



Formal Housing Sector Reform in Neoliberal Nigeria

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ABSTRACT

In the past two decades, Nigeria has deployed neoliberal principles in the provision of formal housing. This approach was adopted on the assumption that the implementation of enabling reforms would enhance the role of the private sector and equally promote the development of a formal housing system in Nigeria. This has not occurred; the neoliberal housing approach has brought fewer results than the reform promised. The study therefore aims to explore the agency and actions of Nigerian authorities in response to this neoliberal agenda. To achieve this aim, the following objectives are pursued: The first objective analyses why neoliberalism failed to effectively change the housing market in Nigeria; the second examines the impact of neoliberal restructuring process on housing provision in Nigeria; and the last analyses the success of legislative reform that were carried to support housing provision under Nigeria's neoliberalism. To achieve these objectives, the paper adopts a documentary method and in accordance with this, a wide range of documentary evidence was collected for a content analysis. The findings of the analysis suggest that economic recession, political instability and changing ideological stances of successive governments affected the consistency of neoliberal reforms. Furthermore, the reforms implemented were seen to be progressive but the events occurred rather slowly, haphazardly and uncoordinated. A time lag is also observed in the reform processes and the sequence of events shows a lack of consideration of the interdependency of legislation and action. This policy review concludes that the neoliberal approach has the potential to improve the delivery of formal housing; however the authorities need to be consistent with the reforms while at the same time aligning legislation and action.

1. Introduction

Over the last two decades, the government of Nigeria introduced reforms that are hinged on neoliberal assumptions and in accordance with this the federal authorities have intensified the program of deregulation, privatization and liberalization. For example, the telecommunication sector was restructured in 2000, the financial sector had its privatization, recapitalization and consolidation program between 2001 and 2004, and a considerable restructuring took place between 2000 and 2006. This affected a multitude of state-owned enterprises including cement manufacturing companies, iron and steel companies, clay and brick companies, national oil and marketing companies, agro-allied industry, motor vehicles and truck assembly companies, hotels, public housing, pipelines and marketing companies, airports, port terminals, coal companies and electricity enterprises (FRN, 2006c, p. 28-31, 34-38).

In the housing sector, the neoliberal reform program sought to roll back from the direct provision of housing by the state. As the state withdraws from direct provision of housing it was expected that the private sector would step forward to provide housing in partnership with the government. The partnerships fostered between the government and the

private sector were expected to tackle issues such as: the provision of housing finance, the supply of land for housing, the supply of building materials, and the creation of an effective organizational arrangement for housing supply (FRN, 2010, p. 36). In pursuance of this, the National Housing Policy (NHP) statement was revised (FRN, 2012, p. 28, 29; FRN, 2006a).

Despite the reforms implemented, the supply of formal housing has continued to fall short of its demand. Even when the supply exists, those households who fall below the poverty line are unable to afford the cost. To illustrate this clearly, the population of Nigeria was estimated at 166.2 million in 2012 and 84.59% of people were earning below US\$60 a month, which is below the international poverty line. It takes a monthly income of US\$200 to service a loan of US\$30,000 and this is far too high for poor households. More worrisome is the cost of new housing, which is a prohibitive factor to accessing formal housing. In 2012, for example, the cost of a newly constructed 72m² house in Lagos, the commercial center of Nigeria was US\$31,250 and that of a 62m² house outside of Lagos was US\$ 15,600 (Centre for Affordable Housing, 2012).

Other studies that examined the challenges of housing provision in Nigeria's neoliberal era have raised multiple concerns. For instance, the role of government agencies in public-private partnership (PPP) for housing delivery in some selected cities of Nigeria was assessed in a study by Ibem (2010). The findings suggest that PPP arrangements have attracted financial resources, managerial competence and technical know-how of the private sector in providing housing. However, the PPP approach has only produced a relatively low quantity of affordable housing for low-income people in Nigeria. As a consequence, access to affordable housing by low income groups remains an issue of concern in the neoliberal era as confirmed by Adedeji and Olotua (2012). Ayedun and Oluwatobi (2011) were interested in uncovering the constraints and challenges militating against housing provision in Nigeria. The issues identified were connected to the unstable economic and political environment in Nigeria, which in turn is leading to a rise in the cost of building construction inputs including land and finance.

