

Evaluation of Factors Affecting Implementation of Public-Private Partnership (PPP) in Housing Provisions in Niger State (2008-2017)

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Abstract

Public Private Partnerships (PPP) is a form of public procurement that combines public and private sector resources to bridge gaps in public service provision. In Niger State, PPP was adopted in 2008 and passed into law in 2011. The objectives of this study are to examine outcomes of its implementation in housing provision and to identify factors behind these outcomes. A case study design was utilized; and data was collected using structured questionnaires, and by reviewing official reports and guidance documents on PPP implementation in housing. A simple random sample of 150 built-environment professionals in public and private sector organizations in Niger State were surveyed on project conception and implementation. Surveys were analyzed using averages that summarized responses into four categories of political, project, financial and environmental factors and the outputs were also categorized by these four factors. Notable outcomes were a weak institutional base a lack of viable partners and poor-quality projects mainly due to a limited knowledge of PPP among personnel and poor coordination among participating agencies. It is recommended that the NSPPA be strengthened with necessary resources to execute its mandate and participating public sector agencies are trained extensively in contemporary PPP management process.

Keywords: *Housing, Infrastructure, Niger State, Public-Private Partnership, Implementation*

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Background to the Study

A Public Private Partnership (PPP) is a form of public procurement that combines public and private sector resources to bridge gaps in public service provision, it is also sustainable and long-term partnership between the public and private sectors to provide services and goods. Through PPP, the public sector seeks to bring together the resources of the public sector and the technical expertise of the private sectors to provide services and goods to the public at the best possible value for money. (Ministry of Finance, Singapore, 2009). It is an option that has been adopted by many governments in establishing partnerships with the private sector (Mohammed, 2015). These partnerships are usually in different forms and generally represent a wide range of institutional arrangements for sharing responsibilities, benefits and risks in housing, infrastructure and service provision (UNHABITAT, 2006b; Abd Aziz et al., 2007; Ibem, 2011a; 2011b).

Nigeria has emulated other countries by adopting PPP at various levels of government (Federal, State and Local Government) across the country as one way of encouraging a shift away from a state-led and bureaucratic management approach to a market-oriented environment whereby public and private solutions would complement each other (Daniel, 2014). However, this has not yet produced the expected improvements in infrastructure or services provision. It is therefore imperative that more efforts are made to ensure that its benefits become more widely available and accessible.

Statement of the Problem

PPP in Niger State has not yield positive results since its adoption that is the reason why the it is important to evaluate the underlying reasons why PPP implementation in housing in Niger State has not been as successful as anticipated, with a view to proffering solutions to the identified issues. Stakeholders' responsibilities are reviewed and factors that have characterized the process are identified and evaluated, while taking into consideration its predefined objectives and established best practices.

Aim and Objectives of the Study

The aim of this research is to identify the factors that affected the implementation of PPP initiatives in Niger State and proffer solutions for making it more effective.

The study objectives are:

1. To highlight the outcomes from the adoption and implementation of PPP in housing projects in the State 2008 to 2017.
2. To determine the factors that were responsible for producing the observed outcomes.

The study is intended to help the State and PPP proponents in general identify issues that influenced outcomes of previous PPP investments such that they can be carefully controlled in future processes. Such platforms can assist the State to be better positioned to fully harness the benefits of the PPP model, of which investments in Nigeria are currently valued at over \$10.274 billion (USD).

Literature Review

Carbonara et al (2013) have developed the Three-Layer conceptual framework for analyzing PPPs. Their motive lies in the assertion that principles of PPP assume varying meanings that depend on national (geographic) or sectorial contexts. These variations are also evident in the implementation of PPP as the features of projects often differ within the same contexts. Consequently, PPPs have mainly been analyzed by scholars in national and sectorial contexts, largely ignoring any attempts to develop frameworks for comparison across countries and sectors. Thus, such a framework for cross-national and sectoral analysis is utilized here.

Available data from the World Bank and PPIAF (2016) indicate that in Emerging Markets and Developing Economies (EMDEs) “investments in PPPs have grown in absolute terms since 1991. Overall, investments have grown from about \$7 billion in 1991 to over \$100 billion at the end of 2014, having reached a height of \$158 billion in 2012 (Figure 1). Much of this growth has been fuelled by the desire of countries to improve infrastructure to boost investment. However, governments, strapped by limited budgets, have had to turn to the private sector to provide a range of project support services including financing and personnel resourcing (World Bank, 2016; Cheung et al., 2009). Aliyu et al. (2013) while commenting on the rationale for PPP in Nigeria observe that “the very nature of the public sector” as characterized by inefficiency, a lack of effectiveness and poor performance (especially in the provision and management of critical services and infrastructure) has created an imperative for partnerships with the private sector.

