



Public private partnership housing projects implementation in bauchi state, Nigeria

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Abstract

Public Private Partnerhip (PPP) is celebrated globally as a means of infrastructre delivery. PPP has been adopted in Nigeria for the construction of affordable housing in the country. But little achievement was recorded by the scheme. The aim of this study is to assess a typical PPP housing arrangement in Bauchi, Nigeria, as a means of providing affordable housing. Exploratory and explanatory research design was used in this study. Data was collected from Bauchi State Ministry of Lands Housings (BSML&H), Private developers and Mortgage institute. The findings shows that Bauchi State government sign a Memorandum of Understanding (MOU) with 21 private housing develpers for the construction of 5,000 units of housings across the state in 2008. The PPP arrangement shows that Bauchi state government is responsible for the provision of lands and infrastructure while private developers will provide contract document, finance, physical construction of the project and choose Primary Mortgage Institutes (PMIs) for marketing and selling of the completed housing units. Record shows that only 228 units (4.6%) of the housing were completed and sold in 2014. The poor performance of the scheme was related to short of finance from state government and inability of the developers to access housing loan. Therefore this study recommend that comprehensive feasibility and viability study should be conducted before embarking on such arrangement. Partners should fulfil their contractual obligations. Lastly, the general public should patronise the completed projects for its successful implementation.

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1. Introduction

Housing as one of the basic need of man, is faced with various challenges interms of availbility and affodability to middle and low income earners in Nigeria (Greene and Rojas, 2006). Housing provision challenges in developing countries like Nigeria are escallating principally because the rate of housing provision has not kept face with urban population growth (Ibem, 2011). This result to inadequacies interm of accessibility and affordability of housing (Ibem, 2011, UN HABITAT: 2006a, Green and Rojas, 2006). Government at various level in Nigeria have constructed housing estate across the country in the past, with the view to ease accomodation problems to its workers. Federal Mortgage Bank of Nigeria (FMBN) was established to come up with savings and loans for housing finance. Yet, housing delivery has not improve due the failure of the government provider approach to address the increasing shortage of urban housing and rising cost of housing beyond the reach of low income residents (Ibem and

Aduwo, 2012). The New National Housing and Urban Development policy (NNHUDP) in 2002 formulate a guide line to ensure that all Nigerians have access to housing at affordable cost through private led initiatives (Aribigbola, 2008). Prior studies have demonstrated the extend to which PPP in housing has been successful in different countries across the world. Further research in the Nigerian context indicate the role of government agencies in PPP housing delivery and contribution of PPP in addressing housing challenges in different part of Nigeria (Ibem, 2011a, 2011b: Adegun and Taiwo, 2011). Therefore, this study will assess a typical example of PPP arrangement for the construction of affordable housing in Bauchi State, Nigeria.

1.1 Public Private Partnership (PPP)

A public private partnership (PPP) is an arrangement between the public and private sectors with clear agreement on shared objectives for the delivery of public infrastructure and/or

public services by the private sector that would otherwise have been provided through traditional public sector procurement (PPP Manual, 2006). Mirafteb (2004) observe that PPP is celebrated as a viable alternative institutional arrangement and strategy for delivering public services to cities in the developing countries. PPP is the current procurement method adapted in the developing countries (including Nigeria) in the provision of housing to low income earners (Ibem, 2011). If managed properly and parties involved fulfill their contractual obligations, it will help in a long way in the provision of affordable housing. PPP has so many definitions, but the concept remains the same all over the world. The PPP arrangement aims at providing infrastructure under certain agreement of design, finance, benefits, ownership, transfer, etc. which was normally provided under traditional procurement method. In Nigeria, the public refers to the Federal, State, Local Government, Ministries, Government agencies and their parastatals. While the Private Partner can be any private registered company that is not owned by Government or any of its parastatal, that offer various range of services for the purpose of making profit (Hassan, 2004). The infrastructural provision by PPP includes:

- Roads
- Electricity
- Water supply
- Hospitals
- Housings
- Shopping complex
- Parks

Depending on the contractual agreement, the private partner can offer the following services in the provision of infrastructure:

- Design
- Finance
- Construction
- Project/Construction management
- Facility management

