

# Roles Of Stakeholder's Engagement And Management In The Road Infrastructure Delivery In Nigeria Through Public Private Partnership Arrangement

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**Abstract:** *The successful delivery of road infrastructure in Nigeria through Public-Private Partnership (PPP) arrangements is heavily dependent on effective stakeholder engagement and management. Given the complexities of infrastructure development, multiple stakeholders including government agencies, private investors, financial institutions, regulatory bodies, contractors, and host communities play significant roles in shaping project outcomes. Effective stakeholder engagement fosters transparency, trust, and collaboration, which are critical for mitigating risks, ensuring regulatory compliance, and achieving sustainable infrastructure development. This study explores the role of stakeholder engagement in facilitating the planning, financing, execution, and maintenance of road infrastructure projects in Nigeria. It highlights how well-structured engagement strategies enhance project acceptability, reduce conflicts, and improve efficiency. Through case studies of successful and failed PPP projects, the study demonstrates the impact of stakeholder engagement on infrastructure sustainability and economic growth. The findings underscore the need for a structured stakeholder management framework to enhance accountability, foster inclusive decision-making, and ensure long-term project success. By prioritizing stakeholder engagement in PPP road infrastructure delivery, Nigeria can achieve improved road networks, attract more private sector investment, and drive national development through enhanced connectivity and economic integration.*

**Keywords:** Infrastructure, Maintenance, Public-Private Partnership, Stakeholder, Stakeholder management

## Introduction

Roads are crucial for transportation, yet only 60,000 km of Nigeria's 195,000 km road network is paved, with many roads in disrepair due to poor maintenance and corruption leading to substandard construction. Despite significant budget allocations (e.g., \$80.42 billion from 2011 to 2020), funding remains inadequate, with the Federal Government estimating \$593 billion is needed to bridge the infrastructure gap. Efforts like the Road Infrastructure Development Refurbishment Investment Tax Credit Scheme (RITCS) and Public-Private Partnerships (PPPs), including the Highway Development Management Initiative (HDMI), aim to improve the situation. The chapter also discusses the potential of a National Road Fund (NRF) to finance road maintenance through tolls, inspired by similar models in other African countries. However, poor-quality materials and lack of maintenance continue to undermine progress.

The poor state of Nigerian roads considerably leads to road accidents, with numbers from Quarter 2-2020 indicating 2,080 wrecks, 5,353 injuries, and 855 deaths, attributable primarily to inadequate infrastructure. Because roads are the most common means of transportation, developing road networks is critical for economic development. Public-Private Partnerships (PPPs) are critical for upgrading road infrastructure because they increase funding efficiency, manage risks, accelerate project completion, secure new funding sources, and lower long-term costs. The government controls and supports these programs, while private companies provide expertise, administration, and funding. Effective stakeholder involvement is critical to project success, as it fosters innovation, trust, and better outcomes by addressing stakeholder interests early on.

Nigeria's road network is divided into three categories: Trunk A (federal roads), Trunk B (state roads), and Trunk C (local roads). The federal government manages 17.6% of roads, states handle 15.7%, and local governments control 66.7%. Despite this framework, all levels of government confront issues such as cost overruns, delays, low quality, and insufficient upkeep. Only 15% of roads are rated safe, and poor infrastructure impedes economic progress.

Nigeria's economy is primarily reliant on road transportation, and a well-connected network guarantees that goods and commuters are transported on schedule and efficiently. Public-private partnerships (PPP) are being used to maximize road infrastructure usage and make it more effective than traditional public approaches (ICRC, 2012).

The government is committed to social development, environmental protection, and public support for road projects. The public sector monitors private organizations' performance, while private organizations ensure project execution, apply professional expertise, and manage projects (Adamu et al, 2015). Private organizations finance road projects through equity or debt funds, depending on the PPP model used (Amobi, 2013). This study focuses on the management and engagement of stakeholders in PPP road projects, highlighting their pivotal role in project success. Stakeholders are individuals, entities and groups that can influence

the execution of road projects (Mok et al., 2015). Ineffective stakeholder management can lead to conflict and negative outcomes (El-Gohary et al., 2006; Majamaa et al., 2008). Engaging stakeholders fosters innovation and creativity, resulting in customized solutions and improved outcomes for PPP projects (Hodge et al., 2010; Weihe, 2008). Stakeholder engagement and management are crucial for successful greenfield highway road construction and brownfield maintenance projects. Addressing diverse interests and values, engaging the right people and organizations, and prioritizing early engagement from conceptualization, can foster consensus, support, and trust.

