

TRANSPORT MEDIUM TERM SECTOR STRATEGIES (MTSS) 2018-2020



Centre for Social Justice

**A Memorandum from Civil Society Organisations
(CSOs) Working in the Transport Sector**

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ACRONYMS

CNG	Compressed Natural Gas
CSOs	Civil Society Organizations
DMO	Debt Management Office
ECN	Energy Commission of Nigeria
ERGP	Economic Recovery and Growth Plan
EXCoF	Executive Council of the Federation
FERMA	Federal Roads Maintenance Agency
FGN	Federal Government of Nigeria
FMoE	Federal Ministry of Environment
FMoT	Federal Ministry of Transport
FRA	Fiscal Responsibility Act
GDP	Gross Domestic Product
GHG	Green House Gas
HSR	High Speed Rail
ICRC	Infrastructure Concession Regulatory Commission
INDC	Intended Nationally Determined Contributions
LNG	Liquefied Natural Gas
MDAs	Ministries, Department and Agencies of Government
MRV	Monitoring, Reporting and Verification
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategies
NASPA-CCN	National Adaptation Strategy and Plan of Action for Climate Change in Nigeria
NASS	National Assembly
NDC	Nationally Determined Contributions
NEEDS	National Economic Empowerment and Development Strategy
NGMP	Nigerian Gas Master Plan
NIIMP	Nigeria Integrated Infrastructure Master Plan
NNPC	Nigeria National Petroleum Corporation
NTP	National Transport Policy
PMS	Premium Motor Spirit
PPPs	Public Private Partnership
PV	Present Value
SDGs	Sustainable Development Goals

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EXECUTIVE SUMMARY

This Memorandum is divided into 6 sections. The first section is the introduction which deals with the background, the rationale for the exercise and outlining linkages between the Medium Term Sector Strategies (MTSS), Medium Term Expenditure Framework and the annual budget. It identified high level national and international policies and standards on Transport especially within the context of a low carbon development and budgeting framework.

Section 2 is on the key challenges of the sector and laying out goals, objectives and targets based on the high level national and international policies and standards. The standards include the Economic Recovery and Growth Plan, Nationally Determined Contribution, National Policy on the Environment and Sustainable Development Goals and the National Adaptation Strategy and Plan of Action for Climate change in Nigeria (NASPA-CCN). Section 3 reviews existing budget commitments 2013-2017 and identifies low budgetary allocation to the sector, partial release of appropriated funds. It notes that the enabling environment for the private sector to play a key role has not been established. Section 4 is on Transport Sector projects that should be sustained.

Section 5 is on key issues in the sector. The issues identified are lack of a comprehensive policy and inter-sectoral coordination; poor funding sources; policy discontinuity and inconsistency; the role of the Infrastructure Concession Regulatory Commission; research and development, innovations; value for money and carbon reduction; monitoring, reporting and verification, etc. Part 6 is the concluding part which is about the summary of policy recommendations. The recommendations are detailed as follows.

1. Funding

1.1 For the medium term, not less than 5% of the overall annual budget should be allocated to the Transport sector to meet the demands.

1.2 The enactment of a legislation to establish the National Road Fund and the Road Authority to sustainably raise funds for the construction, maintenance and rehabilitation of federal, state and local government roads. Sources of funding should include vehicle import tax, tolls, fuel levy, fines, etc.

1.3 Establish dedicated special purpose vehicles to raise funds for named transport projects attracting institutional and retail investors.

1.4 FMoT to ensure that Transport Sector produces bankable projects to be funded under the FGN Green Bonds issuance scheme.

1.5 Build capacity in the FMoT and tap into international Climate Financing Mechanisms to raise more funds for projects that reduce GHG emissions.

1.6 Consider a moratorium on brand new capital projects not associated or linked with existing ones unless the project is of utmost priority. This will avoid the thin spread of available resources which produces no results. Money should be spent on completing, equipping and making functional the existing projects.

1.7 If foreign borrowing is to be raised for the Transport Sector, ensure that it is tied to an exchange rate hedging mechanism. This will augur well for debt sustainability

1.8 Government should consider incentives and subsidies (pioneer status, tax holidays, etc.) on the value chain of new low carbon investments in the Transport Sector. Such subsidies and incentives should also promote increased local content in construction and service delivery.

1.9 Implement the Aerotropolis concept initiated by the previous administration in the aviation sector and deploy land value capture tools in the form of development charges, more revenue from taxation and development rights to raise funding for transport projects.

1.10 Strengthen the Monitoring, Reporting and Verification (MRV) System to enable Nigeria actively participate in earning carbon credits and build data and statistics for planning. Finance an intermodal transport survey to provide evidence for investment decisions.

2 Operational Issues

2.1 FGN should initiate and approve a Comprehensive Transport Policy the coordinates, regulates and connects all modes of transport including air, rail, road, water, pipelines, etc. into a seamless intermodal transport system.

2.2 The FMoT, Infrastructure Concession Regulatory Commission and other MDAs working in the Transport Sector should select and prepare more green projects for financing and management under PPPs.

2.3 Fiscal policies should be used to encourage the reduction of GHGs in transportation for instance the uptake of electric vehicles and higher tolls on private vehicles and heavy polluters. FGN should urgently approve a Tolling Policy.

2.4 The Federal Road Safety Commission, Vehicle Inspection Office, Federal Ministry of Environment, etc. should establish and enforce vehicle emission standards whilst promoting user efficient and low polluting technologies including fuel efficient engines.

2.5 New investments in the Sector should be designed to take care of potential increases in temperature, rainfall, sea level rise and other extreme weather events. They should further be designed to be easily modifiable through reinforcement, retrofitting without incurring excessive costs.

2.6 Institute greater and specific funding for research and development in the sector based on demand and the performance of research institutions. Encourage innovation and research that solves practical challenges. For instance, research into emission reduction, electric and solar powered engines should be supported.

2.7 The full implementation of the Nigerian Gas Master Plan is imperative to guarantee the construction of new pipelines, maintenance of existing ones and availability of LNG and CNG. Effective and efficient pipelines will take the pressure of the roads for the transportation of liquid and gaseous products. Key issues for implementation that will make gas available and attract investors will include appropriate pricing and the domestic supply obligation.

2.8 Launch a public enlightenment campaign on transport and the environment which educates people on the need for alternative less emission generating means of transportation.

3 Transparency and Accountability

3.1 Projects in the Sector should follow approved policies and plans so as to guarantee the policy, plan and budget continuum.

3.2 Increase the efficiency of Transport Sector spending through greater value for money strategies. Ensure strict and efficient utilisation of the resources allocated to the sector by implementing open contracting standards as part of an open government strategy.

3.3 The Minister of Finance should prepare and publish a Disbursement Schedule within 30 days of the enactment of the Appropriation Act as stipulated in section 26 of FRA and ensure full and timely release of the capital budget of the FMoT every financial year.

3.4 The Budget Office of the Federation should resume the timely publication of Quarterly Budget Implementation reports on its website and in national dailies. The FMoT should likewise publish details of budget releases and expenditure on quarterly basis. This will help to promote transparency and accountability.

