

Problems Associated With The Implementation Of Private Partnership In Financing Infrastructure In Nigeria

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Abstract: The poor acceptance of the implementation of the private sector partnership in the financing of infrastructures in Nigeria was discussed in this paper, where it was identified that skill and competence, unethical practice, low political influence and capacity building were some of the challenges facing Estate managers in discharging their statutory roles in implementing private partnership on infrastructure financing in Nigeria. The policy implication of this is that, if these challenges are not urgently checked and corrected within the shortest time, the home based professionals may lose its relevance in practical sense in core service areas. If we want to claim monopoly of our role as prescribed by the law and not doing things right, I want to bring to our notice that some multinationals have been importing Valuers/assessors from overseas since they are not satisfied with the home-based service provider.

Keywords:: Private, infrastructure, partnership, Estate

1 INTRODUCTION

Private Partnership is a contractual agreement which gives a private organization responsibility to provide a facility or service that has traditionally been provided by a public entity, (Federal and state agency or a local government). The responsibilities of public entity can include design, construction, renovation, operation, maintenance or finance of practically any service or facility that benefits the public. These has resulted to greater private sector participation in the financing and delivery of public services and facilities than the normal traditional procurement practices Authors have used various terms to describe PPP, such as synergy, collaboration, privatization, delegation, government divestment and PFI [2], [8] (Estate Surveyors and Valuers have contributed their professional services in the financing of Infrastructural activities through the public private partnership. In Nigeria with the introduction of PPP and in years back, there has been substantial growth in the development of infrastructure but despite the introduction of the PPP and better sourcing for financial support introduced by the scheme, there have been various challenges that have been faced in achieving these goals

2 FUNCTIONS OF ESTATE SURVEYORS AND VALUERS

It is usually a common thing to assume that everyone understands who an Estate Surveyor and Valuer is but on the contrary people just believe that he is an estate agent whose role is limited to the collection of rent i.e. 'letting' as well as the selling of houses. However, an Estate Surveyor and Valuer is just more than this general term of rent collector.

He is someone who had undergone the studies of estate management & valuation which is a discipline concerned with the management and development of land and other natural resources and with the economic, legal sociological and technological factors which affect the ownership of proprietary interest there in [6]. According to the Nigerian Institution of Estate managers, some of the scope of professional services of an Estate managers include but not limited to the following:

- ✓ Valuation of interest in land and buildings for all purpose, sale, mortgage, insurance, acquisition, probate, stocks and shares etc.
- ✓ Valuation of plant machinery, equipment, fixtures and fittings, stock-in-trade, furniture, motor vehicles, engineering installations, system and infrastructure.
- ✓ Valuation of Construction projects
- ✓ Valuation of oil and gas installation

3 ROLES OF ESTATE MANAGERS IN THE IMPLEMENTATION OF PRIVATE PARTNERSHIP

Where there is an investment opportunity in real estate, there is service and business potential for an estate manager. An Estate manager is advisor to the public and private sectors alike and he has skills related to the development, management, valuation and economics of property in view and in use (further averred that, specifically some of the roles of Estate Surveyors and Valuers in the PPP conception, conclusion, execution and management chain include and not limited to the under listed:

- ✓ Identification of community need – market study
- ✓ Identification of PP investment opportunity – the project
- ✓ Identification and sourcing of target investors- private sector
- ✓ Development of statement of client requirement- document the need
- ✓ Advice on the feasibility and viability of the proposal- appraisal of the need
- ✓ Advice on land and building values for preparing outline business case/plan – valuation
- ✓ Planned strategic management of client real estate holding under PPP and forward maintenance plans – management plan for the project
- ✓ Exit/terminal value appraisal

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4 PROBLEM OF IMPLEMENTING PRIVATE PARTNERSHIP IN NIGERIA: THE ESTATE MANAGERS PERSPECTIVE

The challenges facing Estate managers in implementing PP infrastructure project can be summarized in this form:

