

Public Private Partnership as a Veritable Means of Housing Provision in Bauchi, Nigeria

¹Ilekoin Olutoba ayodele, ²Anosike Dominion

Estate Management Department Federal Polytechnic, Bauchi, Nigeria

Abstract: This paper examines the factors that prevent Public Private Partnership (PPP) from being a veritable means of housing provision in Bauchi, Nigeria judging from the fact that PPP has been in practice in Nigeria since early year 2000. To achieve the objectives of this paper, relevant information was obtained from both primary and secondary sources. Public sector assistance in the supply of land, Strong and competent private sector organizations for community mobilization and mediatory functions, entrenchment of the principle of popular participation, The presence of favourable macro-level economic, political and socio cultural climates, The availability of potentials for cost recovery and the margin of profit for private sector partners and The identification of shared objectives in the PPPs were identified as the six factors that affect the success of PPP in housing provision in the study area. 54 questionnaires were administered to the staff of State Housing and Property Development Corporations, Federal Housing Authority, Federal Ministry of Housing and Urban Development, Federal Mortgage Bank of Nigeria, Real Estate Developers in Bauchi state, Private Sector-owned Primary Mortgage Institutions, State Government-owned Primary Mortgage Institutions while 50 questionnaires were properly filled and returned. The data collected were analysed and the result shows that the presence of a favourable macro - level economic, political and social, cultural climates, Public sector assistance in the supply of land and Strong and competent third sector organizations for community mobilization and mandatory functions are the three main factors that are strongly preventing PPP from being a veritable vehicle for housing provision in Bauchi, Nigeria.

Keywords: housing, public private partnership, land, property.

1. INTRODUCTION

Housing has generally been accepted as one of the three most important basic need of man, ranking third among food and clothing. Sufficient provisions of housing contribute significantly to the health and well being of any nation, it also encourages the social steadiness, prosperity, health and productivities of individuals that constitute any given nation yet majority of individuals do not have access to decent affordable accommodations. Most people in developing countries, Nigeria is one, are not well accommodated; they are living in deplorable conditions (Alkali, 2005; Aribigbola, 2008). The Nigeria housing deficit stood at 17,0000 as at 2014, to remedy this deficit, it would cost the nation a total of N59.5 trillion (Leadership News paper, 2014). This poor housing condition in Nigeria has continued to be a serious challenge to individuals, professionals in built industry , property developers and local, state and Federal Governments in Nigeria. Nigeria real estate industry accounts for about 5 % of the nation's total GPA with an average GPA growth rate of about 10 %. The poor 5% contribution of the real estate to the total GPA of the nation are attributed to the fact that the nation's mortgage industry is underdeveloped with high interest rates thereby making it to be unattractive. The land Use Act of 1978 that vested the ownership of land in Nigeria to the State Government has also been identified as one of the reasons for the undeveloped real estate sector of the nation. Public Private Partnership has a way of delivering public services has been on the increase all over the world (Tieva and Junnonen, 2009), PPP actually started in Nigeria in the early 2000s, although it has recorded little success in the country (Awodele et al, 2010). To solve the housing deficit problem in the

nation, one very good option is the public private partnership system; it is the aim of this paper to examine factors affecting public private partnership from being a veritable means of housing provision in Bauchi, Nigeria.

