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Contractual Governance and Performance of Public-Private Partnerships in Public Service Delivery in Nigeria: A Study of Lagos State (2011 To 2025)

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Abstract
This study examined the effect of contractual governance on the performance of public-private partnerships (PPPs) in public service delivery in Lagos State, Nigeria, from 2011 to 2025. Specifically, the study assessed the effects of contractual clarity and effective management of contractual obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement on PPP performance. The study adopted a descriptive survey design. A sample of 214 respondents comprising Lagos State PPP/public-sector officials, private-sector PPP partners, and regulators/oversight officials was selected. Data were collected through a structured questionnaire and analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics, including frequencies, percentages, means and standard deviations, were used, while multiple linear regression was employed to test the hypotheses at a 5% level of significance. The findings indicated that contractual clarity and management of contractual obligations had a significant positive effect on PPP performance. Contractual risk allocation and risk-sharing also exerted a significant positive effect, while contractual monitoring and enforcement significantly enhanced PPP performance. The regression model explained a substantial proportion of variation in PPP performance. The study concludes that effective contractual governance is critical to achieving improved PPP outcomes and recommends clearer contractual provisions, optimal risk allocation, and strengthened monitoring and enforcement mechanisms to enhance public service delivery in Lagos State.

Keywords: Contractual Governance, Public-Private Partnerships, Contractual Clarity, Risk Allocation, Contract Monitoring, Public Service Delivery.

Introduction

Public-Private Partnerships (PPPs) have increasingly become an important governance mechanism for mobilising private capital, expertise and managerial capacity to complement government resources in the provision of public infrastructure and services. PPPs emerge as a vital mechanism for enhancing efficiency in public service delivery, thus narrowing the infrastructure deficit and enhancing socio-economic development (Nwambuko et al, 2024). The growing adoption of PPPs reflects the recognition that governments, particularly in developing countries, may face fiscal, technical and institutional constraints that limit their ability to independently provide infrastructure and sustain quality public services. In principle, PPPs create a contractual relationship in which public authorities and private partners share responsibilities, risks, resources and expected benefits over a specified period. Their effectiveness, however, depends not merely on the existence of private investment but on the quality of governance arrangements through which contractual obligations are designed, allocated, monitored and enforced. Consequently, contractual governance has become central to understanding why some PPP arrangements achieve value for money, service quality and efficiency while others experience delays, disputes, renegotiations, cost escalation and

inadequate service outcomes. Babatunde, Opawole & Akinsiku (2012) identify competitive procurement, realistic cost-benefit assessment, appropriate risk allocation, political support, favourable institutional frameworks and sound economic conditions as important success factors for PPP infrastructure delivery in Nigeria.

The relevance of contractual governance is particularly significant in Nigeria, where persistent infrastructure deficits and public-sector capacity constraints have encouraged governments to rely increasingly on PPP arrangements. Lagos State represents an important empirical setting because it has been one of the most active subnational governments in Nigeria in institutionalising PPPs. The Lagos State Public-Private Partnership Law was enacted in 2011, establishing a formal legal framework for PPP transactions and providing institutional mechanisms for private-sector participation in infrastructure and service provision. The State subsequently developed institutional arrangements for project procurement, contract administration, monitoring and performance management. The Lagos State PPP Manual also assigns responsibility for verifying and maintaining compliance with the terms and conditions of concession agreements, demonstrating that contractual oversight is formally recognised as an essential component of PPP governance. Thus, the period from 2011 to 2025 provides an appropriate timeframe for assessing whether the institutionalisation of PPP governance has translated into improved public service delivery.

Despite these institutional developments, empirical evidence suggests that the performance of PPPs in Nigeria remains uneven. Babatunde et al. (2012) demonstrate that PPP success depends on several interrelated institutional, financial, political and contractual factors, while Babatunde et al. (2013) found implementation challenges in major Nigerian PPP projects, including the Murtala Mohammed Airport Terminal 2 concession and the Lagos–Ibadan Expressway. Their findings indicate that PPP implementation can be undermined by institutional complexity, coordination problems and weaknesses in the implementation process. Similarly, Igboka (2015), in a study specifically focused on Lagos State, found that legal frameworks, risk identification and allocation, technical structures and organisational competencies were significant predictors of PPP success, whereas several factors, including monitoring and evaluation, communication, transparency and trust, were not statistically significant in the model. These findings suggest that the mere existence of a formal PPP framework does not automatically guarantee effective contractual governance or superior performance. Likewise, Nwambuko et al (2024) examined Public-Private Partnership (PPP) in project development and implementation as a prolusion to socioeconomic development in Nigeria. The findings of the study revealed that Public-Private Partnerships (PPPs) do not diminish the government's responsibility and accountability; rather, they continue to represent public infrastructure projects dedicated to fulfilling citizens' critical service needs.