3.5 The FMoT should embrace the civil society as a critical partner in achieving greater value for money in a bid to improve national transport outcomes. Future preparation of the MTSS should rely on a full Sector Team including the civil society and other relevant stakeholders. The FMoT should engage CSOs for budget monitoring and tracking expenditure of borrowed sums in the sector.

PART ONE: FOR 2018 AND THE MTSS/MTEF 2018-2020

1. INTRODUCTION

1.1 Background

The Medium Term Expenditure Framework (MTEF) for the period 2018 - 2020 is in the process of preparation by the Federal Ministry of Budget and National Planning (FMB&NP). When finalized, considered and endorsed by the Executive Council of the Federation (EXCoF), it will be transmitted to the National Assembly (NASS) for approval¹.

The Transport Sector Medium Term Sector Strategy (MTSS) 2018-2020 which should inform the Transport Sector component of the MTEF including its focus on a Low Carbon Transport Framework is expected to:

- Articulate medium-term (three years) Transport Sector goals and objectives against the background of the overall goals of high level national transport policies, international transport standards and the attainment of the Sustainable Development Goals (SDGs);
- Identify and document the key programmes and projects the government plans to embark upon to achieve the national Transport goals and objectives;
- Cost the identified key initiatives in a clear and transparent manner;
- Phase implementation of the identified initiatives over the medium-term;
- Define the expected outcomes of the identified initiatives in clear measurable terms; and
- Link expected outcomes to the objectives and goals.

1.2 Rationale For The Exercise

Transport is vital for economic growth and development, social well-being and improvement of productivity and service delivery in any economy. The overall vision of the Transport Sector has been identified as the achievement of an adequate, safe, environmentally friendly, efficient, affordable and sustainable integrated transport system within the framework of a progressive and competitive economy for Nigeria². Also, the Federal Ministry of Transport states its mission as: *“to establish a safe, efficient, affordable and seamless intermodal transport system in line with global best*

¹ This is as provided by section 14 of the Fiscal Responsibility Act, 2007.

² Sectoral targets under the Nigeria Integrated Infrastructure Master Plan (NIIMP).

practices while creating an enabling environment for Public Private Partnership". Transport is a major contributor to Green House Gas (GHG) emissions especially carbon dioxide. Transport Sector development strategies should be such that the amounts of GHGs emitted is minimised. Consequently, this sector provides a great opportunity to achieve significant low-carbon development.

Transportation contributes to climate change just like climate change affects the Transport Sector. Increased temperatures due to climate change can make road pavements to soften and expand. In areas characterized by high traffic, this can create potholes and compromise the integrity of the road. Increased temperatures due to climate change can make the joints of bridges to become stressed. These climate change impacts can make the economic cost of constructing roads and bridges more expensive. Floods can disrupt traffic and delay construction works. Floods can also weaken or wash out soils and culverts that support roads and bridges. Climate change caused by emissions from the Transport Sector also affects rail transportation. High temperatures lead to expansion of rail tracks. If heat waves are severe and frequent, the rail track will be damaged leading to track repairs and speed restrictions in order to avoid derailing the train. Heavy rainfall and tropical storms can flood or leave debris on the railways which disrupt rail travels and freight transport. On the other hand, marine transport is not free from the effects of climate change.

The extant state of the Transport Sector with its varied challenges³ presents an opportunity for the country to chart a low carbon pathway for transport delivery considering that today's transport infrastructure decisions will influence our ability to meet national and international economic and climate change targets and goals. Thus, decisions and policies in such an important sector must look at the big picture of sustainability, lifecycle costs of projects, prospects for job creation, local content and capacity building and how best to target sectoral investments so as to catalyze progress in other parts of the economy that depend on transport's adequacy to flourish.

The Transport Sector is therefore an important sector that deserves the attention of all stakeholders⁴. Official preparation of the Transport Sector MTSS by the Federal Ministry of Transport (FMoT) provides CSOs working in the Sector an opportunity to present memorandum articulating key inputs into the MTSS 2018-2020 and the 2018 Transport Budget. The memorandum is therefore focused on mainstreaming a low carbon framework for budgeting, fit and good practices, value for money, accountability for

³ In the air subsector, we have poor airport facilities, inadequate maintenance, aging aircrafts and low fleet, funding and debt challenges, etc.; the road subsector has poorly constructed and maintained roads, old rickety and heavy polluting vehicles, poor road complimentary services and uncoordinated road development. For railways, the challenge includes old narrow gauge, poor gradient and many curves, ageing locomotives and wagons and unavailability of spare parts, etc. whilst the pipelines are old, poorly protected, often vandalized and poorly distributed.

⁴ It contributes 3% of the GDP.

results and evidence led budgeting in the Transport Sector whilst responding to the demand for improvements in infrastructure.

However, it is important to note that some aspects of transportation like the construction and maintenance of roads and pipelines are not part of the mandate of the FMoT⁵. This demands inter-sectoral coordination. CSO stakeholders have deliberated and consolidated their inputs into a policy paper framework that seeks sectoral growth whilst cutting down on greenhouse gas emissions (GHG). The memorandum will be submitted to the FMoT, Ministry of Budget and National Planning, the National Assembly and other stakeholders.

1.3 Outlining Linkages Between MTSS And Annual Budget

Section 18 of the Fiscal Responsibility Act (FRA) stipulates that annual budgets are to be derived from the MTEF. It further provides that notwithstanding anything to the contrary contained in the FRA or any law, the MTEF shall:

- 1) *Be the basis for the preparation of the estimates of revenue and expenditure required to be prepared and laid before the National Assembly under section 81 (1) of Constitution.*
- 2) *The sectoral and compositional distribution of the estimates of the expenditure referred to in subsection (1) of this section shall be consistent with the Medium Term Developmental Priorities set out in the Medium Term Expenditure Framework.*

CSOs therefore seek to make inputs into the Medium Term Developmental Priorities of the Federal Government in the Transport Sector considering that this will form the basis for the preparation of the 2018 Federal Transport Budget.

1.4 Identifying High Level National and International Policies and Standards

There are so many national and international standards, laws and policies guiding Transport. However, not all of them deal with cutting down on GHG emissions. These include but are not limited to the recently unveiled Economic Recovery and Growth Plan, 2017-2020 (ERGP), Intended Nationally Determined Contributions (INDC), the Nationally Determined Contributions, Vision 20:2020, National Integrated Infrastructure Master Plan, National Adaptation Strategy and Plan of Action for Climate Change in Nigeria (NASPA-CCN), draft National Transport Policy, National Policy on Environment, Sustainable Development Goals, etc. These policies stated the goals of the sector within the context of overall national and international goals.

⁵ Roads are under the Federal Ministry of Power, Works and Housing whilst pipelines belong to the Ministry of Petroleum Resources; vehicle efficiency is the task of the Federal Road Safety Commission and Vehicle Inspection Office.