In a study that was focused on assessing the threats and opportunities presented by globalization on the house building industry in Nigeria, Mbamali and Okotie (2012) concluded that there has been a dominance of foreign construction companies over indigenous ones. In addition, the opportunity for deployment of indigenous technology and local materials in housing provision has diminished considerably in Nigeria. Ibem, Opoko, and Aduwo (2013) were concerned with the implementation of a mass housing scheme by the federal government of Nigeria. The findings suggest that the housing scheme suffered poor program conception, planning and funding. Ibem et al. (2013) concluded that despite the deployment of a neoliberal approach and the subsequent adoption of new housing and urban development policies, low organizational capacity of public housing agencies, the lack of collaborations between relevant agencies and the non-application of local building materials have continued to impede the implementation of public housing programs in Nigeria.

The spread of neoliberalism to Nigeria did change the course of development but did not lead to material progress in formal housing provision as confirmed in the preceding discussions. In fact, several studies including Dolowitz & Marsh (1996), Daly (2001), Held (2004), Davis (2004; 2006), Easterly (2002; 2003), Evans (2009), Fasenfest (2012), Stiglitz (2003) and Smith (2014) have already established that the neoliberal agenda was coercively transferred to the developing countries, and as a result, it interfered with economic development and social services systems. The aim of this policy review is not to oppose this position; rather it seeks to explore the agency and actions of Nigerian authorities in response to this neoliberal agenda. To achieve this aim, the paper will first of all set the Nigerian case study in a wider African context by offering a short review of neoliberalism in sub-Saharan Africa. After this, the study will then narrow down to Nigeria to address a number of issues: one, the study will analyze why neoliberalism failed to effectively change the housing market in Nigeria. Secondly, the paper will examine the impact of neoliberal restructuring process on housing provision in Nigeria. Thirdly, the paper will analyze the legislative reform that were carried to support housing provision under Nigeria's neoliberalism. Lastly, the study's conclusion will be presented.

2. Neoliberalism in sub-Saharan Africa

The neoliberal reforms that have been ongoing in the sub-Saharan Africa region can better be understood in reference to the contemporary neoliberal agenda, which was born out of the Washington Consensus in 1989. The Washington Consensus was a policy proposal made by the

International Monetary Fund (IMF) in collaboration with the World Bank, for countries affected by the debt crisis of 1980s. In the 'Consensus', the IMF and the World Bank advised countries that were ravaged by the debt crisis to introduce the following measures as a solution: undertake tax reform; introduce fiscal discipline, reorder public expenditure priorities; liberalize trade, interest rate and inward foreign direct investment; pursue competitive exchange rates; privatize public enterprises; deregulate economic activities; and strengthen property rights (Williamson, 2003). The IMF and the World Bank felt that this set of principles were appropriate and capable of restoring stability while at the same time promoting development among the developing countries (Stiglitz, 2003).

Between 1991 and 2002, about 38 sub-Saharan African countries that needed loans from the World Bank to cushion the effect of their debts had to undertake neoliberal reforms as a precondition. The neoliberal reforms implemented among the sub-Saharan Africa countries were shrouded in multiple implementation challenges (Buchs, 2003, p. 5). As a result the rates of poverty from 1990 to 1998 were found to increase in countries like Burundi, Central African Republic, Gabon, Guinea-Bissau, Madagascar, Niger, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Zambia and the Gambia. In Ghana, there was no change in poverty rates during the period. However, the poverty rates were found to decline in Burkina Faso, Cote d'Ivoire, Ethiopia, Guinea, Kenya, Mali, Uganda and Zimbabwe (Buchs, 2003, p.39).

