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KUMASI  
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DEPARTMENT OF BUILDING TECHNOLOGY**

**KNUST**  
**EXPLORING THE OPPORTUNITIES FOR USING PUBLIC PRIVATE  
PARTNERSHIPS (PPP) IN THE GHANAIAN HOUSING SECTOR**

**BY**

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**A Thesis submitted to the Department of Building Technology in partial fulfillment of  
the requirement for the degree of**

**MASTER OF SCIENCE IN PROCUREMENT MANAGEMENT**

**JUNE, 2014**

## DECLARATION

I hereby declare that this submission is my own work towards the award of the degree of Master of Procurement Management and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## DEDICATION

I dedicate this work to the Almighty God as a gratitude for the wisdom and strength he has granted me throughout my work. I also appreciate the opportunity of attending such a great university and successfully completing my Masters of Procurement Management.

My thanks also go to my family for all the support they have given me throughout my academic life. I will like to specially thank my siblings, for believing in me and the encouragement they offered me.

God richly bless you.



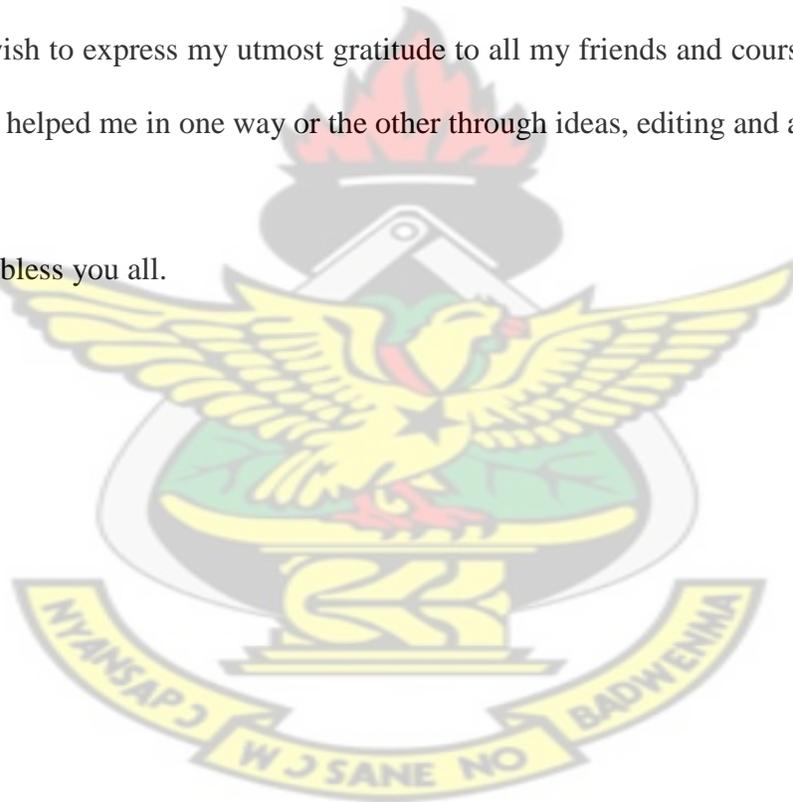
## ACKNOWLEDGEMENT

I am very much grateful to the Almighty God for granting me the opportunity to undertake this research work. I'm also thankful to my family for their support throughout the period I was undertaking my Master's Program.

To my supervisor, Mr. Kwame Ofori Kuragu, I say thank you for guiding me through this dissertation with those valued comments, suggestions, materials and corrections.

I finally wish to express my utmost gratitude to all my friends and course mates especially those who helped me in one way or the other through ideas, editing and additions.

I say God bless you all.



## ABSTRACT

In recent times there has been an increased discussion on various national platforms across the country on the manner in which the Ghanaian Government is Partnering the Private Sector in the provision of Infrastructure and service such as sanitation, water, roads, railways, Housing, Harbor, and airport. Studies all over the world have constantly shown that infrastructure is an essential pre-requisite for economic growth and therefore the need for a consistent provision of infrastructure as well as social services to maintain such growth is very paramount. This has resulted in the development of a new and innovative approach to the provision and financing of public infrastructure, hence the adoption of a Public Private Partnership (PPP) framework which reflects government desire for improved quality, cost-effective and timely provision of public infrastructure and services in Ghana. The aim of the study is to explore the progress and application of Public Private Partnership (PPP) implementation in the Ghanaian housing sector. The research made use of questionnaires as means of gathering useful data for the study. Out of the target population of 50 respondents, a sample of 30 was chosen for the study. A self-developed questionnaire was used through simple sampling technique to collect data from the respondents. The collected data were analyzed using a program called Statistical Package for Social Science (SPSS) Version 16, to perform basic descriptive statistics.