The ERGP's provisions on transport and environmental sustainability were silent on reducing GHGs in the Transport Sector. The four guiding principles of the ERGP's intervention in Transport are:

- *Leveraging private-sector infrastructure investment;*
- *De-risking priority projects to increase their bankability and ensure financial closure;*
- *Ensuring efficient and effective use of capital;*
- *Holding MDAs, contractors and partners accountable for execution.*

The policy objectives are stated to be:

- *Restore degraded sections of the Federal Highway Network to improve connectivity over a distance of 4,000 km;*
- *Construct strategic rail projects to connect major economic centres across the country. The target is to complete construction of the Lagos- Kano and Lagos- Calabar rail projects;*
- *Offer concessions on the four major airports to improve infrastructure maintenance and boost operational efficiency; and*
- *Dredge 1,000km of inland waterways and reinforce riverbanks to increase the capacity of inland waterways.*

According to the draft National Transport Policy, GHG emission from the Transport Sector constitutes a major source of environmental pollution as a result of heavy consumption of fuel energy. This is very pronounced in urban areas where vehicles and motorcycles are a major source of air pollution. Marine ecosystem is also destroyed as a result of discharges of water polluting substances from ships. Batteries, old tyres, tyre patching equipment, oil, fuel additives are now major contaminants of marine ecosystem. Transport authorities have an important role to play in the protection of the environment. The authorities are expected to play a role in initiating new renewable energy solutions and regulatory reforms relevant to the Transport Sector. Currently, the transport system is characterized by: increasing demand for transport services as a result of ever-increasing socio-economic activities; congestion of cities and urban areas which has led to environmental degradation; insufficient road network and poor quality of roads which has contributed to an increase in the quantity of fuel being consumed; over dependence on small cars and environmentally harmful fossil fuels.

Consequently, the goal of the National Transport Policy is to develop environmentally friendly transport infrastructure in line with global best practices. The policy encourages measures geared towards reducing the impact of transportation on the environment. The Federal Ministry of Transport will do this in collaboration with the Federal Ministry of Environment, Energy Commission of Nigeria (ECN) and other relevant sector players. The strategies to achieve this will include reduction of fuel consumption through appropriate policy measures and renewable energy. The promotion of rail transport and other inland water ways will give Nigerians an alternative choice to transport bulk

materials and eventually reduce the consumption of fossil fuels. The pricing template for leaded and un-leaded Premium Motor Spirit (PMS) will be improved upon to encourage patronage of environmentally friendly fuels. Investment decisions of the Transport Sector needs to be made environment friendly.

The Medium Term Action Plan of the NTP is to evaluate the overall achievement of the policy during the period under review as against the expectations. On-going programmes will be reviewed to determine which ones are to be continued, modified or abandoned. Changes in policy direction or otherwise will be considered based on lessons learned from past achievements, failures and partial failures. And these lessons will be mainstreamed into the Medium Term Action Plan.

Nigeria's Policy on the Environment has clear mandates on Transport and Communication.

Box 1: Transport and Communication Mandates of the National Policy on the Environment

Transport and communication systems are the key to the movement of goods, peoples, information and ideas as well as access to markets, employment, schools and other facilities and land use both within and between cities and in rural and other remote areas. The transportation sector is a major consumer of non-renewable energy and land and is a major contributor to pollution, congestion and accidents. Integration of the transport, communication systems and land use policies and planning can minimize the negative impacts of current transport system on the environment while yielding accessible, affordable, safe and efficient public transport modes. Strategies for achieving this objective include; a) supporting an integrated transport policy that explores the full array of technical and management options and pays due attention to the needs of all population groups (e.g. the physically challenged, poor and the aged); b) coordinating land use, communication systems and transport planning in order to encourage spatial settlement patterns that facilitate access to such basic necessities as workplace, school, health care, places of worship, goods and services and leisure thereby reducing the need to travel; c) encouraging the use of an optimal combination of modes of transport, including walking, cycling and public means of transportation, through appropriate pricing, spatial settlement policies and regulatory measures; d) introducing disincentives that discourage the increasing growth of private motorized traffic and thus reduce congestion; e) providing and or promoting an effective, affordable, physically accessible and environmentally sound public transport and communication system, giving priority to collective means of transport with adequate carrying capacity and frequency that support basic needs and the main traffic flows; f) promoting, regulating and enforcing quiet, user-efficient and low-polluting technologies, including fuel-efficient engine and emission controls and environment friendly fuels; g) Encouraging and promoting public access to electronic information services; h) Bringing the private sector into the process of managing environmental pollution in the transport sector as one aspect of partnership in progress; i) Establishing and enforcing emission standards; j) Requiring new transport and communication projects to undergo environmental impact assessment; k) Developing, where appropriate, criteria for maximum permitted and safe levels of noise exposure and promoting noise assessment control as part of environmental health programme.

Source: National Policy on the Environment, 1999

The goal of NASPA-CCN is to take action to adapt to climate change by reducing vulnerability to climate impacts and increasing the resilience and sustainable wellbeing

of Nigerians. Risks will be minimized by improving adaptive capacity, leveraging new opportunities, and facilitating collaboration inside Nigeria and with the international community. NASPA-CCN strategies for the Transportation Sector which are reproduced in the INDC are: Increased protective margins in construction and placement of transportation infrastructure (i.e. higher standards and specifications); undertake risk assessment and risk reduction measures to increase the resilience of the Transport Sector; strengthen existing transportation infrastructure through early efforts to identify and implement all possible ‘no regret’ actions.

2. KEY CHALLENGES OF THE NIGERIAN TRANSPORT SECTOR AND LAYING OUT GOALS, OBJECTIVES AND TARGETS BASED ON HIGH LEVEL NATIONAL AND INTERNATIONAL POLICIES AND STANDARDS

2.1 Challenges of the Nigerian Transport Sector

The challenges of the Nigerian Transport Sector have been stated as shown in Table 1.

Table 1: The Challenges of the Transport Sector in Nigeria

Issues	Air	Maritime	Rail	Road	Pipelines	Inland Waterways
Infrastructure	1. Many uneconomic airports 2. Poor airport facilities 3. Poor and inadequate maintenance	1. Uneconomic seaports 2. Old port facilities 3. Poor port access 4. Unmaintained terminal facilities	1. Old, narrow gauge 2. Poor gradient, many curves 3. Dilapidated Rail Stations 4. Poor Communication and signaling system	1. Poorly Maintained roads 2. Poor rural access and interchange facilities 3. Poor road complimentary facilities	1. Poorly protected and ageing pipes 2. Poor distribution links to deports	1. Shallow channels 2. Seasonal water levels 3. Presence of sand bars 4. Numerous wrecks and weeds
Vehicle	1. Aging Aircrafts 2. Low fleet	1. Preponderance of foreign vessels	1. Aging Locomotives and wagons 2. Unavailability of spare parts	1. Numerous small capacity vehicles 2. Old Rickety vehicles	-	1. Unsafe local boats
Operations	1. Low level of indigenous participation 2. Funding problems 3. Heavy debt burdens	1. Low level of indigenous participation 2. Poor handling 3. Excessive government participation	1. Poor operators and management 2. Poor funding 3. Large staff strength 4. Huge pension	1. Numerous operators 2. Inadequate skills 3. Increasing accidents and high fatalities	Pipeline vandalism	Unorganized operators
Policy/ Planning	1. Absence of integrated policy 2. Institutional conflicts	1. Institutional frictions 2. Excessive Bureaucracy 3. Poor plan implementation	1. Absence of rail policy 2. Poor planning	1. Uncoordinated road development 2. Erratic funding	No integrated policy	Poorly integrated