In a global context, the neoliberal agenda has proved very controversial for a number of reasons: firstly, it has been argued that instead of restoring stability in countries affected by the debt crisis, the IMF and the World Bank were more interested in promoting the neoliberal agenda and creating free markets (Smith, 2014). Secondly, those countries that needed loans from the World Bank were made to implement neoliberal reforms through conditionality that led to crippling effects on their economies. Some of the conditionality that produced the worst effects among sub-Saharan Africa countries includes the devaluation of domestic currency and the cutting of public expenditure for social services like education, healthcare, housing and welfare (Stiglitz, 2003).

Thirdly, Stiglitz (2003) documents that the privatization programs and the austerity measures implemented by countries who accepted Structural Adjustment Program (SAP) were pushed too far. In sub-Saharan Africa the austerity led to a rise in interest rates thereby impeding the growth of businesses; rapid privatization as prescribed by the IMF and the World Bank led to job losses; and further, the proceeds of privatization were lost to corrupt government officials in most cases (Stiglitz, 2003). Lastly, Brenner and Theodore (2005) have argued that neoliberalism exacerbates regulatory failure in many countries. This is so because neoliberalism has not established a framework for stable economic development, political regulation or social cohesion. It has rather resulted in contradictions that tend to undermine many of the economic, institutional and geographical preconditions for economic and social revitalization.

3. Study approach and methods

The study employs documentary analysis in examining the research question. This approach is adopted within this study for two primary reasons: first, documents are particularly useful for tracking change over time and they enable an analysis of a larger sample size than might be collected from other methods (Mogalakwe, 2006). Second,

documentary evidence is employed in order to overcome the difficulty of accessing participants who can give a relatively accurate account of housing under Nigeria's neoliberalism.

This study draws on public-policy statements, reports, bulletins, speeches and private documents including textbooks, peer review articles, position papers, annual reports, consultancy reports, periodicals and newspapers. The public documents were collected from University libraries, government agencies such as the Federal Housing Authority, the Federal Ministry of Lands, Housing and Urban Development, the Federal Mortgage Bank of Nigeria (FMBN), the National Planning Commission, the Nigerian Building and Road Research Institutions (NIBRRI) and the State Ministries of Lands, Housing and Urban Development. The private documents were collected from Primary Mortgage Institutions (PMIs), the Mortgage Banking Association of Nigeria (MBAN), the Real Estate Developers Association of Nigeria (REDAN), and the Centre for Affordable Housing Finance in Africa (CAHF) – a division of FinMark Trust. Most of the documents were retrieved from the websites of the relevant organizations while others were obtained directly during a visit to the relevant organizations in Nigeria. The analysis was conducted through content analysis of the documents collected for the study. In brief, analytical reading involves the breaking of textual information into its components parts, in order to understand its meaning and relationship to other text (Helm, 2000).

4. Neoliberalism under economic recession and political instability: a failure to change the housing market

The anticipation that Nigeria's housing market would improve under neoliberalism failed to materialize and the examination of documents reveals two interactive factors that caused this failure. First, the shift from a state-led housing system to the neoliberal approach in 1991 was necessitated by a recession period which began in 1982 and culminated in a Structural Adjustment Program (SAP) from 1986 to 1993 (Metz, 1992). As a product of recession and the SAP, the market friendly proposals which were outlined in the neoliberal housing policy were not given priority by successive military administrations until after the return to civil rule in 1999. Theoretically, a neoliberal housing system should thrive on liberalism and a market friendly business environment (Pugh, 1994a&b; Helmsing, 2001) but this was found not to be the case in Nigeria due to economic recession.

The second factor is the political context of Nigeria. During the period of the implementation of neoliberal reform there was instability in governance as a result of military coups and changes in administrations that held opposing ideological stances (Metz, 1992; FRN, 2006b). For instance, in 1982 the civilian government which was later dislodged by the military in December of 1983, had initiated IMF and World Bank inspired austerity measures which were conditioned on the removal of subsidies on services, deregulation and the promotion of market friendly policies (Metz, 1992). When the military government took over in 1983 and ruled for only 20 months, they were opposed to the IMF and World Bank inspired austerity measures. They rebuffed all entreaties by the IMF and World Bank to deregulate, devalue domestic currency, remove subsidies on services and increase the pump price on fuel (Metz, 1992). This very administration was inclined to socialist ideology and even set up a committee to design a social housing policy (Aluko, 2011). This policy never saw the light of day because the government was overthrown in August of 1985 by another military government that was opposed to this ideology (Metz, 1992). The Socialist ideas were

