

Property Development As A Panacea To Poverty Alleviation In Nigeria

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SUMMARY

Olunubi, 2004 estimated that the Nigerian housing deficits stand at 8 Million units while urban dwellers spend between 40-60% of income on rent reducing spendable income and aggravating poverty. The characteristic of property development process from land acquisition to actual construction and marketing were examined and revealed its potentials towards poverty alleviation. Investigation carried-out in Minna, Niger State, Nigeria, where a regression between percentage change in wages of skilled labour and percentage changes in the number of building constructed annually was examined and shows a positive linear relationship between the variables tested with a positive value of 0.658. This indicates that both variables moves in the same direction, that is, as the number of building constructed annually increases the wages of skilled labour increases and this shows an alternative job creation and poverty alleviation. It was recommended that the National Data bank on wages of Labour at building sites be created and be made mandatory to professionals for compliance. The multiplier effects of these include savings in rent, better productivity and increase in spendable income. The Government should initiate, create, facilitate an enabling environment for property developers' through-out the Federation.

1. BACKGROUND/INTRODUCTION

The World Bank (2000) report define poverty as the lack of goods-monetary or essential to the lack of ability to choose, the possibility to choose being considered as the essential factor for well-being. This approach is based on the concept of security, employment and opportunity. Furthermore, the United Nations Human Poverty Index (HPI) regarded “Basic Essential” poverty based on non-monetary criteria, consisting of ten unsatisfied basic necessities including access to housing, drinking water, schooling, sanitation, or a right to living accommodation with minimum square metres per person. Sida (2005) reported that in the 1990s, poverty was reduced in most places in the World. In China in particular great progress was made-as many as 165million people succeeded in overcoming deepest poverty. But while countries such as China and India are making progress, the proportion of poor people is constant or is even increasing in many countries in Sub-Sahara Africa. Most of the absolutely poorest countries are in Africa, where both the number and proportion of poor is still increasing. Three Africans in four live on less than USD 2per day and there is no sign of rapid improvement. Nigeria has the largest population in Sub-Saharan Africa with 130million people in 1999. It has a complex social and political history that has, for the most part, impacted adversely on the population and has worsened income distribution.

The right to adequate housing as a component of the right to an adequate standard of living is enshrined in many international instruments. Most notable among these are the second United Nations Conference on Human Settlement (Habitat II) in 1996, the outcomes of the conference constitute a framework where human settlements development is United to the process of realizing human right in general and housing right in particular. Rapid population growth in Nigeria and show pace of construction/ poverty development and dwelling income have continued to complicate the issue of urban housing especially for the poor and low-income earners. Morenikeji (1996) postulated that *“as there are many urban residents struggling to get accommodation, most of those that already have a roof over their heads in rented accommodation, most of majority low income urbanities, are not comfortable because of sprawling that increase”*. Today, the situation has not changed significantly, in spite of the introduction of poverty Alleviation programme by the Democratic Government of Obasanjo (1999-2006) with the major task of redressing the twin problem of poverty and employment generation. The purpose of this study is therefore, to look at a property development process approach to solving the poverty and unemployment problems. The objectives are to determine the relationship between number of building constructed annually and variation in skilled and unskilled labour wages, and to identify the extent of alleviation programme. It is hypothesized that, H_0 , there is significant relationship existing between numbers of buildings constructed annually and increase in wages of skilled/unskilled labour, and H_1 , there is no significant relationship existing between numbers of buildings constructed annually and increase in wages of skilled/unskilled labour.

1.1 Methodology

The methodology adopted for this study was basically surveys, interviews, and review of policy documents related to poverty alleviations in Nigeria. Visits were made to some construction/ building sites which are active in the study area. Skilled and unskilled labourers were also interviewed on wages and job transactions undertaken by them in Minna-Niger State, Nigeria. Niger State Urban Development Board (NUDB), a government agency charged with responsibility of enforcement of physical development control carried out in the State, set up to check, monitor and control physical development, provided much of the data on property development in Minna. Regression analysis was used to analyse the regression between percentage change in wages of skilled/ unskilled labour and percentage changes in the number of building constructed annually

