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Introduction: The Project Abandonment Problem

Nigeria, a former British colony, had no name until 1914; the Nigeria of today consisted of diverse ethnic groups scattered across what is the country's current geographical space. The ethnic groups were not united within a single country or empire in pre-colonial days. In July 1899 the British House of Commons officially approved the name after an article suggesting various names for the country was published in the *London Times*. Floral Louise, the British journalist who wrote the report, suggested the name Nigeria. In 1914 Nigeria's name was officially adopted for an amalgamation of northern and southern protectorates.

The British colonial master attempted to foster civilization and development to ensure the success of the colonial period and a sustainable post-colonial period. It initiated several large government projects, none of which was abandoned during the colonial period until Nigeria's independence in 1960.

Large government projects constructed at this time positively remind us of the colonial period when we see or use their outcomes almost 60 years later. One example (of many) is the Carter Bridge in Lagos, enabling economic activities since the end of the colonial period.

On 1 October 1960 Nigeria achieved independence, and the British handed the country over to democratically elected civilians. There has been concern about stability and economic development ever since, for political, financial and sociocultural reasons. One example is the currency, the Nigerian naira, which was powerful at independence, at an exchange rate of 1 British pound to 0.8 Nigerian naira. At the time of writing this book, the exchange rate of 1 British pound to the Nigerian naira is 600 times higher than it was in 1960.

The current investigation is not aimed at the broad issues of Nigerian economic development. This investigation focuses on the needs of the growing population for infrastructure to achieve economic development: roads, bridges, airports, power generation and transmission, hospitals, telecommunications networks and so on. Governments in countries like Nigeria are responsible for providing (or enabling the provision of) such infrastructure. Governments that do not provide these infrastructures limit economic and social development. The ability of successive Nigerian governments to successfully deliver infrastructure development projects has been poor. This investigation asks why this is the case and seeks to offer recommendations to improve this situation.

The problem is not even that some of these large projects (with budgets of hundreds of millions, or even billions, of US\$) were not commercially successful. It is that many of these projects were abandoned before completion, leaving husks of half-finished building structures dotted around the cities and countryside. In 2011 President Goodluck Jonathan set up the Presidential Abandoned Projects Audit Commission. The commission visited all 36 states of the Nigerian Federation (including the federal capital territory) and identified the number of contracts/projects owned by the Federal Government of Nigeria that had been abandoned. The committee report identified a shocking figure of 11,886 federal out of (an estimated) 19,000 government-owned projects that had been abandoned across the majority of the 36 states of the federation since 1970. This represents an abandonment rate of 63%—or almost two-thirds (Abimbola, 2015).

It is challenging anywhere to ensure that very large (or “mega”) projects are successful. For example, a study by Flyvbjerg and Sunstein (2016) concluded that very large projects suffer from average cost overruns of 40% (an average that has been roughly confirmed in other studies, for example, by Endut et al. [2005] in Thailand) and a benefit underperformance of 10% on average, caused by the “malevolent hiding hand” of complexity and interest conflicts, which greatly hinder transparent management. However, a ratio of 63% of abandoned projects in Nigeria is much worse than the general project management challenges reported elsewhere.

The issue is related not just to benefits (or lack thereof) delivered to the economy but also to costs. Large government projects account for a significant part of the world’s GDP. Public sector investment amounts to an estimated \$9T per year, or approximately 8% of the global gross domestic product (GDP) (Flyvbjerg, 2014). For example, in the UK spending on programmes was recorded at £420 billion in 2013. In contrast, Nigeria has no data on what has been spent on successful or unsuccessful large government projects

between independence in 1960 and today. However, the sums are huge—the 38 projects alone that this investigation considers in detail represent a total budget of over \$25B, almost equalling Nigeria's total foreign debt (\$27B) in 2017.

The cost overruns and benefit shortfalls of major projects really do matter in Nigeria. For instance, foreign direct investment declined from \$8.8B in 2011 to \$3.3B in 2019, the current account balance deteriorated from \$10.6B in 2011 to -17B in 2019 (related to falling oil prices) and inflation stayed at around 11% in both years, while unemployment deteriorated drastically from 4% to over 8% between 2015 and 2017. Over 40% of the 186 million citizens live on less than \$1 a day, and while the population grew by 2.6%, the economy only grew by 2.2% in 2019 (Jimoh, 2017).

Public debt increased from 17% of GDP in 2011 to 29% in 2019; foreign debt increased from \$21B to \$55B in the same period. While this level of indebtedness looks reasonable, the debts consume a large part of the Nigerian annual budget that is highly dependent on oil: the external loan serving ratio is already over 30% of the annual budget, which ran at \$23.4B in 2019. With recurrent expenditure consuming more than 50% of this budget, less than 20% of the budget remains for investments and capital expenditure. In this context abandoning 63% of large projects with budgets of hundreds of millions of dollars matters a great deal—it essentially negates the government's ability to improve infrastructure, and thus, it destroys the ability of the country to make its economy more productive and increase its citizens' wealth.