immediately jettisoned in favor of liberalism and market friendly policies (Falola, 2013). The new government introduced a national housing policy that was consistent with neoliberal thinking in 1991 and handed over power to a transition government in June 1993. The transition government was overthrown three months later in August of 1993 by another military government that was opposed to market friendly policies and public housing projects were again reinitiated (Ikejiofor, 1999). By June 1998, yet another military government took over following the demise of the military Head of State and returned the country to civil rule in May 1999 (Falola, 2013). This instability, along with the weak economy, negatively influenced the deployment of neoliberal principles in the provision of housing.

Developing countries that have experienced appreciable success in housing provision on the basis of neoliberalism were found to introduce this system at a period when macro-economic imbalances were largely eliminated. Typical examples are Indonesia (Pill and Pradhan, 1995; Park and Bae, 2002), Korea, Malaysia and Thailand (Park and Bae, 2002; Zagher and Nankin, 2005). Nigeria's liberalization program was introduced in a period of economic recession, the economy was depressed, the inflation rates were high, and there was a huge foreign debt overhang. This experience was similar to that of Ghana, Kenya, Gambia, Cameroon, Côte d'Ivoire, Uganda, and Senegal among others (Zagher and Nankin, 2005; Pill and Pradhan, 1995). Further, Nigeria's SAP induced inflation was extremely serious, rising from 5.4 percent in 1986 to 40.9 percent in 1989 (Anyanwu, 1992, p. 5). Housing provision on the basis of neoliberalism was at a higher risk of failure in Nigeria because the weak economic situation was worsened by political instability. These factors contributed to the failure of housing provision. Indeed, as it will be seen in subsequent discussions, much of the positive developments that have occurred from the neoliberal approach for housing began after the country's return to democratic rule in 1999.

5. Neoliberal Restructuring Process and its Impact on Housing Provision in Nigeria

This section examines the outcome of neoliberal restructuring processes in relation to housing legislation, housing finance, housing development and home ownership. Nigeria's liberalization process began as far back as 1982 but the actual restructuring of public enterprises only commenced in 1999. This irregularity affected housing development under Nigeria's neoliberalism. For instance, when the neoliberal housing system was said to have been launched in 1991, with expectations that public-private partnerships in financing and supplying housing should begin, the formal housing market was still dominated by public bureaucracies with limited participation of private institutes. The dominance of the national and local housing markets by public bureaucracies made the business environment unattractive to private institutions. To illustrate, in the early 90s, attempts were made to set up private Primary Mortgage Institutions (PMIs) to operate alongside those created by the government. About 300 PMIs were in operation in the 90s of which over 70 percent were private. However, by 2004 many had vanished, leaving only 83 surviving (FRN, 2006a). A hostile business environment, defective capital structures, lack of professional capacity, and poor patronage of private PMIs by public sector workers were some of the factors that led to their demise (FRN, 2006c).

The market restructuring process has been slow and was still on-going at the time of the research. This is not unconnected to the economic and political circumstance explained above. From Table 1, it is clear that since the commencement of the deregulation program in 1999, some

Federal Government enterprises concerned with finance (commercial banks, insurance companies and PMIs) and the supply of building materials (cement companies, bricks and clay factories, steel rolling mills, and stone quarries) were fully or partially privatized or even liquidated as in the case of the Federal Mortgage Finance Limited. However, the two development finance institutions whose roles are critical to the provision of low interest mortgages and the finance of urban infrastructure were turned into Government Sponsored Enterprises, which permitted the Federal Government to maintain their full ownership (Yari, 2010, p.20). At the time of this study the federal government was still in full ownership of a Housing Corporation (FHA), and this institution along with the FMBN were still being run as public bureaucracies (FRN, 2010). The ongoing heavy government involvement in the FHA and the FMBN does not allow them to operate free from the interference of government officials. This interference has been found to result in lack of transparency and poor performance in the institutions (Mabogunje, 2011). The most progressive development that followed the restructuring