1.2 Private Sector Participation In Housing Delivery In Nigeria

Australian Housing and Research Institute (AHURI, 2004) defined housing affordability as the ability of house holds to meet housing cost while maintaining other cost of living. PPP housings usually have long concession period which reduce the burden of high cost of housing or out right purchase. This advantage as observed by Jamali, (2004) have prompted key international financial institutions including World Bank and International Monetary Fund to mount pressure on many developing countries to shift emphasis from government provider approach to liberalisation and privatisation of service provision (Ibem and Aduwo, 2012). Previous research revealed that private sector have participated in the provision of housing in developed and developing countries, this is a clear indication that PPP is gaining wider acceptability in housing provision around the world. In Nigeria for example,

research on PPP housing scheme was carried out in Lagos (Ibem, 2013), Ogun (Ibem and Aduwo, 2012), Niger (Musa and Usman, 2013) and Abuja (Ukoje and Kanu, 2014) among others to indicate the private sector participation in the delivery of housing in various state of the country. The failure of the public sector unit to live up to the expectations of housing delivery prompted the Federal Government of Nigeria to launch the New National Housing and Urban Development Policy (NNHUDP) of 2002 (Ibem and Aduwo, 2012). The new housing policy came up with a road map which marks the new beginning of active private sector participation in housing delivery. These follow the establishment of Real Estate Developers Association of Nigeria (REDAN) in 2002, with over 1500 members (Abdullahi and Abd aziz, 2011), Building Materials Association of Nigeria (BUMPAN), Primary Mortgage Institutes (PMIs) and reduction of interest rate to members of REDAN, among others to encourage private sector participation in housing delivery.

Although, there are various publications on PPP guide lines which includes: Recommendations on: Guidelines for Public Private Partnership in Housing, The Federal Government of Nigeria National Policy on Public Private Partnership and its Supplementary notes; A Condensed Version of the PPP Guidance Manual PPP Unit by Ministry of Finance and Economic Development, March 2006 among others, but there are different modes of PPP in housing delivery. Ibem and Aduwo (2012) found that a typical PPP housing scheme preceded by an expression of interest by private developers in respect to Government invitation. Tenders will be submitted and evaluated leading to the appointment of successful private partner. The selection of the partner will be based on certain criteria established prior to the invitation. Feasibility and viability report, evidence of strong financial base, track record in property development and quality of proposals are of paramount importance to be considered in the selection of private partner. PPP housing project commences by signing Memorandum of Understanding (MOU). MOU describes the roles of the partners and their equity contributions and benefits (Ibem and Aduwo, 2012). Furthermore, it established the concession period of the project and partners are bound in the terms and conditions. Commercial banks are the main sources of short term loan facilities to private housing developers. The FMBN provides long term loan facilities in Nigeria through the PMIs. The partnership ends after marketing and selling of housing units (Ibem, 2013).

1.3 The Study Area

The area of the study is Bauchi State, located in the North Eastern part of Nigeria. Previous study suggested that a research on PPP should be based on the existing projects in order to get the real life situation. As such, Bauchi is one of the states in Nigeria that adopted the construction of PPP housing estate in 2008. 21 private housing developers sign MOU with Bauchi state government for the construction of 5,000 housing units. The official records of Bauchi PPP housing scheme were collected from Bauchi State Ministry of Lands and Housing

(BSML&H).



Figure 1. Map of Nigeria Showing Bauchi State

2. Methodology

The study used exploratory and explanatory research design. Exploratory research design was employed for extensive review of relevant literature and explanatory research design was used for content analysis of documents related to Bauchi PPP housing records from Bauchi State Ministry of Lands and Housings (BSML&H). The research was conducted in 2014 at Bauchi, Nigeria. First and famous, official record of Bauchi PPP Housing Scheme from 2008 to 2014 was collected from BSML&H. The information contains the number of PPP Housing projects in Bauchi, names of private developers, construction sites and number of housing units allocated. Memorandum of Understanding (MOU) was also obtained. The MOU describe the responsibilities of the stake holders. The study was developed base on the data collected from BSML&H and supplemented by the review of relevants literature.

3. Results and Discussion

Bauchi Public Private Partnership housing scheme commence in 2008, following invitation by the state Government to prospective private housing developers to apply for the construction housings in the state. After expression of interest and selection of sucessful developers, a Memorandum of Understanding (MOU) was signed by Bauchi state Government and the private developers. The MOU is the contract document which bind the two parties together. It contain duties and obligations of each party to the contract.

