ASSESSING THE IMPLEMENTATION STRUCTURE FOR PUBLIC-PRIVATE PARTNERSHIPS IN URBAN HOUSING IN NIGERIA

Eziyi O. Ibem¹, Albert B. Adeboye ² and Oluwole A. Alagbe³
¹School of Construction Economics, University of the Witwatersrand, Johannesburg, South Africa
², ³Department of Architecture, Covenant University, Ota, Nigeria

Public-Private Partnerships (PPPs) are gaining recognition as alternative procurement strategy to government-provider approach in mass housing in many countries, including Nigeria. However, there are few studies exploring their implementation structures, especially in the developing countries. This study examined the implementation structure of Public-Private Partnerships (PPPs) in housing in Nigeria using Ogun State as a case study. Qualitative research approach was used and data were derived from oral interviews with key industry stakeholders. It was observed that the implementation structure of PPPs in housing in the study area was a combination of the New National Housing and Urban Development Policy, government agencies and corporate private sector organizations, Federal Mortgage Bank of Nigeria, commercial banks, building regulations and bye-laws as well as PPP agreements. This structure influenced the assignment of roles and risks amongst the partners in housing projects; and was found to be deficient in low-cost housing. The paper explored the policy and practice implication of this development and argued for the improvement of social content of PPPs in urban housing delivery in Nigeria.

Keywords: public-private-partnership, urban area, public housing, joint venture, Ogun State.

INTRODUCTION

Public-Private-Partnership (PPP) is increasingly gaining recognition as an alternative to government-provider approach in the provision of housing, urban services and critical infrastructure in many countries. As a result, there is a growing body of knowledge and literature on the concept and practice of PPP across the world. Several authors (Miraftab, 2004; Bovaird, 2004; Moskalyk, 2008; UN-HABITAT, 2011) have observed that empirical studies are largely focused on efficiency, effectiveness and equity of PPP strategy as well as the factors that influence its operation in the different areas of development. Abd Aziz et al. (2007) however noted that most of the studies are predominantly in the areas of public infrastructure, urban services, environmental management, and housing and other related areas and appear better reported in advanced than in the developing countries. This implies that compared to the

¹ Eziyi.ibem@wits.ac.za
² Albert.adeboye@covenantuniversity.edu.ng
³ oluwole.alagbe@covenantuniversity.edu.ng

developed countries, there is a paucity of research on the adoption of PPP in the developing countries. It is observed from the review of literature that there is no single definition of PPP upon which most academics and practitioners could agree. This is simply because PPP is a concept that is subject to different definitions and interpretations. In the context of this study, PPP is used to describe a working arrangement that allows both the public and private (commercial and not-for-profit) sector organizations/institutions to share responsibilities, benefits and risks in public administration and public services provision (see Bovaird, 2004; Tomlinson, 2005 (UN-HABITAT, 2006b; Abd Aziz et al. 2007; Ibem, 2011b).

Like any other construction procurement strategy, the outcome of PPP is influenced by a number of factors, which. The UN-HABITAT (2006b) pointed out that the outcomes of PPP projects are generally influenced by political, social, economic, cultural factors as well as the underlying implementation and operational frameworks. The existing literature (including Abd Aziz and Hanif, 2006; UN-HABITAT, 2006b; UN-HABITAT, 20011) also helps to understand that PPP procurement strategy is gaining currency in the housing sector in many countries because of the advantage it provides in encouraging multi-institutional participation and enhancing the capacity of the public-sector to deliver more housing and vital services at affordable cost. Consequently, several authors (Payne, 1999; Ong and Lenard 2002; Freut, 2005; UN-HABITAT, 2006b; 2011) have explored the extent to which PPP has been implemented in urban housing in several countries. For instance in Nigeria, the existing studies focus on the role of government agencies in PPP (Ibem, 2010) and the contributions of PPP in addressing urban housing challenges (Ibem, 2011a; 2011b; Adegun and Taiwo, 2011, Ibem and Aduwo, 2012). None of these studies examined the underlying implementation structures PPP in housing delivery in the country. In view of the growing demand for innovative procurement strategies in improving urban housing supply chain management system in many developing countries, including Nigeria, there is a need for a better understanding of the implementation structures of PPPs in housing. Therefore, this study sought to better understanding of the implantation structure of PPP in urban housing in Nigeria using Ogun State as a case study with a view to assessing the suitability of the structures in delivering low-cost housing to those in critical need in urban centers in the country. The study addresses two key research questions. These are:

- What is the existing implementation structure of PPPs in housing in Ogun State, Nigeria?
- How the structure does influences the operational model of PPP; target population and cost of housing in PPP housing projects?