2. THE CONCEPT OF PUBLIC PRIVATE PARTNERSHIP

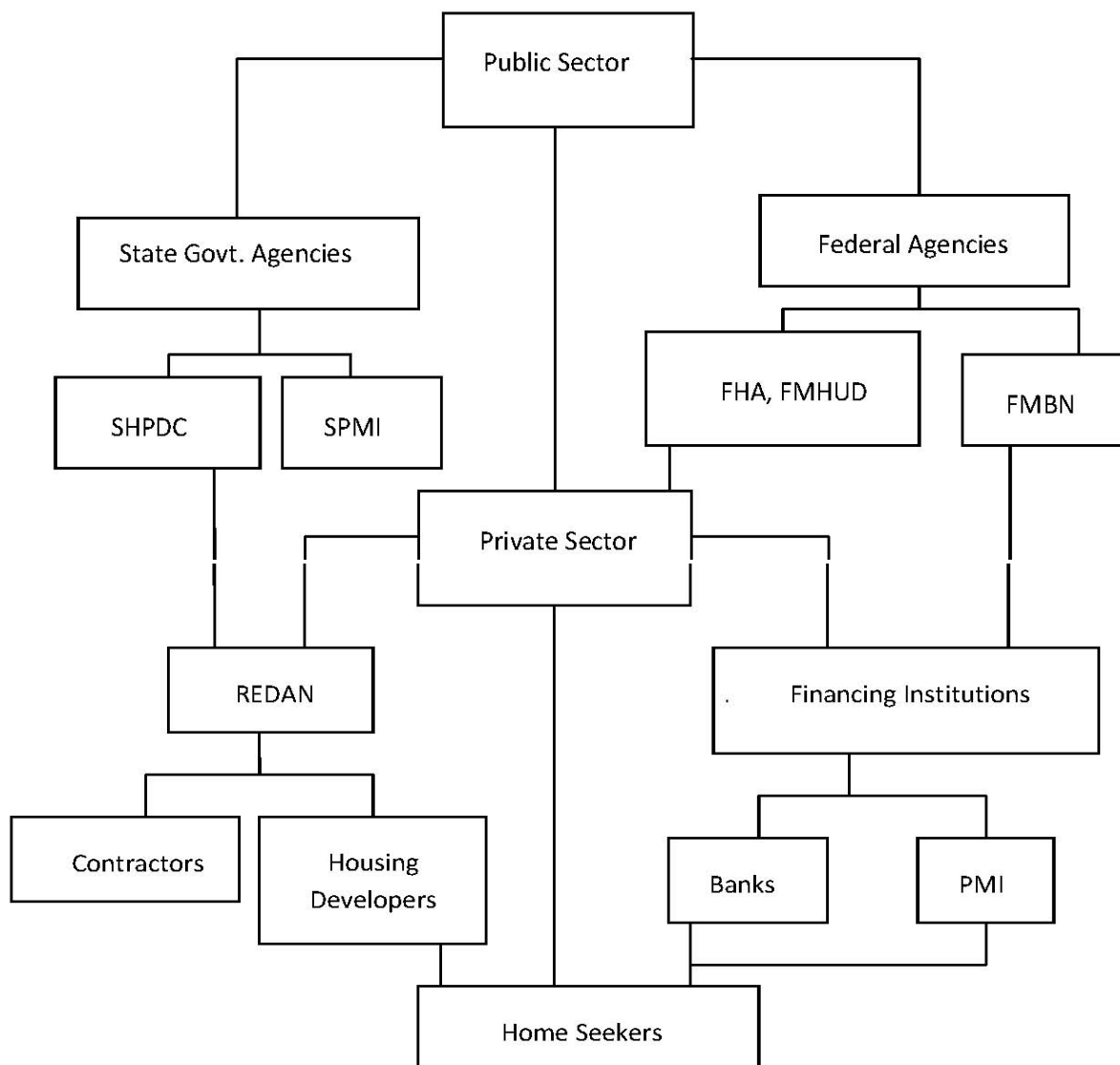
Public Private Partnership in the early 1980s, turns out to be novel procurement alternative in the UK. The UK government by the year 1992 has so much built up PPP through the private finance initiative (PFI) structure to the point that the new plan was formed for the development of guideline that encouraged private sector participation in the provision of infrastructure and services to the public sector (Li et al, 2005). Even in the developed countries limited success has been achieved by using PPP as a means of housing provision (RICS, 2011). There is no generally accepted definition of PPP, though the Austria government procures its infrastructure through PPP, yet its definition has not been precisely defined (Susilawati et al, 2009).

