



ADDRESSING CRITICAL ISSUES OF INEFFICIENCY, MISMANAGEMENT & CORRUPTION PLAGUING LARGE INFRASTRUCTURE PROJECTS IN NIGERIA

On occasion of the Nigerian Institute of Quantity Surveyors (NIQS) 2024 Workshop in Abuja

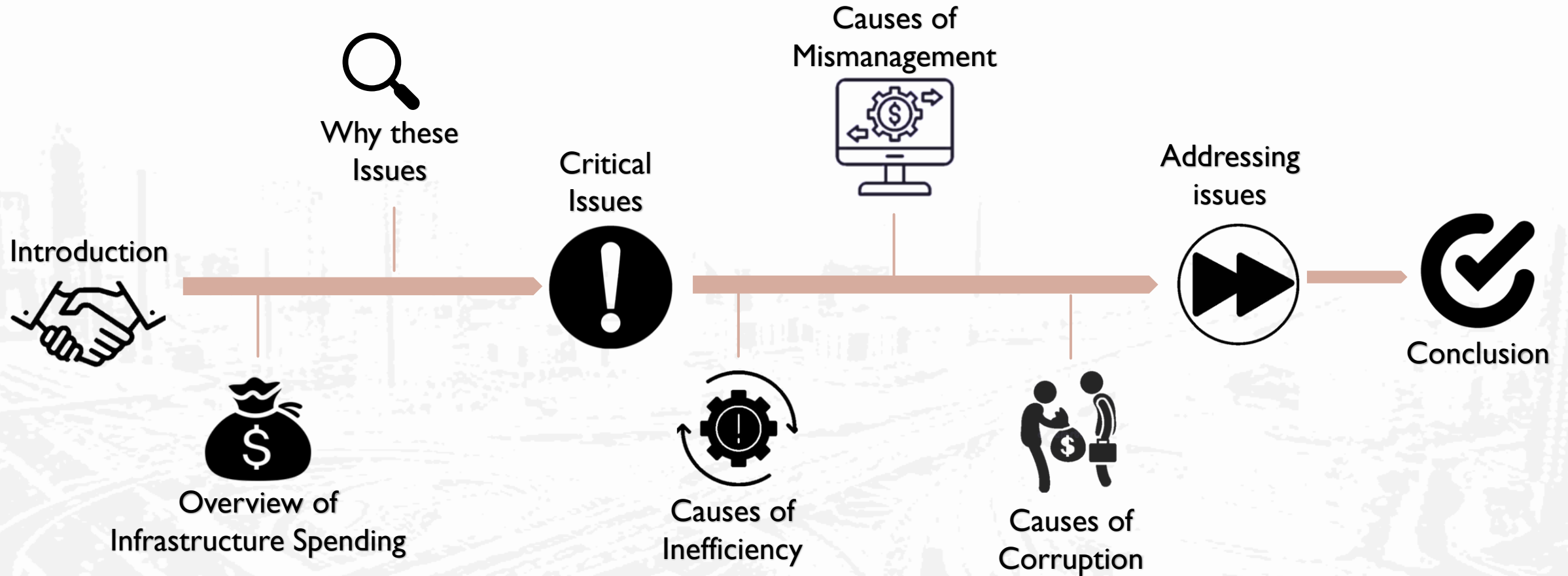
Theme: Innovative and Sustainable Construction Practice: Building a resilient cost-based, knowledge-driven industry with integrity



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CONTENT



INTRODUCTION

Large infrastructure projects in Nigeria have played a crucial role in the country's development, shaping its economic, social, and political landscape.

However, these projects have also faced significant challenges, including inefficiency, corruption, and mismanagement, which have often undermined their potential benefits.