More specifically, the contractual dimension of PPP governance remains insufficiently examined in relation to public service delivery. Existing Nigerian studies have largely concentrated on identifying critical success factors, assessing the suitability of PPPs for infrastructure development, examining project-specific challenges, or evaluating broad governance and institutional conditions. Babatunde & Perera (2017), for instance, emphasise the importance of comparing critical success factors across PPP transport projects, while other Lagos-based research has examined infrastructure development and management control

mechanisms. Although these studies provide valuable insights, they leave an important empirical gap concerning the extent to which specific contractual governance mechanisms—such as clarity of contractual obligations, risk allocation, performance monitoring, enforcement of contractual provisions and management of contractual changes—cause variations in PPP performance and public service delivery outcomes over an extended period.

The problem is further demonstrated by evidence concerning the enforcement of PPP contracts. A study of PPP contracts in southwestern Nigeria found that contractual enforcement mechanisms, including step-in rights, termination provisions and monetary penalties, are important responses to concessionaire defaults involving delayed execution, abandonment and non-compliance with agreed specifications (Olatunji et al., 2018). This implies that contractual governance is not simply an administrative process but a mechanism through which expected performance is translated into enforceable obligations. Where contracts are poorly designed, inadequately monitored or weakly enforced, the anticipated benefits of PPPs may not materialise. Recent scholarship on Lagos likewise raises concerns about weaknesses in partner selection and contracting processes, suggesting that political connections, inadequate technical capacity and limited transparency can affect PPP implementation despite the existence of formal legal and institutional frameworks.

Accordingly, the central problem is the apparent disconnect between the formal institutionalisation of PPPs in Lagos State and the consistency of actual public service delivery outcomes. The existence of the 2011 PPP legal framework, specialised PPP institutions and contractual procedures raises an important question: to what extent have these contractual governance mechanisms actually improved the performance of PPPs between 2011 and 2025? Existing studies provide evidence of critical success factors and implementation challenges, but comparatively limited empirical attention has been devoted to establishing cause-effect relationships between identifiable dimensions of contractual governance and measurable PPP performance in public service delivery. The present study therefore seeks to address this gap by examining how contractual clarity and obligation management, risk allocation and sharing, and contractual monitoring and enforcement influence the performance of PPPs in Lagos State during the 2011–2025 period. The study is consequently positioned to move beyond the general question of whether PPPs are beneficial to determine **which contractual governance mechanisms produce better performance outcomes and under what conditions.**

Therefore, the identified empirical gaps give rise to the following research questions: **To what extent does contractual clarity and effective management of contractual obligations cause variations in the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025? To what extent does effective contractual risk allocation and risk-sharing cause variations in the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025? To what extent do contractual monitoring and enforcement mechanisms cause variations in the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025?** The broad objective of this study is to examine the effect of contractual governance on the performance of public-private partnerships (PPPs) in public service delivery in Lagos State, Nigeria, from 2011 to 2025. Specifically, the study seeks to: **examine the effect of contractual clarity and effective management of contractual**

obligations on the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025; determine the effect of contractual risk allocation and risk-sharing mechanisms on the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025; and assess the effect of contractual monitoring and enforcement mechanisms on the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025. The study is guided by the following null hypotheses: ***H_{01}:*** Contractual clarity and effective management of contractual obligations have no statistically significant effect on the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025; ***H_{02}:*** Contractual risk allocation and risk-sharing mechanisms have no statistically significant effect on the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025; and ***H_{03}:*** Contractual monitoring and enforcement mechanisms have no statistically significant effect on the performance of public-private partnerships in public service delivery in Lagos State, Nigeria, from 2011 to 2025.

Literature Review

Conceptual Review

Contractual Governance: Contractual governance refers to the mechanisms through which parties to a contractual relationship define obligations, allocate risks, monitor performance and enforce agreed terms. In PPP arrangements, it is particularly important because contracts are long-term and cannot anticipate every possible future circumstance. Effective contractual governance therefore requires clear responsibilities, appropriate risk allocation, continuous performance monitoring and mechanisms for managing changes and disputes (Williamson, 1985; Poppo & Zenger, 2002). The World Bank (2024) similarly identifies contract monitoring, enforcement, risk management and relationship management as central components of effective PPP contract administration.

Public-Private Partnerships (PPPs): PPPs are long-term contractual arrangements through which public authorities and private entities collaborate to provide public infrastructure or services, with responsibilities, risks and rewards distributed between the parties. According to Nwambuko et al (2024), Public-Private Partnership refers to collaborative, long-term partnerships between public and private sector entities. These partnerships aim to finance, design, implement, and operate infrastructure facilities and services traditionally provided by the public sector. Unlike conventional procurement, PPPs generally place greater responsibility for project design, financing, operation and maintenance on the private partner, while payments or returns are linked, directly or indirectly, to service performance (ICRC, 2026). PPPs are therefore intended to combine public-sector objectives with private-sector finance, expertise, innovation and managerial capacity. Their effectiveness, however, depends substantially on sound institutional, financial and contractual arrangements. In Lagos State, empirical research on concession projects demonstrates that appropriate allocation of project risks between public and private partners is important for project performance (Sanni, Jagboro & Ojo, 2018).