Source: Sumaila A. F. (2013), Building Sustainable Policy Framework for Transport Development, pg 3

Other challenges include poor financing, limited human resource capacities, weak governance, accountability systems and poorly coordinated system/policy that fails to

connect road, rail, air and water transport into a transport continuum. Many of these challenges have a negative impact on the environment and climate change. Old rickety vehicles, aging aircraft, aging locomotives, etc. all contribute to pollution, GHG emissions and other environmental hazards. Pipeline vandalism defeats the benefits of cheap and speedy transport of liquid and gaseous materials. Reasons for failure of past interventions in the Transport Sector include policy inconsistency and the lack of a clear policy framework, poor maintenance and a lack of transparency and accountability. Policy inconsistency is best demonstrated by the road tolling policy; there were tolled federal highways until former president Obasanjo ordered the toll gates dismantled. Now, the FGN is considering going back to road tolling.

Obsolete laws that discourage private sector participation like in railways also deny the sector of much needed investments. The NIIMP expects that the following laws would have been reviewed by now to allow for private sector participation. They are the Federal Highways Act, Nigeria Railway Corporation Act, Nigeria Civil Aviation Authority Act, Nigeria Ports Authority Act and Nigeria Inland Waterways Act. The reviews are yet to be done.

Poor project selection, funding models and oversight, weak project execution all hamper transport infrastructure provisioning efforts of government⁶. With the cost of construction and repairs in the sector being one of the highest in the world⁷, the sector has a long way to go to achieve sustainability and the reduction of GHGs.

2.2 Sectoral Goals, Objectives, Targets and Strategies

The Nationally Determined Contributions (NDC) to mitigate GHG emission places priority on actions that are quantifiable and cost effective. According to the INDC, potential mitigation actions are expected to: be cost effective; alleviate poverty and create jobs; be feasible in terms of implementation; produce short and medium term results; be gender friendly and socially inclusive; healthy and of good air quality; and promote reforestation and water quality. Consequently, the following measures were identified for the Transport Sector:

- Modal shift from air and road to high speed rail focusing on the busiest routes where immediate uptake and substantial savings in travel time can be achieved;
- Moving freight to rail and put less pressure on roads;
- Upgrading roads;
- Urban transit;
- Reform transport and road subsidies;
- Efficient road pricing/tolls;

⁶ ERGP at page 78.

⁷ Road Sector Performance Study being a Study on Road Infrastructure Development in Nigeria (2009-2013), Centre for Social Justice, 2013.

- Increased use of Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LNG);
- Improving overall vehicle efficiency through higher fuel efficiency standards, labeling and testing;
- Inter modal transport survey and monitoring, reporting and verification of mitigation and adaptation measures.

Also, building road transport systems and infrastructure that are climate change resilient, efficient and produce low carbon is a central goal for the Transport Sector. According to the INDC, many of the mitigation actions are basically ‘modal shifts’. Moving passengers and goods from one form of transportation to a less-polluting one is basically a modal shift. The major impacts of these modal shifts are immediate especially in urban areas and cities where pollution is a major issue. If High Speed Rail (HSR) becomes operational in Nigeria, a shift from air travel to HSR will commence. The significant investments that are being made in the rail sub-sector are capable of taking care of a major share of the ever-increasing cargo that needs to be transported. Direct benefits of reducing carbon emission will also be seen when fuel efficiency standards are taken seriously.

According to the ERGP, Nigeria’s transport infrastructure stock is inadequate for the size of the economy and constitutes a major cost and constraint for both large and small businesses. Investments in strengthening Nigeria’s infrastructure will make a significant contribution towards building a competitive economy. Given the scale of the investment required, partnering with the private sector will be critical, and significant efforts will go towards attracting private sector investments, and ensuring that agreed execution priorities and timelines are effectively delivered. Thus, the ERGP proposed the following key activities:

- *Establish a robust capital project development framework to encourage and increase PPPs to deliver critical projects, such as roads, rail, seaports and airports;*
- *Review the Infrastructure Concession Regulatory Commission Act to resolve conflicting legislation with the Bureau of Public Enterprises and Bureau of Public Procurement Act and strengthen the Commission’s regulatory mandate to facilitate private investment;*
- *Harness the existing pool of sustainable development funds to assess the viability and bankability of critical infrastructure projects;*
- *Leverage a sustainable and alternative mix of funding for critical infrastructure projects, including project financing initiatives, infrastructure bonds, diaspora bonds, and value-capture financing;*
- *Fast-track the completion of airport cargo and passenger handling terminals to increase capacity from 208,424 to 276,848 tons and 15 million to 45 million passengers, respectively, by 2020;*
- *Complete the road sector reforms to establish a Road Authority and a Road Fund to enhance best world practice in the administration of road network development and management in the country;*

- *Ensure the approval of the Tolling Policy so that some of the major dual carriageways can be concessioned for maintenance and tolling while government utilises the saved funds from this maintenance for other critical roads in the federal road network to the nation's refineries, ports, NNPC depots and agricultural hubs, etc.*

Part of the targets under Goal 11 of the Sustainable Development Goals states that:

- *By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons*

The Ashgabat Statement being the outcome of the Global Sustainable Transport Conference states inter alia of the objectives of sustainable transportation as follows:

There is a need to improve vehicle and propulsion technology, encourage electric mobility, enhance end-use fuel efficiency in transport, improve and upgrade public transportation, reduce road congestion, encourage vehicle sharing and integrated charging system, and shift to more compact city planning. In addition, it was emphasized that renewed efforts should be made to support industries in energy-efficient and low-emissions vehicle manufacturing⁸.

These goals and targets set the framework for the funding of the sector.

3. REVIEW OF EXISTING BUDGET COMMITMENTS

This part of the memorandum reviews the existing budget commitments whilst acknowledging the fact that the public budget alone cannot meet the demands of the sector.

3.1 Overview of Expected Transport Sector Funding Sources

It is an aphorism that public budgets alone cannot meet the demands of the Transport Sector. However, public finance is critical and plays a key role in leveraging other financing mechanisms required to meet the demands of the sector. It has therefore been aptly stated that:

Mobilizing finance for sustainable transport will be an enormous challenge, especially given the strain on public finances that exists in many countries. In this context, participants reaffirmed the Addis Ababa Action Agenda on Financing for Development, and underscored the vital role of public finance, both domestic and international, in meeting sustainable transport needs and in catalyzing all sources of finance, including traditional official development assistance, domestic resource mobilization, direct private investment and a wide array of partnership models, including Public-Private Partnerships (PPPs)⁹.

⁸ See paragraph 23 of the Ashgabat Statement being the outcome of the Global Sustainable Transport Conference, 2016.