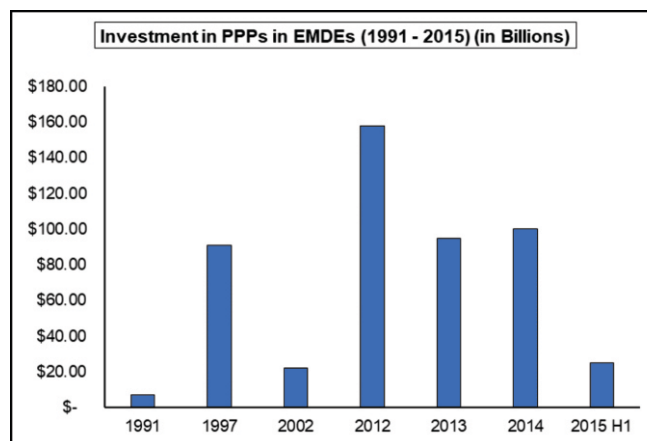


Figure 1: Investment in PPPs in Emerging Markets and Developing Economies
Source: World Bank, 2016

Niger State adopted the PPP model as a development strategy for the implementation of the State's Development Action Plan, Vision 3:2020. The primary goal of this plan was to make the state one of the top three economies in Nigeria by the year 2020. PPP as a strategy was adopted to “encourage private sector participation in taking advantage of skills, expertise and most importantly wealth transfer that will provide the necessary funding for infrastructure and social services to meet the development aspiration embarked upon by the Government.”

Consequently, the Niger State Public Private Partnership Agency (NSPPPA), was established and passed into law in 2011 with the mandate to:

- a. Coordinate all PPP transaction and activities in Niger State.
- b. Regulate, monitor and evaluate compliance with the terms and conditions of such agreements.
- c. Report progress and anomalies identified to the Governing Council with appropriate recommendations.
- d. Retain copies of concession or partnership agreements for reference and safe-keeping.
- e. Ensure efficient execution of concession agreement or contracts entered by the government.
- f. Ensure compliance with the provision of this law and other relevant laws.
- g. Perform other such duties as may be directed by the Executive Governor, from time to time, or as are necessary or expedient to ensure the efficient performance of the functions of the Agency under this law.

The law allows the State Government's Ministries, Departments, Agencies (MDAs), and Local Government Councils to retain the capacity to initiate and execute projects. Thus, projects can still be procured and delivered through conventional means. However, an MDA or LGA seeking to execute a project through a PPP agreement must include the NSPPPA in the process for compliance with the standards set by the Law.

According to Mohammed (2015), the Housing Sector plays a critical role in a country's welfare than is always recognized, as it directly affects not only the well-being of the citizenry, but also the performance of other sectors of the economy. Adequate housing provision has since in the early 1970s consequently engaged the attention of most countries. The most important thing about housing is not what it is but what it does to people's lives. In other words, dwellers satisfaction is more important, and it does necessarily relate to the imposition of standard. Thus, houses are built to satisfy some immediate and subsequent human needs that generally include biological, social, cultural, psychological, political and economic needs.

It was widely known that the housing problem is universal, and it is more acute in developing societies. Towns and cities in Nigeria for instance have been experiencing massive population increase fuelled by rural urban migration, thus aggravating the housing problem. This increase compels people to live in dehumanizing housing environment. In recognition of the housing problem and the need to provide decent and affordable housing for all Nigerians, the Federal Government of Nigeria has constantly intervened in the sector through various policies, programs and reforms earned at revolutionizing the housing sector to achieve the objective of decent and affordable housing for the citizens (Agbola and Jinadu, 1997; Bala and Bustani, 2009; Ibem, 2010).

Studies have concluded that past housing delivery strategies have failed to address the housing need of low-income people of Nigeria who constitute over 60% of the Nigeria

Population and 80% of Nigeria's urban residents (Mba, 1992; Omole, 2001; UN-Habitat, 2006c; Ibem, 2010). Findings of other studies showed that some of the factors responsible for the failure of these housing programs to include, poor funding, lack of proper organization, inappropriate strategies, bureaucracy, politics and mismanagement of resources as well as the high cost of housing (Mustapha, 2002; Gana, 2002). To close this gap, previous studies advocated adequate involvement of the private sector to serve as the main vehicle for housing delivery (Ogunrayewa and Madaki, 1999; Yakubu, 2004; Aribigbola, 2008).