Public Service Delivery: Public service delivery refers to the provision of essential goods, infrastructure and services to citizens by public institutions or private organisations operating under public-sector arrangements. According to Nwambuko et al (2026), public service delivery encompasses the output of government activities that directly affect the welfare and satisfaction

of the populace, including education, healthcare, infrastructure, and administrative services. In PPPs, service delivery is the principal outcome against which partnership performance can be assessed. Relevant indicators include service quality, efficiency, accessibility, reliability, affordability and responsiveness. The ICRC (2026) emphasises that PPPs focus on procuring services and achieving value for money through improved efficiency, private-sector management and performance-linked service delivery. Consequently, contractual monitoring is essential for ensuring that private partners meet agreed service standards, while enforcement mechanisms provide remedies where performance falls below contractual requirements (Olatunji et al., 2018).

Conceptually, the study assumes that **contractual governance influences PPP performance in public service delivery**. Specifically, contractual clarity and obligation management, appropriate risk allocation and risk-sharing, and effective monitoring and enforcement are expected to enhance service quality, efficiency, accessibility and reliability. Weaknesses in these mechanisms may instead contribute to contractual disputes, non-compliance and poor service outcomes. Thus, contractual governance constitutes the **independent variable,** while PPP performance in public service delivery constitutes the **dependent variable**.

Contractual Clarity, Effective Management of Contractual Obligations and PPP Performance in Public Service Delivery in Nigeria

Contractual clarity is a fundamental requirement for effective public-private partnership (PPP) performance because PPP agreements define the responsibilities, service standards, risks and expected outputs of both public and private partners. Williamson (1985) argues that clearly structured contractual arrangements help reduce uncertainty and opportunistic behaviour in inter-organisational relationships, while Poppo & Zenger (2002) maintain that formal contracts provide safeguards that facilitate effective cooperation between contracting parties. In PPPs, clarity is particularly important because agreements are usually long-term and complex, making clearly defined obligations, performance indicators, payment arrangements, reporting requirements and mechanisms for handling contractual changes essential for sustained performance. The World Bank (2024) observes that PPP contracts are necessarily incomplete because future circumstances cannot be fully anticipated; consequently, effective contract management is required to maintain service standards and contractual responsibilities throughout the project lifecycle.

Evidence from Nigeria reinforces this position. The Lagos State PPP Manual emphasises that well-structured contracts should explicitly define risks, service-quality requirements, incentives, penalties, communication arrangements and dispute-resolution procedures. It further stresses that effective contract management requires appropriately skilled monitoring teams and continuous oversight of contractual performance. Similarly, the Infrastructure Concession Regulatory Commission (ICRC) identifies poor contract management and monitoring, weak public-sector enforcement capacity and unclear or difficult-to-enforce contractual terms among factors contributing to PPP failure in Nigeria. These observations indicate that contractual clarity alone is insufficient unless public authorities possess the institutional capacity to translate contractual provisions into effective management and compliance.

Empirical research also demonstrates the importance of clearly specifying and managing contractual obligations. Olatunji et al. (2018), in their study of PPP contracts in southwestern Nigeria, found that enforcement mechanisms such as step-in rights, termination and monetary penalties are important instruments for addressing concessionaire defaults, including delayed execution, abandonment and non-compliance with agreed specifications. The ICRC likewise requires systematic monitoring of PPP contracts, including contract compliance, performance reporting and dispute management. These mechanisms suggest that effective contractual management can strengthen accountability and ensure that private partners deliver services according to agreed standards.

However, the Nigerian PPP experience indicates that weaknesses in contract management can undermine expected service-delivery outcomes. The World Bank's assessment of Nigerian PPPs found mixed performance, with weaknesses particularly evident in PPP preparation and contract management. Therefore, although existing literature establishes the importance of contractual clarity and obligation management, there remains a need for more empirical evidence on the extent to which these mechanisms directly influence PPP performance in public service delivery, particularly within the Lagos State context over the 2011–2025 period. This study addresses this gap by examining whether clear contractual obligations and effective management of those obligations significantly improve the performance of PPPs in terms of service quality, efficiency, reliability, accessibility and responsiveness.

Contractual Risk Allocation, Risk-Sharing Mechanisms and PPP Performance

Contractual risk allocation is a central element of public-private partnership (PPP) governance because PPP projects involve long-term commitments, substantial investments and considerable uncertainty. Risk allocation refers to the process of assigning particular project risks to the party best able to control, manage or mitigate them at the lowest cost, while risk-sharing involves distributing risks between the public and private partners where exclusive allocation to one party would be inefficient. The World Bank (2019) argues that appropriate risk allocation is fundamental to achieving value for money, financial viability and sustainable PPP performance. Similarly, Delmon (2012) maintains that excessive transfer of risks to private partners can increase project costs and make PPP arrangements vulnerable to financial and operational difficulties.

Empirical evidence from Nigeria demonstrates the importance of appropriate risk allocation. Osei-Kyei & Chan (2017) identify risk allocation and sharing as important determinants of PPP success, while Babatunde, Opawole & Akinsiku (2012) emphasise appropriate risk allocation among the critical success factors for infrastructure PPPs in Nigeria. Akinwale & Olabode (2006) found that Nigerian construction professionals generally preferred endogenous risks to be allocated to private partners, political and land-acquisition risks to remain with the public sector, and relationship-related risks to be shared. This suggests that performance is likely to improve where risks are assigned according to the capacity of each partner rather than transferred indiscriminately.