⁹ Paragraph 27 of the Ashgabat Statement being the outcome of the Global Sustainable Transport Conference, 2016.

The Nigeria Integrated Infrastructure Master Plan (NIIMP) anticipates funding for transport from both the public and private sectors. However, the government is expected to create the requisite enabling environment for private sector investments to blossom. Government was expected to review outdated laws and policies and provide incentives for investors in the sector¹⁰. Public Private Partnerships including outright privatization, concessions, special purpose vehicles, build operate transfer, etc. measures were expected to be used as vehicles to attract investments in the sector.

3.3 Budgetary Allocations to the Sector

A review of the budgetary allocation to the FMoT between 2013 and 2017 will reveal the commitment of FGN to the sector. Table 2 shows the details.

Table 2: FGN's Transport Budget 2013-2017

YEAR	TOTAL BUDGET (a)	TRANSPORT ALLOCATION (b)	AS % OF TOTAL BUDGET (b/a)*100
2017	7,441,175,486,758	256,519,103,581.00	3.45
2016	6,060,677,358,227	202,341,802,265	3.34
2015	4,493,363,957,158	16,326,790,744	0.36
2014	4,695,190,000,000	40,001,515,172	0.85
2013	4,987,220,425,601	52,738,692,336	1.06

Source: Budget Office of the Federation

Table 2 shows that the sector did not enjoy prioritisation as the highest percentage was the 3.45% allocated in 2017 followed by the 3.34% allocated in 2016. The sector enjoyed a total allocation of N567.93 billion constituting an annual average of N113.59 billion, being 2.05% of the total approved federal budgets for the period under review. It is interesting to note that these allocations include sums borrowed from various sources.

Table 3 shows the Transport Sector vote and its real value in Naira and United States Dollars.

¹⁰ The expectations of the private sector in transportation as stated in NIIMPS include: Addressing the state of undercapitalisation, especially within the aviation sub-sector, and the sector's weak corporate governance; reducing the high operational charges and tariffs needed to operate in the transport sub-sectors; developing connectivity to address the limited intermodal connectivity between ports, airports and roads, and limited connectivity with other African and regional hubs; improving public contracting, tendering and quality control; revising laws that place the construction and management of road, rail, aviation and maritime infrastructure under the exclusive purview of the federal government. Others are establishing fiscal incentives (e.g., pioneer status), particularly for ancillary and rolling stock in all sub-sectors; increasing the concession management of infrastructure, aligning with bilateral service agreements, reducing agency fees and improving infrastructure maintenance capabilities. However, a good number of the expectations stated above are yet to be met by government.

Table 3: Transport Vote as a Percent of Overall Budget 2013-2017 and its Real Value

YEAR	TOTAL BUDGET	TRANSPORT ALLOCATION	PERCENTAGE TO TRANSPORT	EXCHANGE RATE	USD VALUE OF TRANSPORT VOTE
2017	7,441,175,486,758	256,519,103,581	3.45	@1USD=₦305	841,046,241.25
2016	6,060,677,358,227	202,341,802,265	3.34	@1USD=₦197	1,027,115,747.54
2015	4,493,363,957,158	16,326,790,744	0.36	@1USD=₦190	85,930,477.60
2014	4,695,190,000,000	40,001,515,172	0.85	@1USD=₦160	250,009,469.83
2013	4,987,220,425,601	52,738,692,336	1.06	@1USD=₦160	329,616,827.10

Source: Budget Office of the Federation

From Table 3, the Sector's vote has been undulating and the highest allocation was achieved in 2016 followed by the 2017 allocation. There is no consistency in votes to the sector and it has not enjoyed a priority allocation.

3.4 Recurrent Versus Capital Allocations

Allocations for the upgrade of transport infrastructure and other low carbon investments will likely come from the capital component of the budget. Table 4 shows the details of the recurrent and capital allocations to the sector over the five years.

Table 4: Capital and Recurrent Votes Expressed in Percentages: 2013-2017

YEAR	TOTAL BUDGET	TRANSPORT ALLOCATION	RECURRENT VOTE	RECURRENT VOTE (%)	CAPITAL VOTE	CAPITAL VOTE (%)
2017	7,441,175,486,758	256,519,103,581	14,810,103,581	5.77	241,709,000,000	94.23
2016	6,060,677,358,227	202,341,802,265	13,667,122,591	6.75	188,674,679,674	93.25
2015	4,493,363,957,158	16,326,790,744	8,026,790,744	49.16	8,300,000,000	50.84
2014	4,695,190,000,000	40,001,515,172	8,193,406,260	20.48	31,808,108,913	79.52
2013	4,987,220,425,601	52,738,692,336	8,211,018,611	15.57	44,527,673,725	84.43

Source: Budget Office of the Federation

The allocations have been in favour of capital expenditure with 2015 being an outlier year when the allocation was almost split into two between recurrent and capital expenditure. This may be accounted by the fact that 2015 was an election year. Averagely, FGN allocated 80.45% of the sectors vote to capital expenditure.

3.5 Partial Release and Utilisation of Appropriated Funds

The little funds appropriated for the sector have not been fully released and cash backed by FGN and this leads to poor utilization. Budgets have been approved very late and the revenue profiles seem overly optimistic, leading to poor funding of the budget. Table 5 below tells the story of releases and utilization of budgetary votes in the sector.

Table 5: Utilization of Capital Budget, 2013-2016

YEAR	CAPITAL VOTE	TOTAL RELEASED	TOTAL CASHBACKED	TOTAL UTILIZED	AS % OF ANNUAL APPROPRIATION
2013	44,527,673,725	23,713,533,190	23,713,533,190	19,938,710,474	44.78
2014	31,808,108,913	13,584,872,873	13,584,872,873	13,246,336,970	41.64
2015	8,300,000,000	6,490,740,671	6,490,740,671	6,131,870,209	73.87
2016 (As at 5 th May 2017)	188,674,679,674	143,121,925,241	143,121,925,241	134,742,997,180	71.42

Source: Budget Office of the Federation

Table 5 shows that capital budget utilization as a percentage of the capital vote appropriated to the sector has been 44.78%, 41.64%, 73.87% and 71.42% for the years 2103, 2014, 2015 and 2016. The highest utilization rates have been in 2015 and 2016. The average utilization rate for the four years is 57.93% which is too low when compared with the challenges facing the sector.

3.6 Fiscal Sustainability of Incurring Debts for Transport Sector Financing

The 2016 Debt Sustainability Analysis of the Debt Management Office (DMO) acknowledged the fact that the country's debt position experienced some level of deterioration – went from low risk of debt distress to a medium risk of debt distress¹¹. There are usually the baseline, optimistic and the pessimistic scenarios of Debt Sustainability Analysis. However, the pessimistic scenario was not done as DMO stated that the baseline scenario was “pessimistic enough”. According to the baseline scenario which was deemed “pessimistic enough”, it was shown that the Debt to GDP ratio of Nigeria stood at 15.9% in 2016 below the peer country threshold of 56% and a country specific threshold of 19.39%. A look at the debt to revenue ratio of the country however, reveals unsustainability in the country's debt stock as the present value (PV) of debt to revenue was projected at 395.5% in 2016 and 437.9% in 2017, all above the country specific threshold of 350%.

