

Feasibility and Implications of Public-Private Partnerships in Housing Delivery

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This study aimed at investigating the feasibility and implications of the Public-Private Partnership (PPPs) initiatives in the provision of housing in Namibia. The study employed a qualitative method with an appreciation of the exploratory component. This approach allowed the researchers to collect detailed data that allowed for an in-depth analysis of the problem under investigation in this study. The findings from the study revealed that the public has mixed feelings and reactions when it comes to the provision of housing through the public-private partnership approach. The findings from this study revealed that some members welcome the PPP model as a housing provision development strategy as they perceive it to provide shelters for its inhabitants. It was noted that also noted that the private sector enters into the PPP primarily for profit making as a result in some cases there is corruption involved in the formation of these PPPs and in some cases this compromises the quality of work as the prices as inflated. Based on the findings the study recommends more transparency when forming the PPPs in order to remove the perception of corruption that members have about the PPPs.

Key words: *Public-Private Partnership, Housing, Namibia.*

INTRODUCTION

The Namibian government has introduced public-private partnership initiatives to fill the gap between a lack of housing and a high demand in urban areas by entering into agreements with the private sector. The private sector participates in the provision of housing, a role which has traditionally and predominantly been a function of institutions of state. The inclusion of the private sector in providing housing has come under consideration as a best alternative to the traditional housing method under UN Habitat, 2011. Peoples' need for shelter has always been a subject of concern, concern for the individuals in need, concern of the people whose

responsibility it is to provide housing. It is common knowledge that the need for shelter ranks highest behind the need for food on the hierarchy of human needs (Jimoh, 2015). The need for decent housing is more critical among low-income households whose current demand is about 48 percent of the total houses required in Namibia. As urban housing crisis continues to escalate unabated, major initiatives are being undertaken in urban housing markets in many developing countries.

The government of Namibia faces monumental challenges in providing housing to residents across the country, especially in towns and urban environments. The public sector, whose mandate is to provide housing, is overwhelmed by the growth of urban populations, which has created a huge housing deficit in towns and cities. Due to its limited budget and financial resources, the huge housing deficit cannot be met by the public sector alone (Weber, 2017). Housing problems in Namibia point to the fact that neither government nor the private sector, unaided, can surmount the problem. The inability of the housing-delivery system to meet effective demand over the years has put pressure on the existing housing in Namibia, producing an increase in sub-standard structures and insanitary environments in squatter settlements. According to the Namibia Statistics Agency (2014), the squatter population in towns rose from 2.2 percent of the total population in 2000 to 6.1 percent in 2010. Overwhelmed by this crisis the government adopted a public-private partnership approach, hoping that through the engagement of the private sector, increased efficiencies in housing delivery would result. The public-private partnership is one means for the public sector to carry out infrastructure projects by employing the skills and experience of the private sector (Kaupa, Kamuinjo, & Shindume, 2022).

Public private partnerships (PPPs) involve both the public and private sectors working together to develop large scale infrastructure projects. Their joint involvement necessitates the creation of collaborative arrangements to deliver essential infrastructure. Some of this involvement was due to severe constraints on public sector budgets and significant liquidity in world financial markets along with a belief that the private sector would manage the development of major projects more efficiently than the public sector. Proponents of PPPs argue that these collaborative arrangements enable the public sector to accelerate the development of infrastructure projects and deliver economic benefits to the public. Critics of PPPs argue that since most of these projects are broadly classified as public goods and services, they should be the responsibility of the public sector. By allowing active private sector involvement, the economic and social benefits of such projects may exclude some members of the community. PPP model has been extensively used in projects but there are concerns about private sector's efficiency in delivering projects on time and to budget (Thia & Ford, 2009).

RESEARCH CONTEXT

Since Namibia gained independence in 1990, a shortage of housing, more specifically for low-income earners, has been a political issue and one of the key challenges for the government of



Namibia. A number of housing initiatives have been introduced. These include the National Housing Enterprise (NHE), the Build Together Programme (BTP), the Mass Housing Programme (MHP), as well as the Shack Dwellers Federation of Namibia (SDFN). According to Weber (2017), people migrating to urban areas are forced to accept accommodation in informal settlements due to a lack of houses. Apart from migrants to urban areas, many people who were born and raised in towns also live in informal settlements because they have no access to housing.

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

The concept of public-private partnership as an approach to service delivery has attracted worldwide attention and acquired a new resonance in the context of developing countries. Public-private partnerships are increasing, heralded as an innovative policy tool for remedying the lack of dynamism in traditional public-service delivery (Gildenhuis, 2000). There is no single, universally accepted definition of public-private partnerships. Unfortunately, public-private partnership often means different things to different people, which can make assessing and comparing international experience difficult at times.