2. CONCEPTUAL FRAMEWORK

Most of the fundamental question relating to the meaning of development was posited by Seers (1972) which include among others; what has been happening to poverty, what has been happening to unemployment, what has been happening to inequality? If all of these three have declined from high levels, then this has been a period of development in the country concerned. He further added that if one or more of these central problems have been growing worse, especially if all three have, it would be strange to call the result development even if per capita income doubled. For most of the urban population, it is the position of the individual or household in the labour market that is most influential in whether they can or cannot avoid poverty. It is not the income earned that affects the level of poverty but also the nature of employment-related social benefits such as health insurance if any are provided. Thus, there are important distinctions between protected and unprotected wage labour-with the former having some security and often some provision for social security- and among unprotected wage labour, between regular workers and casual workers. For households, the capacity to avoid poverty also centres on the number of household members who can find some source of income. Thus, a great range of studies have shown association between households with unskilled workers, low educational attainment –parent household with higher rates of poverty among particular ethnic or immigrant communities (UNCHS, 1996).

2.1 Government programme and policies related to poverty

In the light of the government's concern for poverty reduction, numerous policies and programmes have been designed at one time or another, if not to meet the special needs of the poor, at least to reach them. The advents of the structural adjustment programme in 1986 brought out more forcefully the need for policies and programmes to alleviate poverty and provide safety nets for the poor. This emphasis arose from an awareness of the unintended negative effects of structural adjustment policies on the vulnerable groups in the society. While structural adjustment had its salutary effects on economic growth, it lacked emphasis on development and also accentuated socio-economic problems of income inequality, unequal access to food, shelter, education, health and other necessities of life. It indeed,

aggravated the incidence of poverty among many vulnerable groups in the society. As a result of the continuous deterioration of living condition in the late 1980's several poverty alleviation programme came on board. They were designed to impact positively on the poor. By the end of 1998, there were sixteen poverty alleviation institutions in the country. In 1994, the Government set up a broad-based Poverty Alleviation Programme Development Committee (PAPDC) under the aegis of the National Planning Commission. The primary objective of the PAPDC was to advise the government on the design, coordination and implementation of poverty alleviation programmes. Its work contributed immensely to the emergence of a new approach to the established in 1996 of the Community Action Programme for Poverty Alleviation (CAPP). CAPP is a community based approach which adopts a combination of social funds and social action strategy. The CAPP document drew largely from the past experience on poverty reduction effort in the country and attempt to ensure that the poor are not only carried along in the design and implementation of poverty projects that affect them but that the poor themselves actually formulate and manage the poverty projects. Various agencies (Government, Donors and NGO's) involved in poverty alleviation in the country have embraced the CAPP strategy. Also, in 1996, a draft National Poverty Alleviation Policy document was produced by the Government through the National Planning Commission. It is the improvement in human welfare in the immediate and distant future. The current programme on poverty alleviation includes, National Economic Empowerment and Development Scheme (NEEDS) at the National level, State Economic Empowerment and Development Scheme (SEEDS) at State level and Local Economic Empowerment and Development Scheme (LEEDS) at the Local Government level, all where initiated in 2002 with the basic objective of economically empowering the citizens through skill acquisitions and jobs creation.

Specifically, a number of government programme initiated in the past, have aimed at improving basic services, infrastructure and housing facilities for the rural and urban population, extending access to credit farm inputs, and creating employment. Most of the programmes were, however, not specifically targeted towards the poor, though they affect them. There are specific multi-sector programmes (water and sanitation, environment, etc) as well as sector-specific programme in agriculture, health, education, transport, housing, finance, industry/manufacturing and nutrition. Some achievements have been recorded by these poverty-relation programme in the areas of food crop production, agricultural and industrial extension services primary health care, education enrolment, mass transit programme and financial sector services through the people's Bank of Nigeria and Community Banks. However, the fact that the incidence of poverty remain very high, the existence of the various programme notwithstanding, points to the ineffectiveness of the strategies and programme. A number of factors have contributed to the failure of past poverty-related programmes and efforts. Some of them are:

- i. Lack of targeting mechanism for the poor and the fact that the most of the programme do not focus directly on the poor.
- ii. Political and policy instability have resulted in frequent policy changes and inconsistent implementation which in turn have prevented continuous progress.