Other Challenges faced by Large Infrastructure Projects in Nigeria

- Bureaucratic Bottlenecks
- Political Interference
- Funding Constraints
- Political Instability
- Security Challenges
- Environmental and Social Issues



IMPACT OF INFRASTRUCTURE ON NATIONAL DEVELOPMENT



Economic Growth

- Successful infrastructure projects have been key drivers of economic growth, enhancing trade, improving connectivity, and facilitating industrial development

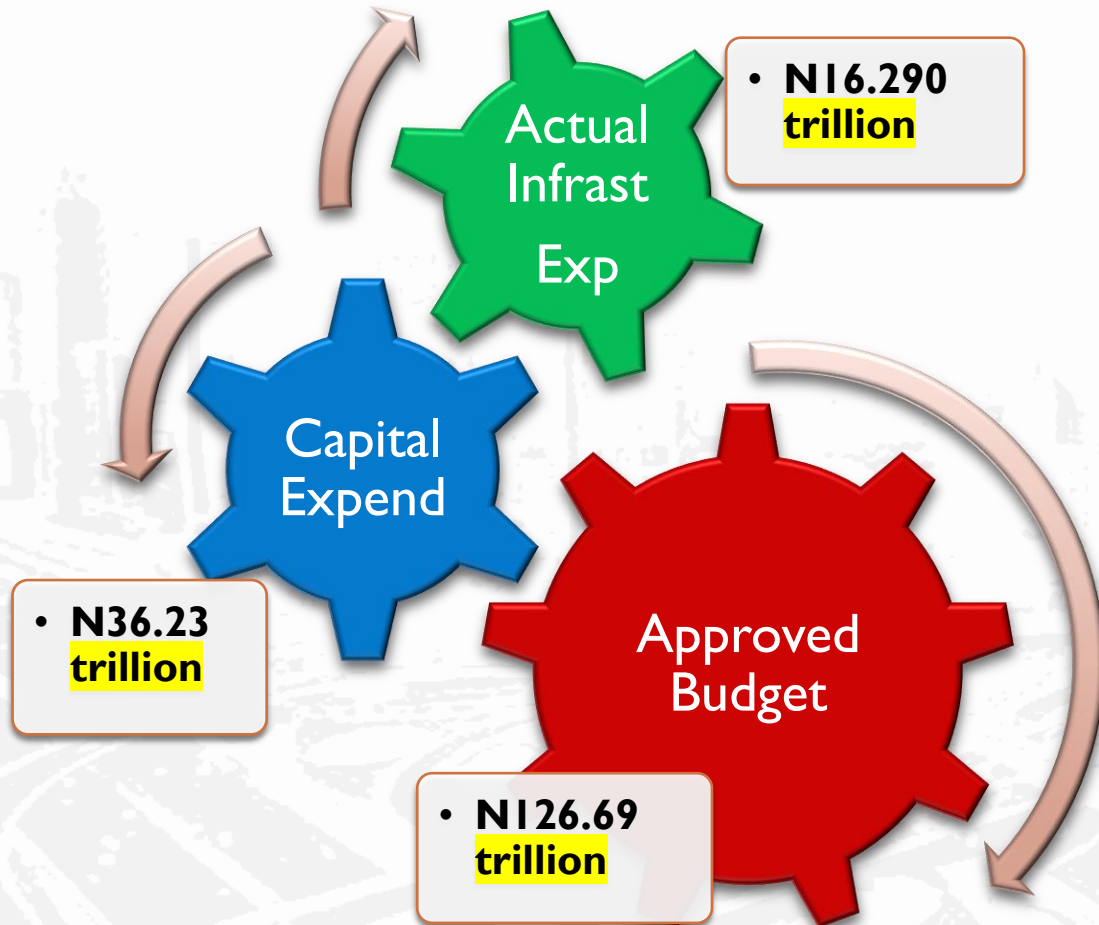
Social Development

- Infrastructure development has played a crucial role in improving living standards by providing access to essential services like electricity, clean water, and transportation

Challenges to Development

- Infrastructure project development challenges lead to infrastructure underdevelopment relative to economic potential

INFRASTRUCTURAL EXPENDITURE FROM 2015 TO 2024



- According to Budgeting information, Nigeria has spent over N150 trillion on various infrastructure development procurements in the past 14 year.
- And Infrastructure investment represents 29% of Annual Budget spending in the past 10 years.
- Despite billions of dollars spent since 1999 on capital expenditures, infrastructure deficit lingers.
- The National Integrated Infrastructure Master Plan 2020 (NIIMP) recommend that \$2.3 trillion (USD) is required to address Nigeria's infrastructure deficit over the next 23 years.
- This would translate to an annual expenditure of \$100 bn (USD) for the next ten (10) years.