Private Partnership Policy, public-private partnership is defined as a “medium- to- long-term contractual relationship between the public sector and other private partners in the sharing and transferring of risks and rewards and in the provision of infrastructure or services in the performance of a government function.” In similar terms, the Public-Private Partnership Act 4 of 2017 states that “public-private partnership agreement” means a written contract recording the terms of a public-private partnership project concluded between a public entity and a private entity in accordance with the provisions of this Act.”

PUBLIC SECTOR SERVICES DELIVERY

In general terms, the public sector consists of governments and all publicly controlled or publicly funded agencies, enterprise, and other entities that deliver public programmes, goods or services that are funded by money levied in taxes. The main goal of the public sector is to render services to the public. Hence, it becomes essential that those services are of good quality and delivered equitably. Consequently, improved public-sector productivity leads to a higher standard of living for citizens (Hendrikse, 2012). The Institute of Global Internal Auditors (2011) states that improved quality service delivery and continuous innovation is often perceived to be lacking in the public sector, meaning that the public sector usually promotes a rule-based culture that builds on compliance with procedures rather than entrepreneurship, innovation and even improvement

Key Success Factors of Public-Private Partnership

Effective PPPs take time to establish and then yield results. For PPP to be successfully initiated and implemented, the presence of a conducive and enabling legal and regulatory framework is a critical prerequisite (Kaupa, Kamuinojo, & Shindume, 2022). Disputes are likely to occur and service delivery delayed and/or impaired. The existence of a functioning legal and regulatory framework reduces opportunistic tendencies, aligns the interest of partners and also provides confidence to the private partners as it acts as a buffer against political interference from government bodies. The other critical issues include goal compatibility – reflected by an appreciation that both the public and private sector share a common goal of reducing risk and increasing certainty; capacity of the partners to execute their roles; the credibility and transparency of the procurement process; and greater education and sensitization of the stakeholders (Charles, 2006).

Benefits as Mixed Goods

Most public goods and services are provided by government to underpin economic development and enhance national productivity. Since the 1990s there has been a gradual shift from public provision to an increased role for private sector participation. From an economic perspective PPPs are neither pure private goods nor pure public goods in terms of their availability and use. To the extent that public access to transport infrastructure such as motorways and tunnels can be made excludable, by a toll barrier, the facility has features of a private good. In other words the benefits of consumption accrue to those individuals who pay and consume the service. It is the non-rivalries nature of transport infrastructure which weakens the private good character of a PPP and makes it more like a public good. Arguably, this places many PPPs in the economic category of ‘mixed goods’. Cases of mixed goods and their role in market economies inevitably invite controversy due to the competitive and collaborative relationships surrounding their provision (Thia & Ford, 2009).

Opponents of PPPs argue that governments do not always get good value for money when they enter into collaborative agreements with private parties aimed at achieving economic efficiency. Moreover, contractual based relationships like PPPs are not costless to the participants. A government, like any other contracting agent, suffers from imperfect information in the marketplace. Considerable time and organizing effort must be spent searching for suitable collaborative partners, negotiating price arrangements and monitoring the agreement after both parties have reached a deal (Thia & Ford, 2009).

Criticism of the Public-Private Partnership Approach

Critics of public-private partnerships claim that public-sector finance is cheaper than private-sector finance, and for this reason the latter should not be used. These arguments claim that the public authority’s ability to borrow cheaply is a function of its capacity to levy taxes. These

critics maintain that the determinant of the actual cost of project finance is “risk”. The private sector explicitly processes these risks into the cost of finance. When the public sector finances a project, taxpayers bear the risks and implicitly subsidise its cost because the risks are not factored into the government borrowing rate (Barrett, 2003). According to Jakutyte (2012), government bears no direct responsibility for the service developed, whereas in a public-private partnership, government retains the control and responsibility for the service.

Collaborative Advantages

According to Thia and Ford, (2009), the essence of collaboration in a partnership is to achieve a majority of objectives which would not be achieved by any one partner acting alone. This is one of the primary concepts in collaboration research leading to the theory of collaborative advantage. Collaborative advantages fundamentally capture the synergy argument. Collaborative inertia impedes progress in collaboration because the output appears to be insignificant. PPPs face collaboration inertia because of conflicts arising from the differences in the respective objectives of the parties and possibly, due to a lack of mutual trust.

The aforementioned authors present eight factors that can lead to successful partnerships, six of which are especially relevant to PPPs. Firstly, the partnership must fit major strategic objectives of the respective parties, such that they want to make it work. Partners must have long term goals which play a key role in shaping the partnership.

