1,303

Source: Federal Ministry of Finance 2008

**Federal Budget Allocation (Fund
Providers)**

Table 7:

Sector	2006	2007	2008
Power & Steel	5%	4.50%	4.80%
Water	5%	5.30%	6.60%
Education	11%	8.20%	7.30%
Health	7%	5.40%	4.80%
Works	6%	9.40%	4.90%
Total	34%	32%	28.40%

**Source: Federal Ministry of
Finance** **2008**

		US\$' bn
Table 8: Funding Requirements Estimated for the Next 6 Years	(A)	104
Funding Sources Identified/in Progress:		
Federal & State Governments excess crude account for NIPP		5.3
Proposed LASG 10-Year Bond		2.3
Proposed Kwara State Govt. 10 -Year Bond		0.25
Estimated FGN capital expenditure budget for the next 6 years at \$3.5bn/p.a		21
Total	(B)	28.85
Source: Federal Ministry of Finance	2008	

Fund Providers

Globally, government is the oldest financier of infrastructure development. It, historically, used to be the sole financier, funding from infrastructural budgetary allocations. However, due to the need to balance competing interests, public resources for financing infrastructural development have dwindled over time. In recent times, about a third of the Federal Government of Nigeria budgetary allocations have been dedicated to infrastructure as shown on table 7 above.

Based on table 8 above, (A) - (B) funding gap in the region of \$75bn (N9.375 trillion) over the next 6 years is the financing requirements made up of \$104bn (derived from table 3). Some of these funds are required for specific projects such as: LNG Projects – Brass & OKLNG \$20bn and 15 licensed IPPs for 8,535 MW \$8.5bn (Federal Ministry of Finance).

5.0 IMPERATIVE FOR INFRASTRUCTURAL FINANCING

The single greatest handicap to global competitiveness in Nigeria is unarguably the lack of power. The cost of doing business is crippling given the requirements to rely on generators to run day-to-day operations. In spite of the over \$19 billion said to have been invested by the Obasanjo Administration (1999-2007) there was no corresponding increase in terms of addition of further megawatt being added to the grid, as alleged. Nigeria first enjoyed electricity in 1896, a mere fifteen years after its introduction to the UK. In 1950 the Electricity Corporation of Nigeria was

formed which eventually merged with Niger Dams Authority to Form NEPA. In spite of liberalization efforts in 1998 which gave licenses to other companies to generate electricity, the stranglehold that NEPA held over the distribution process stifled competition. According to Delaney (2008) the maximum outage recorded was 3.083 MW, despite the underfunding, executive interference and under-capitalization has been the characteristic of many state-owned enterprises. The situation did not change even with the transfer of NEPA assets to Power Holding Company of Nigeria (PHCN).

The high incidence of power project failures globally has created an aversion within the private sector to participating in emerging market power projects. Understanding the causes of failure of project can go a long way towards structuring a regime that offers a supportive investment. For instance, the World Bank's "Analysis of Power Projects with Private Participation under Stress" identifies four key areas that lead to power project failures:

- i. Regulatory and Pricing issues: these constitute the most frequent cause of stress with projects, and within this category, noncompliance with the pricing formula and government interference is identified as the most critical issues.
- ii. Sociopolitical resistance: the private sector involvement is identified as the second largest factor of stress, and within this category, the most frequent issue is the lack or change in political commitment of the government, as well as social resistance from the public or special interest groups.
- iii. Macroeconomic cause: this include exchange rate instability comes as the most frequent issue, followed by low demand due to macroeconomic crisis and other macro events.
- iv. Faulty Project Structure: comes significantly behind the three previous causes of stress, and within this category, project exposure to foreign exchange (forex) risk through the mismatch between nonhedged foreign exchange risk on borrowing and the currency of project revenues is clearly the most frequent cause of stress.

All of the world's fastest growing economies understand that by removing infrastructure bottlenecks, they can accelerate economic growth, create jobs, raise their quality of life index and also have a sustained impact on reducing inflation. Financial Institutions, both domestic and international have a critical role to play in channeling capital into infrastructure development.

They intermediate capital flows between the users of capital and providers of capital. The Unique feature of most infrastructure investments is that it requires long-term capital. For this reason, it is not suited to the needs of every investor. In particular, private sector capital will not be channeled into infrastructure in an environment that is unstable, both economically and politically. According to Shonibare (2008), infrastructure investment requires low inflationary environment with stable, well capitalized banks as well as deep and liquid capital markets. He identified seven key factors that have led to success in other countries: Government leadership, large pools of domestic savings, local currency financing, banking and capital reforms, developing private sector capacity and breeding champions, effective government policy and regulation that facilitate cost recovery.

Multilateral Financial Institutions (MFIs) such as the World Bank, International Finance Corporation (IFC), European Investment Bank, etc typically have a role to play where there is market failure that where the government, local and international banks, local and international investors and local capital markets have been unable to meet a nation's long –term infrastructure financing needs. In many developing economies, local banks are unable to access long-term financing due to the underdeveloped nature of the local capital markets. As a result projects requiring long-term financing have to depend on the MFIs who typically have backing from western governments. These loans are typically provided at relatively low interest rates (some at concessionary rates) that are more competitive than what the local banks are able to offer given the latter's more expensive funding costs. In order to heal the funding gap, privatization would enable governments to liberate their balance sheets, raise funds and transfer assets to entities that may be better placed to manage such. Infrastructure investing has evolved from being considered dull and boring to become the latest darling of the investment classes. Given the historical perception of the space as dull and low brow, the availability of qualified manpower, globally, is limited. Investment banks, hedge funds and asset managers have turned their attention to infrastructure investments. While the cash flows generated by projects may be uninteresting, the potential for making a significant profit exiting once the project has successfully launched has proved appealing to the likes of Goldman Sachs, Citigroup, Morgan Stanley and Credit Suisse who have all joined the bandwagon with the launch of infrastructure funds.

