



# MAKING A CASE FOR A REGULATORY PROJECT COST MANAGEMENT STANDARD IN PUBLIC INFRASTRUCTURE PROCUREMENT IN NIGERIA.

PRESENTATION BY: DR OLUSOLA OGUNSINA

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The government spending on infrastructure in Nigeria seems to be a waste of scarce resources and to the detriment of the taxpayers because the growth in the economy does not physically depict infrastructural development.- Raheem, Ayana, & Fashedemi, 2014

- ❑ Waste , inefficiency and mismanagement of public funds in fiscal spending persists despite extant procurement regulatory framework like the PPA 2007(Ebekozien,2023;Williams-Elegbe,2018)
- ❑ Yet successful infrastructure procurement is foundational to inclusive economic growth economic and sustainable development (Davies et al,2019; Puentes, 2015)





**NIGERIAN INSTITUTE OF  
QUANTITY SURVEYORS**  
*The professional construction cost managers.*

- ❑ Establishment of a quantity surveying department within the Federal Ministry of Works under Senator Ogunlewe(Ajanlekoko ,2023).
- ❑ The push for BoQ as a requirement for development approval(Aliyu,2023).
- ❑ The push for the delayed payment legislation(Ojo,2023)

## Quantity Surveyor's Past Pushes

“One of the biggest areas of corruption is in civil works” - Muritala Aliyu



**FEDERAL MINISTRY OF  
WORKS AND HOUSING**

# THE RESEARCH STRATEGY



**Interviews with  
a number of  
Professional  
Quantity  
Surveyors**



**Review of  
relevant  
procurement  
framework and  
literature**



**Synthesis of  
insights using  
argumentation  
strategy**



# What is the way forward?

- ❑ Let us consider the research strategy and some conceptual foundations first.



# Conceptual Foundations

- **Public infrastructure refers to facilities, systems, structures and the supporting workforce that are developed, owned and operated by the government for the smooth flow of an economy's day to day activities and enhancing the citizen's standard of living. (CFITeam 2021 & RICS 2017)**
- **It also includes infrastructure assets and services owned and operated by the private sector, but where the government has created the overarching policy and regulatory framework, or possibly retains a contingent liability for the infrastructure assets and continued service provision" (Poole et al. 2014).**



# Conceptual Foundations

- ***“Cost management Cost management is concerned with the process of finding the right project and carrying out the project the right way. It includes activities such as planning, estimating, budgeting, financing, funding, managing, controlling, and benchmarking costs so that the project can be completed within time and the approved budget and the project performance could be improved in time”.- (Cloepatra,2023)***



# Conceptual Foundations

- Total cost management is “the effective application of professional and technical expertise to plan and control resources, costs, profitability and risks. Simply stated, it is a systematic approach to managing cost throughout the life cycle of any enterprise, program, facility, project, product, or service. This is accomplished through the application of cost engineering and cost management principles, proven methodologies and the latest technology in support of the management process.” (AAACEI,2006)





# Conceptual Foundations

- “a conspicuous object (such as a banner) formerly carried at the top of a pole and used to mark a rallying point especially in battle or to serve as an emblem” - Merriam Webster's Dictionary.
- “a structure built for or serving as a base or support” - Merriam Webster's Dictionary.
- “something established by authority, custom, or general consent as a model or example” – Merriam Webster's Dictionary.



# Where do we go from here?

❑ “The reasonable man adapts himself to the world, the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the Unreasonable Man” - George Bernard Shaw.

❑ “The effective decision maker organizes dissent” – Peter Drucker





# What is the way forward?

- ❑ **How do we adapt the world of wasteful, inefficient, corrupt public infrastructure procurement to the VfM-delivering skills and competences of the quantity surveyor?**
- ❑ **How do we organize dissent between the engineers and quantity surveyor on who performs cost management services on infrastructure projects?**
- **How do we balance the conflicting demands , multiple institutional logics imposed on infrastructure projects by stakeholders?**



## What is the way forward?

- ❑ Our next move as a professional body, cost management firms, and individuals should be driven by these questions that speaks to societal problems rather than a parochial, self-interest seeking “give us a BoQ-Producer General of the Federation” desire.

# Why Regulatory TPCM Standard?



## A REGULATORY TOTAL PROJECT COST MANAGEMENT(TPCM) STANDARD

- ❑ Existing project cost management standards are not regulatory standards .
- ❑ Extant regulatory procurement frameworks contains exploitable gaps that needs to be identified and closed
- ❑ Solution to the WIC problem.



## Regulatory TPCM Standard: Contents

- ❑ Solving the problems of waste, inefficiency, and corruption risks (WIC).
- ❑ Professional management of public infrastructure costs is at the heart of solving this trinity of a problem.
- ❑ Discuss the Agency cost equation and how cost management tools minimizes WIC.