Evidence from Lagos provides further support. Sanni & Adebiyi (2017), examining the Lagos Infrastructure Project, found that a substantial proportion of operating risks were allocated to the concessionaire, although the effectiveness of allocation differed between public and private stakeholders. Similarly, Nwangwu (2022), analysing the Lekki Toll Road Concession, concludes that inadequate management of project risks contributed to project difficulties, particularly stakeholder opposition risk. These findings demonstrate that the mere allocation of risks in a contract does not guarantee successful PPP performance; the risks must also be identifiable, realistically allocated and effectively mitigated.

The Lagos State PPP Manual recognises this principle by emphasising risk mitigation and recommending that risks be allocated to the party best positioned to manage them. It also provides for risk matrices covering construction, site, financing, operational and other risks. Olatunji et al. (2018) further show that contractual mechanisms for addressing risks affecting private parties can support the sustainability of concession arrangements in southwestern Nigeria. Despite these contributions, existing Nigerian studies have largely examined individual projects, general risk factors or risk-allocation preferences, leaving limited empirical evidence on the direct effect of contractual risk allocation and risk-sharing mechanisms on overall PPP performance in public service delivery. This gap is particularly relevant in Lagos State, where PPPs have been extensively employed. The present study therefore investigates whether appropriate contractual risk allocation and risk-sharing significantly improve PPP performance through enhanced efficiency, service quality, reliability and accessibility.

Contractual Monitoring and Enforcement Mechanisms and PPP Performance

Contractual monitoring and enforcement are essential components of effective public-private partnership (PPP) governance because they ensure that private partners comply with agreed service standards, performance indicators and contractual obligations. Monitoring involves the systematic collection, verification and assessment of information concerning project implementation and service performance, while enforcement involves applying contractual remedies when agreed obligations are not fulfilled. The World Bank (2017) notes that effective PPP contract management requires continuous monitoring of service performance and contract compliance, supported by appropriate reporting systems, performance indicators and mechanisms for responding to non-compliance.

Nigerian evidence indicates that weaknesses in contract management can undermine PPP outcomes. The World Bank's assessment of Nigerian PPPs identified contract management as an area requiring improvement and linked PPP outcomes to the strength of institutional arrangements and coordination between public and private stakeholders (World Bank, 2016). This suggests that establishing a PPP contract is insufficient unless the public authority possesses the capacity to monitor implementation and enforce agreed standards throughout the contract lifecycle. In Nigeria, the Infrastructure Concession Regulatory Commission (ICRC) also emphasises performance indicators, penalties, contract variations and evaluation of actual performance against agreed standards as important elements of PPP contract oversight (ICRC, 2014).

Empirical evidence from southwestern Nigeria further demonstrates the relevance of enforcement. Olatunji et al. (2018) found that step-in rights and contract termination were preferred mechanisms for addressing serious concessionaire defaults such as delayed execution, abandonment and non-compliance with specifications, while monetary penalties were considered appropriate for certain performance shortfalls. These findings indicate that enforcement mechanisms can strengthen accountability by creating consequences for poor performance. However, enforcement must be supported by reliable monitoring because sanctions can only be appropriately applied when performance deficiencies are accurately identified and documented.

The literature therefore suggests a positive relationship between effective contractual monitoring and enforcement and PPP performance. Regular monitoring can provide early warning of emerging problems, while enforcement mechanisms such as penalties, performance deductions, step-in rights and termination can encourage compliance with contractual obligations. Nevertheless, existing Nigerian studies have tended to focus on particular projects or specific enforcement mechanisms, with comparatively limited empirical evidence establishing the direct effect of integrated monitoring and enforcement mechanisms on public service delivery outcomes. This study addresses this gap by examining whether effective contractual monitoring and enforcement significantly improve PPP performance in Lagos State, particularly in terms of service quality, efficiency, reliability, accessibility and responsiveness.