In the context of this study the implementation structure of PPPs encompasses the legal, regulatory and financial frameworks upon which PPP in housing operate. It is expected that this the study firstly contributes to bridging some gaps in the literature; and secondly, informs public housing policy and management strategy. The paper proceeds in four major sections. The first section is a review of related literature; followed by the research methodology of the study. The next section is the presentation study findings, while the penultimate section is the discussion of study findings.

**LITERATURE ON PPP IN HOUSING PROVISION**

According to Mazouz et al. (2008), authors in diverse academic disciplines have offered different definitions of PPP and used the term to describe a wide range of
ideas, practices and working relationships at local, national and international levels. Even though space will not allow us to discuss the various definitions and conceptions of PPP; but one definition of PPP which has found relevance in the current study is that offered by Miraftab (2004), in which PPP was defined as a market-enabling strategy through which the private sector’s role is complemented by the state, communities and non-governmental organizations in addressing societal challenges. Putting this definition into context, it can be concluded that PPP represents an organizational arrangement that allows the public, commercial and non-commercial private sectors to share responsibilities in public service delivery in mutually agreed terms and conditions.

PPPs are generally formed by a network of interdependent partners drawn from the state, market and civil society. Each partner is known to have its own ideals, skills, material resources, value, objectives and interest and differs from one another in size, financial capability, status and strategy. These enable them to play different roles according to their strengths and weaknesses as explained in the UN-HABITAT, (2006b) report on Public-Private partnerships in enabling shelter strategies. In the context of housing delivery under the PPP arrangement, the state (government) is expected to concentrate on providing an enabling policy, regulatory and financial environment; the market engages in actual provision, management and administration of housing, while the civil society plays an intermediary role between the market and the people. The implication of this is that in an ideal situation, PPP in housing should consist of partners in the public sector (government agencies), private sector (property developers, contractors, building material manufacturers and sellers, financial institutions etc.), and the community sectors (civil society organizations, communities and households). This institutional composition suggests that PPP in housing is based on the division of labour among partners. In the first instance, this appears to be in line with New Public Management (NPM) paradigm that seeks to reform the ways public sector conducts its programmes and activities (Hood, 1994; Hughes, 1998) by encouraging multi-stakeholder participation in public administration and social service delivery (Adams and Young, 2006; Yamamoto, 2007; Mazouz et al., 2008). Secondly, it is also consistent with the precepts of enabling markets to work which encourage the division of labour among stakeholders in the housing sector according to the areas of comparative advantage (see World Bank, 1993 for an exposition on enabling markets to work in housing and infrastructure provision).

Based on this understanding, four possible implementation structures of PPPs in housing can be identified. These include the following

- Partnerships between the civil society and the markets
- Partnerships between the government and the markets
- Partnerships between the government and the civil society; and
- Partnerships between the governments; the markets and civil society (UN-HABITAT, 2006b),

Each of these structures differ one from another in the number of partners, their roles and purpose of the partnerships. Their adoption also depends to a large extent on the goal of the PPP and the prevailing socio-economic, political and cultural environment. However, but the UN-HABITAT (2011) report on Public-Private Partnerships in housing and urban development made it clear that the effectiveness of PPPs in any given assignment is a function of the underlying legal, regulatory and finance structure. This simply means that among other things, the implementation structure of PPPs is very important in understanding and predicting theirs operations and the
outcomes. The implication of this is that researchers can understand the efficiency and effectiveness of PPPs in housing by exploring their implementation structures.

