

Public Private Partnership (PPP): Strategy for sustainable housing

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Abstract

The Millennium Development Goal (MDG) of the United Nation Organization (UNO) stated that targeted adequate housing for all by the year 2015. The year 2015 has passed and housing delivery in many developing countries is grossly inadequate for the populace. Within this short supply, the incidence of collapsed building is on the increase, in places such as Lagos metropolis; this further compounds the dearth of adequate housing for the community. The main actor in housing development has been the public sector with minimal individual participation. If there will be a meaningful increase in the delivery of affordable housing units, the organized private sectors have to be incorporated into the delivery process, in the form of 'public, private partnership; (PPP). These groups of people (developers) are currently being used for the development of some of the housing facilities in Lagos State. The study utilized existing literatures, report and theoretical concepts. The focus of this paper is to advocate for the use of PPP as an instrument for addressing the housing backlog.

Keywords

Housing, Millennium Development Goal, Private Public Partnership, Strategy and Sustainable.

1. Introduction

According to the World Bank, over 90 percent of recent urbanization has occurred in developing countries, with urban areas gaining an estimated 70 million new residents each year. This trend is especially prevalent in South Asia and sub-Saharan Africa; the two poorest regions in the world, where the urban population is expected to double by 2030 (WCED, 1987). Adequate, well managed cities are an important element of a sound, prosperous national economy and a significant contributor to quality of life. As cities grow and the urbanization process continues, there is rising pressure on governments to house the world's poor and to provide them with access to basic human needs such as healthcare, clean water and sanitation. As it stands, a majority of the developing cities expected to absorb the greatest number of people that are facing enormous urban challenges. Economic growth has no kept place with the rise in the urban population. As a result, there is severe shortage of adequate housing and much of the basic infrastructure so desperately needed to sustain urban growth either deteriorating or not. The dawn of the 21st century is accompanied with an upsurge in the quest of people to live in city centres (Agbola & Agunbiade, 2009, UN Habitat 2011).

Governments at various levels in Nigeria, both the State and Federal levels have adopted various measures to solve housing problems. Housing Facilities adequacy is borne out of the reasoning that housing is considered the second most important to human, after food (Ikejiofor, 1997). Even in a country, housing represents an important sector of economy and also has input to national economic index. International Organization such as United Nations Organization asked its members states to harmonize housing facilities availability into its program and budget. However, collapsed building cases in Lagos metropolis is now common, leaving one to wonder why Housing facilities that Government and

individuals strive to increase are prone to ruins. Many workshops on Housing Developments were held all over the country on how to make it possible for every Nigerian, especially the poor or the low income earner to own his house or rent a comfortable accommodation at an affordable price by the year 2000. There was so much clamor by both the private and public sector on affordable housing for all Nigerians by the year 2000 which, unfortunately could not be achieved. Thus, dashing the hopes of the ordinary Nigerians to have the comfort of a home.

In developing countries, there has been a great concern for private sector participation in housing delivery. The reasons of private sector financing and management expertise, decreased public spending, raise provision quality and introduction of new ideas and strategies spur the appeal of the market as the alternative strategy to the provision of housing in the developing countries (Mendoza et al. 2008). Private developers are essential elements of economic development, economic growth and capital formation. The availability of adequate housing infrastructure on ground will dissuade the developers' pressures of the constrain in housing development (Elegbede et al. 2015). Studies have expressed that the desired objectives are yet to be achieved from the outcome of the Nigerian adoption of Public Private Partnership (PPP) in housing Nigerians (Aribigbola, 2008 Ibem. 2011, Ndubueze, 2009, Nubi & Oyalowo 2010). Thus this paper aims to find effective way of using PPP as a strategy to promote sustainable housing in Lagos state.

2 Methodological Approach

This study adopted a review of existing literatures, theoretical concepts and document as PPP model for housing provision in Nigeria. It utilized the responses from housing experts in modalities to enhance housing provision in cities. Benefits, challenges to effective PPP were examined and solutions to a sustainable housing development were proffered.