### **Statement of the Problem**

This research focuses on stakeholders' roles in road infrastructure and transportation sectors in Nigeria. It aims to identify their influence and engagement levels in road and highway development. The study highlights the importance of full disclosure and free flow of information in PPP projects, avoiding pitfalls like wrong objectives, misallocation of risk/reward, lack of competition, wrong message, and lack of governance. Toyo University attributes PPP failures to public sector failures in conceptualization, development, procurement, and monitoring. Stakeholder engagement should address challenges like corruption, cost overruns, delivery time, resources, environmental issues, community impacts, and road users. Proper community involvement can prevent setbacks in road and highway development projects.

### **Aims and Objectives of the Research**

The general focus of this study is hinged on investigating the roles of stakeholder's engagement and management in the development, operation and maintenance of road infrastructure in Nigeria through PPP. Specifically, the purpose of this encircles around the following:

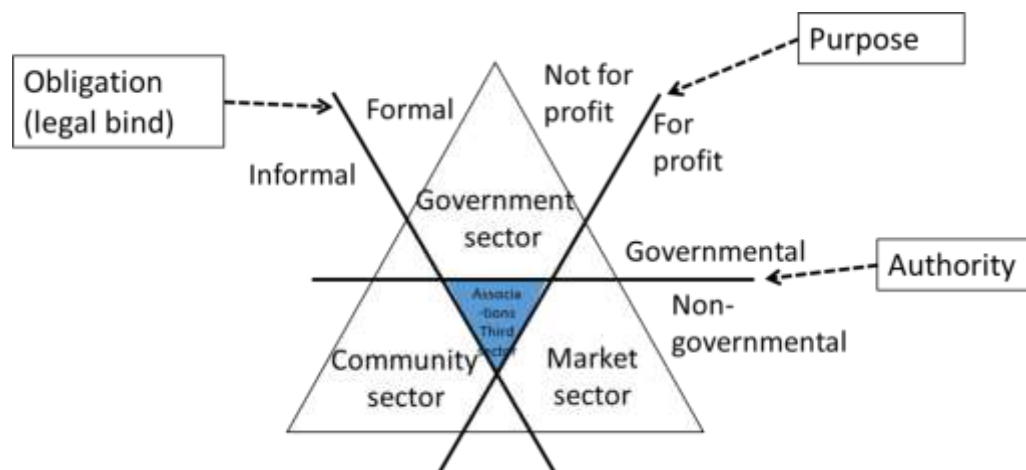
1. To examine the lack of procedures in stakeholders' engagement and management the nature of PPP arrangement in road infrastructural development.
2. To investigate the potential obstacles to PPP arrangements in road infrastructural development in Nigeria
3. To explore the elements that would improve the process in management of end-users and community stakeholders in Nigeria.

### **PPP and Infrastructural Status in Nigeria**

In order to increase efficiency, accessibility, and service quality, public infrastructure projects in Nigeria are supported by private sector expertise through cooperative agreements known as public-private partnerships (PPPs). PPPs are supervised by the Infrastructure Concession Regulatory Commission (ICRC), which was founded in 2005 and makes sure that both Brown-Field and Green-Field projects are implemented successfully (FMW, 2013). According to the Organization for Economic Development and Cooperation (OECD), a public-private partnership is an arrangement in which the government enters into an agreement with one or more private partners, including operators and financiers, whereby the private partners provide services in a way that aligns the government's service delivery objectives with the private partners' profit objectives (Jose & Jose, 2019). The successful implementation of the alignment is dependent upon an appropriate transfer of risk to the private partners.

PPPs attempt to reduce long-term costs, manage risks, expedite project delivery, find new funds, and improve funding efficiency (ICRC, 2012). While the public sector keeps an eye on deadlines, budgets, and goals, private partners provide management, experience, and funding through debt or equity (Haran et al., 2013; Amobi, 2013). PPP schemes have invested more than \$41.5 billion in infrastructure (Babatunde et al., 2016). While federal laws like the Federal Highway Act (2004) and Electric Power Sector Reform Act (2005) regulate essential sectors, state-level PPP laws can be customized by legal frameworks such as the Lagos State PPP Law (2011), Rivers State Public Private Infrastructure Development Law (2009), and Kaduna State PPP Policy (2020)). With more than 50 active projects, 56 PPP initiatives had reached financial closure as of 2019—mostly in the areas of ports and power.