Partnership take place when two or more parties agree to work together so as to accomplish definite objective. Partnership can take many forms, it can be in the form of shared venture or wherewithal such as time, proficiency, information, endowment, and material or site development in the case of housing development. It can either be found on mutual risk taking and shared benefit or on shared responsibility and authority (CMHC (1999)). Public Private Partnership (PPP) explains government services or private business activities that are financed and driven by partnership between government and one or more private business organization (Sathanapriya and Jesintha, 2011, Boussabaine 2007). It is believed that PPP enhances the possibility of more effective outcome between the government and the private sector (Broadbent & Laughlin 2003, Ahadzi and Bowles, 2004). The Canadian Council for Public-Private Partnerships sees PPPs as "a cooperative venture between the public and private sectors, built on the expertise of each partner, which best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards." (Spiering and Dewulf, 2006) in trying to differentiate partnership from PPP, they explained that in a partnership between the public and the private sectors, the costs, revenues and responsibilities are shared between the parties that are involved while, in privatization, the costs, revenues and responsibilities are not shared rather, the whole responsibility of the task to be performed is dole out to the private sector.

3. TYPES OF PUBLIC PRIVATE PARTNERSHIP

Boase (2000) was able to identify four types of public private partnership as: consultative, Contributory, community development arrangements and collaborative partnership. Consultative type of PPP has to do with the government requesting only specialist counsel and contribution on a particular matter or duty, the government does not give the implementation of such project to the private sector. In the contributory type of PPP, the government sponsors private sector by providing the finance that would be used to execute the project while the private sector is then expected to carry out the implementation and the management of the project. Under the community development arrangement type of partnership, both the public and private sector jointly contribute and labour collectively in carrying out the project. In the collaborative type of partnership, the decision making, duties and profits are shared equally between the public sector and the private sector.

Ibem (2010) identified the federal government, the state government and the private sectors as the 3 principal actors in the PPP housing provision in Nigeria, the first class of player are The Federal Ministry of Environment Housing and Urban Development (FMEHUD), the Federal Housing Authority (FHA) and the Federal Mortgage Bank of Nigeria (FMBN). The second class is the state government agencies which include Housing and Property Development Corporations and Primary Mortgage Institutions (PMIs). The third class are the private sector which are commercial private housing developers, building contractors and housing financing institutions (e.g., private Primary Mortgage Institutions and commercial banks). The last category of organizations formed the bulk of membership of the Real Estate Developers Association of Nigeria (REDAN). This is further demonstrated in the figure below



Source: (ibem, 2010).

Figure: 2. Typical institutional framework for PPP housing in Nigeria

Notes:

SHPDC = State Housing and Property Development Corporations

FHA = Federal Housing Authority

FMHUD = Federal Ministry of Housing & Urban Development

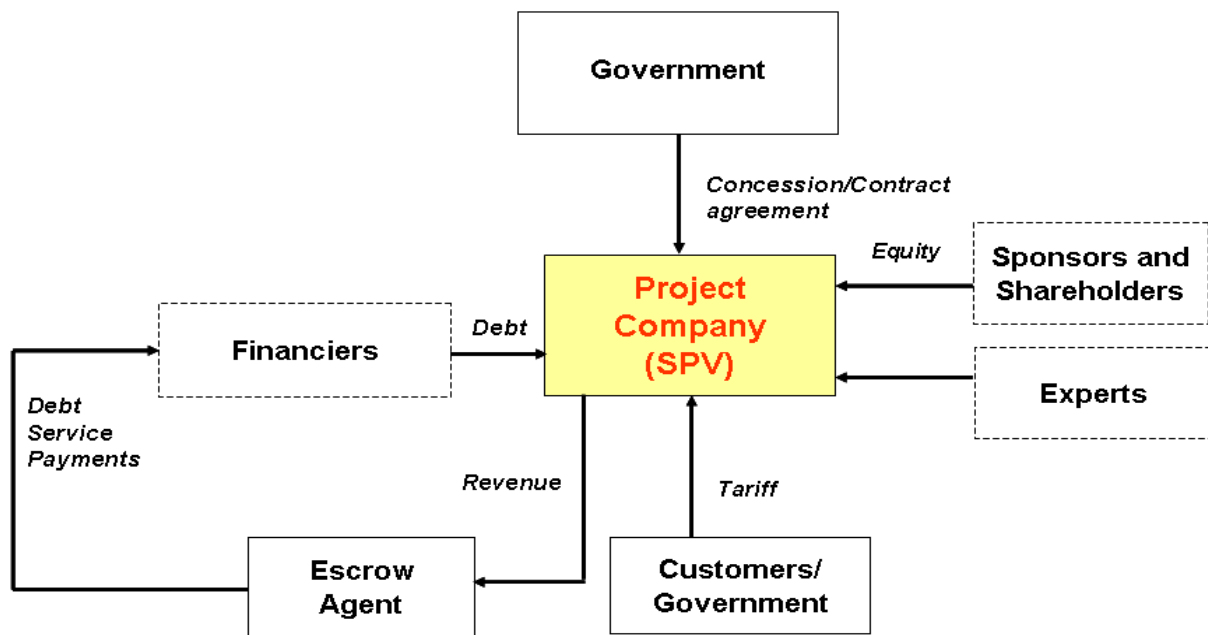
FMBN = Federal Mortgage Bank of Nigeria

REDAN = Real Estate Developers Association of Nigeria

PMI = Private Sector-owned Primary Mortgage Institutions

SPMI = State Government-owned Primary Mortgage Institutions

There exist a variety of models under which PPP projects are often being put into operation. The figure below shows the ranging possibility model of PPP from concession to design and build model as well as its associated risk.



Source: United Nations (2011)

Figure: 2. Typical structure of a PPP project

Public private partnership appears in many varieties among which any delivery option can be selected. There are many models of PPP, the type of model that is chosen depends on the market and the project type, whichever model is chosen, it is often configured in such a way as to improve effectiveness, better quality of service and reduction in price.

4. RATIONALE FOR PUBLIC PRIVATE PARTNERSHIP

The following are some of the rationals for PPP:

1. **Recruitment of private capital:** most often, the government enters in to PPP with the private sectors because it gives the government the opportunity to make use of the fund that is in the private sector for the development of the community. Governments all over the world have always being faced with the problem of getting enough funds for the finance of infrastructure for ever increasing population. As a result of growing urbanization more money is always needed to recuperate old infrastructures, provide for new population and the desire to provide infrastructure to communities that have never being served or that have been underserved previously is ever increasing .
2. **Effective Distribution Of Limited Resources :** Most governments all over the world have not been able to effectively and efficiently use the limited resources at their disposal, there are a lot of wastages that characterizes the projects that are being executed by the governments, hence there is need for government to engage the private sectors in nation building with a view to reducing if not totally eliminating waste of the scarce resources that is at the disposal of the government .The private sector is able to minimize waste because its intention at inception of business is to maximize profit at possible limited cost.
3. **Means of Sector Reform:** Governments at times use PPP as a vehicle for the reforming of any sector of the economy of their countries.PPP enables the government to be able to reorganize and classified the roles within a sector. It gives the government the opportunity of being able to lay down the prerequisite for reexamining and reallocating the duties of policy makers, supervisory bodies and service providers. Most good reform usually include PPP, this gives the government the opportunity to re examine sector roles so as to prevent possible conflict of interest and duties thereby curbing wastage of available limited resources.
4. **Cost Saving:** Cost is being saved on projects that made use of PPP, this is due to the effort of the private companies since their objectives is to maximize profit at limited cost. Generally, the private sector always drives for economy growth from the inception to the conclusion of the project, good yield is an incentive to the continuity of the project as far as the private sector is concern, hence; ultimately cost is being saved.

5. THE STUDY AREA: BAUCHI, NIGERIA

This research was carried out in Bauchi state of Nigeria; Nigeria is located in west Africa, with population of 140million with growth rate of about 2.8 % as at 2006 NNPC (2006). Bauchi as a state in Nigeria was created from the old Northern region in 1967. At present , Bauchi state has 20 local government areas which are : Bauchi, Bogoro, Dambabam, Darazo,Dass, Damawa, Ganjuwa,Giade , Itas, Jama'are, Katagum, Misau, Nningi, Shira, Tafawa Balewa,Toro, Warji andZaki . Hausa is the main language that is been spoken though 50 ethnic groups . The total land area of the state is 49,259.01 square kilometers which stand for about 5.3% of Nigeria total land mass. it is located between 93 and 123 north of the equator , longitudinally, it lies between longitudes 850 and 11 East of Greenwich Meridian. All the 20 local governments in the state were considered.