SPECIAL FUNDING



SUKUK

- Special Infrastructure fund 2017 till date
- Over N200 billion in road funds

PIDF

- Presidential Infrastructure Development Fund
- Over \$650 million allocated to key Infrast projects

NDP

- National Development Plan
- Target infrastructure investment of N348.1 trillion

International Loan & Grants

- Infrastructure Loan from AfDB & World Bank
- Over \$6.17 billion obtained as at September 2021

National Development Plans

- ERGP (2017-2020) with N6.98 trillion spent on Infrast.
- Economic Sustainability Plan (ESP) 2020
- National Development Plan (2021-2025)

Federal Budget Allocation

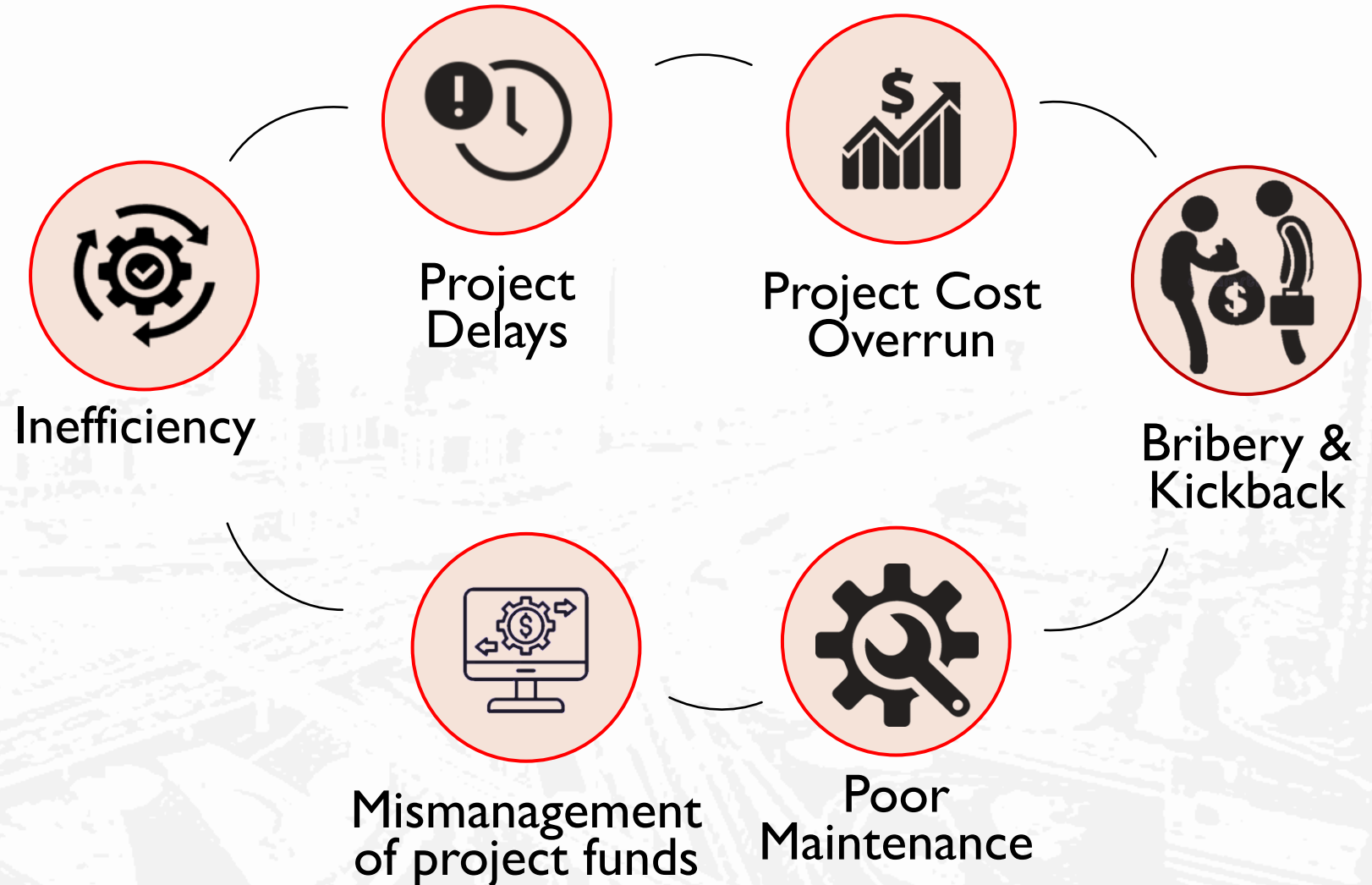


FEDERAL BUDGET APPROPRIATION FROM 2010 TO 2024

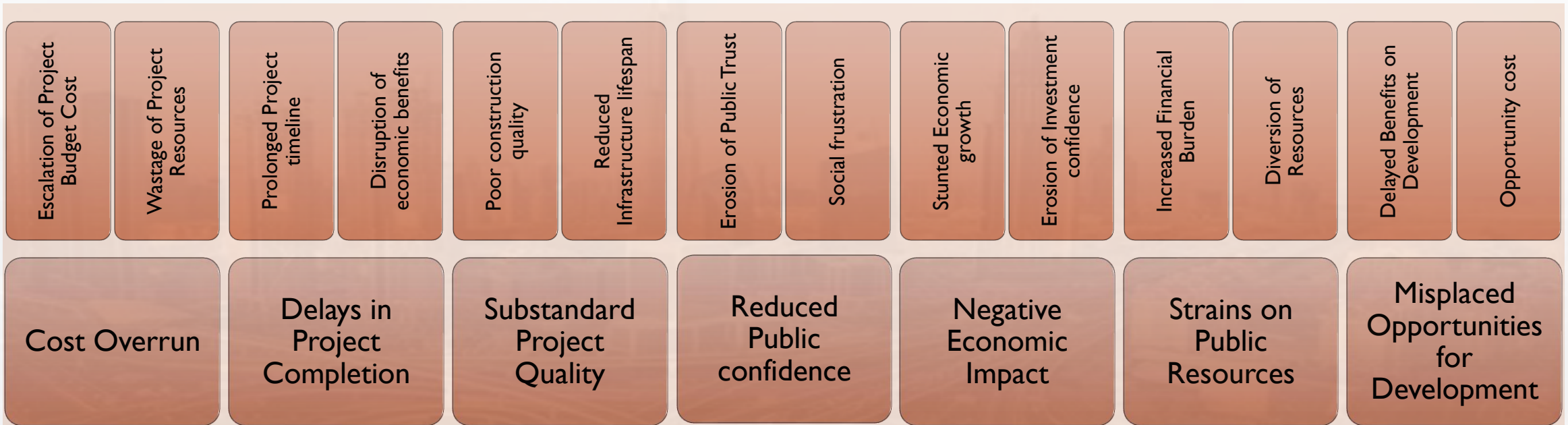
Year	Approved Budget (₦ 'trillion')	Capital Expenditure (₦ 'trillion')	Allocation to Infrastructure (₦ 'trillion')	Amount Released for Infrastructure (₦ 'trillion')
2010	4.608	1.850	1.100	Nil
