PUBLIC-PRIVATE PARTNERSHIPS (PPPS) IN HOUSING PROVISION IN OGUN STATE, NIGERIA: OPPORTUNITIES AND CHALLENGES

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There is a consensus among housing experts and policy makers that there are not enough resources for government alone to address growing urban housing challenges in many developing countries. Consequently, a paradigm shift from government provision to partnerships between the public and private sectors is advocated. The study examined the prospects and challenges of Public-Private Partnerships (PPPs) in housing provision in Ogun State Southwest Nigeria. Data were derived from the review of official records and interview enquiries. Findings show that Public-Private Partnership in housing in the study area is based on the joint venture approach between government agencies and corporate commercial private property developers. So far, attention has been on the provision of housing for high-income earners, while the challenges of insufficient numbers of housing units and housing affordability among low-income earners have not been addressed. The key challenges militating against Public-Private Partnership in housing are inadequate supply of land by government and housing finance as well as the exclusion of low-income people from the PPPs. Given the huge housing supply deficit in Ogun State, it is argued that the future success of PPP is contingent upon addressing these challenges and the involvement of organizations that represent low-income people in the institutional framework of the PPPs.

Keywords: Ogun state, public-private-partnership, public housing, urban area

INTRODUCTION

One of the significant changes in the housing sector in recent times was an attempt to place more responsibility for public housing provision on the private sector through Public-Private-Partnerships (PPPs). This is in recognition of failure of the government provider approach to address quantitative and qualitative inadequacies and housing affordability challenges in public housing in many less-developed countries. Drawing on the Global Strategy for Shelter to the Year 2000 (UNCHS, 1992) and Enabling Markets to Work (World Bank, 1993), the New National Housing and Urban Development Policy (NNHUDP) in 2002 seeks to ensure that all Nigerians have access to decent, safe and sanitary housing at an affordable cost through private sector-led initiatives (Aribigbola, 2008). This policy recognizes that PPP is a key means of engaging the private sector in addressing qualitative and quantitative inadequacies as well as housing affordability challenges in the public-sector housing in Nigeria (Ibem, 2010). By definition, PPP generally represents a wide range of

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institutional arrangements between public and private sectors in sharing responsibilities, benefits and risks in housing and infrastructure provision (UN-HABITAT, 2006b; Abd Aziz et al. 2007; Ibem, 2011a; 2011b). In housing provision in particular, PPP has been celebrated on the notion that it promotes multi-stakeholders’ participation; enhances productivity of the public-sector housing and reduces housing affordability challenges (UN-HABITAT, 2006b; Shelter Afrique, 2008). Hence, it has continued to attract research attention among scholars, researchers, professionals and public policy experts.

Ogun State, Southwest Nigeria, is one of the States in the forefront of adopting PPP in housing provision. As one of the most urbanized and industrialized State in Nigeria, coupled with its proximity to Lagos, this State had an official population figure of about 3,728,098 in 2006 (Federal Republic of Nigeria, 2007) and current estimate shows that by 2025, the population of Ogun State will be about 9.3 million (Ogun State Regional Development Strategy, 2008). Adamson (1996) noted that the living environment in this State as measured by housing characteristics is generally very poor and unsanitary. Official statistics also show that the housing supply deficit in this State is over 240,000 housing units, and this is expected to increase annually by 7500 housing units (Ogun State Ministry of Housing, 2008). To sustain this emerging demographic trend and address increasing housing supply deficit, Ogun State Government adopted PPP in 2003 as part of the housing sector reforms.

Studies have shown the extent to which PPP in housing has been successful in different countries across the world (Ong and Lenard 2002; Freut, 2005; UN-HABITAT, 2006b). Others have focused on the role of government agencies in PPP in housing (Ibem, 2010) and the contributions of PPP to addressing urban housing challenges in Nigeria (Ibem, 2011a; 2011b; Adegun and Taiwo, 2011). However, to date, there are few empirical studies on the prospects and challenges of PPPs in public housing in Nigeria. Among these few studies, none has specifically investigated the adoption of PPP in housing in Ogun State, Southwest Nigeria. Consequently, the study sought to examine the prospects and challenges of PPP in housing provision in Ogun State. It identified the key partners, their roles and the target population, as well as cost of housing in PPP housing schemes. The challenges militating against the PPPs in meeting housing needs of low-income urban residents in Ogun State were also examined. The paper is expected to extend our understanding of the adoption of PPP in housing in the study area.