The central question of this book is: Why does Nigeria have such an abysmal performance in delivering large government projects? And what could be done to improve this performance? Of course, there already exist several studies on government management of large projects (albeit centred mostly on empirical evidence from developed countries). Very large projects are complex dynamic systems, where several causal factors interact in non-trivial ways; moreover, these factors change over time, for example, with the surrounding economic situation and stakeholder needs, but also as the project itself matures and the causal factors wax, wane and morph. The professional project management community has examined the success factors of mega projects for 50 years and “knows” what should be done. The challenge is that what should be done is complicated, involves many interacting variables (the framework later in this book includes around a hundred), changes over time, and requires the discipline and alignment of many actors (with frequently diverging interests) behind common goals.

What constitutes the most important success drivers is not the same across countries and economic environments. In Germany or the UK the challenge

might be not underestimating the uncertainty introduced into the complex project by ambitious new technologies (e.g. a key problem in London's Crossrail project turned out to be the combination of trains and a new signalling technology) or the conflict between competing stakeholders (e.g. one reason for catastrophic delays in the new Berlin airport was the division of the project into pieces given to different contractors driven by differing political interests, which caused incompatibilities). But what are the most important reasons for the failures in Nigeria? The answer cannot be found in studies from other countries, because the political ecosystems in which Nigerian projects must succeed are unique to Nigeria. Previous project management knowledge has identified a "universe" of possible success drivers (and failure reasons), but the question of which failure drivers truly matter in Nigeria has to be answered with Nigerian data.

Unfortunately, the Nigerian data is not available. When we began the research for this study, our colleagues suggested, "If the Presidential Abandoned Projects Audit Commission identified 19,000 projects, of which 63% failed, why don't you get the database and systematically analyse what differed between the abandoned projects and the completed ones?" The answer is that the commission did not put the data together; it did not even name all the 19,000 projects. There is no database or reliable data from other electronic sources (such as newspapers and magazines)—just a handful of individual and unconnected case studies.

Therefore, this book collects quantitative, as well as qualitative, data, in order to understand the Nigerian context, and it develops recommendations for the government that are applicable and actionable. The study proceeds as follows.

Chapter 2 reviews the existing professional knowledge of the last 50 years. This body of work has identified hundreds of variables (mega projects are complicated beasts!) and has pointed out that large projects are complex systems, where many of these variables interact in terms of their effects on success. Our analysis of this work culminates in a 50-construct framework (each of which may need multiple measures to be quantified), on which we base the construction of the customized questionnaire described in the next chapter.

Chapter 3 describes our research methodology: in order to approach the question from several angles, we pursued a dual method. First, we constructed a detailed questionnaire from a systematic review of what had been learned in the professional literature. This questionnaire was paired down to 42 core variables in order to keep it manageable for respondents. Each project questionnaire was answered by three respondents: one respondent might have

given a “biased” answer from the viewpoint of the organization that he or she represents. Therefore, the project owner (a senior civil servant familiar with the governance context) and the project supervisor (the “in the field” civil servant), as well as the project manager of the main contractor, all filled out the questionnaire, representing the views of three different players in the project. (All respondents were guaranteed anonymity to protect them—many were worried about possible repercussions. We checked the response data for “self-censoring” but found evidence that the different perspectives of the respondents were preserved in their answers.) With the questionnaire, we collected primary quantitative data on 38 abandoned and completed projects, which we analysed econometrically. The quantitative data provided a “skeleton”, establishing that the data contains statistically robust findings. Second, we enriched this skeleton with detailed case studies on 11 of the 38 projects. The resulting causal stories explain what the statistical results “look like” in practice.

Chapter 4 presents the list of the projects examined, with short descriptions. The projects do not simply constitute an arbitrary list; indeed, the list matches completed and abandoned projects with respect to budget size and sectors so that they can be compared.

Chapter 5 presents the econometric analysis of the questionnaire data, which identifies the statistically significant drivers of completion versus abandonment. The analysis statistically condenses the 42 variables (some of which overlap, measuring similar and related things) into 5 more conceptual constructs, which measure common success forces. The five drivers are project goals, supervision and stakeholders, contractor selection, resources and planning, and corruption. The econometrics confirm that these five drivers make a real difference to a project’s chances of reaching successful completion.

Chapters 6, 7, 8, 9, 10 and 11 present 11 detailed case studies, matched by sector, of abandoned versus completed projects. These detailed examples tell the stories of these projects, bringing to life what the identified statistical success drivers “look like” when we see them in real projects. The common themes of problems become clearly visible across the projects. The combined insights from the econometric analysis and the case studies form the basis of recommending what changes the government might make in order to render very large government projects more productive for Nigeria.

Chapter 12 collects the common themes from the case studies and presents them in a pattern. We then obtain some inspiration from other developing countries who have achieved significant improvements in their performance of large government projects. In the comparison of the patterns from our Nigerian data and the observations from other countries, we derive sharp and

actionable recommendations for the government. Our evidence strongly suggests that if the Nigerian government submits to the discipline of these recommendations, the completion performance of large government projects will improve.

Finally, Chap. 13 concludes the study. No book on large government projects is available for the case of Nigeria, and we therefore hope that this study will help to create value. The senior government in Nigeria has both ample power and the means to make its large projects more successful—the requisite changes are not so complicated that they cannot be implemented. What is required is the political will to pursue overarching success for the country, a will that various presidents of the country have clearly shown (albeit not consistently enough). The lessons from Nigeria might well be relevant for other African nations who face some of the same challenges.

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