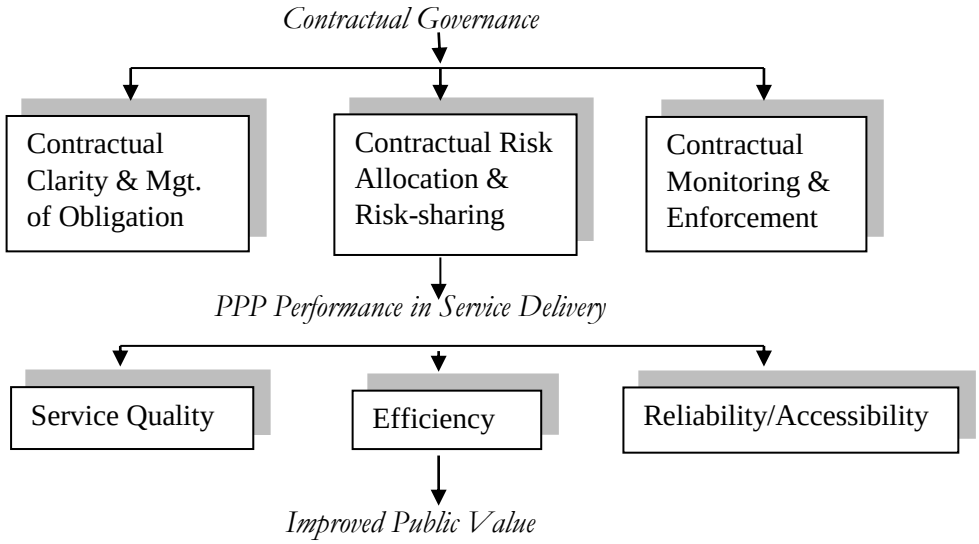
Theoretical Framework

This study is anchored primarily on **Transaction Cost Economics (TCE)** developed by Williamson (1975, 1985). TCE explains how organisations structure and govern transactions in order to minimise the costs associated with uncertainty, information asymmetry, opportunistic behaviour, monitoring and enforcement. The theory assumes that economic actors possess bounded rationality and may behave opportunistically when contractual circumstances create opportunities to pursue self-interest. Consequently, appropriate governance structures are required to safeguard transactions and ensure that parties fulfil their obligations.

Williamson (1985) identifies **uncertainty, frequency and asset specificity** as important characteristics influencing the governance of transactions. PPPs are particularly relevant to TCE because they are generally long-term, complex and asset-specific arrangements involving substantial investments by both public and private actors. The inability of contracting parties to anticipate every future circumstance creates contractual incompleteness and increases the possibility of disputes, renegotiation and opportunistic behaviour. Consequently, effective contractual governance becomes necessary to protect the interests of both parties and sustain project performance.

The theoretical argument can be illustrated as follows:

FIGURE I
Conceptual Framework Diagram of the Transaction Cost Economics Theory
(Williamson, 1975; 1985)



The framework presents **contractual governance as the independent variable** and **PPP performance in public service delivery as the dependent variable**. The three dimensions of contractual governance—contractual clarity and management of obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement—are expected to independently and collectively influence PPP performance.

Contractual clarity is expected to reduce uncertainty concerning the responsibilities and expected performance of the parties. Risk allocation and risk-sharing are expected to ensure that project risks are assigned according to the capacity of each partner to manage them. Monitoring and enforcement are expected to promote compliance and discourage opportunistic behaviour. These mechanisms should consequently contribute to improved service quality, efficiency, reliability and accessibility. The framework is, therefore, consistent with the study's three research questions and hypotheses. It provides the theoretical basis for testing whether variations in contractual governance explain variations in PPP performance in Lagos State between 2011 and 2025.

Thus, applying the relevance of TCE to this study lies in its ability to explain how contractual governance can influence PPP performance in public service delivery in Lagos State. The study conceptualises contractual governance through three major dimensions: **contractual clarity and management of obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement.**

First, **contractual clarity and effective management of contractual obligations** reduce uncertainty by specifying the responsibilities, performance standards, payment arrangements, reporting requirements and expected outputs of the public and private partners. Clear contractual obligations reduce ambiguity and make it easier to determine whether either party has complied with the agreement. From the TCE perspective, clearer contracts reduce transaction costs associated with uncertainty, disputes and opportunistic interpretation of contractual provisions.

Second, **contractual risk allocation and risk-sharing** constitute mechanisms for efficiently distributing uncertainty between the contracting parties. TCE suggests that governance arrangements should allocate responsibilities and risks to the party best positioned to manage them. In PPPs, inappropriate risk allocation may increase transaction costs, discourage private investment, generate disputes and undermine project performance. Conversely, rational risk allocation can encourage efficiency, reduce opportunistic behaviour and improve the sustainability of PPP arrangements.

Third, **contractual monitoring and enforcement mechanisms** address the possibility of opportunistic behaviour after the contract has been established. Because government cannot observe every action of a private concessionaire and the private partner may possess superior information about operational activities, monitoring mechanisms are necessary to reduce information asymmetry. Enforcement mechanisms, including penalties, performance deductions, step-in rights and termination provisions, provide incentives for compliance. TCE therefore predicts that effective monitoring and enforcement will reduce the costs associated with contractual non-compliance and improve performance.

The theory is particularly relevant to Lagos State because PPP arrangements involve long-term relationships between government and private entities in sectors requiring substantial investment and continuous service provision. The Lagos State PPP framework provides for contractual procedures, risk allocation, monitoring and performance management. However, the existence of these formal mechanisms does not necessarily guarantee effective outcomes. TCE provides a basis for empirically determining whether stronger contractual governance mechanisms actually translate into improved PPP performance.

Methodology

The study will adopt a **descriptive survey research design** to examine the effect of contractual governance on the performance of public-private partnerships (PPPs) in public service delivery in Lagos State from 2011 to 2025. The design is appropriate because it enables the researcher to obtain systematic information from public-sector officials, PPP practitioners and other stakeholders directly involved in the planning, implementation, monitoring and management of PPP projects.

The study will be conducted in **Lagos State, Nigeria**, which provides an appropriate setting because of its extensive experience with PPP arrangements in infrastructure and public service delivery. The population consisted of **460 eligible respondents** (source: administrative units of each institution, 2026) divided into three major strata. Lagos State PPP and public-sector institutions constitute 268 respondents, representing 58.3 per cent of the population; private-sector PPP partners constitute 157 respondents, representing 34.1 per cent; while regulatory and oversight institutions constitute 35 respondents, representing 7.6 per cent. This stratification reflects the institutional structure of PPP governance and ensures that the perspectives of the principal actors involved in PPP arrangements are represented.