A study conducted by the United Nations Human Settlement Program in 2011 on PPPs and housing development reveals that several countries are embracing PPPs options as a way out of housing shortage. According to Ibem (2010), in 2002, the new democratic government in Nigeria launched the National Housing Urban Development Policy (NHUDP). This kick started the first private sector involvement in solving the housing shortfall in Nigeria. On December 2011, the Federal Government of Nigeria (FGN) through its Federal Ministry of Land, Housing and Urban Development (FMLHUD) made a policy statement that “the increasing deficit of decent and affordable housing in Nigeria's urban and rural areas pose major obstacles to economic growth and development to this end, the Ministry will collaborate with key actors and operators on housing sector through the establishment of viable partnership with private sector development and investors” (FMLHUD PPPs Guideline, 2011, p.1).

The implementation of PPP in housing has not been without challenges. The major impediments to effective implementation of the PPP arrangement single out lack of political will as the major challenge encountered. The second problem that affected the success of PPP project was lack of commitment from the government (Abdullahi and Aziz, 2011; Onuorah, 2014). Other challenges reported include lack of continuity in government, misplacement of priorities on the part of the government, lack of adequate supervision, pursue of self-interest on the part of the private sector, inadequate planning and absence of local/internal finance, corrupt practices among the contacting parties, lack of experience on development of PPP, weak demand for the project and lack of adequate legal structure to protect the private investor.

Research Methodology

The study utilized a case study research design. In the context of this study, the case study design helped the researcher bring attention to peculiarities of PPP implementation at the intersection of both geographic (Niger State) and sectoral (housing) dimensions. 150 people were sampled for the study using simple random sampling technique. Only 141 responded and return their questionnaire. Data was collected using structured questionnaires, an interview with the State's PPP agency, and by reviewing official reports and guidance documents on PPP implementation in housing. A simple random sample of 150 built-environment professionals in public and private sector organizations in Niger State were surveyed, while the interview and documentary reviews gave perspective on project conception and implementation. Surveys were analyzed using SPSS, and an average was used to summarize responses into four categories of political, project, financial and

environmental factors. The interview and documentary reviews were textually analyzed, and the outputs were also categorized by these four factors.

Table 1: PPP Housing Projects in Niger State

S/N	Name of Project	Location	Number	Initial arrangement	Mode of Execution	Mode of Completion	Status	Remarks
1.	M. I. Wushishi Housing Estate	Minna	500	PPP	Direct intervention by Government	Conventional	Completed With Gov't intervention	Substandard delivery, Low quality work
2.	Talba Housing Estate	Minna	500	PPP	Direct intervention	Conventional	As in 1 above	Substandard delivery, Low quality work
3.	Col Sani Bello Housing Estate	Kontagora	250	PPP	Direct Intervention	Conventional	On-going	Work in progress, site abandoned
4.	Aliyu Makama Housing Estate	Bida	254	PPP	Direct Intervention	Conventional	Abandoned	Site Abandoned
TOTAL			1,504					

Source: Researcher's Fieldwork, 2018

Findings and Discussions

From 150 questionnaires that were distributed, a total of 141 were returned. Responses were coded and entered in a spreadsheet for analysis. Questions were regarded as sub-factors indicative of some main factors categorized as Political, Project, Financial and Environmental.

Questionnaire respondents were drawn from the public and private sector, focusing on organizations involved in built environment planning and construction, and likely to have been involved in Public Private Partnerships. Organizations represented include the Federal Ministry of Power, Works and Housing (FMPWH), Niger State Ministry of Lands and Housing (ML&H), Niger State Urban Development Board (NSUDB), Niger State Ministry of Justice, and Aso Savings and Loans. Others were drawn from among developers, contractors and financiers, legal practitioners and the occupants of completed estates. As greater proportion of respondents (84%) were from the public sector and the rest were from the private sector. This helped provide a greater weight of insight from those who may have participated in the State's PPP processes.

Respondents were also categorized according to their functions and core duties in the industry. Thus, greater proportions (68%) were construction specialists and the rest provided input as consultants. Additionally, in terms of job description, nearly thirty percent of respondents were Builders, making up the greatest proportion of professionals represented in the survey. Other cadres of professionals include Architects (26.2%), Quantity Surveyors (22.7%), Engineers (10.6%), Projects Managers (5.7%) and Administrators (5%).