# The Public Infrastructure Procurement Cost Equation

- **Public Infrastructure Procurement Cost**  
**= Transaction<sub>cost</sub> + Production<sub>Cost</sub> +**  
**Agency<sub>cost</sub> +**  
**Operations&Maintenance<sub>cost</sub> + Social<sub>cost</sub>**  
**+ Environmental<sub>cost</sub>**



## The PIP Agency Cost Equation

- ❑  $PIP_{Agency\ cost} = inefficiency(I) + waste(W) + corruption\ risk(C) + relational\ risk\ mitigation\ cost$
- ❑ What are the sources of agency costs in public infrastructure procurement?.



# Agency Cost Sources

- [D:\2023BGM NIQS\Agency Model of Public Infrastructure Procurement NIQS 30TH BGM PRESENTATION.docx](#)
- [D:\2023BGM NIQS\Relational Risks in Public Infrastructure Procurement.docx](#)
- How do cost management tools help in minimizing agency costs?



# Agency costs and the QS Cost Management Capability.

Klitgaard's anti-corruption equation (Alfaro & Mordt, 2022,) shows that :

$$\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Transparency}$$

Substituting waste, inefficiency and corruption risks, we posit that :

- Limiting monopoly , reducing discretion and increasing transparency minimizes waste , inefficiency and corruption in public infrastructure procurement.



## 6-D Public Infrastructure Procurement Cost.

- The following framework shows the inverse relationship between the application of time tested cost management tools developed over the centuries and waste, inefficiency and corruption risks in public infrastructure procurement system.
- [6D Public Infrastructure Procurement Cost.pdf](#)



# Using the 6D PIPCost Framework

- The framework serves as an analytical tool for examining some of the thorny issues in public procurement.
- Consider the membership of the yet-to-be constituted NCPP.
- The only infrastructure procurement professional body represented on the Council is the Nigerian Society of Engineers. Is that not a monopoly of professional body representation?



# Using the 6D PIPCost Framework

- There has also been the debate on who chairs the council.
- In lending our voice to the issues, the questions to be answered are:
- Will a Minister of Finance-led NCPP council be courageous enough to question the contract award decision of the President-led FEC?



## Using the 6D PIPCost Framework

- Since the Ministry of Finance procures works and other items as a procuring entity, would the Minister not be acting as a judge in her case?
- Would the President be better as the Chairman of the NCPP or would an independent citizen like a former Chief Justice of the Federation be better off?

A photograph showing a close-up of a meeting table. Several hands are visible, some holding pens and writing on documents. The scene is dimly lit, focusing on the activity of the participants.

## Using the 6D PIPCost Framework

- Would saddling the President with the responsibility of chairmanship of the NCPP not amount to giving more power ?
- Since power corrupts and absolute power corrupts absolutely, will this not increase relational risks associated with public procurement?
- The agency cost equation that links corruption to increasing monopoly and discretion enables us to analyze this issue.



# Using the 6D PIPCost Framework

- Part II , section 6, subsection 3 has this to say:
- “The Bureau shall, subject to the approval of the Council, have power to:
- (a) enter into contract or partnership with any company, firm or person which in its opinion will facilitate the discharge of its functions ;
- (c) liaise with relevant bodies or institutions national and international for effective performance of its functions under this Act.”

A photograph showing a close-up of a meeting table. Several hands are visible, some holding pens and writing on papers. The scene is dimly lit, focusing on the activity of the participants.

## Using the 6D PIPCost Framework

- It follows that the NIQS, individual firms could approach the BPP with proposal for fulfilling the mandate of the BPP.
- The ideas identified in this work-in-progress paper could be implemented in collaboration with the BPP while the development of and push for the regulatory standard continues.
- Given the technical background of the current DG of the BPP, one hopes the NIQS and individual firms will have a listening ear.

1969

Formation of the Nigerian Institute of Quantity Surveyors.

1986

Establishment OF Law-backed Regulatory QSRBN

2000

World Bank Country Procurement Assessment Report released

2007

Enactment of the PPA 2007

2020

Amendment of the PPA 2007 via the Finance Act 2020

2026

Establishment of Nigeria's first multidisciplinary project cost management professional body. ?

2030

NIQS Integrated Cost management Standard becomes part of Nigeria's Procurement Law.?

2033

Nigeria emerges as one of the least corrupt countries. ?

# CONCLUSION

- National development is elusive where there is waste, inefficiency and corruption.
- Changing the narrative will require the persistence of the unreasonable man on our part.
- This paper has suggested we identify and integrate tools and processes within the global cost management domains that could be used to change the narrative of waste, inefficiency and corruption in public infrastructure procurement and pursue the legislative route in institutionalizing them as procurement tools.



A photograph showing a close-up of a meeting table. Several hands are visible, some holding pens and writing on documents. A gold diagonal bar runs across the left side of the image. The background is slightly blurred, showing other people at the table.

# CONCLUSION

- Securing a regulatory cost management standard will require collaborating with allied professionals and leading them to build a world-class multidisciplinary project cost management firm. e attention of
- The success of the push will also require seeking the attention of, partnering with global influential organisations who are the fore front of reducing waste and corruption in infrastructure procurement