Analysis from the study identified legislation on the use of locally available materials for the housing sector, provision of land to private sector developers by government, lack of awareness of the PPP policy and lack of computerized database of land owners to minimize land and property litigation as some of the factors (key words) hindering the smooth implementation of the PPP policy. Finally, publicity/education to increase the awareness of the PPP policy, the policy implementation should be structured fairly to

cover all sectors of the economy, local real estate developers should be considered for priority government contracts, conscious efforts and financial dedications should be given to the housing sector and improve efficiency and effectiveness were recommended as the way forward if the policy is to succeed.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY**

The economy of Ghana has undergone various phases through pre-colonial to post-colonial era and governments after government have rolled out different strategies and monetary policies to salvage the country from getting drawn in economic crisis. Today, the government of Ghana is saddled with huge problems of infrastructure and public service delivery.

In recent times, there has been an increased discussion on various national platforms across the country on the manner in which the Ghanaian Government is Partnering the Private Sector in the provision of Infrastructure and service such as Sanitation, Water, Roads, Railways, Housing, Harbor, and Airport. Studies all over the world have constantly shown that infrastructure is an essential pre-requisite for economic growth and therefore the need for a consistent provision of infrastructure as well as social services to maintain such growth is very paramount (UN-Habitat, 2011).

Other terms used for Public Private Partnership activities include; private sector participation (PSP) and privatization. While the three terms have often been used interchangeably, there are differences.

Public Private Partnership refers to a range of possible relationships among public and private entities in the context of infrastructure and other services. PSP on the other hand, contracts transfer obligations to the private sector rather than emphasizing the opportunity

for partnership. While privatization involves the sale of shares or ownership in a company or the sale of operating assets or services owned by the public sector. Privatization is most common and more widely accepted in sectors that are not traditionally considered public services, such as manufacturing, construction, etc (Quiggin, 1996).

Unfortunately, Ghana at the moment is experiencing a huge deficit of infrastructure and service delivery. The prime mandate of government all over the world is the provision of public infrastructure and service but government's effort need to be supplemented with private sector expertise and funding. A strategic combination of policy and legal reforms, financing mechanisms, incentives and institutional support to bolster private sector participation in the provision of public infrastructure and services is therefore very crucial.

This has resulted in the development of a new and innovative approach to the provision and financing of public infrastructure, hence the adoption of a Public Private Partnership (PPP) framework which reflects government's desire for improved quality, cost-effective and timely provision of public infrastructure and services in Ghana. National Policy on PPP, (June, 2011)

The private provision of public infrastructure and services has the potential to offer enhanced value for money and enable the government to use the private sector's delivery and project collection expertise and capabilities for the benefit of the people and the wellbeing of the country at large. Additionally it also helps the government to better understand the whole of life cycle cost of investment and enable more rigorous project assessment and sharing of risk with the private sector. Harris, (1996).

## **1.2 STATEMENT OF THE PROBLEM**

The huge deficit of Ghana's Housing requirement in its recently attained middle income status does not match up and therefore a drastic approach through the Public private partnership procurement arrangement as practiced in other developed countries is very crucial to bridge the country's housing deficit. The Ghana National Housing Profile (UN-Habitat, 2011) suggests that housing deficit is in excess of 1,500,000 units whilst supply figures are around 40,000 units per annum as against annual requirement of 120,000 units. Currently, the national annual housing supply to demand ratio (for new housing) is estimated at about 35%. The inability of the housing delivery system to meet effective demand over the years has put pressure on the existing housing stock and infrastructure, especially in urban areas leading to the creation of sub-standard structures and insanitary environments in squatter and slum communities. In 2001, the slum population for Ghana was estimated at 4,993,000 people growing at a rate of 1.83% per annum scattered in all the major cities in the country and was expected to reach 5.8 million by 2010. National Housing Policy, (2012)

## **1.3 PURPOSE OF THE STUDY**

The main purpose of this study is to explore the opportunities of the Public Private Partnership system of procurement to improve delivery in the Ghanaian housing sector. The study will comparatively assess the advantages of the PPP in project implementation as well as the extent of its implementation in Ghana with regards to quality of workmanship, delivery time and issues of cost overruns.

## **1.4 AIM**

To explore the opportunities, progress and challenges of Public Private Partnership PPP implementation in the Ghanaian housing sector.

## **1.5 OBJECTIVES**

The main Objectives of the study are to:

- i. Identify the extent of implementation of PPP within the Ghanaian housing Sector.
- ii. Determine the Private sector partner's expectation from Government for the implementation of PPP in the housing sector.
- iii. Identify the possible benefits of PPP on the Ghanaian housing sector.
- iv. Make recommendations for successful implementation of the PPP policy.

## **1.6 RESEARCH QUESTION**

The study was guided by the following research questions.

- i. What is the extent of PPP adoption in the Ghanaian housing Sector?
- ii. What can Government do to attract private sector partners in housing delivery in Ghana?
- iii. How can the practice of PPP affect the Ghanaian housing sector?
- iv. What are the recommendations for successful implementation of the PPP policy?