6.0 CONCLUSION AND RECOMMENDATIONS

Infrastructural Financing has opened up new vistas of opportunities including seeking answers to Nigeria's many social-political and economic problems. The transport woes will not be solved overnight; long-term planning will anticipate the booming population and ever-increasing urbanization is catered/provided for. The present administration of Lagos State Government under Governor Fashola is exploring every window of opportunities to alleviate the pressure on infrastructure facilities in Lagos. Funding infrastructure projects has typically been through a combination of equity and limited recourse to debt, that is, debt that is tied to the projects itself and not to the sponsors. The ability to attract such debt is fundamental to the success of infrastructure projects.

The recent capitalization exercise of the Nigerian banking system, the re-emerging FGN bond programme and the deepening equity market are acting as catalysts to improve the prospects of project finance. Infrastructure financial planning cannot be achieved in a vacuum; the cross benefits, both social and economic across the sectors should be factored in. In protecting the viability of projects, maintenance must feature heavily in order to ensure longevity of the project and hence the anticipated cash flows. Infrastructure investments are inherently "lumpy" with large upfront costs, long term revenue streams and tend to be in fixed locations and therefore may not appeal to all investors. Competition for investible funds is immense; only properly structured, viable projects will attract the level and quality of sponsors that the project needs. The challenges posed are immense but not insurmountable. Deploying the private sector in conjunction with bi/multilateral agencies will alleviate the pressure on public bourses and create fiscal space. Although emerging economies often rely on development assistance, this is only a drop in the ocean. According to Shonibare (2008) "Japan was able to do this immediately after the war, through its postal saving system. Most of the funds were channeled into infrastructure. Prior to privatization in 2006, Japan Post ran the world's largest postal system with approximately \$3trillion in assets. Significant amounts of these savings were channeled into infrastructure through specialized government bodies with borrowing powers such as Japan Highway Public Corporation which was established in 1956 for the purpose of comprehensive construction and management of expressways and ordinary toll roads".

In the past, it was difficult to raise long-term infrastructure project financing in Nigeria although it is getting easier with the banking recapitalization. Multilaterals can financially engineer the process to mitigate some of the inherent risks thereby making it easy to attract private monies. The multilaterals can make the project on infrastructure financing viable given the endemic failure of the sector, the perceived political risks and the critical role that tariffs will play in the project's fortune. The need for infrastructure development often exceeds the capacities of developing country capital markets. As private sector involvement becomes an option, foreign financing will play an important role in meeting this need. It is important to establish efficient contact between governments and investors in order to confront risks associated with foreign financing of local infrastructure. Investors' unfamiliarity with local conditions also needs to be addressed by governments wishing to attract finance. The imperatives for successful infrastructure financing to facilitate the actualization of Vision 20-2020 are therefore four folds: sustaining consolidation and recapitalization to become truly global players; deepening the financial system (product and markets) to become more responsive to the heightened demand for financial service from an expanding and growing economy; growing of a highly trained and professionalize workforce that can deliver service to the standards customers will set for the sector and creating in conjunction with the investing public and government an investor-friendly and an enabling environment that will facilitate the country's bid to attract inward foreign investment.

Recommendations

On the basis of the theoretical/analytical findings of this paper, the following are recommended:

(i) In recognition of the importance of infrastructure, the Nigerian government should integrate Infrastructure development into the National Economic Empowerment Development Strategy (NEEDS) programme with the overall policy thrusts as: rapid privatization of key infrastructural service to ensure their effectiveness in putting Nigeria on the path of growth, encouraging private sector initiation and participation in the provision of infrastructure using such methods as Build-Operate-and Transfer (BOT), Build-Own-Operate and Transfer (BOOT) in the provision of infrastructural services, providing targeted intervention in the provision of infrastructure especially to rural areas, enhancing and enforcing relevant laws to improve competition in the provision of transport infrastructure.

(ii) Privatization is not a panacea to all ills; it must be implemented methodically and diligently in conjunction with deploying the capital markets to fund specific projects. Private equity, project-based finance, asset-backed finance, privatization, public-private partnerships all form part of the toolkit that the government can employ to address the infrastructure deficit. In addition governments can also mobilize capital through long-term bond issues. In terms of funding and financing, government will need to mobilize revenue directly through taxation; realistic user charges and creative exploitation of commercial revenue generating opportunities.

(iii) To make Nigeria one of the 20th largest economies in the world by 2020, there must be support infrastructure such as airport, seaports, and adequate transport facilities. This will require developing sufficient urban (road and rail, transport, inter-city state transport facilities) strong international trade and commerce transportation (Sea, rail and inland waterways) and also international business transportation.

(iv) The World Bank can offer guarantees against tariff risks, regulatory risks, subsidy payments, and changes in law and a host of other project-specific risks.

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