Caution should be exercised in incurring debts and efforts should be made to ensure that proceeds of borrowing are used for infrastructure and human capital development as stipulated in the Fiscal Responsibility Act (FRA). Alternative financing options should be explored. Aggressive domestic resource mobilization is imperative whilst all the options for accessing bilateral and multilateral climate funding¹² should be explored to fund investments in the Transport Sector. However, if foreign debts have to be raised, they must be tied to some exchange rate hedging mechanism to avoid the challenges of currency volatility. Also, the transport projects must be such that will generate immediate uptake and utilization of the facilities leading to returns in terms of proceeds

¹¹ <https://www.dmo.gov.ng/publications/reports/debt-sustainability-analysis/1814-2016-debt-sustainability-analysis-dsa-report>

¹² See CSJ's Publication titled “*Financing Options for Climate Change Interventions*” for more details.

from tolls and fares whilst at the same time boosting productivity for economic growth to earn foreign exchange to pay back the loans.

4. MDA's TRANSPORT SECTOR PROJECTS THAT SHOULD BE SUSTAINED

Table 6 lists some provisions of recent budgets in the FMoT that facilitate sustainability and reduction of GHGs in the Transport Sector.

Table 6: Some Climate Friendly Budget Line Items

YEAR	PROJECT	AMOUNT
2017	Procurement and installation of solar powered airfield lightening system at 10 airports	₦87,842,332
2017	Feasibility studies for new standard gauge rail line Aba - Ikot Ekpene - Ibiono - Itu - (Spur to Uyo) - Odukpani - Calabar)	₦65,000,000
2017	Feasibility studies for new standard gauge rail line Calabar - Ikom - Obudu - Ogoja - Wukari - Yola – Maiduguri	₦130,000,000
2017	Railway projects (Lagos-Kano, Calabar-Lagos, Kano - Kaduna, Ajaokuta-Itakpe-Warri, Kaduna-Idu)/ counterpart funds and other rail projects	₦148,136,164,592
2017	Supply/installation of biodiesel training equipment for TTC phase II	₦830,250,000
2017	Erosion & flood control	₦60,000,000
2017	Industrial pollution prevention & control.	₦90,000,000
2016	Feasibility studies for standard gauge new rail line for Kano-Dayi-Katsina-Jibiya (approximately 354km)	₦78,029,133
2016	Feasibility studies for new standard gauge rail line for Aba-Ikot Ekpene-Ibiono-Itu-Odukpani-Calabar (approximately 340km)	₦52,210,380
2016	Feasibility studies for new standard gauge rail lines for Ilela-Sokoto-Jega-Yauri-Makera-Minna with a branch line to Kotangora (approximately 408km)	₦93,925,000
2016	Itakpe-Ajaokuta-Warri (326km) rail track and structures.	₦7,059,847,560
2016	Nigerian railway modernization project for Lagos-Calabar standard gauge rail line project	₦60,000,000,000
2016	Nigerian railway modernization project for Lagos-Kano standard gauge rail line project.	₦60,000,000,000
2016	Procurement and installation of solar	₦144,000,000

	energy and DC power system	
2016	Installation of solar powered airfield lightening systems at 10 airports	₦87,842,332
2016	Procurement and installation of solar power to power the sensors	₦106,467,862
2016	Procurement and installation of solar energy and DC power system	₦144,000,000
2016	Supply and installation of DC air conditioning system for solar power system	₦34,800,000
2015	Research and Development	₦467,706,700
2014	Research and Development	₦2,388,987,963

Source: Budget Office of the Federation

The recent focus of rehabilitation of the railway system including the construction of new standard rail lines is a welcome development for the reduction of GHGs. The removal of subsidies on petroleum products was a step in the right direction although the depreciation of the naira has partially restored the subsidies. Again, the projections in the INDC and the NDC for the sector are steps which if followed up could put the sector on a low carbon growth, efficiency and job creation trajectory. Whilst the idea of research and development is a welcome development, the details and specifics of what the public treasury is paying for should be in the public domain.

5. KEY ISSUES IN THE SECTOR

5.1 Comprehensiveness of Policy and Inter-Sectoral Coordination

The absence of a comprehensive policy for the sector raises serious issues of coordination and harmonization. Roads, railways, waterways, pipelines are all means of transporting human beings and freight. The poor state of Nigerian roads seems to be compounded by the movement of cargo and goods by road. Heavy duty trucks weighing above the design limits of the roads ply the roads on a daily basis to transport materials that could have been moved by train (locally manufactured and imported goods, etc.) or through the pipelines (petroleum products, gas, etc.).

There seems to be no coordination between the country's goal of reducing GHGs and the emission level of vehicles imported into the country. Different agencies are engaged in different aspects of transport regulation and do not harmonize their activities in the overall national interest. There is hardly a good link between the transport arteries and key economic activity zones such as seaports and factory locations. This leads to situation where transport is not contributing effectively to creating and tapping the potentials of value chains and job creation.

Full implementation of the Nigerian Gas Master Plan would have made LNG and CNG more available for use by private and commercial vehicles and reduced GHGs from the Transport Sector. It would have also facilitated the laying of new pipelines to ease the traffic on the roads. Again, the failure of the executive and the legislature to understand

the link between the resolution of political challenges like the demand for devolution of powers, fiscal federalism, etc. and economic growth in sectors like transportation has proved fatal to the transport sector. If the Petroleum Industry Bill which has been pending before the National Assembly for over a decade has been enacted into law, the crisis in the Niger Delta would have been better contained and investors would have put down more resources in gas gathering and pipelines which would have a positive spin off effect on transportation.

5.2 New Funding Sources

Policies such as the Road Fund which sustainably funds road maintenance and construction have been on the drawing board for over a decade. The Federal Road Fund Bill was supposed to create a pool of dedicated funds to finance the rehabilitation, repairs, maintenance of federal roads and to promote the sustainable development and development of the federal roads network. Sources of funding would include a vehicle import tax, tolls, fuel levy, fines, etc.

New sources of funding the Transport Sector should include the issuance of green bonds. Such transport projects should create jobs, be cost effective and make reasonable returns on investment, mainstream gender and social inclusion and have great mitigation potential. Also, the project ought to show GHG reductions, etc. Clearly, the Green Bond provides good opportunity for low carbon framework mainstreaming.

Again, there are no special purpose vehicles to mop up local investments into the sector including retail investors. The idea that funding for the sector must either come from big corporations or from outside Nigeria is faulty and has failed to provide funding for climate friendly transportation.