## **1.7 SIGNIFICANCE OF THE STUDY**

According to the policy guidelines for the implementation of the Public-Private Partnership in Ghana, PPP is simply termed as a contractual agreement between a public entity and a private sector party, with clear agreement on shared objectives for the provision of public

infrastructure and services traditionally provided by only the public sector. The study also seeks to identify the structures required for the successful implementation of PPP and explore the possible opportunities of PPP to the Ghanaian housing sector. This is to increase stakeholder's confidence in the PPP policy and focusing more effort on implementing it in the Ghanaian housing industry.

### **1.8 SCOPE OF THE STUDY**

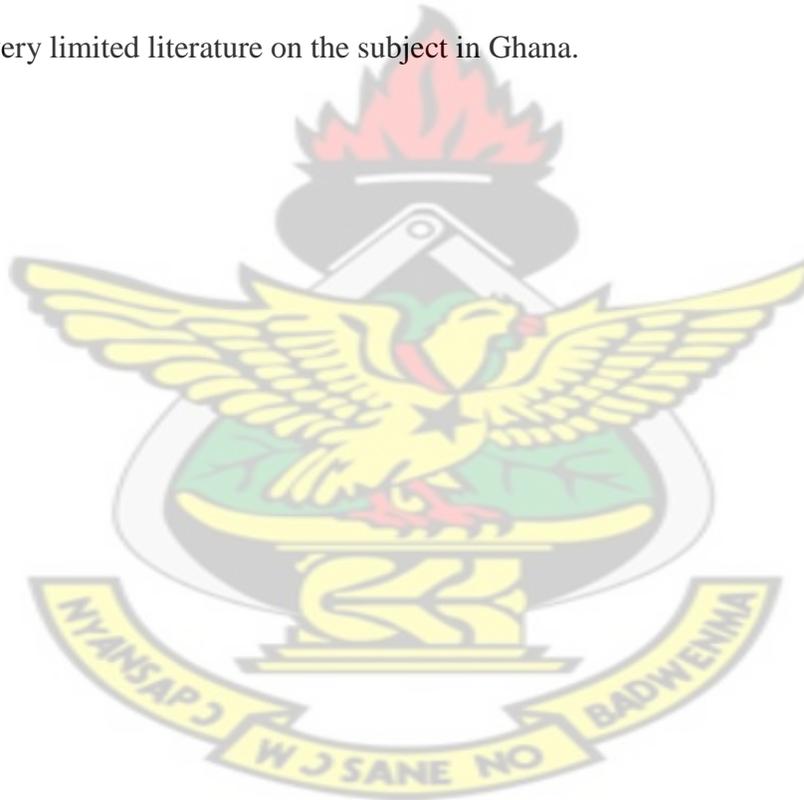
This study is conducted in Accra with reference to the Ghana's housing industry. The content of the study is confined to exploring the opportunities of public private partnership agreement on national housing development agenda.

### **1.9 ORGANIZATION OF THE STUDY**

This study is divided into five major chapters. Chapter one focuses on the introduction, background of the study, problem statement, general objectives, and the research questions, significant of the study, scope of the study and organization of the study as well as the limitations of the study. Also is the chapter two, which covers the literature review of the research topic, conceptual framework and the theoretical review. It reviews various works done by others scholars and authorities in relation to the topic and discusses various criticisms from them. Chapter three also focuses on the research methodology adopted for the researcher. This entails the research design, sampling technique and sample design, instrumentation, mode of data collection, pre-testing, reliability and validity. Chapter four on the other hand, covers the data analysis and discussion of the findings, as well as the detail interpretation of results whilst the chapter five covers the conclusions and recommendations drawn from the findings of the study.

## 1.10 LIMITATIONS

Although lots of efforts have gone into planning, the study is still constrained. The time available, especially because this is an **academic** study is not enough to comprehensively exhaust all issues available. The study is also geographically restricted to looking at the housing development in Accra and the impact of PPP system of procurement to improve delivery on the Ghanaian housing industry. This obviously has deprived the study of other useful contributions it would have gathered on challenges with the PPP implementation in some parts of the world. Also, because the concept is quite new in the Ghanaian context, there is very limited literature on the subject in Ghana.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

The impact of public private partnership is a new area of research and therefore is limited in the area assessment of its impact on the Ghanaian housing industry. Somehow, it can be attributed to ethical considerations. This chapter would therefore consider some theoretical underpinnings, conceptual framework and empirical review of public private partnership as well as some related studies conducted.

There is a great variety of definitions for PPP available worldwide. The contents and objectives may vary according to the country specific background and the specific interests of the individual author. Some academic and industrial practitioners still regard the definition of PPP as being very ambiguous. In some cases, the term public private partnership describes a wide range of arrangements whereby government responsibilities are outsourced to commercial partners, and risk is shared between the public and private sectors to bring about desired outcomes in areas associated with public policy Coleman J, (2002).