A number of reasons have been advanced on why the adoption of PPP has evolved and appears to be increasingly gaining acceptance as a viable way of circumventing the inadequacies of government-provider approach to social service provisioning. First, is the poor performance of public sector in social delivery (Birner and Wittmer, 2006). Second is the need for an alternative to full privatization, which has been criticised for benefitting the rich at the expense of the poor in the society (Getimis and Marava, 2002). Third, is the argument that since many countries are witnessing some levels of financial constraints in extending basic social services and subsiding the provision of new ones, PPP has come to bring in private financing and managerial skills towards achieving more efficient and cost-effective social services provision (Kyvleou, 2006; Adams and Young, 2006). Furthermore, the UN-HABITAT (2011) noted that almost all countries around the world have witnessed some form of PPP investment in the provision of housing and urban infrastructure principally because when the PPP strategy is correctly implemented it offers greater value for money compared with government-provider approach. In addition, other studies (including Jamali, 2004; Brown et al., 2006; UN-HABITAT, 2011) have shown that PPP increase construction and operation efficiencies at reduced cost. Obviously, the above helps to explain why many countries are turning to the PPP strategy in a bid to address shortfalls in their housing and social infrastructure needs; suggest that PPPs seek to improve fixed infrastructure provision by promoting value for money. Despite these merits, the report by UN-HABITAT (2011) however noted that when compared with traditional procurement, PPP may involve additional costs that if not well managed can erode any economic benefits derivable from its adoption.

In the housing sector, there is copious evidence in the literature showing that PPP has been successfully adopted in urban housing provision in many countries. For instance, Payne (1999) identified the role of partnerships between the government, markets and the civil society in providing the different socio-economic groups access to land and housing in Egypt, India, Pakistan and South Africa. In Kenya (Otiso, 2003) and Brazil (Freut, 2005) there are also cases of PPP in housing for the low-income people. Further, studies (Ong and Lenard 2002; Abd Aziz and Hanif, 2006; Abd Aziz et al., 2007) indicate that collaborations between public and private sectors have been instrumental to the provision of housing for the low-income earners under the PPP platform in Malaysia. The initiation of housing projects by governments and the introduction of subsidies have been identified as one of the strategies engaged in assisted the low-income earners to become homeowners in the PPP option in that country. In contrast, the existing studies in Nigeria (Ibem, 2011a, 2011b; Adegun and Taiwo, 2011; Ibem and Aduwo, 2012) suggest that PPP in housing in the country thrives on partnerships between the government and private commercial housing developers, and thus appears to be in favour of housing for the high-income people. Elsewhere, the report by the UN-HABITAT (2006b) on PPP housing in the United States, Canada, Western Europe, Japan, Australia, Turkey, India and the Philippines, indicate that despite a wide range of variations in context, some factors, including the composition of the partnerships, their roles and implementation structures were the necessary conditions for effective PPP in housing.

From the foregoing, it was possible to develop a conceptual framework for understanding the relationship between the implementation (policy, institutional, regulatory and financial) structure and the outcomes of PPP in housing (Figure 1). Based on this framework, the study posits that the outcomes of PPP in housing in
terms of quantity, quality and cost of housing as well as the target population of housing provided by PPPs are determined by the implementation structure and intervening social, economic, cultural factors.

**RESEARCH METHOD**

This is an exploratory study, which is part of the overall study conducted to assess PPP housing in Ogun State Southwest Nigeria. A qualitative research method was used and the study population was public and private sectors organization with a good record of accomplishment in PPP in housing in the study area. Data were derived through a survey conducted between June 2008 and February 2010 in the study area. Interview enquiries using an interview guide was the principal research strategy used in the collection of data. This was supplemented by data derived from archival records. Preliminary investigations by the researchers revealed that two public housing agencies: the Ogun State Ministry of Housing (OSMOH) and Gateway City Development Company Limited (GCDCL) and two private sector organizations: Sparklight Property Development Company Limited and Grants Property Limited were the key operators of PPP in housing in Ogun State. Consequently, these organizations were purposively selected for the research.

Face-to-face oral and telephone interviews were adopted in eliciting responses from the interviewees. This was based firstly on the assumption that the interviews will allow the researchers to capture the views of the key participants in PPP housing schemes in the study area. Secondly, it was also based on the notion that the perspectives of the key participants in the schemes would be meaningful, insightful and explicit in providing accurate data for the research. Due to the technical nature of the subject, the informants were selected based on job their designation, scope of professional practice and years of experience. This was to ensure that only those who are knowledgeable in the operations of PPPs in housing in their respective organizations participated in the current research. Consequently, only officers of the ranks of Head of Departments and above were selected for the interviews.