Figure 2.1: PPP Triangle based on Pestoff's Welfare triangle (Toyo University)



In contrast to most definitions of PPPs, which frequently overlook community sector participation, Toyo's concept aims to widen the scope of PPP by including people and associations as the third sector. Pestoff's welfare triangle demonstrated how the community sector—which consists of households, families, interest groups, non-state actors, and the market, which consists of private organizations and businesses—participates in the provision of social welfare services in society in addition to the government.

### PPP and Stakeholders Matters

Stakeholders are people or organizations that have the power to affect or be affected by an organization's goals (Freeman, 1984). He emphasizes that a successful business must take into account all parties involved, particularly employees, whose abuse might result in failure. In a similar vein, imposing projects on communities without their consent might have unfavorable effects. Mitchell et al. (1997) classify stakeholders by power, legitimacy, and urgency, whereas Olander (2007) categorizes them as internal (e.g., project engineers, managers) and external (e.g., community members, road users). Because infrastructure initiatives have long-term effects, external stakeholders are essential. In order to address their needs, Kumaraswamy et al. (2007) place a strong emphasis on sustainability, which is consistent with the World Commission on Environment and Development's (1987) perspective on sustainable development.

Consultation, teamwork, and open communication are essential success factors for fostering trust and guaranteeing community involvement. Public-Private Partnerships (PPPs) often concentrate on the public and private sectors. In order to acknowledge their role and the significance of information openness for informed participation, Toyo University broadens the concept to include the "third sector"—communities, associations, and civil society organizations. This strategy prioritizes social value in addition to financial value, supporting a "People-first PPP" model. For a sustainable, well-balanced society, the PPP triangle unites the public, corporate, and community sectors. Nigeria and other African countries, on the other hand, tend to overlook community involvement in favor of PPPs as pragmatic approaches to infrastructure development (Egboh & Chukwuemeka, 2012).

### PPP Success and Failure in Nigeria

The top five factors that sustain PPP projects in Nigeria include long-term efficacy, contractual agreements, incentives for new market entrance, award criteria, and eligibility prerequisites, (Babatunde et al. 2020). Project destination, transparency among internal stakeholders, schedule of stakeholder engagement, PPP expertise, and partnership with internal stakeholders are the five main enablers of external stakeholder management, (Amadi et al. 2019). Babatunde et al. (2016) found no significant difference in stakeholders' perceptions of Critical Success Factors (CSFs) for PPP projects in Nigeria.

According to Amadi et al. (2014), one of the main things hindering PPP projects in Nigeria from succeeding is the neglect of stakeholders' interests. They maintained that including stakeholders at every stage of a project would mobilize their support for its success. Amadi et al. (2014) concluded that there is a lack of sufficient guidelines on stakeholder management for project development, operation, and maintenance in Nigeria's current framework for PPP implementation. The authors suggested creating a transparent and inclusive stakeholder management framework for PPP projects in order to win over stakeholders to the use of PPPs.

### Case Studies of PPP Projects

#### i. Stakeholder engagement plan by Ministry of water resources in Nigeria

With an emphasis on global best practices, the World Bank is creating a stakeholder engagement strategy for the Nigeria Sustainable Rural Water Supply and Sanitation Sector initiative. In order to improve decision-making as well as environmental and social performance, the strategy seeks to establish a "social license" among stakeholders that is founded on respect, trust, and open communication. ESS-10, a participatory instrument for identifying, classifying, and involving stakeholders, and the World Bank's Environmental and Social Framework (ESF) serve as the plan's guiding principles. Although the SEP is different in terms of risk factors, land acquisition, and accessibility, it can be used as a model process for stakeholder engagement in Nigeria. Although the project differs in terms of procurement procedures and PPP lifecycle phases, it is intended for international help and significant public involvement. The SEP is a participatory tool created to offer guidelines on how the various agencies involved in the Nigeria sustainable rural water supply and sanitation sector project would identify, categorize, and collaborate with stakeholders in a friendly manner. The objective of the project is to improve access to water supply, sanitation, and hygiene in Nigeria. This SEP may serve as a model process for stakeholder engagement in Nigeria since it shares similarities with the road sector in the areas of social and environmental issues as well as interagency partnerships using the agreed-upon WB tools. Nevertheless, the provision of facilities and procedures for end users' accessibility differs significantly due to the differences between rural community water systems and roads. Land acquisition is a very large task, and there are considerable risk concerns involved in the construction/building phase.