Most respondents had actual field experience and were sufficiently knowledgeable to identify potential sources of challenges during project execution. With regards to the length of work experience, more than sixty percent of respondents had put in more than fifteen years of service. When compared across sectors, over fifty-five percent of public sector

workers had put in more than fifteen years of service in their role, while for the private sector the figure for the same parameter was 12.6 percent. Thus, a significant proportion of respondents demonstrated the requisite professional expertise and knowledge capacity to provide objective feedback on PPP activities in the State. In fact, this was represented in another parameter that showed that eighty-two percent had background knowledge in PPP and seventy-seven percent had been partners in previous PPP projects.

The second section of the questionnaire aimed to provide insight into the status of PPP implementation in housing in the State. It aimed to identify and categories factors that have affected the implementation of PPP housing projects and to measure the magnitude of this influence. Questions in this section were based on a five level Likert scale ranging from least to highest degree of impact. Responses were scored from one to five, with one representing least effect and five representing highest effect. The questions were grouped into four categories of Political, Project, Financial and Environmental factors.

Analysis has been carried out by first calculating mean scores (QM) of responses for each question. Next, these question averages are separated into their respective categories and the mean of the mean scores of each category (CM) is calculated. The category with the highest average is that which exerts the most influence on PPP implementation in the State. A summary of the process is presented in the table below.

Table 2: Ranking of Factors that have Effect on PPP

Code	Factors	Mean (C _M)	Rank
PLF	Political	4.12	1 ST
PIF	Project	4.02	3 RD
FIF	Financial	4.10	2 ND
EF	Environmental	3.98	4 TH

Source: Researcher's Fieldwork, 2018

Political and financial factors significantly outpaced other factors, making them the most prominent of all that were measured. Indeed, this distribution may be considered a confirmation of the pressures that necessitated the adoption of PPP in the State. The opening chapters clearly establish the fact that PPP adoption was a political response to mainly financial constraints on the capacity of the State government to deliver key infrastructure upgrades. Consequently, it is logical, perhaps even expected, that these two factors will exert far greater influences as PPP is implemented. Also, the high scores of project and environmental factors indicate these are also important influences in PPP implementation and must be considered in project design and risk assessments.

The interview was to provide context on the administration and management of the housing PPPs. Whereas the survey provided information on PPP in general, the interviews and document reviews were focused on the housing PPPs. The interview revealed that eight housing projects were proposed under the PPP programme and only four of those were

implemented. It was also stated that all four were completed, though documentary evidence and site visits indicate that this is not the case as only two have been completed.

These four projects include:

- a. M. I. Wushishi Housing Estate, Minna
- b. Talba Housing Estate, Minna
- c. Col. Sani Bello Housing Estate, Kontagora
- d. Aliyu Makama Housing Estate, Bida

Among these, only M.I. Wushishi and Talba Housing Estates in Minna have been completed, the other two have experienced delays due to factors like disagreements with PSPs and lack of funds.

Projects were advanced to implementation phase based on availability of investors. That is, those implemented are those for which the government was able to find private sector partners. The projects were purely housing projects and were patterned on a Build-Operate-Transfer (BOT) basis.

In addressing the research objectives, the results showed that:

Outcomes of PPP implementation in Niger State include:

- a. High proportion of unsolicited proposals.
- b. Weak Institutional Support
- c. Extended Project Initiation and Completion Schedules.
- d. Irregular Funding Sources
- e. Inconsistent Assessments and Analysis
- f. Poor Quality of Completed Projects

Some of the factors behind these outcomes include:

- a. MDAs lack skill for packaging proposals.
- b. Guidelines on PPP processes not effectively disseminated or communicated by NSPPPA
- c. PPP guidelines are not strictly adhered to by MDAs
- d. NSPPPA is underfunded and unable to provide requisite training for MDAs
- e. NSPPPA lacks authority and capacity to sanction MDAs that violate PPP guidelines
- f. Lack of private sector partners
- g. Disagreements with existing partners
- h. Lack of funding
- i. Inefficient methods of assessing PSP capacity

Conclusion

The study concluded that though the creation of the NSPPPA is a good first step towards institutionalizing PPP as a procurement option in the State, more executive support is needed to position the Agency as the focal point of PPP activities in the State. It also noted that the NSPPPA and MDAs lacked project management capacity.

Recommendation

It recommends that training in PPP delivery should be made a priority before public sector workers are assigned to PPP projects and contemporary project management skills should be a requirement for staff participating in PPP projects.

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