Other terms used for Public Private Partnership activities include; private sector participation (PSP) and privatization. While the three terms have often been used interchangeably, there are differences.

## **2.2 DEFINITIONS OF TERMS AND CONCEPTS**

### **2.2.1 Public Private Partnership (PPP)**

Public Private Partnership refers to a range of possible relationships among public and private entities in the context of infrastructure and other services, Economic Planning Advisory Commission (1995). It is also defined by the Business Magazine, (2000) as a business relationship between a private-sector company and a government agency for the purpose of completing a project that will serve the public. Public-private partnerships can be used to finance, build and operate projects such as public transportation networks, parks and convention centers. Financing a project through a public-private partnership can allow a project to be completed sooner or make it a possibility in the first place. The Investopedia, (2013) definition on the other hand, explains public private partnerships as the use of private sector investments to finance a public project when sufficient public funding is not available. For example, a city government might be heavily indebted, but a private enterprise might be interested in funding the project's construction in exchange for receiving the operating profits once the project is complete.

### **2.2.2 Private Sector Participation (PSP)**

Private Sector Participation (PSP) contracts transfer obligations to the private sector rather than emphasizing the opportunity for partnership; Minnow, Martha and Jody Freeman, (2009). It is also referred to as private sector involvement (PSI). According to Harris A.C., (1996) private sector involvement (PSI) is the participation of the private sector in projects of the government. It has come mostly to mean financial affairs, and specifically the participation of the private sector in the write downs of sovereign debt in instances of haircut. PSI should be distinguished from public private partnership, a term that describes a

government service or private business venture which is funded and operated through a partnership between a government agency and one or more private sector companies. As the definition of the term indicates, a public private partnership refers to a project that begins as a partnership between government and private sector, while PSI signifies the subsequent participation, often unwilling, of the private sector to an already existing or ongoing government project.

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### **2.2.3 Privatization**

Privatization involves the sale of shares or ownership in a company or the sale of operating assets or services owned by the public sector; Minnow, Martha and Jody Freeman, (2009). Privatization is most common and more widely accepted in sectors that are not traditionally considered public services, such as manufacturing, construction, etc. Privatization is also the process of transferring ownership of a business, enterprise, agency, public service or public property from the public sector (a government) to the private sector, either to a business that operate for a profit or to a nonprofit organization. It may also mean government outsourcing of services or functions to private firms, e.g. revenue collection and law enforcement. Privatization has also been used to describe two unrelated transactions. The first is the buying of all outstanding shares of a publicly traded company by a single entity, taking the company private. This is often described as private equity. The second is a demutualization of a mutual organization or cooperative to form a joint-stock company.

## 2.3 CONCEPTUAL FRAMEWORK

The origin of public private partnership dates back to the 1990s as a way of strengthening and speeding up the developmental agenda of government. Pressure to change the standard model of public procurement arose initially from concerns about the level of public debt, which grew rapidly during the macro-economic dislocation of the 1970s and 1980s. Governments sought to encourage private investment in infrastructure, initially on the basis of accounting fallacies arising from the fact that public accounts did not distinguish between recurrent and capital expenditures, Supports Economic Recovery, (2012).

The idea that private provision of infrastructure represented a way of providing infrastructure at no cost to the public has now been generally abandoned however, interest in alternatives to the standard model of public procurement persisted. In particular, it has been argued that models involving an enhanced role for the private sector, with a single private sector organization taking responsibility for most aspects of service provisions for a given project, could yield an improved allocation of risk, while maintaining public accountability for essential aspects of service provision, Burnett M, (2007).

Initially, most public private partnerships were negotiated individually, as one-off deals, and much of this activity began in the early 1990s. PPPs are organized along a continuum between public and private nodes and needs as they integrate normative, albeit separate and distinct, functions of society; the market and the commons. A common challenge for PPPs is allowing for these fulgurations and reinforcing the intended partnership without diminishing either sector. Multi-sectorial, or collaborative, partnering is experienced on a continuum of private to public in varying degrees of implementation according to the need,

time restraints, and the issue at hand. Even though these partnerships are now common, it is normal for both private and public sectors to be critical of the other's approach and methods. It is at the merger of these sectors that we see how a unified partnership has immediate impact in the development of communities and the provision of public services, Moszoro M, Gasiorowski P, (2008).

In 1992, the Conservative government of John Major in the UK (Britain) introduced the private finance initiative (PFI), the first systematic program aimed at encouraging public private partnerships. The 1992 program focused on reducing the public sector borrowing requirement, although, as already noted, the effect on public accounts was largely illusory. The Labour government of Tony Blair, elected in 1997, expanded the PFI initiative but sought to shift the emphasis to the achievement of "value for money," mainly through an appropriate allocation of risk. However it has since been found that many programs ran dramatically over budget and have not presented as value for money for the taxpayer with some projects costing more to cancel than to complete, Minnow, Martha and Jody Freeman, (2009).