process was the stabilization of finance institutions. This began in 2004 after the Central Bank of Nigeria (CBN) introduced a new minimum capital requirement for commercial banks, insurance companies, PMIs, the FMBN and other finance institutions. The CBN reports (CBN, 2007, 2008, 2010) confirm that the restructuring process led to increased mergers and acquisitions among private financial institutions. This development gave rise to capital appreciation in deposit taking banks from N0.662billion in 2004 to N6.432 billion in 2007. For insurance companies, there was a rise from N25.1million in 2004 to N419million in 2007 and PMIs appreciated from N45.25million in 2007 to N52.202 in 2008. Similarly, the loan and advances portfolio of deposit taking banks rose to N8.45billion in 2009 from N1.29billion in 2004. Loans made from PMIs went up to N188.5billion in 2007 from N94.34billion in 2006 and loans disbursed from the FMBN appreciated by 42.7 percent from 5.8 percent in 2006.

Despite stabilization of finance institutions the study also found that commercial banks and primary mortgage institutions could not sustain

Table 1: Summary of Policy Proposals and Institutional Reforms

Year	Policy proposals and Reforms	Remark
1988	The Technical Committee on Privatization and Commercialisation (TCPC)	Between 1988 and 1993, the TCPC Committee was involved with the privatization of 110 public enterprises, of which about 70 were fully divested (Drum, 1993)
1991	The National Housing Policy was launched	A neoliberalism system for subsidizing low-income housing was introduced. The idea of enabling was introduced.
2002	Liquidation of the Federal Mortgage Finance Limited	The federal government withdrew from primary mortgage operation and liquidated its primary mortgage institution in 1993; however, the state government continue to maintain ownership of theirs. The withdrawal of federal government led to the emergence of privately owned PMIs. As at 2011, there were over 80 PMIs in operation (Mabogunje, 2011)
	Reforms at the Federal Mortgage Bank of Nigeria	A new Board was constituted; retrenchment of incompetent staff and the employment of professionals were achieved (Mabogunje, 2011 p. 579). In addition, an arrangement was put in place for private developers to access Estate Development Loans (EDL) from the mortgage bank to build houses for the benefit of subscribers (Mabogunje, 2011 p.584)
2003	New Guidelines for Primary Mortgage Institutions (PMIs) introduced	The Central Bank of Nigeria introduced new guidelines for the Primary Mortgage Institutions with effect from August 2003 (CBN, 2003)
	Monetization policy	This policy directed government agencies to sell off public residential houses
2004	The recapitalization and stabilization of financial institutions started	The capital base of all licensed financial institutions was reviewed upward. This program led to the merger and acquisition of financial institutions (CBN, 2012).
2005	Privatization program	By 2005, 6 cement companies, 5 bricks and clay making companies, 3 steel rolling mills and 2 stone quarries were privatised (FRN, 2006c)
		By 2005, 5 public commercial banks were privatised (FRN, 2006c)
		By 2005, the Federal Government divested in three public owned insurance companies through management buy-out and core sales
2006	The Nigeria Deposit Insurance Corporation Decree No. 22 of 1988 was amended	By 2005, the Federal Mortgage Bank of Nigeria and the Urban Development Bank of Nigeria were turned into a Government Sponsored Enterprises (FRN, 2006c, Yari, 2010 p. 20)
2007	Procurement guidelines	The amendment of this law became necessary to ensure that deposits collected by financial institutions are insured to prevent the wide-spread distress and failure of financial institutions witnessed in the past
	Some banks undertook self-induced consolidation	Guidelines for procuring consultancy services, goods and works were circulated (FRN, 2007)
2011	Public procurement	Some banks went on to enhance their capital base through a combination of rights issue and public offers in pursuit of their domestic and regional expansion programs
	Housing supply agencies	A Public Procurement Manual was prepared, drawing from the relevant sections of the principal Act and circulated to government departments (FRN, 2011a)
		By December, 2011, there were 102 private house building companies which were in partnership with the Federal Mortgage Bank of Nigeria (FMBN) for the purpose of building low-income housing. The partnership between housing building companies and the FMBN is an indication that the introduction of Estate Development Loan was a step forward in Nigeria's neoliberal housing (FRN 2011b).