**ii. The Baku-Tbilisi-Ceyhan (BTC) Pipeline Project**

The Baku-Tbilisi-Ceyhan crude oil pipeline, connecting Baku, Azerbaijan, and Ceyhan, Turkey, is considered a good practice of community engagement by the International Finance Corporation (IFC). However, lessons can be learned in structuring community engagement in stakeholder engagement plans and strategies for road infrastructure development in Nigeria. These lessons include maintaining international standards for public consultation and disclosure, prioritizing local consultations, and spending considerable time meeting with affected communities and interested parties along the pipeline route. The company also set a precedent through a multi-stakeholder forum, allowing lenders to hear feedback directly from affected communities, civil society, local authorities, and other stakeholders. The primary concern of affected communities was land use and acquisition impacts. The comprehensive stakeholder engagement process yielded valuable lessons, including good practices and ways to improve. This can be facilitated and domesticated in principle and action for road/highway development in Nigeria by involving the public, private sector, community, and interested parties to achieve an in-depth understanding of key issues and concerns.

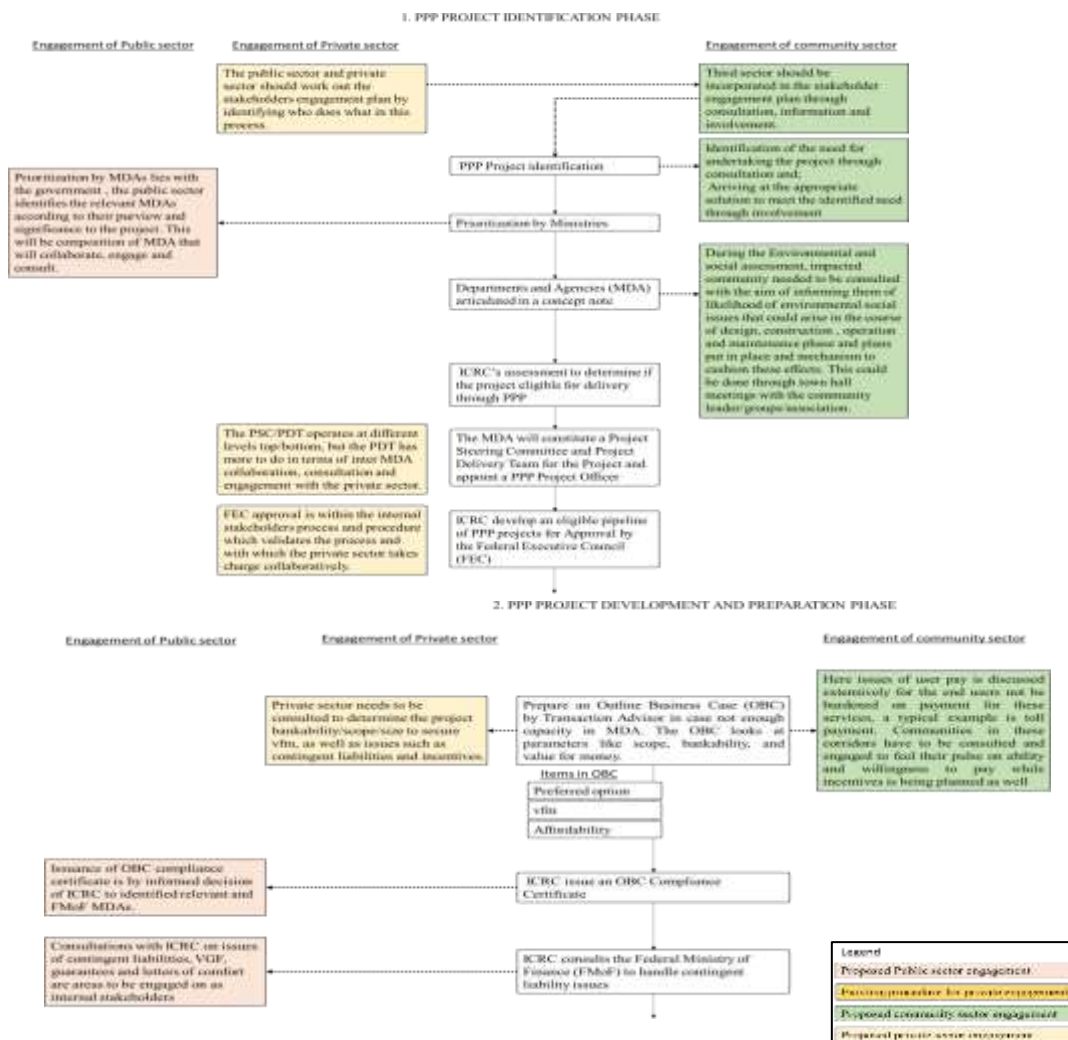
**iii. Rasuwagadhi hydro power project in Nepal**