- iii. Inadequate coordination of the various programme has resulted in each institution carrying out its own activities with resultant duplication of effort and inefficient use of limited resources. Overlapping functions ultimately led to institution rivalry and conflicts.
- iv. Severe budgetary, management and governance problems have afflicted most of the programmes, resulting in facilities not being completed, broken down and abandoned, unstaffed and equipped.
- v. Lack of accountability and transparency thereby making the programmes to serve as conduit pipes for draining national resources.
- vi. Overextended scope of activities of most institution, resulting in resources being spread too thinly on too many activities. Examples are DFRRI and Better Life Programme which covered almost every sector and overlapped with many other existing programmes.
- vii. Inappropriate programme design reflecting lack of involvement of beneficiaries in the formulation and implementation of programmes. Consequently, beneficiaries were not motivated to identify themselves sufficiently with the successful implementation of the programmes.
- viii. Absence of target setting for Ministries, Agencies and Programmes.
- ix. Absence of effective collaboration and complementation among the three tiers of government.
- x. Absence of agreed poverty reduction agenda that can be used by all concerned – Federal Government, State Governments, Local Governments. NGO's and the international Donor Community.
- xi. Most of the programmes lacked mechanisms for their sustainability.

Table: 1.0 Classification of Poverty Alleviation Programme in Nigeria 1975-2001

Programme/ Scheme	Focus/ Approach
1. Agriculture	Food Security
(a) Operation Feed the Nation (OFN)	
(b) Green Revolution (GR)	Food Security
(c) River Basin Rural Development Authority (RBRDA)	Water resources management and irrigate agriculture
(d) Directorate of Food, Road and Rural Infrastructure (DFRRI)	Multi-Sectoral approach (urban and rural)
(e) National Agricultural Land Development Authority (NALDA)	Commercial agriculture
(f) Agriculture Development Programme (ADP)	Support to rural farmer/ food security
2. Health	
(a) Guinea Worm Eradication Task Force (GWETF)	Guinea worm/ water and sanitation
(b) Primary Health Care (PHC)	Children's health
(c) Roll Back Malaria (RBM)	Improvement in health for all

3. Education and Employment (a) Nomadic Education Programme (NEP)	Education for nomads
(b) Education Trust Fund (ETF)	Financing education and infrastructure
(c) National Directorate for Employment (NDE)	Employment generation through training and financial support
4. Economic and Social (a) National Housing Fund Scheme (NHFS)	Housing for the employed
(b) Petroleum (Special) Trust Fund (PTF)	Multi-sectoral financing
(c) Federal Assisted Mass Transit Programme (FAMTP)	Assistance to the private sector in financing transportation
(d) National Economic Reconstruction Fund (NERFUND)	Fund for reconstruction
(e) Family Economic Advancement Fund (FEAP)	Economic support for family improvement
(f) National Poverty Eradication Programme (NAPEP)	Economic support for family improvement
(g) Family Support Programme (FSP)	Economic support for family improvement
(h) Better Life Programme (BLF)	Economic support for family improvement
(i) Community Bank (CB)	Community based financial programme
(j) People Bank of Nigeria (PBN)	National-oriented system for financial for the poor
(k) Oil Mineral Producing Areas Development Commission (OMPADEC) now Niger Delta Development Commission (NDDC)	Multi-sectoral and geographical focused scheme for the Niger Delta

Source: Adapted from World Bank, 1995.

2.2 PROPERTY DEVELOPMENT

The purpose of property development is to provide accommodation for occupation for the person carrying-out the development, or for someone else. Sangosanya, (1987) identify the objectives of property development as illustrated below: - (i). An occupier, e.g. a Bank: - builds to suite its needs and image.

(ii). a property Company: - builds for profit.

(iii). an investment - like (ii) above is interested in the financial gains from development.

(iv). a local authority: - may not be interest in the financial gains only but also the social benefits accruing to the community it serves.

While, he further buttresses the **development process** as consisting of four main phases of the development; it need not be in the arranged below but the sequence makes sense.

- a. Evaluation:- embraces market research and analysis, and also the financial assessment of the project (Feasibility and Viability Study) consisting of (i) Building Costs, (ii) Time Seale (iii) Building Contracts (iv) Development Finance (short/long term) (v) Rates of Interest (vi) Terms that are Imposed.
- b. Preparation: - these include: (i) the site (ii) security planning approval (iii) obtaining loans (iv) Possibility of pre-letting arrangements (v) estimate of costs and preparation of bills of quantities (vi) selection of contractor(s) type of tendering.
- c. Implementation: - this is a stage where the developer has brought together all the raw materials of the development process and monitors the detailed process of construction.