- I. Skill and competence: PPP project involves multinational investors and financial institution that require high skilled technical and managerial services which some of us lack. A research carried out by [7] revealed that 55% of the Valuers are not aware of the contemporary risk analysis and mitigation techniques. The study of [4] on client sophistication requirement revealed the bank's collapse in UK was linked to valuation report and there was agitation that the Valuers should be held liable for the bank's collapse, because the report of the valuation does not reflect the market situation when the properties mortgaged were put for sales. Part of the findings of [4] and) was that most Valuers in Nigeria do have their opinion of value in 'point value' and there is no analysis of risk in the report. [3], [4], [7] established that our clients were not satisfied with our services, particularly on valuation report which is one of our statutory preserved functions. If our statutory services rendered to our clients are deficient/faulty, it then suggests that we have not met the expectation of our clients as our services are questionable. This then means that we have not rendered necessary service on core area before talking of PPP where international standard must be met. Another dimension to look at the challenge of skill and competence is fund. [5] averred that the source of financing PPP must be secured and sustainable. Estate Surveyors and Valuers should be able to identify and secure financier that would provide secure and sustainable fund for the project. The problem with the Lagos-Ibadan Expressway concession can be linked to the deficiency in the appraisal of project finance, as in the words of [5] "Bicourtney concession exercise to develop and manage Lagos-Ibadan Expressway into five lanes failed because Bicourtney could not get a financier".
- II. Un-ethical Practice: The profession of Estate Surveying and Valuation is being managed and regulated by the Nigerian Institution of Estate Surveyors and Valuers and Estate Surveyors (NIESV) and Estate Valuers Registration Board of Nigeria (ESVARBON). These Bodies provides get guide line, rules and regulations for the standard practice of the profession in Nigeria. However, it has been observed that some of our members do engage in unethical practice or what can be called professional misconduct. This act has brought disrepute to the image of the profession. This act is evidenced by series of professional misconduct cases brought before the Profession Practice Committee (PPC) of NIESV and ESVARBON for determination. Some of the allegations are non-remittance of rents by Valuers and over-valuation of assets [9].
- III. Political Influence: Estate Surveyors and Valuers in Nigeria have distanced themselves from politics. When those in corridors of power need professional advice that are peculiar to ESV in the aspect of PPP, other alien professionals that have more political influences are consulted to speak on our behalf. This had made

some PPP project that ought to enjoy Estate Surveyors and Valuers professional touch, suffer from lack of such touch and the projects are then subjected to litigation in the law Court and many time subsequently abandoned. Such project constitute nuisance to our beautiful and healthy environment. In another view, the non-participation in politics has been preventing us from getting our legitimate right.

- IV. [1] evaluated some PPP arrangements in Kwara State that were targeted toward housing delivery, but most of the arrangement failed. The reason that can be adduced to the failure as it relates to the roles of Estate Surveyors and Valuers particularly in the public sector are: "I know it all"; "What I take home matters"; "Succession plan"; "quantity of man power" and "he/she is our child". Inability to 'speak in one voice' has been a challenge to professionals in public and private sectors.

5 CONCLUSION AND RECOMMENDATION

The paper so far identified skill and competence, unethical practice, low political influence and capacity building as challenges facing Estate Surveyors and Valuers in discharging their statutory roles in implementing PPP on infrastructure financing in Nigeria [10]. The policy implication of this is that, if these challenges are not urgently checked and corrected within the shortest time, the home based professionals may lose its relevance in practical sense in core service areas. If we want to claim monopoly of our role as prescribed by the law and not doing things right, I want to bring to our notice that some multinationals have been importing Valuers/assessors from overseas since they are not satisfied with the home-based service provider. In view of the foregoing, the followings are recommended for urgent implementation by all stakeholders in the profession of estate surveying and valuation if this profession wants to remain relevant [11]:

- i. Training on contemporary issue: The stakeholders (the academia,
- ii. professionals in private and public sectors) should from time-to-time update their knowledge through seminars, workshops and conferences so that they can be at bar with their counterparts across the globe.
- iii. Enforcement and Sanction: The ESVARBON Decree 24 of 1975, now Cap E 13
- iv. LFN 2007 has empowered the Board to regulate the practice of estate surveying and valuation throughout Nigeria and the operation of NIESV is recognized by the Board. The Board and Professional Practice Committee should put all machinery in place to check sharp practices and sanctioned erring members accordingly.
- v. Politics: Members of this noble profession should be engaged actively in politics directly and indirectly. While those in public sector should contribute objectively to government policy and be at all government functions to advice them accordingly on pertinent issues that relate to our profession and those in private sector should be directly involved in politics.
- vi. Capacity Building: There should be a sustainable capacity building that will
- vii. address the issues of 'I know it all', 'what I take home matters,' 'succession plan' and 'availability of man

power', e.t.c. by our colleagues in the public sector.
The professionals in the public and private sectors

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