PUBLIC HOUSING AND THE EMERGENCE OF PPPs IN OGUN STATE
Public housing in Ogun State is provided by Federal and State government agencies. The federal agencies involved are the Federal Ministry of Lands and Housing and Federal Housing Authority (FHA), while State government agencies are the Ogun State Ministry of Housing (OSMOH), Ogun State Housing Corporation (OSHC), Ogun State Property and Investment Corporation (OPIC), Gateway City Development Company Limited (GCDCL) and the Bureau of Lands and Survey. Public housing provision formally began in Ogun State with the establishment of the Western Nigerian Housing Corporation (WNHC) in 1958. This agency was established by the colonial government to construct and manage public housing estates and also grant soft loans to individuals to build their own houses (Onibokun, 1985). Two of the housing estates constructed by the WNHC, namely, the Ibara GRA and Igebeba housing estates in Abeokuta and Ijebu-Ode, respectively, were inherited by Ogun State when the State was created out of the old Western State in April, 1976. In a bid to increase public housing stock at the end of the civil war in 1970, the Federal
Military Government established the Federal Housing Authority (FHA) to construct subsidized housing for low-income earners across the country on rental basis. Consequently, the FHA provided 893 serviced plots in Ogun State in the site-and-service scheme implemented in the then newly created States of Bauchi, Benue, Gongola, Imo, Niger, Ogun and Ondo as well as Lagos in 1976 (UN-HABITAT 2006a).

In 1977, the Ogun State Government, created Ogun State Housing Corporation (OSHC) as the first State owned housing agency in the State. The OSHC was an offshoot of the defunct Western Nigerian Housing Corporation and was charged with the responsibility of increasing the availability of residential housing, commercial and industrial buildings for public acquisition in the State. Within the first year of its creation, it constructed 200 housing units at Oke Ata in Abeokuta and another 350 housing units in Ijebu Ode on rental basis (Ogun State Regional Development Strategy, 2008). This agency currently has several housing estates in major urban areas of the State. In the National Low-Cost Housing Programme (1979-1983), the FHA also constructed 512 housing units in Ogun State out of the 8,000 housing units planned for the State. According to the Ogun State Regional Development Strategy (2008), this represents a dismal 18 percent achievement level. However, in addition to OSHC, the Ogun State government in September 1984, established a second State government owned agency: the Ogun State Property and Investment Corporation (OPIC) to undertake the business of housing provision on commercial basis in urban areas within and outside the State (Ogun State Regional Development Strategy, 2008). This was in line with the move towards commercialization of public-sector housing which was a fall out of the economic restructuring agenda of the Federal Government of Nigeria. Since its inception, OPIC has been involved in site-and-services and turnkey housing schemes in Abeokuta, Agbara and Mowe areas of Ogun State.

The continued qualitative and quantitative shortage of housing in Ogun State in particular and Nigeria as a whole suggests that government intervention through the provider approach in the last few decades has not addressed the housing challenges in this country. In fact, while public housing provision suffered due to under-investment, the need for urban housing grew alarmingly, especially among the urban poor and low-income earners. Consequently, the New National Housing and Urban Development Policy (NNHUDP) was launched in 2002. This was significant in providing the needed legal framework for the adoption of PPP in housing in Nigeria (Ibem, 2011a) and the departure from provider to enablement approach (Aribigbola, 2008). Drawing on this policy framework, the Ogun State Government embarked on housing sector reforms by formulating a new State Housing Policy in 2003 and subsequently adopted PPP in housing provision. At the onset, the emergence of PPP in Ogun State stemmed from the huge demand for housing, the State government’s dwindling budget, massive demand coming from all categories of residents for quality housing and wider recognition of housing as a catalyst to boost economic growth and job creation (Ibem, 2011c). With average annual housing need estimated at 7,500 units, it is projected that approximately 1.55 million housing units will be required in the State by the year 2025 (Ogun State Regional Development Strategy, 2008). This is an indication of the magnitude of additional housing need in Ogun State, assuming that the current housing supply deficit will not worsen. In recognition of the huge investment needed to address housing provision challenges, government in Ogun State adopted the idea of PPP in public housing to narrow the gap between the demand for
and supply of urban housing for all categories of people by pooling resources from the private sector. However, much is not known of the extent to which this approach is impacting on public housing in this State. This study was an attempt to narrow this gap in knowledge.