their growth after consolidation. Specifically, the deterioration of balance sheets began to occur in records of PMIs from 2009 and deposit taking banks from 2010 (CBN, 2010). The reports of the Central Bank of Nigeria (CBN, 2007, 2008, and 2010) gave some explanation to this: that much of the money that led to the growth of the financial institutions was realized mainly from the sale of shares and mergers rather than savings. In addition, long term sources of finance were not available to the financial institutions and as a consequence, those institutions that were involved in mortgage operation could not lend to customers on long term basis (World Bank, 2009).

As indicated in Table 1, there are two landmark developments that

resulted from Nigeria's neoliberal reform: one of these development occurred in 2002 when the FMBN introduced the Estate Development Loan (EDL) arrangement. The EDL arrangement is a window that allows private small and medium Estate Development Companies to have access to subsidized credit to build houses for sale to subscribers. This innovation brought in 102 companies into partnership with the FMBN (FRN, 2011a&b). As result of this partnership 7106 housing units were developed across 19 cities of Nigeria between 2004 and 2006 (FRN, 2006a). The second development that is worthy of note is the policy on the privatization of public housing stock which came into operation in 2003 (See Table 1). This policy directed federal, state and local government authorities to privatize their public housing. The federal

Table 2: Summary of Legislative Reforms and Outcomes

Year	Legislative Reforms	Outcomes
1988	Privatisation and Commercialization Decree	The Technical Committee on Privatization and Commercialization (TCPC) was constituted and given the mandate to privatize and commercialize public enterprises owned by the federal government (Drum, 1993)
1989	The Primary Mortgage Institutions Act	This set the ground for the creation of PMIs by government and the private sectors (FRN, 2006c p. 10)
1991	Banks and other Financial Institutions Act	A legal framework for regulating the activities of banks and financial institutions was created without an enforcement agency
1992	The National Housing Fund Act	This act introduced the National Housing Fund (NHF)
	The FMBN Act 82	The FMBN that existed prior to introduction of the NHF in 1992 was empowered to administer the scheme
	The UDBN Act 88	The UDBN was incorporated as a Public Liability Company (PLC) to finance the provision of urban infrastructure
1993	The Nigerian Social Insurance Trust Fund Act 73	This Act created the Nigerian Social Insurance Trust Fund (NSITF) for the purpose of providing Social Security to all Nigerians
1994	The Failed Banks and Financial Malpractices in Banks Act	Banks were beginning to fail as a result of non-performing loans and financial malpractices were prevalent. The Act was enacted to help failed banks recover debts and to checkmate financial malpractices
	The Advance Fee Fraud and other Fraud Related Offences Act	Fraudulent activities were on the increase in Nigeria and this law was enacted to curtail fraudulent activities
1995	The Money Laundering Act	Money laundry was now a common crime among corrupt government officials and this law was enacted to control it
	The Public Enterprise (Privatization and Commercialization) Act	The Bureau of Public Enterprises (BPE) was empowered to take responsibility of implementing the Nigeria's policy on privatization and commercialization (FRN, 2006c)
1999	The National Insurance Commission (NAICOM) was created	The Insurance Act of 2003 empowered the NAICOM to address problems facing insurance companies in Nigeria (FRN, 2011a)
2000	The Corrupt Practices and Other Related Offences Act	The Independent Corrupt Practices and Other Related Offences Commission (ICPC) was created and vested with the responsibility of investigating and prosecuting corrupt related offences
2003	The Insurance Act 37 Volume 90	This law was made to provide regulations for insurance companies (World Bank, 2009, p. 89)
	The Pension Reform Act	A contributory pension scheme involving workers and employers was introduced
	Money Laundering (Prohibition) Act	An enabling law for the prohibition of money laundry was created
	The Economic and Financial Crimes Act	The Economic and Financial Crimes Commission (EFCC) was created. This law harmonised statutes that existed prior to this time but were ineffective due to a lack of an enforcement agency
2004		
2007	The Public Procurement Act	The Bureau of Public Procurement (BPP) and the National Council on Public Procurement (NCP) were created
	The Pension Reform Amendment Act	This Act was amended to exempt members of the Armed Forces and members of the Intelligence and Secret Services from a contributory pension in line with international conventions (FRN, 2011a).
	Personal Income Tax Amendment Act	Personal Income Tax Law was amended to regards deductions from gross income in relation to the National Housing Fund contributions as non-taxable (FRN, 2011c)
2011		