Strong foundations for PPPs are based on complementary goals. Not only should the respective strategic objectives be upheld, the partnership will improve the chance of success if the goals of the project sponsors are mutually compatible. Secondly, the partners know that they need each other. They have complementary assets and skills and neither can accomplish alone what both can achieve together. Thirdly, the partners need to invest in each other to demonstrate their long term commitment. They need to pledge financial and other resources to the partnership. Fourthly, the partnership must be given a formal status with clear responsibilities and decision making processes. Fifthly, there must be open communication where partners share information on technical data and knowledge of changing situations. The need to share information is important as it forms a common basis of agreement, including compensation plans when certain risks become more prominent. Finally, mutual trust must exist between the partners. It is expected that there will be areas of tension in the partnership. The partners are faced with the need to cooperate enough to reach mutually acceptable agreements while simultaneously satisfying individual interests (Kaupa, Kamuinjo, & Shindume, 2022).

The Environmental and Social Implications

Infrastructure development has in recent times assumed a central importance in Namibia’s fight to attain social and economic stability. The government is using infrastructure as the focal point of its administration and policy enactments. Infrastructure generally has to do with the fixed

provision of tangible assets on which other intangibles can be built on. Environmental impacts on the location of the project and in related areas with example (ground water condition, flowing rivers, streams, lakes, or the atmosphere) include consequences on environmental resources attributed to pollutants. Olele (2016) points that infrastructure projects will always have consequential environmental and social impacts during construction and operation of projects. These impacts can be either positive or negative and may consist of continuous effects which is beyond the project at hand or the case of secondary impacts occurs where the effects go beyond the project's stakeholders.

METHODOLOGY

Wilson (2010) states that research design is a detailed framework, or plan, that helps guide the researcher through the research process, facilitating greater likelihood in achieving the research objective. The study adopted a qualitative approach as this reinforced an understanding of the feasibility and the implications of adopting a PPP model in the provision of houses in Namibia. Survey questionnaires were administered, and face-to-face interviews were conducted to assess the feasibility and implications of this housing delivery model in three major towns in Namibia, namely Windhoek, Ongwediva and Walvisbay. The participants included members representing the public sector as well as those representing the private sector. Data were analysed through thematic and content analysis techniques. Key themes emanating from the discussion were noted and cross-checked for correctness and consistency. All the covid 19 health protocols, such as social distancing and hand sanitisation were observed.

RESULTS

The findings from the study revealed that the public has mixed feelings and reactions when it comes to the provision of housing through the public-private partnership approach. The findings from this study reveal that 60 of the participants perceive the public-private partnership approach for housing delivery as a welcome development due to the fact that the government at this point in time has insufficient funds available to erect desperately needed shelters for its inhabitants. It was noted that the public sector enters into public-private partnerships primarily because of constitutional obligation, but also out of the desire to ensure availability of shelter for all its citizens.

The findings from the study also revealed that some members felt that the PPP model is not helping in solving the housing problems. These members felt that the primary motivation on the part of the private sector to participate in the public-private partnership is to make a profit and as such the cost of providing these infrastructures is often inflated placing a heavy financial burden on the part of the public sector. However, it was generally perceived by the majority of participants that public-private partnership can be of great benefit in housing delivery in Namibia, if a collaborative approach between the public and private sectors becomes well-established and all corrupt activities eliminated from the system.

The findings from the study revealed that there is no transparency and openness in the sharing of information that is demanded by the general public in the public-private partnership approach in housing delivery. The study found that the approach is compromised when it comes to accountability and fairness which is a constitutional requirement of those providing public services. The opponents of housing delivery by means of public-private partnerships perceive that the proponents of the approach do not take into account the factor of affordability of housing. They believe that houses were being provided at prices higher than the recovery cost; hence, they believe the approach is not appropriate for a country like Namibia more specifically, among very low-income earners such as residents who are self - employed, shop attendants and other low-income earners in similar positions.

The findings from this study established that people believe housing delivery through the public-private partnerships would improve the standard of living of many residents of towns around Namibia by increasing the number of houses available for occupancy, at the same time reducing the number of squatters whose presence poses a threat to the social life of residents and visitors.

RECOMMENDATIONS

In order to facilitate creative and innovative approaches in stimulating the private sector, it is widely accepted that engagement of PPP is a viable option. Furthermore, governments in both developed and developing economies normally require bidders to compete on the basis of developing unique and creative approaches to the delivery of many physical infrastructure facilities. Despite the importance and role of PPPs, research on the challenges affecting the delivery of PPP in housing projects remains underexplored. Hence this study recommends that the general public, that is community members, should be more involved in PPP arrangements, to hear their views and understand their needs better in order to remove the veil and notion of corruption in such arrangements.

CONCLUSION

The study noted that there were different perceptions on housing delivery through the public-private partnership approach. Whilst there were those who supported the approach, there were also those that opposed it. Most community members perceive public-private partnership on housing delivery as an alternative approach to housing delivery and a welcome development in Namibia. These members see this approach as a model that can enhance efficiency in the provision of housing and economic development through job creation.



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