2011	4.484	1.150	1.150	Nil
2012	4.877	1.340	1.320	Nil
2013	4.987	1.620	1.600	Nil
2014	4.964	1.550	1.550	Nil
2015	5.067	1.310	1.300	Nil
2016	6.060	1.590	1.590	1.200
2017	7.440	2.240	2.360	1.560
2018	9.120	2.870	2.870	1.820
2019	8.910	2.090	2.140	1.640
2020	10.810	2.480	2.490	1.960
2021	13.590	3.850	3.850	2.100
2022	17.130	5.350	5.350	2.760
2023	21.830	6.450	6.310	3.250
2024	26.730	8.000	8.000 (Estimated)	Nil
TOTAL	N150.607 trillion	N43.740 trillion	N42.980 trillion	N16.290 trillion
TOTA	\$ 100.4 billion	\$ 29.16 billion	\$ 28.65 billion	\$ 10.86 billion

WHY FOCUS ON INEFFICIENCY, MISMANAGEMENT AND CORRUPTION

Large Infrastructure projects in Nigeria are affected by various issues besides inefficiency, mismanagement and corruption. But the interplay of inefficiency, mismanagement and corruption creates a vicious cycle that severely hampers infrastructure development, and cause the huge degradation and deficit witnessed on our infrastructures.