Also in Australia, a number of Australian state governments have also adopted systematic programs based on the PFI. The first, and the model for most others, is Partnerships Victoria, Economic Planning Advisory Commission of Australia, (1995).

In Canada however, the federal conservative government under Stephen Harper solidified its commitment to P3s with the creation of a crown corporation, P3 Canada Inc. in 2009. The Canadian vanguards for P3s have been provincial organizations, supported by the Canadian Council for public private partnerships established in 1993 (a member-sponsored

organization with representatives from both the public and the private sectors). As a proponent of the concept of P3s, the Council conducts research, publishes findings, facilitates forums for discussion and sponsors an Annual Conference on relevant topics, both domestic and international. Each year the Council celebrates successful public-private partnerships through the National Awards Program held concurrently with the annual conference in November. Canadian private sector companies, such as CPCS Transcom Limited, have also emerged as industry leaders for P3 projects. CPCS Transcom Limited is an Ottawa, ON based consulting firm providing advisory services across a broad spectrum of infrastructure sectors, including: Ports, Rail, Urban (transit and property development), Power, Marine, Multimodal Logistics and Roads. One of the company's current projects involves providing advisory services for the privatization of the Power Holding Company of Nigeria, House of Representatives Standing Committee on Communications Transport and Microeconomic Reform, (1997).

The Government of India defines a P3 as "a partnership between a public sector entity (sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement system".

The union government has estimated an investment of \$320 billion in the infrastructure in the 10th plan. The major infrastructure development projects in the Indian state of Maharashtra (more than 50%) are based on the P3 model. In the 2000s, other states such as Karnataka, Madhya Pradesh, Gujrat and Tamil Nadu also adopted this model. Sector wise, the road projects account for about 53.4% of the total projects in numbers, and 46% in

terms of value. Ports come in the second place and account for 8% of the total projects (21% of the total value). Other sectors including power, irrigation, telecommunication, water supply, and airports have gained momentum through the P3 model, Monbiot G, (2000).

In Japan since the 1980s, the third sector refers to joint corporations invested both by the public sector and private sector. In rail transport terms, a third sector railway line is a short line or network of lines operated by a small operator jointly owned by a prefectural or municipal government and smaller interests. Third sector lines are generally former JR Group lines that were divested from the national company, Monbiot G, (2000).

The first attempt to introduce PPP in Russia was made in St. Petersburg. On St. Petersburg participation in public private partnership. Now, there are special laws about PPP in 69 subjects of Russian Federation but the biggest part of them is just declarations. Besides PPP in Russia is also regulated by Federal Law. In February 2013 experts rated Subjects of Russian Federation according to their preparedness for implementing projects via public private partnership. The most developed region is St. Petersburg (with rating 7.8), the least Chukotka (rating 0.0). By 2013 there are near 300 public-private partnership projects in Russia, Russian Federal Law,(February, 2013).

Governments throughout the world look for appropriate means to accelerate the development of its numerous public services and projects in a climate of scarce public resources. In developing countries such as Ghana, the enormity of the challenges and

demand for infrastructural services such as roads, hospitals, schools, airport, and telecommunication are huge and sometimes overwhelming, Colman J., (2002).

According to GNA publication in Accra,(July, 2012) Mrs. Magdalene Apenteng, Director of the Public Investment Division, of the Ministry of Finance and Economic Planning, Ghana's huge infrastructure deficit which requires a sustained spending of at least \$1.5 billion per annum could soon be addressed with the introduction of a Public Private Partnership (PPP) initiative. However, the law that gives this initiative legal backing is soon to be passed. She made this revelation at a PPP sensitization workshop organized for media personnel in Accra on Thursday July 19, 2012. The PPP initiative is expected to enable government provide better infrastructure and services through the use of private sector financial, human and technical resources for national development of Ghana. "We have had three stakeholder consultations and we are trying to finalize the initial draft of the law. Once it is finalized we would have three other stakeholder consultations and we would seek cabinet approval and go to parliament for the final approval," she added. Parliament would rise soon. Expressing worry over possible impediments, the publication said "the impediment might be parliament rising earlier and not being there throughout in the year, otherwise we are hopeful that it should be finished, passed by the end of the year."

Another important article introducing Ghana's preparedness to adopt the PPP initiative was the Ghana News Agency, (June 2011)on the speech read on behalf of Mr. Enoch Hemans Cobbinah, the Chief Director of MOFEP mentioned that, the PPP law would provide the added confidence to local and international investors who would want to participate in the

program. “The enactment of the PPP law will provide legal safeguard and this is more than sufficient guarantee for continuity. The need for this is to give comfort to investors.” Mr. Paul Victor Obeng, the Chairman of the National Development Planning Commission has said. PPP is a contractual arrangement between a public entity and a private sector party with clear model agreement on shared objectives for the provision of public infrastructure and services. It is to provide a means of leveraging public assets and funds with private sector resources from local and international markets to accelerate needed investments in infrastructure and services. Ghana has officially and legally adopted a national policy on public private partnerships (PPP) as the way forward for better public services delivery, Ghana News Agency,(June 2011).