3.1 Lagos State- Case study Area

Lagos is a port city and the most populous city in Nigeria. The metropolitan area originated on the islands, including Lagos Island, that were proceeds from the Atlantic Ocean by sand spits. The city has expanded on the mainland west of the lagoon, however, with Ikeja, the capital of Lagos and Agege over 25 miles northwest of Lagos Island. Lagos has a population estimated at 21 million in 2016 which makes it the largest city in Africa. National population commission of Nigeria put the population a over 21 million in 2016. Lagos suppressed Cairo in size in 2012 to become the largest city of Africa.

Presently there is evidence of efforts made by the Lagos state government at developing its own smart city. Prominently amongst the city being developed is the Eko Atlantic city and that of Lekki which is jointly being handles by the Lagos state government, commercial banks and private investors.

As one of the top ten largest oil producing country, Nigeria's housing problems have remained endemic and most of our people still live in houses which a United Nations Housing Experts, Charles Abrahams, described as "an affront to human dignity". Thus, unless the Governments in Nigeria take housing problem seriously, and give housing the attention it deserves by positive planning and elimination of all obstacles and problems to effective housing delivery, Nigeria may never be able in the foreseeable future to provide adequate shelter for the masses that constitute her labor force. It is a known fact that Nigeria has a growing housing deficit which has been estimated at about 17-23 million homes (Takuma, 2016). The Nigeria government at all levels had embarked on concrete actions to eradicate deficits in housing and urban development. One of the programmes includes a National Financial system strategy (FSS) 2020. Is project that the housing sector will drive the financial system contributing about 20% of the GDP by the year 2020?

Almost 50% of total population growth in Nigeria account for urban population, as a result of people's quest to achieve better lives in the cities (World Bank, 2013). It is also a clearer evidence of income disparity, widening the gap between the rich and the poor in Nigeria (Centre for affordable Housing

finance in Africa CAHF, 2013). In Nigeria, the state of the art on housing can be attributed to four main issues (Ojo, 2015):

- Government gradual withdrawal in housing provision tasks: Budgeting allocation reduction.
- Growth in housing demand but low income: Urban dwellers live in overcrowded conditions and degrading environment.
- NHP and high occupancy ratio, emergence blighted urban cape, high rents and exploitations of tenants
- 85% - 90% of housing stock today are provided via private informed strategies as the major route of housing provision but flawed with deficiencies in the output.

This led to the emphasis that PPP could offer a possible solution in the country as mentioned in the National Policy.

Nigeria has a housing policy document called the National housing policy (NHP). It was first formulated in 1991 and subsequently reviewed in early 2000s (Abdullahi & Aziz). The NHP gave a boost to private developers to be responsible in providing housing in the country (Federal Government of Nig, 1991, 2006). A number of policies, incentives and programmes are designed and implemented over the years to create vibrant organized private sectors (VPs). In Nigeria, studies have shown that the problems of the previous government- provider policies were lack of political will, institutionalized policy and continuity politicization of the progress, political corruption, poor funding, inadequacy of mortgage institutions, poor socio- economic structures among others have contributed immensely to the failures (Aribigbola 2008; Awotona 1990, Ikejiofor 1999; Ndubueze 2009). The failure of provider approach prompted the government to adopt a change in its NHP beginning for NHP 1991. The current policies embrace the private sector as the vehicle to address the severe shortages of houses in the country

The millennium Development goals (MDGs) were meant to be achieved in 2015, and this is 2018. The interesting question is why the MDGs are more or less achieved the global level, but most Africans still don't have access to affordable housing. One of the pillars of sustainable development is the right to adequate housing, however some 1.6 billion people are currently living in sub standard housing (Rodriguez 2018).