**PUBLIC-PRIVATE PARTNERSHIPS IN HOUSING AND SERVICE PROVISION**

PPP is celebrated globally as a viable strategy for delivering public services to cities in less-developed countries (Miraftab, 2004). This is based on the notion that PPP promotes multiple stakeholders’ participation in the provision of critical infrastructure (Pessoa. 2006; World Bank, 2006), leads to a reduction in governments’ expenditure (Brown et al., 2006), and encourages efficient use of resources for improved service delivery at an affordable cost (Klijn and Koppenjan, 2000). These apparent merits have heightened research activities on different aspects of PPP, and thus, different meanings, conceptions and variants of PPPs have emerged (Bovaird, 2004; Tomlinson, 2005; Mazouz et al., 2008). There are two main divergent opinions on PPP. Whilst some argue that PPP is collaborative arrangements between the public, profit and not for profit private sectors in the provision of public services hitherto provided solely by the State (Miraftab, 2004; Adams et al., 2006; Brown et al., 2006), others hold the view that PPP is another form of privatization in which the provision of social services and infrastructure is contracted out to private sector organizations (Bovaird, 2004; World Bank, 2006). PPP as a collaborative arrangement based on mutual trust between the public and private sectors (Ong and Lenard, 2002; UN-HABITAT, 2006b) means that PPP entails sharing of responsibilities, benefits and risks among government, markets and people in the delivery of vital public services. Based on the Enabling Markets to Work (World Bank, 1993) and the Public Management (NPM) theory (Yamamoto, 2007), it is argued that PPP seeks to address the short comings of government provider approach by engaging the private sector in a collaborative manner. The implication of this is that PPP is seen as an institutional arrangement consisting of interdependent partners who play different roles according to their strengths and weaknesses in achieving common goals in a win-win situation (UN-HABITAT, 2006b). In this regard, it is advocated that government should rather focus mainly on providing enabling regulatory and financial environment for the optimum performance of the private sector in the provision of social services and infrastructure.

On the other hand, PPP as a form of outsourcing and privatization is based on contractual arrangement between government and private commercial organizations (World Bank, 2006). This allows private sector organizations to be involved in the construction of critical infrastructure. Some have argued that PPP as another form of privatization is an avenue for governments to abdicate their social responsibilities to the private sector in the provision of key social services (Scott (2004), and that this may result in diluting government’s control over decision making, management supervision and accountability; and may ultimately undermine competition between service providers in the long run (Bovaird, 2004; Tomlinson, 2005). The foregoing suggest that besides the benefits of PPP, there are also obvious longstanding concerns on the possibility of PPP resulting in the loss of independence in decision making on the part of government and commercialization of social service provision. This is definitely without implication for affordability of services to low-income people in the society.
However, in spite of these concerns, there is a consensus among scholars and practitioners that PPP entails the participation of government, markets and non-profit private sectors in the provision of social services and infrastructure hitherto provided by government. The World Bank (2006) described PPP as private sector participation in service and infrastructure provision. Indeed, there is increasing evidence in the literature suggesting that PPPs are becoming very common in social policy and urban development across the globe. Studies have also shown that PPPs have been used in the construction and management of transport facilities and utilities (Batley, 1996; World Bank, 2006), provision and management of educational, health and prison facilities (Patel, 2007), environmental protection (Nwangi, 2000), urban renewal (Osborne and Johnson, 2003) and waste management (Ahmed and Ali, 2004). PPPs have also been adopted in housing provision in countries such as Egypt, India, Pakistan, South Africa (Payne, 1999), Malaysia (Ong and Lenard 2002; Aziz and Hanif, 2006; Abd Aziz et al. 2007), Brazil (Freut, 2005), the Philippines, Turkey, India, Canada (UN-HABITAT, 2006b), Nigeria (Ibem, 2011a, 2011b; Adegun and Taiwo, 2011) and Kenya (Otiso, 2003) among others. Aggregate findings of these studies show that despite differences in socio-political and economic contexts in these countries, the PPPs have performed differently in infrastructure and housing provisions. For instance, UN-HABITAT (2006b) revealed that PPPs have made minimal contributions to low-income housing in developed countries, and that state-market partnerships have been most profitable in housing low-income households in the Joint Venture housing programme in the Philippines. In Nigeria, the above cited studies found out that state-market partnership was the key variant of PPP operating in this country. Consequently, larger percentage of housing units provided in PPP housing schemes were targeted mainly at high-income earners. In view of the fact that no study has examined the prospects and challenges of PPPs in public housing delivery in Nigeria, this study attempted at filling this research gap.