The objective of Public Private Partnership Project (PPP) for Ghana is to improve the legislative, institutional, financial, fiduciary and technical framework to generate a pipeline of bankable public private partnership projects.

There are three components to the project, the first component being institutional, fiduciary, legislative, and financing capacity building. This component is focused on developing the in-house capacity within the Government of Ghana, beginning with Ministry of Finance and Economic Planning (MoFEP), to identify, assess, develop, implement and manage PPP transactions, Ghana News Agency, (June 2011).

The second component is the PPP pipeline preparation and transaction advisory support. This component supports the Government of Ghana (GoG) to develop a commercially viable and a Government-backed pipeline of competitively-bid PPP projects to financial close: Project Concept Notes (PCN), investment appraisal, PPP Pre-Feasibility studies

(PFS), full feasibility studies (FS) including investment appraisal and value for money. Finally, the third component is the project management and monitoring and evaluation. This component will finance specialized consultant services to assist MoFEP- Public Investment Division (PID) in project implementation and to develop a comprehensive monitoring and evaluation system to track cost effectiveness and development impact of PPPs that are supported under the GoG PPP Program, Ghana News Agency, (June 2011).

The project implementation unit is expected to comprise of seven positions: project and outreach coordinator; financial management specialist, procurement specialist, M&E specialist, safeguard specialist; capacity building Specialist, and Internal Auditor (the latter has been assigned by the GoG). Over time, as the PID becomes more experienced with PPPs and International Development Association (IDA) operations, the Project Implementation Unit (PIU) functions may devolve to PID staff and requirement for specialized expertise will be scaled back, Ghana News Agency, (June 2011).

## **2.4 THEORETICAL FRAMEWORK**

Different scholars have made a lot of invaluable contribution relating to public private partnerships (PPP), public sector partnerships or involvement and privatization. Mention can be made of the works of Quiggin, (1996) a number of Australian studies of early initiatives to promote private investment in infrastructure concluded that, in most cases, the schemes being proposed were inferior to the standard model of public procurement based on competitively tendered construction of publicly owned assets (Economic Planning Advisory Commission (EPAC) 1995).

Harris, (1996) House of Representatives Standing Committee on Communications Transport and Micro-economic Reform 1997, Industry Commission 1996. One response to these negative findings was the development of formal procedures for the assessment of PPPs in which the focus was on "value for money," rather than reductions in debt. The underlying framework was one in which value for money was achieved by an appropriate allocation of risk. These assessment procedures were incorporated in the private finance initiative and its Australian counterparts from the late 1990s onwards.

The key role of partnering is recognized in a European Commission Communication, published in September 2011, and entitled 'Partnering in Research and Innovation'. This document addresses the importance of partnering activities involving the European Union, the Member States and the European industry which can stimulate economic growth and employment, and provide the basis for tackling the major socio-economic and environmental challenges. Partnering is especially important in the current economic crisis as the squeeze on public and private investment in research and innovation means that Europe must use existing resources even more effectively, Harris, (1996).

A public private partnership (PPP) is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP, P3 or P<sup>3</sup>. The Public Private Partnership establishes a clear financial, legal and transparent administrative framework and eliminates obstacles in the PPP arrangements. In 2004, Ghana developed the PPP policy guidelines. However, these were not operational until lately. The PPP framework guides the country's economic development process and is aimed at providing

certainty to all stakeholders that the Government of Ghana is committed to partnering with the private sector for the delivery of public infrastructure and services, Ghana News Agency, (June 2000).

PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the basis of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. A strong PPP allocates the tasks, obligations, and risks among the public and private partners in an optimal way. The public partners in a PPP are government entities, including ministries, departments, municipalities, or state-owned enterprises. The private partners can be local or international and may include businesses or investors with technical or financial expertise relevant to the project. Increasingly, PPPs may also include nongovernment organizations (NGOs) and/or community-based organizations (CBOs) who represent stakeholders directly affected by the project, Burnett M, (2007). Sectors in which PPPs have been completed worldwide include:

- i. Power generation and distribution,
- ii. Water and sanitation,
- iii. Refuse disposal,
- iv. Pipelines,
- v. Hospitals,

- vi. School buildings and teaching facilities,
- vii. Stadiums,
- viii. Air traffic control,
- ix. Prisons,
- x. Railways,
- xi. Roads,
- xii. Billing and other information technology systems,
- xiii. Housing

Participation in PPP can create a virtuous cycle of mutual benefit for all concerned, and in particular private sector entities traditionally seen solely as benefactors and not as beneficiaries. It is on this backdrop that the researcher was motivated to undertake a research in the area to unravel the various positive impact of this strategic partnership to the development of the Ghanaian economy as well as possible challenges that it is likely to encounter. The private sector will offer a dynamic and efficient way to deliver and manage infrastructure, ensuring high standards of construction and maintenance. The Government of Ghana intends to harness this dynamism to support Ghana's economic development objective so that future generation can gain the benefits of modern services, improved living standards and reduced poverty. Implementation of this Policy has not really achieved so much in Ghana. In January 2013 the fourth President of the Fourth Republic appointed a minister of state at the presidency in charge of public private partnership whose sole responsibility is to oversee its effective and efficient implementation, Ghana News Agency, (January, 2013).

Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by removing guaranteed annual revenues for a fixed time period. Typically, a public sector consortium forms a special company called a "special purpose vehicle" (SPV) to develop, build, maintain and operate the asset for the contracted period. In cases where the government has invested in the project, it is typically (but not always) allotted an equity share in the SPV. The consortium is usually made up of a building contractor, a maintenance company and bank lender(s). It is the SPV that signs the contract with the government and with subcontractors to build the facility and then maintain it. In the infrastructure sector, complex arrangements and contracts that guarantee and secure the cash flows make PPP projects prime candidates for project financing, Onses Richard, (2003).

A typical PPP example would be a hospital building financed and constructed by a private developer and then leased to the hospital authority. The private developer then acts as landlord, providing housekeeping and other non-medical services while the hospital itself provides medical services. Construction activities were providing in recent years around 16 million jobs in the EU. This sector generates about 10 % of EU GDP and is also responsible for 33 % of Europe's CO2 emissions. The current EU stock of residential and commercial buildings is some 160 million. In all major European countries, new construction adds less than 2 % per year to the building stock. Hence, to achieve an energy-efficient built environment there is a need for a strong focus on the renovation of

existing buildings. Key issues for this PPP are ensuring optimization of both building and district-level concepts, with significant attention paid to the development and integration of design and simulation tools, new materials, building systems and equipment and ICT for energy efficiency, Onses Richard, (2003).

According to the private sector involvement theory, (good or bad practices) members of the Executive Board of the ECB, at the Reinventing Bretton Woods Committee Berlin, 6 June 2011, there are at least three things that have gone wrong with the practice of PPP. The first is that governments of the countries under stress waited too long before recognizing that they needed financial assistance, and submitting their requests for support to the IMF and EU. This is true in all three cases, about developing countries. More often than not support programs are delayed and within well integrated economic and financial regions such as the euro area these delays exacerbate market turmoil and create contagion. There is thus an externality in leaving it entirely to the country in question to turn to the IMF and EU for financial assistance. However, experience has shown that when a country requests such assistance, the national authorities tend to blame European institutions. So governments have a natural inclination not to request financial assistance at an early stage, Lorenzo Bini Smaghi, (2011).

The second thing that has gone wrong has been the implementation of the reform programs. Reform fatigue set in at an early stage and it probably went unnoticed for a while. Member States adopting IMF/EU programs have to remain firmly committed to very specific measures, which need to be acted upon from the outset.

The basic rationale behind involving private creditors when a debtor is in distress is straightforward and uncontroversial: creditors and investors should bear the consequences of their decisions as fully as possible and should not rely on taxpayers' money to be bailed out. The underlying reason has long existed: a bailout by taxpayers today may encourage risky lending by private investors in the future. In the corporate sector it is actually a common place to apply such principles. Under bankruptcy laws or out-of-court settlement guidelines, the responsibility is passed to the debtor and creditors to arrange debt settlements among themselves. Indebted companies can reorganize and restructure their operations to return to profitability. In turn, creditors agree to reschedule loans or accept the conversion of debt into equity, Lorenzo Bini Smaghi, (2011).

#### **2.4.1 Advantages of Public Private Partnership**

Generally, the advantages of PPP according to Monbiot G, (2000) are considered as follows:

- i. to remove the responsibility of funding the investment from the government's balance sheet;
- ii. To introduce competition;
- iii. To adopt managerial practices and experience of the private sector;
- iv. To restructure public sector service by embracing private sector capital and practices
- v. To achieve greater efficiency than traditional methods of providing public services.

The last one, efficiency gain, is the main source of sustainable public savings and, therefore the main objective of and justification for PPP. In most developing countries, it is

estimates that the use of PPPs has produced average savings of 17% to 25% over all sectors during the past 10 years. Most governments are drawing their decisions for PPP based on greater efficiency the private promoter delivers in comparison to the traditional public procurement. Major drivers for efficiency gains are transfer of risk to the private sector, long-term nature of contracts, incentive structures and payment upon performance, output-oriented service specification, competition between bidders, incorporate feedback and negotiation in the procurement process, innovation and management skills by the private sector, and administrative cost reduction, Onses Richard, (2003).