Given the population of 460 eligible respondents, the sample size was determined using Yamane's (1967) formula for finite populations at a five per cent level of precision. The formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where: N=460, e=0.05

Therefore,

$$n = \frac{460}{1 + 460(0.05)^2}$$

$$n = \frac{460}{1 + 460(0.0025)}$$

$$n = \frac{460}{2.15}$$

$$n = 213.95$$

Thus, the s**ample size = 214 respondents.**

The Lagos State PPP/public-sector stratum has a population of 268 and was allocated 125 respondents. The private-sector PPP stratum has a population of 157 and was allocated 73 respondents, while the regulatory and oversight stratum has a population of 35 and was allocated 16 respondents. Thus, the total sample comprises 214 respondents as showcased in the below table.

Table 3.3: Proportionate Allocation of 214 respondents distributed among the three strata

Stratum	Population	Calculation	Allocated sample
Lagos State PPP/public-sector officials	268	268/460 × 214	125
Private-sector PPP partners	157	157/460 × 214	73
Regulators/oversight institutions	35	35/460 × 214	16
Total	460		214

The stratified and purposive sampling techniques were employed to ensure representation of the major stakeholder groups.

Data were collected primarily through a **structured questionnaire** designed around the study variables. The questionnaire was measure contractual clarity and management of contractual obligations, contractual risk allocation and risk-sharing, contractual monitoring and enforcement, and PPP performance in public service delivery. Responses were measured using a five-point Likert scale ranging from strongly disagree to strongly agree. Relevant secondary information, including PPP policy documents, contracts, official reports and other scholarly materials, were reviewed to complement the primary data.

Data were analysed using SPSS. Descriptive statistics, including frequencies, percentages, means and standard deviations, were used to summarise respondents' characteristics and responses. For inferential statistics, multiple linear regressions were employ to determine the effect of the three dimensions of contractual governance on PPP performance. The regression model is specified as:

$$PPP = \beta_0 + \beta_1 CC + \beta_2 RA + \beta_3 ME + \varepsilon$$

Where: *PPP* = Performance of Public-Private Partnerships in public service delivery; *CC* = Contractual clarity and management of contractual obligations; *RA* = Contractual risk allocation and risk-sharing; *ME* = Contractual monitoring and enforcement; β_0 = Constant/intercept; β_1–β_3 = Regression coefficients; and ε = Error term

The hypotheses will be tested at a 5% level of significance. The null hypothesis will be rejected where the probability value (p-value) is less than 0.05 and retained where the p-value is greater than 0.05. The analysis will also consider the coefficient of determination (R^2), regression coefficients, F-statistic and t-statistics to establish the explanatory power and individual effects of the contractual governance dimensions on PPP performance.

Data Presentation and Analysis

The study examined the effect of contractual governance on the performance of public-private partnerships (PPPs) in public service delivery in Lagos State, Nigeria, covering the period 2011–2025. A total sample size of **214 respondents** was used, comprising 125 Lagos State PPP/public-sector officials, 73 private-sector PPP partners and 16 officials from regulatory and oversight institutions. The data were coded and analysed using the **Statistical Package for the Social Sciences (SPSS).** Descriptive statistics, including frequencies, percentages, means and standard deviations, were used to summarise respondents' characteristics and responses, while multiple linear regression was employed to determine the effect of the three dimensions of contractual governance on PPP performance.

Distribution of Respondents by Category

Table 1: Distribution of Respondents by Category

Respondent Category	Frequency	Percentage
Lagos State PPP/public-sector officials	**125**	**58.4**
Private-sector PPP partners	**73**	**34.1**
Regulatory and Oversight Institutions	**16**	**7.5**
Total	**214**	**100.0**

Source: *Field Data, 2026*.

Table 1 shows that Lagos State PPP/public-sector officials constituted the largest category, with 125 respondents representing 58.4% of the sample. Private-sector PPP partners accounted for 73 respondents (34.1%), while regulators and officials of oversight institutions accounted for 16 respondents (7.5%). The distribution provides representation from the principal institutional actors involved in PPP governance and implementation.

Descriptive Statistics of the Study Variables

The study measured contractual governance through three dimensions: contractual clarity and management of contractual obligations (CC), contractual risk allocation and risk-sharing (RA), and contractual monitoring and enforcement (ME). PPP performance in public service delivery (PPP) constituted the dependent variable.

Table 2: Descriptive Statistics of Study Variables

Variable	N	Mean	Std. Deviation
Contractual Clarity and Management of Contractual Obligations (CC)	214	2.78	1.02
Contractual Risk Allocation and Risk-Sharing (RA)	214	2.97	1.05
Contractual Monitoring and Enforcement (ME)	214	3.04	1.09
PPP Performance in Public service delivery (PPP)	214	2.94	1.06
Valid N (list-wise)	214		

Source: *Field Data, 2026*.