6. RESEARCH METHODOLOGY

The research concentrates on seven population : State Housing and Property Development Corporations, Federal Housing Authority, Federal Ministry of Housing & Urban Development, Federal Mortgage Bank of Nigeria, Real Estate Developers in Bauchi state, Private Sector-owned Primary Mortgage Institutions, State Government-owned Primary Mortgage Institutions. A total of 54 professionals from these seven population were administered questionnaires in a cross sectional survey. In order to measure the sensitivity of the driving factors, the paper uses likert types of questioning. 50 questionnaires were properly filled and returned, this represent 92.6% returned rate. The data obtained were analyzed by using relative importance index; the relative importance index of each factor was determined by using the following expression:

$$\text{Relative importance index (RII)} = \frac{\sum wf}{N}$$

Where: w =weight, f = frequency of specific responses and N = total frequency (ogunba ,2012)

There are six attributes that contributes to poor performance of PPP in housing provisions . ((UN-HABITAT, 2006; Manda, 2007; Abd Aziz et al., 2007) .The following are the factors that have been identified as contributing to the success of PPP housing projects in many countries , they are :

- (1) Public sector assistance in the supply of land,
- (2) Strong and competent third sector organizations for community mobilization and mediatory functions,
- (3) Entrenchment of the principle of popular participation,
- (4) The presence of favourable macro-level economic, political and socio cultural climates,
- (5) The availability of potentials for cost recovery and the margin of profit for private sector partners
- (6) The identification of shared objectives in the PPPs .

7. RESULT

Table : factors affecting ppp as a veritable means of housing provision in Bauchi, Nigeria

Factors	Strongly agree (weight=4)	Agree (weight =3)	disagree (weight=2)	Strongly agree(wei ght=1)	Weighted frequency $\sum wf$	Relative importance index
public sector assistance in the supply of land	30	10	4	6	164	3.28
strong and competent third sector organizations for community mobilization and mediatory functions	15	20	10	5	145	2.9
entrenchment of the principle of popular participation	5	7	20	18	99	1.98
the presence of favourable macro-level economic, political and socio cultural climates,	32	11	3	4	171	3.42
the availability of potentials for cost recovery and the margin of profit for private sector partners	8	7	15	20	103	2.06
the identification of shared objectives in the PPPs	4	6	12	28	86	1.72

SOURCES : authors field work(2015)

The result in the table above shows that: Public sector assistance in the supply of land has RII of 3.28. Strong and competent third sector organizations for community mobilization and mediatory functions have RII of 2.9. Entrenchment of the principle of popular participation has RII of 1.98. The presence of favourable macro-level economic, political and socio cultural climates has RII of 3.42. The availability of potentials for cost recovery and the margin of profit for private sector partners have RII of 2.06 while the identification of shared objectives in the PPPs has RII of 1.72. This shows that the presence of favourable macro-level economic, political and socio cultural climates is the major factor that is affecting PPP as a veritable means of housing provision in the study area, this is followed by Public sector assistance in the supply of land and Strong and competent third sector organizations for community mobilization and mediatory functions. The remaining factors that impacts on preventing PPP from being a veritable means of housing provision in the study area have little negative impact on PPP as a veritable means of housing provision in the study area.

8. CONCLUSION

This study centers on Public Private Partnership as a veritable means of housing provision in Bauchi, Nigeria. The study established that for the housing problem facing Bauchi in particular and Nigeria as a whole to be solved that there is need for the government to go in to partnership arrangement with the private sector with a view to providing accommodation to the citizenry. The study found six factors that affect PPP from being a very good source of housing provision in Bauchi Nigeria. Questionnaires were sent to relevant agencies and organizations that are involved in housing provision in the study area. The factors examined are: Public sector assistance in the supply of land, Strong and competent third sector organizations for community mobilization and mediatory functions, Entrenchment of the principle of popular participation, The presence of favourable macro-level economic, political and socio cultural climates, The availability of potentials for cost recovery and the margin of profit for private sector partners and the identification of shared objectives in the PPPs. Three main factors were identified as major factors that affect PPP as a veritable means of housing provision in the study area. The factors are: the presence of favourable macro-level economic, political and socio cultural climates, Public sector assistance in the supply of land and Strong and competent third sector organizations for community mobilization and mediatory functions.