government showed a high degree of compliance by selling its housing across the country but states and local government authorities did not fully comply. This form of privatization has not fulfilled the government's aspiration to increase supply of new housing because it does not contribute to the commissioning of new homes. Unlike other forms of privatization, this policy sought to transfer the responsibility for public assets not to private companies but directly to individual members of the public. Sprigings and Smith (2012) observed that public housing transfer in this manner may have unintended consequences as experienced in the UK and Eastern Europe where the initial privatization of public housing led to subsequent commodification and re-commodification (Sprigings and Smith, 2012). There is no evidence about these consequences in Nigeria.

6. Legislative reforms and the restructuring process: disharmony between policy and law

Over the past two and half decades national legislation (see Table 2) was continually being made for the purpose of improving the legal and regulatory framework for housing finance and provision. Despite widespread legislative reforms, housing supply did not improve substantially. Furthermore, the reforms that have occurred in Nigeria appear to be tardy, haphazard and uncoordinated. Most notably, there has been disharmony between legislation and the action that followed. For example, the revised national housing policy in 2006 directed the Federal Mortgage Bank of Nigeria to commence trading of securitized mortgages when securitization law was missing. This law was yet to be passed at the time of the study and its absence is limiting the ability of mortgage supplying institutions to transact securitized mortgages so as to generate long term capital. A study by the World Bank (2009) reported that arrears on mortgage lending that have taken place in Nigeria's mortgage institutions were very low. The World Bank did not substantiate this broad claim with quantitative evidence but it gave a further explanation: that the suppliers of housing finance at the open market mortgage sector (which include PMIs, deposit taking banks, Insurance companies, Pension Fund Administrators and Housing Cooperatives) and the subsidized mortgage sector (FMBN) were unable to tap into long term funding from the capital market in order to finance long term loans.

The annual report of the Central Bank of Nigeria (CBN 2010) corroborates this evidence. In the CBN report, an analysis of the maturity structure of loans and advances made by Deposit Money Banks indicates that short-term loan maturity remains dominant in the credit market. Outstanding loans and advances maturing in one year and below accounted for 65.3 percent while the medium-term (1-3 years) and long-term (3 years and above) accounted for 14.6 and 20.1 percent respectively (CBN, 2010 p. 68). Deposit Money Banks are the key players in the open market mortgage sector but their credit supply is substantially on a short-term basis. Also corroborating this evidence, the EFINA and FinMark studies (2010 p. 33) found that private mortgage institutions were advancing mortgages at a maximum tenure of 10 years as a result of a dearth of long term funds. This tenure is incompatible with housing finance, which requires long-term finance with tenures of up to 25 years or greater.

The documents examined confirm a considerable time lag in the neoliberal reform process. For instance, the actual privatisation

process commenced in 1999, almost eight years after the government decided to roll back from the direct provision of housing in 1991. Furthermore, until 2002 only Housing Corporations could have access to loans from the FMBN. Private developers only came into the circle after the FMBN introduced a platform for the disbursing of loans to them in 2002. However, this development did not immediately result in the provision of housing by private developers. This study also found that the national and local housing markets are constrained by weak property rights. The critical legislation required for the improvement of property rights (foreclosure law) was yet to be passed at the time of study. The absence of foreclosure law creates risk for Nigerian mortgage lenders. In the event of default, lenders often experience difficulty and delay in foreclosing property (World Bank, 2009).