Table 2 indicates that contractual monitoring and enforcement recorded the highest mean score (3.04), followed by contractual risk allocation and risk-sharing (2.97), while contractual clarity and management of contractual obligations recorded a mean of 2.78. PPP performance recorded an overall mean of 2.94. The standard deviations, ranging from 1.02 to 1.09, indicate moderate dispersion in respondents' assessments.

The results suggest that respondents generally perceived contractual monitoring and enforcement as the relatively stronger aspect of contractual governance, although the mean scores indicate that there remains considerable room for improvement in the effectiveness of contractual governance mechanisms and PPP performance.

Distribution of Responses

For interpretation, the five-point Likert-scale composite scores were classified into five categories.

Table 3: Distribution of Respondents' Composite Scores

Score Range	CC Frequency (%)	RA Frequency (%)	ME Frequency (%)	PPP Frequency (%)
1.00-1.80	48 (22.4)	39 (18.2)	40 (18.7)	40 (18.7)
1.81-2.60	58 (27.1)	48 (22.4)	41 (19.2)	52 (24.3)
2.61-3.40	56 (26.2)	56 (26.2)	55 (25.7)	53 (24.8)
3.41-4.20	32 (15.0)	48 (22.4)	45 (21.0)	43 (20.1)
4.21-5.00	20 (9.3)	23 (10.7)	33 (15.4)	26 (12.1)
Total	**214 (100.0)**	**214 (100.0)**	**214 (100.0)**	**214 (100.0)**

Source: Field Data, 2026.

The distribution indicates variation in respondents' perceptions across the variables. Contractual monitoring and enforcement had the largest proportion of relatively high scores, while contractual clarity recorded a comparatively greater concentration of lower scores. This suggests that although monitoring mechanisms exist within PPP arrangements, deficiencies may remain in the clarity and management of contractual obligations.

Multiple Linear Regression Analysis

Multiple linear regression was employed to determine the extent to which contractual clarity and management of contractual obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement predict PPP performance in public service delivery.

The estimated regression model is:

$$PPP = \beta_0 + \beta_1 CC + \beta_2 RA + \beta_3 ME + \varepsilon$$

Where: ***PPP*** = Performance of public-private partnerships in public service delivery; ***CC*** = Contractual clarity and management of contractual obligations; ***RA*** = Contractual risk allocation and risk-sharing; ***ME*** = Contractual monitoring and enforcement; β_0 = Constant; β_1–β_3 = Regression coefficients; and ε = Error term

Model Summary

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.722	0.522	0.515	0.736

Source: *Field Data, 2026*.

The model summary indicates an **R-value of 0.722**, showing a strong positive association between the three contractual governance dimensions and PPP performance. The **R^2 value of 0.522** indicates that approximately **52.2% of the variation in PPP performance** is jointly explained by contractual clarity and management of obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement. The remaining 47.8% is attributable to other factors not included in the model and random error.

The adjusted R^2 of 0.515 indicates that, after adjusting for the number of predictors in the model, approximately 51.5% of the variation in PPP performance remains explained by the three dimensions of contractual governance.

Analysis of Variance (ANOVA)

Table 5: ANOVA for Multiple Regression Model

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	124.040	3	41.347	76.298	0.000
Residual	113.801	210	0.542		
Total	**237.841**	**213**			

Source: *Field Data, 2026.*

The ANOVA results show an **F-statistic of 76.298** with a significance level of **$p < 0.001$**. Since the significance value is less than 0.05, the regression model is statistically significant. This indicates that contractual clarity and management of obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement jointly have a statistically significant effect on PPP performance in public service delivery.

Regression Coefficients

Table 6: Regression Coefficients

Model	B	Std. Error	Beta	t	Sig.
Constant	0.166	0.195	-	0.851	0.396
Contractual Clarity and Management of Contractual Obligations (CC)	0.442	0.053	0.421	8.312	0.000
Contractual Risk Allocation and Risk-Sharing (RA)	0.336	0.055	0.326	6.105	0.000
Contractual Monitoring and Enforcement (ME)	0.180	0.051	0.183	3.515	0.001

Source: *Field Data, 2026.*

Table 6 shows that all three dimensions of contractual governance have positive and statistically significant coefficients. Contractual clarity and management of contractual obligations has the strongest effect, with **$\beta = 0.421$, $t = 8.312$, $p < 0.001$.** This implies that improvement in contractual clarity and effective management of contractual obligations is associated with an increase in PPP performance, holding other variables constant.

Contractual risk allocation and risk-sharing also has a positive and statistically significant effect on PPP performance **($\beta = 0.326$, $t = 6.105$, $p < 0.001$).** This indicates that appropriately allocating and sharing project risks between public and private partners contributes significantly to improved PPP performance.

Contractual monitoring and enforcement has a positive and statistically significant effect **(β = 0.183, t = 3.515, p = 0.001).** Although its standardised effect is smaller than those of contractual clarity and risk allocation, the result demonstrates that effective monitoring and enforcement remain important predictors of PPP performance.

The estimated regression equation is therefore:

PPP = 0.166 + 0.442CC + 0.336RA + 0.180ME + ε

The model suggests that, holding other variables constant, a one-unit increase in contractual clarity and effective management of obligations is associated with a 0.442-unit increase in PPP performance. Similarly, a one-unit increase in contractual risk allocation and risk-sharing is associated with a 0.336-unit increase in PPP performance, while a one-unit increase in contractual monitoring and enforcement is associated with a 0.180-unit increase in PPP performance.