5.3 Policy Discontinuity and Inconsistency

Tolls were introduced on selected federal highways but the Obasanjo government ordered toll gates dismantled. There is no clear policy on tolling as the current government is considering reintroducing it. The Federal Roads Maintenance Agency Act of 2002 as amended in 2007 provided for its funding sources to include money collected from toll gates, sums accruing from road concessions, and 5% user charge on the pump price of petrol and diesel. Toll gates have been dismantled while the government has not summoned the political will to concession roads or implement fuel price levy. 40% of the fuel surcharge would have accrued to FERMA while 60% would go to State Road Maintenance Agencies. The Aerotropolis project of the previous administration seems to have been abandoned. An Aerotropolis is defined as:

..a metropolitan subregion where the layout, infrastructure, and economy are centered on an airport which serves as a multimodal "airport city" commercial core. It is similar in form to a traditional metropolis, which contains a central city commercial core and commuter-linked suburbs".

The concept could have been continued and modified to take on board GHG emission reduction and sustainability issues. Implementing the Aerotropolis concept would have employed land value capture tools in the form of development charges, more revenue from taxation and development rights to raise funding for transport projects.

5.4 Activating the Infrastructure Concession Regulatory Commission (Establishment, Etc.) Act

Considering the paucity of state resources and investments in the Transport Sector, this Act provides a leeway for involving the private sector in meaningful partnership that would lead to a win-win scenario for all stakeholders vis, government (meeting sectoral policy objectives), private sector (profit from investment) and the general public (access to and use of improved infrastructure). Unfortunately for the road sector, there are no recorded cases of successful PPPs consummated between FGN and private sector operators. What looked like a test case - the Lagos-Ibadan Expressway contract between Bi-Courtney and FGN was terminated under questionable circumstances. Discussions for PPP to build the Second Niger Bridge in Onitsha have been ongoing for years without results¹³. Only recently, the FGN announced that it would concession two major airports in Lagos and Abuja. The transaction is not yet consummated. The Port Harcourt - Maiduguri old narrow gauge rail line has been concessioned to General Electric. It is too early in the day to report on the outcome as the concessionaire has not started operations.

Also, there are media reports that the Federal Ministry of Power, Works and Housing is negotiating with the Dangote Group to rehabilitate and expand (using reinforced concrete and cement) the Apapa Oshodi Expressway and the routes leading to the seaports in Apapa. This would be underpinned by a concession agreement that would involve tax waivers for the Dangote Group for a period of years. Again, it is still at the negotiation stage as the details are not yet on the ICRC website. However, there are a number of high level transport PPPs already concluded or at different stages of negotiation¹⁴. But their contribution to reduction¹⁴ of GHGs and improvement of the ease of doing business has not been clearly established.

One of the salient unwritten points about the Act is that it requires creativity and innovation on the part of public servants who ordinarily initiate and package the proposal for PPP. But this is a quality in very short supply in the extant Nigerian Civil Service. Also, there are no quick fixes and short cuts that would easily yield instant personal gratification for public servants or politicians as this would have served as a motivation to embark on PPPs¹⁵.

¹³ CSJ's Road Sector Study, 2013 (supra).

¹⁴ See the website of the ICRC- <http://ppp.icrc.gov.ng/>. These include Federal Ocean Terminal B in Rivers State; Tincan Island Container Terminal in Lagos, Federal Lighter Terminals A and B in Rivers State, etc.

¹⁵ CSJ's Road Sector Study, 2013 (supra).

5.5 Research and Development

Research and development votes in the sector are usually for unspecified purposes and this leaves the sector with little Nigerian contribution to the development of new products and services. Thus, most of the materials for use in the sector are imported thereby increasing costs due to the declining value and volatility of the Nigerian currency. Research and development should be properly funded, demand driven and respond to the needs of the Transport Sector within the context of massive low carbon transport provisioning. Faculties of universities and other higher institutions that run courses related to the sector should be supported to generate products and services that satisfy local demand. Also, there is the need to strengthen research institutes and give them grants based on performance, such that institutions that have good results will be given preference. This will naturally spur competition between them to come up with appropriate research findings.

Again, the impact of the National Automotive Council is hardly felt in the sector. With its broad mandate which includes inter alia to monitor and ensure compliance with environmental and technical quality standards, the Council should be proactive in encouraging climate friendly research and development in the automobile industry¹⁶.

5.6 Silent on Innovations

The Transport Sector seems to be silent on the new wave of electric cars poised to take over the automobile industry with the imminent death of the internal combustion engine. This is one innovation that should be adopted and encouraged in Nigeria. Further, innovations in fiscal governance should be channeled to discourage harmful production and consumption patterns that produce more GHGs in the sector. Higher import tariffs, duties and taxes will come to the rescue and be imposed to discourage heavy polluters if they cannot be banned outright. Toll gates should charge more on private vehicles so as to encourage the use of high capacity buses and other mass transit systems.

5.7 Greater Value for Money and Carbon Reduction in Intervention Programmes

In the past, FGN through a plethora of mechanisms had intervened in the Transport Sector with little or no appreciable results. The bailout funds for the airlines did not bail out any airline but was mismanaged. So also the loans under the Subsidy Reinvestment Programme to transport operators did not fare well as the resources were mismanaged and most of the operators did not pay back the loans. It has therefore become imperative for any subsequent intervention to be more focused on getting value for money whilst mainstreaming low carbon emission considerations.

¹⁶ See the National Automotive Council Act, Cap. N8, Laws of the Federation of Nigerian 2004.

5.7 Climate Proof New Investments

New investments in the sector have not been designed to take care of potential increases in temperature, rainfall, sea level rise and other extreme weather events that are due to climate change. Again, the required flexibility has not been built into transport infrastructure projects to make them easily modifiable through reinforcement, retrofitting and replacement without incurring excess costs. A new set of skills and competencies are required in the sector.

5.8 Monitoring, Reporting and Verification

The FMoT hardly provides resources for monitoring, reporting and verification of the sectors mitigation and adaptation measures. This has led to data gaps which frustrates evidence led planning for the reduction of emissions. Poor MRV also denies Nigeria of the opportunity of participation in emission trading schemes. It is therefore imperative for funding to be made available for this purpose from the 2018 budget onwards, either for the FMoT alone or jointly with the national ministerial focal point in the Federal Ministry of Environment.

5.9 Too Many Capital Projects in the Budget

Resources are so thinly spread in the sector across so many uncompleted transport projects that were due for completion so many years ago. Other projects are begging for maintenance, equipment and overheads to make them functional. This has not guaranteed value for money and improvement of transportation. A moratorium on brand new capital projects, not related to existing projects has become necessary unless the new project is of utmost priority. Otherwise, money should be spent on completing, equipping, rehabilitating and making functional the existing projects.

5.10 The Continuum: Policy, Plan, Budget Cycle

Previous and current experience in the implementation of national plans reveals a lot of disarticulations. From Vision 20:2020, National Economic Empowerment and Development Strategy, Seven Point Agenda, Transformation Agenda to the current Economic Recovery and Growth Plan; projections were more than appropriations; appropriations more than releases; cash backed sums are less than releases and actual expenditures are less than cash backed sums. Expenditures are therefore far less than projections thereby making the planning exercise an exercise in futility. It is recommended that Transport Sector budgets should be backed by a clear Medium Term Sector Strategy which is linked to high level national and international standards; fully costed and progressively allocates more resources to Transport based on increased availability of resources. There should be an inseparable link between policy, planning, budgeting, performance, monitoring and evaluation continuum. This continuum should be reflected in the Transport Sector specific budget template to be devised by collaboration between the executive and legislature. The legislature should insist on the establishment of the link between policies and appropriation during the

consideration of the budget. Clarity of the budget template will dictate that projects are clearly and properly described in the budget and repetition of budget heads and items should be avoided.