REFERENCES

- [1] Alkali, J.L.S (2005): Planning Sustainable Urban Growth in Nigeria: Challenges and Strategies. Paper Presented at the Conference on Planning Sustainable Urban growth and Sustainable Architecture, held at the ECOSOC Chambers, United Nations Headquarters, New York]. Available on at: www.un.org/docs/ecosoc/meetings/2005/docs/Alkali.pdf. [Accessed on 17 December, 2014].
- [2] Aribigbola, A. (2008): Housing policy formulation in developing countries: Evidences of programme implementation from Akure, Ondo State Nigeria. *Journal of Human Ecology*, 23(2):125–134.
- [3] Abd Aziz, W.N.A., Hani, N.R. and Musa, Z.N. (2007): Public-private partnerships approach: A success story in achieving democracy in the home ownership for urban inhabitants in Kuala Lumpur Malaysia. Reviewed Paper, Real CORP 007 Proceedings, Tagungsband, Vienna
- [4] Ahadzi, M. and Bowles, G. (2004): Public-private partnerships and contract negotiations: an empirical study. *Construction Management and Economics*, 22:9, 967-978
- [5] Asian Development Bank (2012) “ Public-Private Partnership Handbook, w.adb.org Publication Stock No. 071107”
- [6] Awodele, O. A., Ogunsemi, D. R. and Adeniyi, O. O. (2012) : An Appraisal of Private Sector Participation in Infrastructure Development in the Nigerian Construction Industry: Lagos State as a Case Study. *The Quantity Surveyor*, 1(1) 20-32
- [7] Broadbent, J., & Laughlin, R. (2003): Public private partnerships: an introduction *Accounting, Auditing and Accountability Journal*, 16(3), 332-341.
- [8] Boussabaine, A. (2007): Cost planning of PFI and PPP building projects. Routledge, London

- [9] CCPPP [Canadian Council for Public-Private Partnerships] Website: www.pppcouncil.ca Accessed May 10, 2014
- [10] Ibem O.A. (2010): An Assessment of the Role of Government Agencies in Public-Private Partnerships in Housing Delivery in Nigeria *Journal of Construction in Developing Countries*, Penerbit University Saints Malaysia
- [11] Li, B., Akintoye, A., Edwards, P.J., and Hardcastle, C. (2005): Critical success factors for PPP/PFI Projects in the UK construction industry.
- [12] Manda, M.Z. (2007): Mchenga-urban poor housing fund in Malawi. *Environment & Urbanization*, 19(2): 337–357.
- [13] Ogunba O.A.(2012) :The errors in ordinary annuity assumptions in Nigeria investment valuation . *The estate surveyors and Valuers journal of the Nigerian Institution Of Estate Surveyors and Valuers*
- [14] RICS (2011): The future of Private Finance Initiative and Public Private Partnership. RICS , Research Report, June, 2011
- [15] Susilawati, C. and Wong, J. and Chikolwa, B. (2009): An evaluation of viability of public private partnerships in social infrastructure procurement projects in Queensland, Australia. In: *Proceedings of the CRIOCM 2009 International Symposium on Advancement of Construction Management and Real Estate*, 29-31 October 2009, Nanjing
- [16] Sathanapriya M. and .Jesintha P. (2011) Public Private Partnership in India”, *Journal of Management and Science*, Vol.1, No.1, Sep 2011, pp. 61-68
- [17] Tieva, A. and Junnonen, J. (2009): Proactive contracting in Finnish PPP projects. *International Journal of Strategic Property Management*, 13, 219-228
- [18] UN-HABITAT. (2006) : Shelter for all: The potential of housing policy in the implementation of the habitat agenda. Nairobi: UNHABITAT
- [19] Information Services. [Online]. Available at: [http:// www.unhabitat.org/](http://www.unhabitat.org/)
- [20] Leadership Nigeria (2014): Reassessing Nigeria Housing Deficit; accessed www.leadershng on 26th February, 2014.