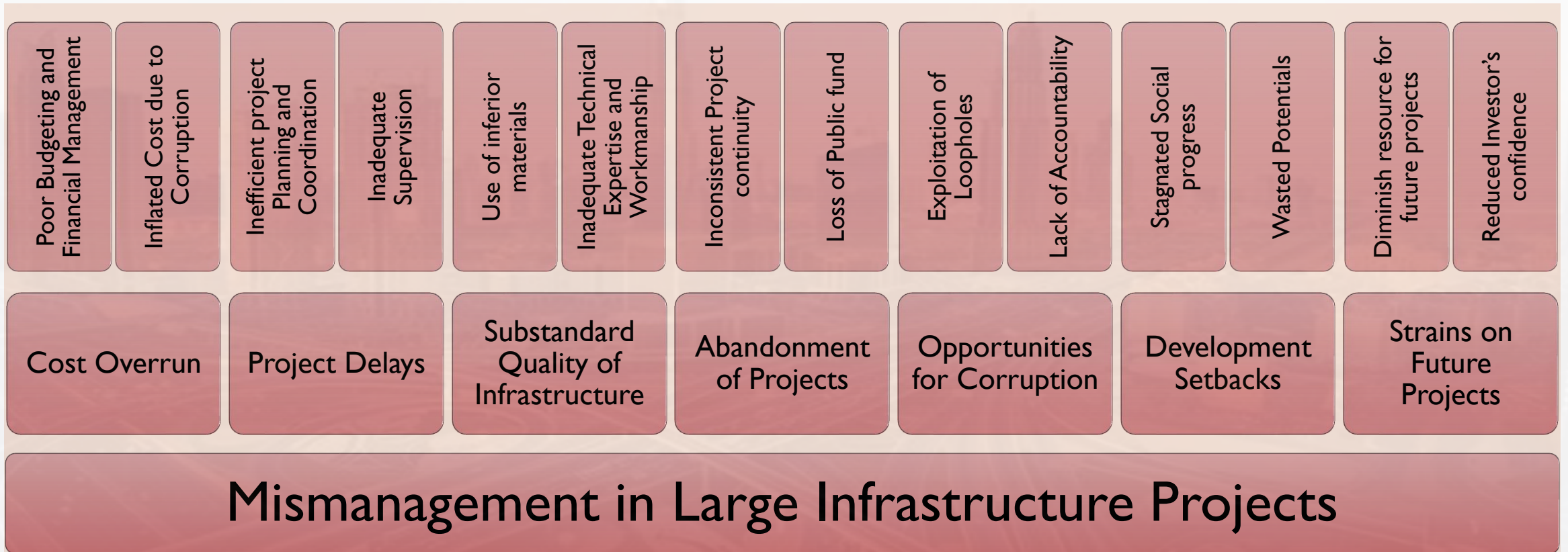
INEFFICIENCY IN LARGE INFRASTRUCTURE PROJECTS



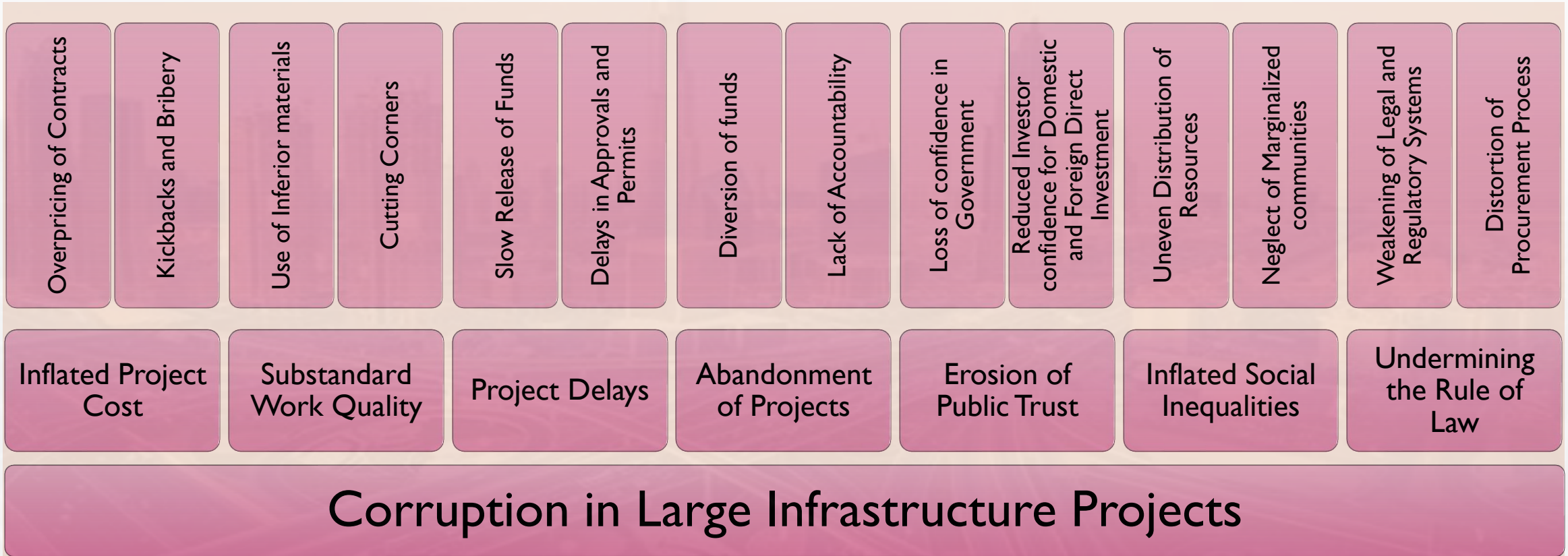
Inefficiency in Large Infrastructure Projects