The absence of foreclosure law has resulted to the use of arbitrary measures to mitigate risk by mortgage lenders. For instance, the World Bank (2009 p. 123) found that "open market mortgage lenders in Nigeria often adopt measures such as requiring lenders to provide collateral security in the form of land that has a registered title (C of O) and located in a good location. In Nigeria, obtaining C of O is synonymous to registering property and the process of land registration is cumbersome and difficult to achieve at reasonable time and cost". The World Bank (ibid) study also reveals that some lenders have adopted the practice of charging high interests that are typically tied to prime lending rates in the range of 15 - 20 percent. High mortgage rates act as a deterrent to some potential low-income borrowers and put a heavy repayment burden on those who do borrow. In addition, there is a practice of using equitable mortgage, which requires borrowers to make an initial down payment of 30 percent prior to taking possession of the mortgaged property (EFInA and FINMARK Trust, 2010 p. 17). In some instances the lenders prefer to deal with borrowers only from certain specified employers, typically the public sector and large corporations (World Bank, 2009 p. 125). Instances also exist where lenders would prefer to recover mortgage loans through deductions from monthly wages, and this usually requires some informal support from the employer, perhaps allowing lenders to move salary accounts to the lending institution (World Bank, 2009 p. 125). All these measures are capable of depriving and excluding prospective home owners from acquiring houses through the formal mortgage system.

7. Conclusion

This policy review was set out to examine neoliberalism and housing reform in Nigeria. The study was focused on scrutinizing the underlying assumptions that informed the adoption of neoliberal housing approach in Nigeria and why this approach failed to produce desired results. The examination of the data collected for this study agrees with previous studies in confirming that Nigerian authorities were compelled to adopt neoliberalism following the economic recession that affected developing economies over the decades of 1980s and 1990s. In Nigeria, the deployment of neoliberal principle was found to change the course of economic development and the arrangement for the delivery of social services including formal housing. Regarding the delivery of formal housing, the Nigerian authorities adopted the neoliberal approach on the assumption that the implementation of enabling reforms would enhance the role of the private sector, thereby promoting the development of formal housing. The analysis of the data indicates that the opposite was the case in practice. There are three factors that were found to explain this failure: firstly, the neoliberal housing approach in Nigeria was a product of economic recession which culminated into the Structural Adjustment Program (SAP). As such, the market friendly proposals which were outlined in the neoliberal housing policy of 1991 (and the

revised versions of 1994 and 1996) were made amidst a weak economy with dwindling revenues and huge debt overhung. This scenario was found to constrain government's financial capacity to implement the necessary reform to support housing delivery under Nigeria's neoliberalism.

Secondly, this policy review found out that political instability affected the process of neoliberal reforms to the extent that it caused a considerable delay in changing the housing market. The data examined confirms that the neoliberal proposals, which were made in Nigeria's housing policy, following the adoption of neoliberalism did not receive attention by the then military administrations until after the return to democracy in 1999. Theoretically, a neoliberal housing approach should thrive on liberalism and market friendly business environment but this was not found to be so during Nigeria's military era (1983 to 1998). During this period, there was instability in governance as a result of military coups and changes in governments that held opposition ideological stances. This level of instability created inconsistency in the implementation of enabling reforms; the analysis especially, reveals that the inconsistency of reform led to a partial privatization of relevant public enterprises in the housing sub-sector. As a result of this, the formal housing market was dominated by public bureaucracies with limited participation of private institutions such as housing financiers, house building companies and manufacturers of building materials among others. Thirdly, the neoliberal reforms implemented were progressive but the events occurred rather slowly, haphazardly and uncoordinated. A time lag was also observed in the reform processes. Furthermore, inconsistency is observed on the part of the Federal Government to review or make new legislation. Some typical examples are the land tenure system, the foreclosure law, the securitization law, and a law to support the decision to provide capital subsidies for housing development. Finally, since the return to democratic rule in 1999, housing under neoliberalism began to receive a boost in Nigeria through the involvement of private financiers and house builders. The private actors are now complementing the role of government in the provision of formal housing. Overall, therefore, this study has added our understanding of the impacts of neoliberalism on housing – particularly the challenges of implementing a neoliberal approach.

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