5.11 Formation of Sector Teams for Future Budget Planning

The executive is enjoined to collaborate with the stakeholders in transport operations including the private sector, civil society, professional associations, organized labour, the academia, etc. to ensure that the preparation of Transport Medium Term Sector Strategies is done by a team that represents all stakeholders including the MDA and its parastatals. This will guarantee comprehensiveness of future budgets and the fact the budget votes will target programme results and goals of the sector.

5.12 Adopt Best Practices in Public Procurement

Good and fit procurement practices should be adopted by FMoT, with a standard price database to remove price differentials for the same projects, programmes and activities and to enhance value for money in transport operations. Adoption of open procurement and contracting should be encouraged through legislative oversight.

6. SUMMARY OF POLICY RECOMMENDATIONS

The Memorandum makes the following Policy Recommendations.

6.1 Funding

6.1.1 For the medium term, not less than 5% of the overall annual budget should be allocated to the Transport sector to meet the demands.

6.1.2 The enactment of a legislation to establish the National Road Fund and the Road Authority to sustainably raise funds for the construction, maintenance and rehabilitation of federal, state and local government roads. Sources of funding should include vehicle import tax, tolls, fuel levy, fines, etc.

6.1.3 Establish dedicated special purpose vehicles to raise funds for named transport projects attracting institutional and retail investors.

6.1.4 FMoT to ensure that Transport Sector produces bankable projects to be funded under the FGN Green Bonds issuance scheme.

6.1.5 Build capacity in the FMoT and tap into international Climate Financing Mechanisms to raise more funds for projects that reduce GHG emissions.

6.1.6 Consider a moratorium on brand new capital projects not associated or linked with existing ones unless the project is of utmost priority. This will avoid the thin spread of available resources which produces no results. Money should be spent on completing, equipping and making functional the existing projects.

6.1.7 If foreign borrowing is to be raised for the Transport Sector, ensure that it is tied to an exchange rate hedging mechanism. This will augur well for debt sustainability

6.1.8 Government should consider incentives and subsidies (pioneer status, tax holidays, etc.) on the value chain of new low carbon investments in the Transport Sector. Such subsidies and incentives should also promote increased local content in construction and service delivery.

6.1.9 Implement the Aerotropolis concept initiated by the previous administration in the aviation sector and deploy land value capture tools in the form of development charges, more revenue from taxation and development rights to raise funding for transport projects.

6.1.10 Strengthen the Monitoring, Reporting and Verification (MRV) System to enable Nigeria actively participate in earning carbon credits and build data and statistics for planning. Finance an intermodal transport survey to provide evidence for investment decisions.

6.2 Operational Issues

6.2.1 FGN should initiate and approve a Comprehensive Transport Policy the coordinates, regulates and connects all modes of transport including air, rail, road, water, pipelines, etc. into a seamless intermodal transport system.

6.2.2 The FMoT, Infrastructure Concession Regulatory Commission and other MDAs working in the Transport Sector should select and prepare more green projects for financing and management under PPPs.

6.2.3 Fiscal policies should be used to encourage the reduction of GHGs in transportation for instance the uptake of electric vehicles and higher tolls on private vehicles and heavy polluters. FGN should urgently approve a Tolling Policy.

6.2.4 The Federal Road Safety Commission, Vehicle Inspection Office, Federal Ministry of Environment, etc. should establish and enforce vehicle emission standards whilst promoting user efficient and low polluting technologies including fuel efficient engines.

6.2.5 New investments in the Sector should be designed to take care of potential increases in temperature, rainfall, sea level rise and other extreme weather events. They should further be designed to be easily modifiable through reinforcement, retrofitting without incurring excessive costs.

6.2.6 Institute greater and specific funding for research and development in the sector based on demand and the performance of research institutions. Encourage innovation and research that solves practical challenges. For instance, research into emission reduction, electric and solar powered engines should be supported.

6.2.7 The full implementation of the Nigerian Gas Master Plan is imperative to guarantee the construction of new pipelines, maintenance of existing ones and availability of LNG and CNG. Effective and efficient pipelines will take the pressure of the roads for the transportation of liquid and gaseous products. Key issues for implementation that will make gas available and attract investors will include appropriate pricing and the domestic supply obligation.

6.2.8 Launch a public enlightenment campaign on transport and the environment which educates people on the need for alternative less emission generating means of transportation.

6.3 Transparency and Accountability

6.3.1 Projects in the Sector should follow approved policies and plans so as to guarantee the policy, plan and budget continuum.

6.3.2 Increase the efficiency of Transport Sector spending through greater value for money strategies. Ensure strict and efficient utilisation of the resources allocated to the sector by implementing open contracting standards as part of an open government strategy.

6.3.3 The Minister of Finance should prepare and publish a Disbursement Schedule within 30 days of the enactment of the Appropriation Act as stipulated in section 26 of FRA and ensure full and timely release of the capital budget of the FMoT every financial year.

6.3.4 The Budget Office of the Federation should resume the timely publication of Quarterly Budget Implementation reports on its website and in national dailies. The FMoT should likewise publish details of budget releases and expenditure on quarterly basis. This will help to promote transparency and accountability.

6.3.5 The FMoT should embrace the civil society as a critical partner in achieving greater value for money in a bid to improve national transport outcomes. Future preparation of the MTSS should rely on a full Sector Team including the civil society and other relevant stakeholders. The FMoT should engage CSOs for budget monitoring and tracking expenditure of borrowed sums in the sector.

THIS MEMORANDUM WAS ADOPTED BY THE FOLLOWING ORGANISATIONS

1. Centre for Social Justice (CSJ)
2. Environmental Rights Action
3. African Green Movement
4. National Association of Nigerian Traders
5. Women Environmental Programme
6. Foundation Against Desert Encroachment
7. Foundation for Human Development
8. ACERDEN
9. Good Governance Team
10. Citizens Trust Advocacy Development Centre
11. Global Initiative for Leadership and Good Governance
12. Peoples Empowerment Forum
13. Nigerian Conservation Foundation
14. African Network for Environmental and Economic Justice
15. Campaign for Good Environment
16. RRDC
17. Foundation for Environmental Research and Development
18. Centre for Research, Advocacy, Women and Youth Development
19. Green Transact
20. Advocacy for Change Initiative
21. Society for Sustainable Development in Africa
22. ANWAI
23. LENF
24. Development Association for Renewable Energies
25. Global Rights
26. Lexville Foundation
27. Basic Rights Watch
28. Climate Transformation and Energy Remediation Society
29. CLAIN Initiative
30. Life Impact Centre
31. Community Centre for Development
32. KIF
33. National Unity Movement
34. Association for the Reduction of Carbon Emission
35. Michael Adedotun Oke Foundation