The concept of sustainable development is practicable in developed countries but it is quite difficult to be implemented in the developing countries. Sustainable development is a major challenge across the world (Sivam & Karuppanan 2007). The well known definition of sustainable development is meeting the needs of the present without compromising with the ability of future generations to meet their own need (WCED, 1987) Whereas Newman defines sustainability a global process that tries to help create an enduring future where environmental and socio factors are considered simultaneously with economic factors (Newman 2002). Housing development is a basic unit of human settlement. It plays an important role in achieving sustainable development. Sustainable housing development could be described as a way of developing and maintaining the living environment and preserving nature for the future generations. Also Newman defines sustainability in housing in three dimensions; (1) Ensuring there is a roof overhead for the housing disadvantaged. (2) Ensuring housing is more eco-efficient. (3) Ensuring housing is well located or is part of a project to improve location amenities (Newman, 2002)

Choguill argues that the term sustainability has become one of the most overused and all-too frequently misused terms in the development literature (Choguill (2007). Sustainable development has become firmly established in the community development. The concepts of sustainability started from the human settlement and from there, it has gone further to address issues of housing and neighborhood development (Choguill, 2007). According to Morgans and Tallbol, sustainable housing means housing which contributes to community building, to social justice and economic viability at a local level (Morgan & Talbot 2001). They stated that sustainability should be the main principle to design housing and one of

the important dimensions of the housing quality. Housing is at the centre of sustainable development agenda (UN Habitat 2011). UN Habitat has increased efforts to re-establish housing as a priority in the debate around sustainable development. Sustainable development goal 11 makes cities and human settlements inclusive, safe, resilient and sustainable. It is very vital to link the Millennium Development goals (MDGs) with the effort in realizing sustainable development. Target 11 of MDG 7 calls for significant improvements in the lives of 100 million slum dwellers by 2020.

3.4 Public Private Partnership

World Bank 2016 stated that the financial crisis in 2008 brought about renewed interest in PP in both developed and developing countries. Vandapati 2018 described PPP as cooperation between the public and the private sector, where two sectors carry out a project together on the basis of agreed terms. Osborne 2000 also defines PPP as contractual arrangements, alliances, cooperative agreements and collaborative activities used for policy developments, program support and delivery of Government programs and services. According to Deloitte Research 2006, PPP is referred to as a contractual agreement between a government agency and a private sector entity that allows for greater private sector participation in the delivery of public infrastructure projects. Rodriguez 2018 is of the same view that PPP is a contract between a government body and a private entity. As illustrated in figure 1, the goal or the common interest of the partnership (both Public sector and the private sector) is to provide some public benefit.