MISMANAGEMENT IN LARGE INFRASTRUCTURE PROJECTS



CORRUPTION IN LARGE INFRASTRUCTURE PROJECTS



CURRENT STATE OF INFRASTRUCTURES IN NIGERIA



AIRPORTS.

31 Airports;
5 Major Intl.



RAILWAYS.

Total - 3,500 KM
Single Gauge =
400KM
Narrow Gauge =
3,100KM



ELECTRICITY

Installed =
13,000MW
Operating =
4000-7000 MW



ROADS & BRIDGES

200,000 KM
Paved -30,000KM



TELECOM

Over 200 Million
Internet Users
> 150 Million



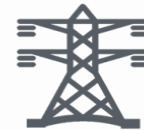
WATER & SANITATION

Clean Water
Access- 70%
Sanitation- 39%



WHAT THE NUMBERS SAY

Over **N42.98 Trillion**
spent on Infrast. in 14yrs



Over 10,000
Ongoing projects

N40trillion

Over 2,600 projects
ongoing with FMWH

N15trillion

Turn Around Maintenance
of 3 Refineries in 10yrs

N11.35trillion



IMD-World **64/67**
Competitiveness Index



25/54
African Infrastructure
Development Index



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INFRASTRUCTURE STOCK RATING

Nigeria



Egypt



South Africa



UAE



Transportation

\$50-100 bn

\$50-80 bn

\$100-150 bn

Over \$100 bn

Energy

\$20-30 bn

\$40-60 bn

\$60-80 bn

Over \$200 bn

Water Supply

\$10-20 bn

\$15-25 bn

\$20-30 bn

\$30-50 bn

Telecom

\$70 bn

\$30-50 bn

\$50-70 bn

\$50-70 bn

Real Estate

\$100-200 bn

\$80-120 bn

\$100-150 bn

Over \$200 bn

GDP

\$477bn

\$404bn

\$405bn

\$421bn

Global Comp Index.

5.37

0

21.02

58.43

AIDI

24.53

89.91

81.67

0



THE GLOBAL PERCEPTIONS

- The 2024 IMD-World Competitiveness Index report ranked Nigeria at 64 out of 67 world economies, with a 5.37 score on infrastructure ranking.
- In 2022 also, the African Infrastructure Development Index (AIDI) ranked Nigeria 25 out of 54 countries with a score of 24.53 for infrastructure development.
- World bank report of 2019 valued Nigeria infrastructure stock at 30% of total GDP, below the benchmark of 70%



ADDRESSING INEFFICIENCY, MISMANAGEMENT AND CORRUPTION IN LARGE INFRASTRUCTURE PROJECT

Improving Project Planning and Management

1

- **Adopt Robust Project Management Practice**
 - Implementing standardized project management methodologies, that can help streamline planning, execution, and monitoring processes, including setting realistic timelines, budgeting accurately, and defining clear roles and responsibilities
- **Enhance Feasibility Studies and Risk Assessments**
 - Conduct thorough feasibility studies and risk assessments before initiating projects. This ensures that potential challenges are identified early and mitigated through careful planning