The Rasuwagadhi Hydroelectric Project (RGHEP) is a 111 MW Run of River hydroelectric scheme in Rasuwa District, Nepal. It includes a diversion weir, underground desander chambers, a 4 km long headrace tunnel, an underground powerhouse complex, 3 vertical axis Francis turbines, and a 132kV double circuit transmission line. The project is implemented under two contract packages: Civil and hydromechanical works and Electro-Mechanical. SMEC, the Owner's Engineer, has been engaged by Rasuwagadhi Hydropower Co. Ltd. The project is implemented under the concept of "people" and public private partnership (4Ps), involving impacted communities and the general public.

To have a successful stakeholder engagement, it is crucial to consider the community and interested parties' interests as a holistic relationship, not just for the public and private sectors. Future projects should incorporate more participatory techniques and methodologies into the PPP process to create more meaningful interaction and dialogue. The time and resources required for a robust process of consultations with stakeholders should not be underestimated. Steps for making informed decisions during stakeholder mapping include an introduction, a summary of the Stakeholder Engagement Regulatory Framework and Standards, stakeholder identification and analysis, a detailed Stakeholder Engagement Plan, dispute management, monitoring, evaluation, learning, and reporting.

The development of a stakeholders engagement plan for road/highway PPPs in Nigeria, using the IAP2 spectrum and the Mitchell approach, emphasizes the importance of community and association/interested partners in the PPP process. This approach was crucial during the construction phase of the Lekki-Epe Expressway, where communities protested about tolling. Practical tools for managing the engagement process include maintaining a stakeholder's log, tracking meetings, and having a written record of meetings to demonstrate the frequency and range of stakeholders involved.

## Proposed Nigerian PPP procedures improving stakeholder engagements



Source: Author

## Conclusion

PPP failures are linked to public sector failures due to lack of efforts or capacity. Learning from community and private sectors can help avoid these issues. Public sector failures include wrong objectives, misallocation of risks, lack of competition, and wrong phases. The public sector should engage the third sector in project identification and conceptualization to avoid setting wrong objectives and misallocation of risks and rewards. Early communication between the public and private sectors can reduce information asymmetry and decision-making power. The third sector can be a publicly invested corporation, minimizing budgetary burdens for the government. Private sector management can improve efficiency and maximize public benefit. Treating stakeholders as partners in progress and involving them in the project can mitigate market failures, governmental failures, and PPP failures. Stakeholder engagement plans with clear objectives and targets can help make informed decisions.

A stakeholders engagement plan is crucial for project preparation, planning, implementation, and monitoring. It should be an all-inclusive approach, guided by international best practices and aligned with the World Bank's ESF framework. Identifying significant external stakeholders and focusing on their cooperation is essential. A framework for tracking and mapping stakeholder engagement should be developed, and a memorandum of understanding should be established to foster commitment, mutual respect, and engagement rules.

## Recommendations



- i. All pertinent parties, including public sector organizations, private investors, host communities, non-governmental organizations, and road users, should be defined and included from the project planning stage by government and PPP project initiators.
- ii. To enhance their ability to participate successfully, public sector personnel and project managers should get training and capacity building in stakeholder management, dispute resolution, and PPP governance.

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