RESEARCH METHOD

This paper draws on a study conducted to evaluate overall performance of public housing in Ogun State between 2003 and 2010. Data used in this paper were derived from both primary and secondary sources. Primary data were collected through qualitative interview enquiries using an interview guide. Secondary data were derived from the review of official records. The research was conducted between June, 2008 and February, 2010 in the study area. The four participants selected from two public housing agencies and two private sector organization involved in PPP in housing provision in Ogun State were purposively selected for the qualitative interviews. At the time of this survey, two public housing agencies: Ogun State Ministry of Housing (OSMOH) and Gateway City Development Company Limited (GCDCL) and two private sector organizations: the Sparklight Property Development Company Limited and Grants Property Limited were the key partners in PPP housing schemes in the State. These organizations were selected for the research. Informants were selected based on job designation, scope of professional practice and years of experience. Those interviewed were of the ranks of Head of Departments and above. The interviews were based on an interview guide which contained questions relating to such issues such as the role of, and relationships between partners, the target population and cost of housing provided as well as the challenges of PPP in housing provision in the State. The interviews were manually recorded and data were analyzed using content analysis.
STUDY FINDINGS

Major Partners and their Roles in PPP Housing Schemes

The key public sector partners in PPP in housing in Ogun State are State government agencies like the OSMOH and GCDCL, while the private partners are indigenous commercial corporate private sector housing developers. Although, five other private organizations were involved in the redevelopment of the old Ibara housing estates in Abeokuta, mentioned earlier; the most prominent of the private sector organizations in major PPP housing schemes in the study area are the Grants Property Limited and Sparklight Property Development Company Limited. These two organizations have an established tradition in property development in Nigeria. The operational model for the partnerships is a collaborative arrangement based on the joint venture model with the equity shares of the public partners in the region of 20 percent depending on the equity contribution and the socio-economic status of housing provided.

Table 1 shows the role of partners in PPP housing schemes in the study area. From this Table, it is evident that government plays a supportive role in providing land, some basic amenities such as access road, electricity, a regulatory framework, facilitating the process of obtaining permits, approving housing development plans and registering land titles. All these usually constitute part of the cost of housing and most often cause delays in the execution of housing projects in Ogun State. Therefore, government involvement in these aspects is intended to speed up the process of executing housing projects, and contributes to a reduction in the cost of housing. The private organizations on the other hand are involved in actual construction, funding and management of the housing projects, and also determine the actual cost of housing units. The fact that private organizations determine the prices of housing units is to ensure a margin of profit and to sustain their interest in the PPP housing schemes.

Table 1: Roles of the Partners in PPP Housing Schemes in Ogun State

<table>
<thead>
<tr>
<th>Government</th>
<th>Corporate Private Housing Developers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides land at subsidized cost</td>
<td>1. Pay for cost of land and other sundry charges</td>
</tr>
<tr>
<td>To provide access road and power supply</td>
<td>Comply with building and planning regulations in the design and construction of the projects</td>
</tr>
<tr>
<td>Sets the target</td>
<td>Undertake the design and physical construction of housing units</td>
</tr>
<tr>
<td>Play supervision and monitoring role</td>
<td>Funding of the construction work of the housing projects</td>
</tr>
<tr>
<td>Set standard and ensure compliance</td>
<td>Creating awareness (advertising) on the projects</td>
</tr>
<tr>
<td>Provides legal and economic policy frameworks</td>
<td>Marketing and allocation of completed housing</td>
</tr>
<tr>
<td>Creation of awareness on the projects and Marketing of completed housing units</td>
<td>Management of housing estates agreed charges on residents</td>
</tr>
<tr>
<td></td>
<td>Set the prices of housing units</td>
</tr>
</tbody>
</table>

It is observed that whilst the private sector partners in PPPs may also include individual households, NGOs, housing co-operatives and non-corporate private sector housing developers, so far, only corporate private sector property developers have been taken on board in PPP housing in Ogun State. Looking at the institutional structure of PPP in housing in Nigeria (see Ibem, 2010), one can see that the NGOs, voluntary organizations and non-corporate private sector developers are conspicuously absent from the PPP institutional framework. This brings to the fore the question of the potential of PPP in housing to address housing affordability challenges.
confronting most low-income residents in the study area. It is therefore, argued that the expansion of the PPPs and inclusion of organizations representing low-income people in the decision making process in PPP housing is important to ensure that the PPP strategy addresses the housing needs of low-income earners in the society.