- d. Disposal: - the disposal may take the form of a letting, or it may be the sale of the interest.

Another more detailed model of real estate development distinguishes eight stages (Miles et al. 1991 in Ratchiffe and Stubbs 1997)

1. inception of an idea
2. refinement of the idea
3. feasibility
4. contact negotiation
5. formal commitment
6. construction
7. completion and formal opening
8. asset and property management

To explore the process of development and those professional disciplines participating in it, this chapter is divided into two main parts:

- Property development: a five-phase process

- Participants in the development process.

Ratliffe and Stubbs (1997) opine that the property development industry is risky, cyclical, highly regulated and lengthy in production. In addition, it comprises three major groups: consumers, producers, and providers of public infrastructure. To facilitate the study and understanding of property development, several models of the development process have devised since the mid- 1950's. These have been grouped as follow (Healey 1991):

- i. Equilibrium Models:- which assume that development activity is structured by economic signals about effective demand, as reflected in rents, yield etc. these derive directly from the neo-classical tradition in economic.
- ii. Event Sequence Model:- which focus on the management of stages in the development process. These derive primarily from an estate management preoccupation with managing the development process.
- iii. Agency Models:- which focus on actors in the development process and their relationships. These have been developed primarily by academics seeking to describe the development process from a behavioral or institutional point of view.
- iv. Structure Model:- that focus on the force which organize the relationships of the development process and which drive its dynamics these are grounded in urban political economy.

3. BUILDING DEVELOPMENT AND POVERTY: THE INTERRELATIONSHIP

Building development is an important element of poverty itself. Shelter is thus a highly visible dimension of poverty. Successive governments in Nigeria have clearly identified the inter-linkages of housing problems with poverty. The National Housing Policy (NHP) 1991 put the category of Nigeria that could be classified the low income people at 70% of the populace. The NHP, however, noted that while various government have shown keen interest in housing Nigeria masses, the strategies adopted were of little benefit to be low-

income group. Perhaps the best way to know the extent of the possibilities open to the housing sector alleviate poverty is to know the magnitude of the number of housing units that should be built within the nation periodically. This will then give the estimate of the types and volume of resources needed to meet those housing requirement. (Agboola, 2004). Table 2.0 below shows available research results it have estimated that the number of Housing unit for rural, semi-urban, urban for the period between 1991 and 1995 as 6.2 Million, 1.4million and 2.5 million. The same estimate and projections there from put the total number of housing units required by the nation at different time period to be 10.1, 8.1, 13.64 and 5.95 for the period of 199-95, 1995-2000, 2000 and 2005 – 2010 respectively.

Table 2.0 Estimate and Projection of Housing Units to be built in 1991-2010 (in Millions)

Residential	Housing Units (in Million)			
	1991-1995	1995-2000	2000-2005	2005-2010
Rural	6.2	5.0	10.5	2.6
Semi-Urban	1.4	1.10	1.11	1.33
Urban	2.5	2.0	2.03	2.02
Total	10.1	8.1	13.64	5.95

Source: D.O. Ajakalye and G.O. Falokun, 2000.

If the Table 2.0 above represents the housing sector performance possibilities, what is the actual success story of the sector? This is very difficult to say. However, a cursory look at Table 2.0 on the number of old and new development per unit applications for residential units applications for residential unit submitted and approved in twelve (12) Nigerian Cities from 1997 to 1999 show the possible number of unit produce in those cities. If it were possible for all planning applications approved to be started and completed in respective years (Table does not lend credence to this), only, a total of 22,917 residential structures would have been completed. Furthermore, giving room for survey errors/limitation, assuming that twice this number were approved and each residential structure has a conservative estimate of 10 housing unit (an outrageous assumption), the total number of housing units coming into the housing market from 1997 to 1999 would have been 458, 340 in their respective area. While there are no statistics on the number of housing upgrading across the country, the prevailing situation shows that the number might not be significant.