Four persons, one from each of the four organizations were interviewed; meaning that four different interview sections were held one for each of the selected officials using pre-determined questions drawn from the interview guide. The interviews took place in each of the interviewees’ offices and each session lasted approximately 30 minutes. Three of them were interviewed on-one-one basis, while one was interviewed on telephone. The interviews were based on an interview guide comprising a number of
questions relating to the organizational composition of the PPPs, the specific roles of each of them and cost of housing provided in the PPP housing schemes. The adoption of the interview guide was to help make the interview sessions more systematic and comprehensive and at the same time reducing the level of deviations from the subject matter under investigation. The interviews were manually recorded as the researchers took detailed notes during the interviews. The notes were expanded immediately after each interview session. Follow up interviews were also conducted to update information gathered from the initial interviews and to validate information collected from the interviewees conducted earlier on. Questions asked were mainly on the institutional composition the PPPs; the roles of different partners, and the underpinning policy and regulatory framework PPP in housing as well as the target population of the housing schemes in the study area.

In view of the fact that data collected were principally qualitative in nature, content analysis was used in the data analysis. Initially, the information from the interviews was transcribed, followed by the integration of related pieces information and idea from the different interviews; and identification of common and key themes emerging from all the interviews discussed. Attempt was made at enhancing validity of the result of the research by ensuring that only top management staff members directly involved in PPP in housing the four organizations were selected to participate in the study; and by conducting follow-up interviews.

STUDY FINDINGS

Implementation Structure of PPP in Housing

Figure 2 is a graphic illustration of the implementation structure of PPPs in urban housing identified in Ogun State at the time of the study was conducted. It is evident from Figure 2 that the policy structure of PPP in housing in the study area is the New National Housing and Urban Development Policy (NNHUDP) launched in 2002 by the Federal Government of Nigeria. This policy was designed to reform the housing sector in Nigeria by encouraging private sector participation through emphasis market principles in public housing delivery. In line with this, that policy has the ultimate goal of ensuring that all Nigerians have access to decent, safe and sanitary housing at affordable cost through private sector-led initiatives as Aribigbola (2008) explained in a study on housing policies and programmes implementation in Akure, Nigeria. To achieve this goal, the instrumentality of the NNHUDP was used to establish the Real Estate Developers Association of Nigeria (REDAN), Building Materials Producers Association of Nigeria (BUMPAN) and secondary mortgage institutions, who among other responsibilities are to form partnerships with government agencies in mass housing provision in Nigeria. This implies that the implementation of PPP in urban housing across Nigeria was made possible by the NNHUDP, hence it is considered as the policy framework for PPP in housing in Nigeria.
RESEARCH METHOD

It is also evident from Figure 2 that the institutional framework of PPP in housing in the study comprises the following organizations: State government agencies (Ministry of Housing and the parasatals under it) and commercial private sector housing developers who are members of the Real Estate Development Association of Nigeria (REDAN), construction contractors and construction materials suppliers as well as private finance institutions, including commercial banks and secondary mortgage institutions. Consequently, the funding of PPP housing projects is the responsibility of the Federal Mortgage Bank of Nigeria, private sector operated mortgage institutions and commercial banks in form of loans or credit facilities.

As regards the regulatory structure, two key regulatory instruments were identified in PPP in housing in the study. The first is the existing building regulations and byelaws. These were designed to ensure that housing provided in the PPP housing schemes is of the desired standards for human habitation and promotes social development and environmental sustainability. The responsibility of ensuring that housing provided in the PPP arrangement meets these requirements is carried out by responsible government agencies, namely physical development control agencies and public health departments. The second regulatory instrument identified was the PPP agreement that is signed by the partners in the PPP projects. The PPP agreement, which comes in the form of Memorandum of Understanding (MOU), is normally a product of negotiations between parties involved in the PPP housing projects. According to the officer in the GCDCL interviewed, the MOU is both the operational and legal document establishing the PPPs and guides their operation on each project.

It among other things provides the basic information on the nature and structure of PPP housing schemes; the equity contributions and benefits of the partners and also sets the life span of PPP housing projects, including development, implementation, operational and termination stages.