Test of Hypotheses

The hypotheses were tested at the **5% level of significance**. The decision rule is to reject the null hypothesis where **p < 0.05** and retain the null hypothesis where **p > 0.05.**

Table 7: Summary of Hypothesis Testing

Hypothesis	Predictor	β	t-value	p-value	Decision
H_{01}	Contractual clarity and effective management of contractual obligations	0.421	8.312	<0.001	Reject H_{01}
H_{02}	Contractual risk allocation and risk-sharing	0.326	6.105	<0.001	Reject H_{02}
H_{03}	Contractual monitoring and enforcement	0.183	3.515	0.001	Reject H_{03}

Source: ***Field Data, 2026.***

Discussion of Findings

The findings indicate that contractual governance is an important determinant of PPP performance in public service delivery. The overall regression model is statistically significant, with an R^2 of 0.522. This means that the three dimensions of contractual governance collectively explain 52.2% of the observed variation in PPP performance. The result provides empirical support for the proposition of Transaction Cost Economics that appropriate governance mechanisms can reduce uncertainty, opportunistic behaviour and transaction costs in long-term contractual relationships.

The strongest predictor is contractual clarity and management of contractual obligations. This finding suggests that clearly defined responsibilities, performance standards, reporting requirements and contractual expectations provide a stronger foundation for effective PPP implementation. Where parties understand precisely what is expected of them, ambiguity and contractual disputes are likely to be reduced, thereby improving service delivery.

The significant effect of contractual risk allocation and risk-sharing demonstrates that PPP performance is also influenced by how project risks are distributed between the public and private partners. Appropriate risk allocation enables each party to manage the risks within its

comparative capacity and reduces the likelihood that poorly assigned risks will undermine project sustainability.

Finally, the significant effect of contractual monitoring and enforcement indicates that the existence of contractual provisions must be supported by effective implementation and oversight. Regular monitoring provides information on compliance, while enforcement mechanisms create incentives for private partners to meet agreed performance standards. The findings therefore suggest that contractual governance should be regarded as an integrated process involving contract design, risk management, monitoring and enforcement rather than merely the preparation of contractual documents.

Overall, the empirical evidence supports the argument that **stronger contractual governance is associated with better PPP performance and improved public service delivery.** The results are consistent with the Transaction Cost Economics perspective that appropriate governance structures can reduce uncertainty and opportunistic behaviour while improving the efficiency of long-term inter-organisational transactions.

Conclusion

The study concludes that contractual governance is a significant determinant of the performance of public-private partnerships (PPPs) in public service delivery in Lagos State. The regression results indicate that contractual clarity and effective management of contractual obligations, contractual risk allocation and risk-sharing, and contractual monitoring and enforcement all exert positive and statistically significant effects on PPP performance. The model further indicates that the three dimensions jointly explain a substantial proportion of the variation in PPP performance. These findings reinforce the Transaction Cost Economics perspective that appropriate contractual governance mechanisms can reduce uncertainty, opportunistic behaviour and transaction costs in long-term public-private relationships (Williamson, 1985). They are also consistent with PPP guidance which emphasises clearly structured contracts, appropriate risk allocation and continuous monitoring as essential to sustainable service delivery (World Bank, 2024).

Policy Recommendations

First, in response to the research question on ***contractual clarity and effective management of contractual obligations,*** Lagos State should strengthen the standardisation of PPP contracts by clearly specifying the responsibilities of each party, service-quality standards, measurable performance indicators, reporting requirements, payment conditions, variation procedures and dispute-resolution mechanisms. Contract-management teams should also be adequately trained and provided with the technical capacity required to administer contracts throughout their entire lifecycle. This is consistent with the Lagos State PPP Manual, which emphasises well-structured contracts and dedicated contract-management teams as important conditions for effective PPP management (Lagos State Government, 2022).

Second, concerning the research question on ***contractual risk allocation and risk-sharing,*** Lagos State should institutionalise project-specific risk assessment before PPP contracts are executed and allocate each major risk to the party best positioned to manage it efficiently. Risk matrices should be regularly reviewed during implementation, particularly where

economic, technological, regulatory or operational conditions change. Risk should not simply be transferred to the private partner; rather, it should be optimally allocated in a manner that protects public interest while maintaining private-sector incentives for efficient performance. This approach is consistent with Nigerian PPP guidance, which recommends allocating risks according to the capacity of the respective parties to manage them.

Third, in relation to the research question on ***contractual monitoring and enforcement,*** Lagos State should strengthen independent and continuous monitoring of PPP projects through dedicated contract-management teams, periodic performance assessments and clearly defined enforcement procedures. Performance indicators should be directly linked to incentives, penalties and other contractual remedies, while information on actual performance and significant contract variations should be systematically documented. Such measures would strengthen accountability and ensure that contractual obligations translate into measurable improvements in public service delivery. The Lagos State PPP Manual specifically recommends contract-monitoring frameworks covering risk mitigation, service delivery, performance, relationship management and contract administration (Lagos State Government, 2022).

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