Table 3.0 Development Permits Application in Selected Cities

City	1997		1998		1999	
	Old & New Submitted	Approved	Old & New Submitted	Approved	Old & New Submitted	Approved
Benin	1523	1473	1384	1265	1863	1605
Calabar	296	320	308	0	308	0
Enugu	2283	2132	229	229	130	129
Ibadan	2329	2215	3779	3401	3473	3835
Jos	280	15	304	190	386	216
Kaduna	2	830	0	464	0	348
Kano	222	132	328	143	452	74
Maiduguri	24	26	0	3	31	31
Port-Harcourt	968	541	55	0	833	819
Sokoto	83	79	233	50	71	71
Lagos	437	406	233	159	286	161

Ilorin	401	386	226	209	338	335
Total	8848	8555	6849	6738	8171	7624

Source: F. Olokesus, 2000.

4. PROPERTY DEVELOPMENTS AS A PANACEA TO ALTERNATIVE JOBS CREATIONS

In property development there are two types of labour wages; skilled and unskilled. Investigation carried-out in Minna, Niger State, Nigeria. Where a regression between percentage change in wages of skilled labour and percentage changes in the number of building constructed annually was examined and shows a positive linear relationship between the variables tested with a positive value of 0.658 (Table 6.0). This indicates that both variables moves the same direction, that is, as the number of building constructed annually increases the wages of skilled labour increases and this shows an alternative job creation and poverty alleviation. Equally, that of unskilled labour revealed a positive linear relationship the percentage change in wages of unskilled labour and numbers of buildings constructed annually with a positive value of 0.895 (Table 6.0) below are the tables (Table 4.0 and Table 5.0) for basic prices, rate of building development in Minna (1990-2004) and the regression results (Table 6.0).

Table 4.0 BASIC PRICES OF SKILLED AND UNSKILLED LABOUR IN MINNA (1990-2004)

YEAR	SKILLED	UNSKILLED
1990	600	250
1991	800	250
1992	800	250
1993	900	250
1994	900	300
1995	900	300
1996	900	350
1997	900	350
1998	900	350
1999	1,000	500
2000	1,000	500
2001	1,000	500
2002	1,200	600
2003	1,300	600
2004	1,300	600

SOURCE: PERSONAL INTERVIEW (2005)

Table 5.0 RATE OF BUILDINGS DEVELOPMENT IN MINNA (1990-2004)

YEAR	NUMBER OF BUILDINGS CONSTRUCTED ANNUALLY
1990	842
1991	932
1992	984
1993	1213
1994	1432
1995	1321
1996	1684
1997	1568
1998	1681
1999	2348
2000	1880
2001	2310
2002	2465
2003	2229
2004	2124

SOURCE: NIGER STATE URBAN DEVELOPMENT BOARD MINNA (2005)

Table 6.0 Regression between percentage change in wages of skilled/ unskilled labour and percentage changes in the number of building constructed annually.

				Result of experiment						Inferences		
	X	Y										
1	% Change in skilled labour	% Change in NBDC	Linear	NBDC= 2.74 + 0.658 skilled labour	13.19	1.977	4.67	0.183	Weak	NS	Accept Ho	
2	% Change in unskilled labour	% Change in NBDC	Linear	NBDC= 0.501 + 0.895 unskilled per	40.76	8.94	4.67	0.01	Weak	S	Accept Ho	

SOURCE: Author's Research (2006)

NBDC – NUMBER OF BUILDING CONSTRUCTED ANNUALLY

5. CONCLUSION/RECOMMENDATIONS

Poverty is an international problem but it requires specific programme to tackle poverty in different countries. In Nigeria, the past measures of poverty alleviation programme examined in this study shows that they were mostly consumption driven and not productivity or development oriented. The characteristic of property development process from land acquisition to actual construction reveal its potentials towards poverty alleviation- among which are: the higher the number of buildings constructed annually the higher in increases of wages both skilled and unskilled and the more people are engaged. The multiplier effects of these include savings in rent, better productivity and increase in spendable income. The followings are recommended:

- i. Government should initiate, create, facilitate an enabling environment for property developers' through-out the Federation.

- ii. Government should formulate and support co-operative property development schemes to facilitate home ownership for all citizens.
- iii. Government should formulate and create national Data Bank policy and make it mandatory for all professionals to send data on wages of labour at building sites. This be made mandatory and it should be monitored by a presidential taskforce made-up of representatives of the president, Federal Ministry of Works, Housing and the professional bodies.

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BIOGRAPHICAL NOTES

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