The management of PPP housing projects was also found to be based the implementation structure described above. This ensures that each partner plays specific roles as outline in the MOUs. The interviews revealed that the allocation of responsibilities and risks in PPP housing projects among the partners were determined...
by the implementation structure. Based on this, government agencies were found to be playing the role of providing land and title registration at subsidized cost, facilitating the process of obtaining permits and approval of housing development plans. They also select private sector partners through a competitive bidding process; provide the regulatory framework for monitoring the quality and standard of housing provided as well as provide some basic amenities such as access road, electricity to project sites. On the other hand, private sector organizations were involved in the design, actual construction, and management of the housing projects. The commercial banks and secondary mortgage institutions were involved in the provision of housing finance. Completed housing units were jointly sold and allocated to buyers by the partners. According to the officer in Sparklight Property Development Company Limited interviewed, at the operational stage of PPP housing projects, the private sector organizations were involved in the routine maintenance and management of completed housing estates and that this attracts annual maintenance from the beneficiaries and residents of the houses as agreed by the partners.

Examination of Figure 2 shows that Local Government Authorities (LGAs) and not-for-profit private sector organizations such as housing cooperatives, civil society organizations, which represent the interest of the grassroots people were conspicuously missing in the implementation structure of PPP housing schemes; and thus have no input in PPP housing projects in the study area.

**Types of PPP Housing Schemes**

Under the existing operational structure described in the preceding section, two types of PPP housing schemes were implemented in the study area. The first type involved the development of new housing estates: OGD-Sparklight and Havilah Villas housing estates, while the second involved the redevelopment of Ibarra Housing Estate in Abeokuta constructed in 1958 by the now defunct Western Nigeria Housing Corporation. The study also found out that between 2007 and 2010, around 552 housing units were constructed in three different housing estates in urban areas of the State. All the houses are complete-walk-in homes as no starter of shell houses were constructed. The cost of houses provided in the schemes was between ₦3.45million (US$21,563) for 2-bedroom semi-detached bungalow and ₦37.5 (US$2.358million). In all, finding of the study shows that the targeted population of PPP houses was the middle and high-income earners in the study area.

**DISCUSSION**

From findings of this study, a number of issues relating to the implementation structure of PPPs in housing have emerged. Firstly, from the review of literature, it is evident that PPP in housing may also include individual households, not-for-profit private sector organizations such as housing co-operatives and non-corporate private sector housing developers; but findings of this study appear to be in support of previous study by Ibem (2010) indicating that Local Government Authorities (LGAs) and NGOs were not part of PPP housing schemes in Nigeria. In fact, it was observed that only corporate private sector property developers, who are members of REDAN, construction contractors and building materials suppliers as well as private sector financial institutions, have been involved in PPP housing in Ogun State. Obviously, most of the organizations identified with PPP housing projects are profit-motivated; indicating that the joint venture model is gaining acceptability as the predominant
variant of PPP the study area. Notably, this has influenced the operational structure of the PPPs and the way organizations involved share responsibilities, risks and associated benefits in PPP housing projects.

Arguably, the absence of LGAs and other grassroots organizations in the implementation structure of the PPPs in housing as observed in this study can be due to a number of factors. In the context of Nigeria, and perhaps other countries with similar three tier governance structure, the LGAs are the closet government at the grassroots and are responsible for the formation and growth of housing co-operatives and community organizations. However, it has been observed that in the last decades of existence of this tier of government in Nigeria, LGAs have not been effective in performing the statutory role assigned to them in the National Policy Housing Policy in 1991 due to age-long fiscal challenge (see Federal Republic of Nigeria, 1991). In fact, going by findings of this study, it is obvious that under the new dispensation in PPP in public housing delivery, LGAs have not performed better. Given the increasing role of local authorities and organizations at grassroots level in addressing housing needs of low-income urban residents in many countries, including Nigeria as Mabogunje (2005) and Oyewole (2010) noted in their separate studies; it is argued that the non-involvement of LGAs, and NGOs in the implementation of PPP in housing constitutes a hindrance to the chances of PPPs providing housing that is affordable to low-income people who have more critical housing needs that their high-income counterparts in Ogun State and Nigeria.