Strengthening Regulatory and Oversight Mechanism

2

- **Establish Independent Oversight Bodies**
 - Create independent bodies to oversee large infrastructure projects, ensuring that they are executed according to plan and within budget. These bodies should have the authority to audit projects, monitor progress, and enforce accountability
- **Enforce Compliance with Established standards**
 - Ensure that all infrastructure projects adhere to national and international standards for quality, safety, and environmental sustainability. Regular inspections and audits should be conducted to enforce compliance



ADDRESSING INEFFICIENCY, MISMANAGEMENT AND CORRUPTION IN LARGE INFRASTRUCTURE PROJECT

Promoting Transparency and Accountability

3

- **Implement Open Contracting and E-Procurement**
 - Adopt open contracting and e-procurement systems to make the procurement process more transparent and competitive. This reduces the opportunities for corruption and inefficiency by ensuring that contracts are awarded fairly and that project information is accessible to the public
- **Strengthen Accountability Mechanisms**
 - Establish clear accountability frameworks that hold all stakeholders, including government officials, contractors, and project managers, responsible for their actions. This could involve legal penalties for non-compliance or poor performance



Capacity Building and Training

4

- **Invest in Capacity Building**
 - Provide training for government officials, project managers, and contractors on best practices in project management, financial management, and technical execution. This helps to build the skills needed to manage large projects effectively.
- **Encourage Continuous Professional Development**
 - Promote continuous professional development for engineers, architects, and other technical professionals involved in infrastructure projects to keep them updated on the latest technologies and methodologies



ADDRESSING INEFFICIENCY, MISMANAGEMENT AND CORRUPTION IN LARGE INFRASTRUCTURE PROJECT

Optimizing Resource Allocation

5

- **Ensure Adequate Resource Allocation**
 - Allocate sufficient resources—financial, human, and material—at the start of the project to avoid delays due to resource shortages. Proper budgeting and resource planning are crucial to ensure that all necessary inputs are available when needed
- **Implement Lean Construction Techniques**
 - Adopt lean construction techniques to minimize waste, optimize resources, and improve efficiency. This involves streamlining processes, reducing delays, and focusing on value-added activities

Improving Financing and Budgeting

6

- **Adopt Multi-Year Budgeting**
 - Implement multi-year budgeting practices for large infrastructure projects to ensure that funding is sustained over the course of the project. This helps to avoid interruptions due to budget shortfalls in subsequent years
- **Enhance Financial Oversight**
 - Strengthen financial oversight mechanisms to prevent misallocation or mismanagement of funds. This could involve regular audits, financial reporting, and the use of financial management software



ADDRESSING INEFFICIENCY, MISMANAGEMENT AND CORRUPTION IN LARGE INFRASTRUCTURE PROJECT

Monitoring and Evaluation

7

- **Establish Continuous Monitoring and Evaluation (M&E) Systems**
 - Implement robust M&E systems to track project progress, assess performance, and identify areas for improvement. Regular reporting and real-time data analysis can help detect inefficiencies early and allow for timely interventions
- **Use Key Performance Indicators (KPIs):**
 - Define and monitor KPIs for all aspects of the project, including time, cost, quality, and safety. KPIs provide a clear measure of progress and help in identifying areas where efficiency can be improved.



Adopting Innovative Technologies

8

- **Integrate Digital Tools in Project Management**
 - Use digital tools such as Building Information Modeling (BIM), Geographic Information Systems (GIS), and drones for planning, monitoring, and executing infrastructure projects. These technologies can improve accuracy, reduce waste, and enhance overall efficiency
- **Promote Automation and Prefabrication**
 - Encourage the use of automation, prefabrication, and other advanced construction techniques that can speed up project timelines and reduce human error



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Encouraging Public-Private Partnerships (PPPs)

9

- **Leverage PPPs for Expertise and Efficiency**
 - Engage the private sector through public-private partnerships to bring in expertise, efficiency, and additional funding. PPPs can help ensure that projects are delivered on time and within budget by introducing private sector discipline and innovation
- **Set Clear and Fair Contractual Terms in PPPs**
 - In PPPs, ensure that contracts are well-defined, with clear performance metrics, penalties for non-compliance, and incentives for early or on-time completion.



Community Involvement and Stakeholder Engagement

10

- **Involve Local Communities in Planning and Monitoring**
 - Engage local communities in the planning and monitoring of infrastructure projects to ensure that projects meet local needs and that any issues are identified and addressed early
- **Establish Stakeholder Committees**
 - Create committees that include representatives from local communities, civil society, and other stakeholders to provide input and oversight throughout the project lifecycle.