Table 1: Government responsibilities in the construction of Bauchi PPP housing estates.

Government responsibilities in Bauchi PPP housing schemes	
1.	Provision of land.
2.	Provision of infrastructure (access road, electricity, drainage and water supply).
3.	Pay 30% equity contribution.
4.	Give design requirement as well as the number of housing unit to be constructed.
5.	Send supervisory team to monitor the construction process
6.	Approval of project documents.

Source : BSML&H (2016)

Table 2: private developers responsibilities in the construction of Bauchi PPP housing estates.

Private developers responsibilities in Bauchi PPP housing schemes	
1.	Secure capital for the project financing
2.	Construction of the project
3.	Complete project acceptable to Government
4.	Allow Government project team to supervise the project
5.	Production of project documents
6.	Choose primary mortgage institute (PMI).

Source : BSML&H 2016

Table 2. represent responsibilities and duties of private developers in the the construction of PPP housing. Private sectors are expected to provide production information documents, source capial for project finance, construct the project as specified and choose PMI for maketing and selling of the completed housing

Table 3. List of the approved Bauchi PPP housing scheme from 2008 to 2014

S.N	Name of Developers	Site	No. of Housing Units
1	Sahad Estate developers	Birshi	500
2	Homex concept	Birshi	500
3	Energy Bridge	Birshi	500
4	FHT Ventures	Birshi	500
5	First call Ltd.	Birshi	500
6	Elyerks	Birshi	500
7	Terraquest development company Ltd.	Dungal	1000
8	Bampat	Dungal	500
9	Hamzas Holdings	Dungal	500
10	Premier Icon	Inkil	500
11	Centre Point	Ningi	250
12	Royal cat	Gamawa	250
13	Spark light	Tirwun	500
14	Salzee	Dass/T. Balewa	250
15	Mubel Nigeria Ltd.	Dungal	1000
16	Trauds	Dungal	1000
17	Tohuanile	Dungal	1000
18	Larix	Tirwun	250
19	T.S. Construction	Kafin	250
20	Samson and Rakaya	Madaki	250
21	Almo Nig Ltd	Darazo Misau	250

Table 3. is the list of 21 private housing developer participating in the construction of Bauchi PPP housing scheme. It contains names of private developers, allocated construction sites and approved number of housing units to construct. The housing units consist of 3 bedroom detached and 2 bedroom semi-detached flat respectively.

3.1 Performance of Bauchi PPP Housing Projects

Bauchi PPP housing projects commence in 2008 with 5, 000 units as first phase of the project. Record shows that only 228 units were completed and commission in 2014 (BSML&H, 2014). The completed housing unit comprises 2 and 3 bedroom flat sold at a price of four million five hundred thousand and five million five hundred thousand Naira (N4.5m and N5.5m) respectively. Therefore, only 4.6% of the projects were completed which indicate poor performance delivery of the projects in 6years.

3.2 Challenges of Bauchi PPP Housing Projects

Bauchi PPP housing projects encounter various challenges that hindered its overall success. Record shows that Government as the initiator and client of the project was not able to fulfil its financial obligations due to constrain in revenue. It was also found that most of the developers were not able to fulfil the set requirement for accessing housing loan from FMBN. Therefore, there was insufficient capital to finance the projects. Furthermore, the activities of mortgage institute suffer so many bureaucratic challenges in performing intermediary function between Developers and FMBN. Lastly, the final cost of the housing units were very expensive for the middle and low income earner which were the main target of the projects.

4. Conclusion

Public Private Partnership is the current procurement method adopted in Nigeria for the provision of affordable housings. Records shows that the roles of government in the partnership is the provision of lands and infrastructure while the private developers were expected to finance and undertake the physical construction of the housing projects. Government is also expected to provide financial and managerial support for the success of the scheme. But the implementation of the scheme suffers a setback due to inability of Government to

fulfil its financial obligations. Private developers were also not able to access housing loan from FMBN. Mortgage institutes were not able to perform intermediary functions due long and strict bureaucratic conditions. The few number of housing units that were completed were sold at very expensive rate beyond the reach of middle and low income earners. Therefore, this study recommend that government and private housing developers involve in the Bauchi PPP housing projects should embark on comprehensive feasibility and viability study in order to check the strength and weakness of their contractual arrangement for the successful implementation of the scheme.

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