**PPP Housing Schemes**

The operational document of PPP in housing in Ogun State is the Memorandum of Understanding (MOU) between the government and corporate commercial private sector housing developers. Based on this, two types of PPP housing schemes are in operation in Ogun State. First is the development of new housing estates such as the OGD-Sparklight and Havilah Villas housing estates. Second is the redevelopment of the Ibara housing estate, Abeokuta, which is part of the urban renewal schemes in the State. Table 2 shows the socio-economic status of the estates, number of housing units and the unit prices of the different housing types provided in the PPP housing schemes. It is evident from Table 2 that whilst the OGD-Sparklight estate caters for the need of low, middle and high income people, the other two estates are luxury apartments for the high income people. In supply terms, the PPPs have provided less than 1,000 housing units between 2003 and 2010 in Ogun State. This is indeed a very small fraction of the average annual housing supply deficit put at 7,500 units. Table 2 also shows that in terms of cost of housing, purchasing a house under a PPP generally requires between N3.45million and N37.5 million, depending on the size of housing unit and the PPP. In fact, looking at the cheapest housing unit provided in the OGD-Sparklight housing estate, one would begin to wonder how many low and middle-income earners can afford this. With the minimum wage of N18,000.00, a level four officer in the public service will require a minimum 15 years of continuous savings of his total annual income to be able to buy a 2-bedroom terraced bungalow. This goes to suggest that housing units provided by the PPPs are not affordable to most low-income people.

**Table 2: PPP Housing Schemes in Ogun State (2007-2010)**

<table>
<thead>
<tr>
<th>Housing Scheme</th>
<th>No. of Units</th>
<th>Housing Typology</th>
<th>Unit Price N(million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OGD-Sparklight, Ibafo</td>
<td>340 housing units for low, middle, High income earners</td>
<td>2-Bedroom Terraced Bungalow, Detached 2-bedroom, Semi-Detached 3-bedroom, Detached 3-bedroom</td>
<td>3.45, 4.38, 5.52, 6.5</td>
</tr>
<tr>
<td>Havilah Villas, Isheri</td>
<td>100 housing units for high-income class</td>
<td>3-Bedroom Luxury flat, 4-Bedroom Bungalow, 4-Bedroom Terraced House, 4-Bedroom Twin Duplex, 5-Bedroom Detached house</td>
<td>15.5, 15.0, 17.5, 25.5, 37.5</td>
</tr>
<tr>
<td>Ibara Housing Estate, Abeokuta</td>
<td>112 housing units for high income Class</td>
<td>4-Bedroom Detached Bungalow</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>552</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 US Dollar = N159.00 as at February, 2012

It is observed from the onset that one of the reasons for jettisoning government sole provider to PPP approach is to improve the productivity of public-sector housing and make housing more affordable to the low-income people. However, at present, it appears that the provision of land, some basic amenities and other incentives by government have not translated to significant increase in urban housing stock and significant reduction in the cost of housing to affordable level for most low-income earners. The implication of this is that the low volume of new construction in general and for low-income category in particular as well as the cost of housing units are most
likely to affect the availability and affordability of housing provided by the PPPs in Ogun State.

**Challenges of PPPs in Housing Provision**

A number of factors were identified as constraints to the implementation of PPP in housing in the study area. First is that of acquisition of and access to land. Although, government is using land as a key incentive to encourage private sector into partnerships; developable land has not been readily available from the government. Consequently, this has limited the expansion of the housing stock in general and implementation of PPP housing projects in Ogun State in particular. Since, access to a continuous supply of land remains a key attraction for the private sector’s interest in public housing delivery; government should consider the establishment of land banks for PPP housing projects in this State.

Another challenge is access to adequate housing finance. As noted by those interviewed, high interest rates by commercial banks are not encouraging short term facilities for long term investment in housing projects; and thus, shrinking the quantum of fund available to finance PPP housing projects. Therefore, concerted efforts should be made at involving more financial institutions as key partners in PPP housing, and such projects should be designed to suit existing and emerging funding protocols of financial institutions.

Lastly, besides the foregoing factors, there are also indications that the adoption of high building standards in PPP schemes had also contributed to low volume of low-income housing. To this end, it is suggested that government should look into the issue of high building standards with a view to reducing housing standards to enable the PPPs provide sufficient low-income housing units at affordable cost.

**CONCLUSIONS**

This paper examined the prospects and challenges in the implementation of PPP in response to burgeoning housing shortage and the failure of government provider approach to address this challenge in the last few decades in Ogun State Southwest Nigeria. The integral component of PPP in housing in the study area is the use of land by government to attract corporate private sector property developers into partnership. So far, the joint venture approach has been predominant and this is based on memorandum of understanding between the partners.

PPP has been instrumental in reducing the financial burden on government in public housing provision by allowing the government to undertake the role of facilitator in providing land and regulatory framework. The private sector on the other hand is involved in funding, construction and management of housing projects. Although, housing production under the PPP has been embraced by government and corporate commercial private housing developers; the challenges of insufficient number of housing units and housing affordability to low-income earners are yet to be addressed. At the operational level, inadequate supply of land and housing finance, and exclusion of low-income people in the decision making process in the PPPs constitute challenges to the success of PPP in housing in Ogun State. Therefore, the future success of PPP in housing in the study area is consequent upon addressing these challenges and increasing social content in the PPPs.

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