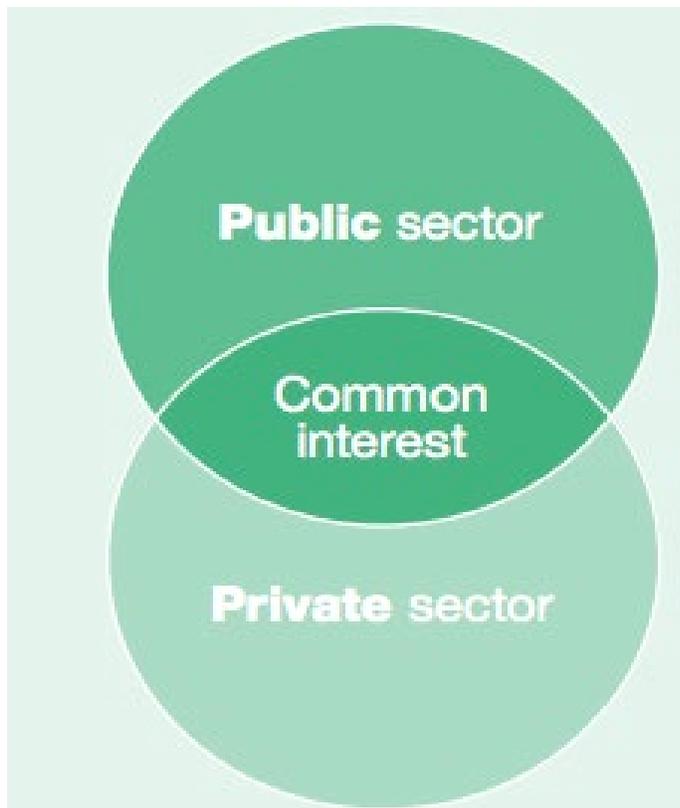


Figure 1: Illustration of Public Private Partnership

3.4.1 Benefits of Public Private Partnership

Un Habitat 2011 did identify some of the advantages of PPP and they include cost savings, whole of life-cycle, output-based contracts, risk sharing, Delivery of project on time, enhancing public management and improved levels of service. Also World bank in her 2016 report stated benefits of PPP as incentivizing the private sector to deliver projects on time and within budget, imposing budgetary certainty by setting present and the future costs of infrastructure projects over time, ensure transfer of skills leading to national champions that can run their own operations professionally, making the country more competitive in terms of its facilitating infrastructure, boost its business and industry associated with infrastructure development, supplementing limited public sector capacities development, extracting long term value for money through appropriate risk transfers to private sector over the life of the project. Rodriguez 2018, in her report also supported the latter notion, that PPP benefits includes provision of better infrastructure solutions than an initiative that is wholly public and private, Delivery of a project on time, maximize profit, risk are fully appraised, increased efficiency of the government's investment, high quality standards are better obtained and maintained throughout the life cycle, reduces costs and lower taxes.

3.4.2 Challenges of Public Private Partnership

Despite the numerous benefits of PPP, it has some inherent challenges. This could be the reason why there are little or no progress in implementing PPP projects in most African countries (Salim & Pantaleo 2017). In UN Habitat 2011 report, PPP challenges identified includes differing goals, public acceptability, capacity challenges at the local level and challenges in governance for sustainable development. Also in their research paper identified some challenges as lack of political acceptability of PPP, lack of clear policy statement, weak capacity of the public sector, an in appropriate enabling environment in terms of legal, regulatory and institutional frameworks, the high cost and risks of project development facing the private sector, absence of long-term debt, inability of users to afford service fees and the small size of the economy (Salim & Pantaleo 2017).

3.4.3 Prospects of Public Private Partnership as a strategy in Sustainable housing

Ikekpeazu stated in his research that in order to achieve the desired outcome for PPP, the perception of the housing sector as avast arena of social problems and a drain on the economy must change. Taiwo, Adebayo & Aderonmu pointed out that the aim of PPP in housing delivery is to enhance the productivity of the housing sector, increase housing affordability and improve access to basic infrastructure and social services. According to the global plan of action resulting from the conference, the seventh principle and goal of action; partnerships-among alla actors within countries from public, private, voluntary and community based organizations. Partnership can integrate and mutually support objectives of broad-based participation through inter-alia, forming alliances, pooling resources, sharing knowledge, contributing skills and capitalizing on the comparatives advantages of collaborators; from this, it is evident that the goal of sustainable housing development will attained through a collaborative effort of the PPP. Kohnstamm 1992 mentioned that there have always been partnership arrangements in the housing sector in Netherlands. In Ireland, PPP was adopted for social and affordable housing provision (Day, 2005). In Africa, between 1990 and 2004, approximately, 14% of public sector infrastructures were provided through PPP (Deloitte.2006). PPP in the UK and USA have been deployed in delivery hospitals schools and defense systems (Brinkerhoff & Brinkerhoff 2011).

4 Conclusion and Recommendations

This paper posits that in spite of the inherent challenges of PPP, it has numerous benefits. Some countries that have adopted this strategy and were a success were seen from the literatures. This paper confirms that PPP is a strategy for sustainable housing which involves both private and private sector. It is evident in the literature that PPP has been adopted in Lagos, Nigeria, but only in high brow (Lekki) area of Lagos State. To attain Sustainability, it has to cut across all the local government in the state. It is recommended that the government should incorporate it in the policy and be implemented.

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