Secondly, we also found in the literature that the inability of the traditional public-sector procurement option to provide housing and basic amenities to the people in many developing countries at affordable cost, which is largely attributed to bureaucracy and funding challenges, necessitated the adoption of PPP in housing. In line with this, the study has shown that government agencies in Ogun State appear to be focusing on those areas that usually cause delays and contribute to increasing cost of production, management and administration of public housing. The private sector on the other hand seeks to improve the efficiency of public housing procurement system by curtailing bureaucracy and the financial burden on government by bringing in its business, financial and managerial acumen in the PPP procurement option. This finding appears to be in support of the precepts of the Enabling Markets Work (World Bank, 1993) and NPM (Hood, 1994; Yamamoto, 2007) in the area of sharing responsibilities and risks in public housing with the markets.

Thirdly, the study reveals that the PPPs have so far produced 552 housing units between 2004 and 2010. This is no doubt an insignificant proportion of the annual urban housing needs in the study area which has been put at 7,500 housing units; suggesting that the present operational structure of the PPPs is yet provoke a significant increase in the quantity of housing units provided under the PPP platform in the study area. In addition, in terms of the cost of housing, the result also shows that the smallest housing unit (2-bedroom terraced bungalow) constructed in the OGD-Sparklight housing estate costs about N3.45million (US$21,563). Since the cost at which houses reach the consumers in the market goes a long way in determining affordability; this simply means that going by the current minimum wage of N18,000.00 in Nigeria, it will requires a minimum of 15 years of continuous savings of total annual income for an average worker to be able to buy a 2-bedroom terraced bungalow constructed in the OGD-Sparklight Housing Estate. This goes to suggest that housing provided by the PPPs in the study area is not affordable to an average income earner. This finding appears to be in support of the UN-HABITAT (2011)
which noted that if not well managed, the PPP option to housing and infrastructure could attract high cost capable of eroding the economic benefits of its adoption. Based on the evidence produced from this study, it can be concluded that the existing implementation structure of PPP in housing in this study places emphasis on housing for high-income earners as previous studies (Ibem, 2011a; 2011b; Adegun and Taiwo, 2011) have also found in other states in Nigeria.

Relating findings of this study with those in other countries; obviously, it is evident that the outcome of the PPP joint venture housing in Ogun State, Nigeria, is not in line with that in the Philippines where similar model of PPP was found to have been very successful in housing low-income earners (see UN-HABITAT, 2006b). This goes to show that differences in the social, economic and political environment can influence the outcome of PPP in housing provision. Also, the fact that LGAs and NGOs that are supposed to represent the interest of low-income people were not involved in those PPP housing schemes may further explain the reasons why the PPPs were providing housing that is not affordable to low-income earners. This simply means that the existing structure of PPP in housing is not suitable for low-income housing in the Nigerian context. In all, findings of this study are not consistent with evidence in the literature (Bing et al., 2004) suggesting that PPP procurement makes the cost of service affordable to the majority of the people. Rather they are clear indications that PPP in housing in Ogun State is providing commercial private sector housing developers access to land at subsidized cost and other incentives in providing housing for high income earners who have the wherewithal to build or acquire houses for themselves.

CONCLUSION

This paper examined the implementation structure of PPP in urban housing in Nigeria using Ogun State as a case study. Evidence from this study shows that so far, the joint venture model involving government agencies and corporate private sector housing developers is not adequate for housing low-income people. Hence, PPP in housing is yet to make any significant contribution in increasing the supply of urban housing at affordable to average income earners in the study area. This study implies that policy actions in the form fiscal reforms or decentralization (fiscal federalism) are required to empower Local Governments Authorities (LGAs) and grassroots organizations to play active role in PPP in housing. This will promote low-cost housing under the PPP platform. The study also implies that pro-poor PPP models such as partnerships between governments, multinationals, and NGOs and partnerships between government and NGOs should be initiated to promote low-cost housing under the PPP arrangement. Such housing schemes can be funded using the contributory pension scheme and the National Housing Fund (NHF) with support from the multi-nationals as part of their corporate social responsibilities. In conclusion, although, PPP in housing is a recent phenomenon in Nigeria, it is evident from the study that the future of PPP in low-cost is contingent upon improving its operational structure to accommodate the interest of ordinary people.

REFERENCES