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Strengthening Legal and Regulatory Frameworks

11

- **Enforcing Anti-Corruption Laws**

- Strengthening and strictly enforcing anti-corruption laws is crucial. This includes setting up special courts or tribunals to handle corruption cases related to infrastructure projects swiftly, thereby ensuring that offenders are promptly prosecuted and punished

- **Reforming Public Procurement Laws**

- Regularly updating procurement laws to close loopholes that allow for corrupt practices can help ensure that all stages of project procurement are conducted ethically



Strengthening Institutional Capacity

12

- **Training and Capacity Building**

- Provide extensive training for officials involved in project management on anti-corruption practices. This includes training on how to detect and prevent fraudulent activities, as well as how to manage resources transparently

- **Institutional Reforms**

- Reform institutions that manage infrastructure projects to reduce bureaucratic bottlenecks and inefficiencies that create opportunities for corruption. Streamlining processes and reducing unnecessary layers of approval can minimize the potential for corrupt practices



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Enhancing Transparency in Procurement

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- **Open Contracting and E-Procurement**

- Implementing e-procurement systems where all bidding processes are conducted online and open to public scrutiny can significantly reduce opportunities for corrupt practices. Open contracting, where all contract documents and transactions are made public, helps in monitoring and ensuring that the procurement process is transparent and fair

Promoting Ethical Leadership

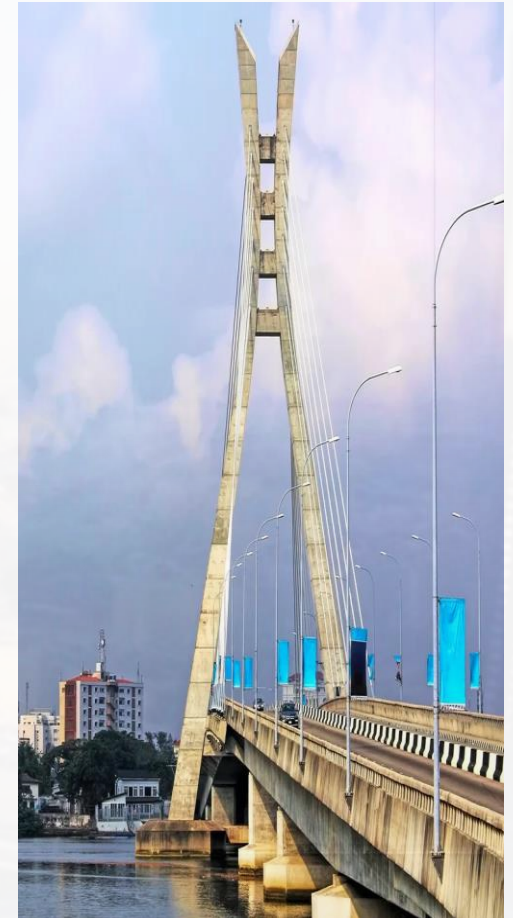
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- **Leadership Accountability**

- Holding leaders and project managers accountable for the success or failure of projects is essential. Ethical leadership should be promoted at all levels, with clear consequences for those involved in corrupt practices

- **Whistleblower Protection**

- Establish strong whistleblower protection policies to encourage reporting of corrupt activities without fear of retaliation. This can be supported by creating confidential reporting channels that allow individuals to report corruption safely



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CONCLUSION

- ❑ In conclusion, the tripod of Inefficiency, mismanagement, and corruption creates a vicious cycle of challenges plaguing successful implementation and sustenance of large infrastructure projects in Nigeria,
- ❑ These issues can be addressed through robust transparency mechanisms and strict enforcement of deterrence, comprehensive reforms in procurement and project management processes.
- ❑ Strengthening procurement legal frameworks are essential to reducing waste and ensure timely, high-quality project delivery, such that building the capacity and expertise of institutions responsible for project oversight will empower them to effectively curb inefficiency and corruption.
- ❑ Finally, sustaining and improving the infrastructure stock of Nigeria, would greatly improve our global ranking and social standing, support GDP growth and encourage foreign direct investment (FDI).

APPRECIATION

QUESTION AND
ANSWERS

THANKS FOR YOUR TIME