#### **2.4.2 Importance of Public Private Partnerships**

Over the past two decades, more than 1,400 PPP deals were signed in the European Union, representing a capital value of approximately €260 billion, Burnett M, (2007). Since the onset of the financial crisis in 2008, estimates suggest that the number of PPP deals closed has fallen more than 40 percent. Investments in public sector infrastructure are seen as an important means of maintaining economic activity, as was highlighted in a European Commission communication on PPPs. As a result of the significant role that PPPs have adopted in the development of public sector infrastructure, in addition to the complexity of such transactions, the European PPP Expertise Centre (EPEC) was established to support public-sector capacity to implement PPPs and share timely solutions to problems common across Europe in PPPs.

PPPs provide a unique perspective on the collaborative and network aspects of public management. The advancement of PPPs, as a concept and a practice, is a product of the new public management of the late 20th century and globalization pressures. The term

"public-private partnership" is prey to thinking in parts rather than the whole of the partnership, which makes it difficult to pin down a universally accepted definition of PPPs, Burnett M, (2007).

### **2.4.3 Challenges of Public Private Partnerships**

A common problem with PPP projects is that private investors obtained a rate of return that was higher than the government's bond rate, even though most or all of the income risk associated with the project was borne by the public sector. It is certainly the case that government debt is cheaper than the debt provided to finance PFI projects, and cheaper still than the overall cost of finance for PFI projects, i.e. the weighted average cost of capital (WACC). This is of course to attempt to compare incompatible and incomplete economic circumstances. It ignores the position of taxpayers who play the role of equity in this financing structure. Making a simple comparison, however, between the government cost of debt and the private sector WACC implies that the government can sustainably fund projects at a cost of finance equal to its risk-free borrowing rate. This would be true only if existing borrowing levels were below prudent limits. The constraints on public borrowing suggest, nevertheless, that borrowing levels are not currently too low in most countries. These constraints exist because government borrowing must ultimately be funded by the taxpayer, Harris A.C., (1996).

In 2009, the New Zealand Treasury, in response to inquiries by the new National Party government, released a report on PPP schemes that concluded that "there is little reliable empirical evidence about the costs and benefits of PPPs" and that there "are other ways of obtaining private sector finance", as well as that "the advantages of PPPs must be weighed against the contractual complexities and rigidities they entail". Today, a new model is

being discussed, called the public private community partnership (PPCP) model, wherein both the government and private players work together for social welfare, eliminating the prime focus of private players on profit. This model is being applied more in developing nations such as India, Onses Richard, (2003).

#### **2.4.4 Privatization of Water**

After a wave of privatization of many water services in the 1990s, mostly in developing countries, experiences show that global water corporation has not brought the promised improvements in public water utilities. Instead of lower prices, large volumes of investment and improvements in the connection of the poor to water and sanitation, water tariffs have increased out of reach of poor households. Water multinationals are withdrawing from developing countries and the World Bank is reluctant to provide support. The privatization of the water services of the city of Paris was proven to be unwanted and at the end of 2009 the city did not renew its contract with two of the French water corporations. After one year of being controlled by the public, it is projected that the water tariff will be cut by between 5% and 10%. Venkat Raman A. and J.W Bjorkman, (2009).

#### **2.4.5 Public Private Partnerships on Health**

A health services PPP can be described as a long-term contract (typically 15–30 years) between a public-sector authority and one or more private sector companies operating as a legal entity. The government provides the strength of its purchasing power, outlines goals for an optimal health system, and empowers private enterprise to innovate, build, maintain

and/or manage delivery of agreed-upon services over the term of the contract. The private sector receives payment for its services and assumes substantial financial, technical and operational risk while benefitting from the upside potential of shared cost savings, Spackman M., (2002).

The private entity is made up of any combination of participants who have a vested interest in working together to provide core competencies in operations, technology, funding and technical expertise. The opportunity for multi-sector market participants includes hospital providers and physician groups, technology companies, pharmaceutical and medical device companies, private health insurers, facilities managers and construction firms. Funding sources could include banks, private equity firms, philanthropists and pension fund managers. For more than two decades public-private partnerships have been used to finance health infrastructure. Now governments are increasingly looking to the PPP-model to solve larger problems in healthcare delivery. There is not a country in the world where healthcare is financed entirely by the government. While the provision of health is widely recognized as the responsibility of government, private capital and expertise are increasingly viewed as welcome sources to induce efficiency and innovation. As PPPs move from financing infrastructure to managing care delivery, there is an opportunity to reduce overall cost of healthcare, Spackman M., (2002).

#### **2.4.6 Public Private Partnership on Financing**

A key motivation for governments considering public private partnerships is the possibility of bringing in new sources of financing for funding public infrastructure and service needs. It is important to understand the main mechanisms for infrastructure projects, the principal

investors in developing countries, sources of finance (limited recourse, debt, equity, etc.), the typical project finance structure, and key issues arising from developing project financed transactions. Some governments utilize a public sector comparator for calculating the financial benefit of a public private partnership. A number of key risks need to be taken into consideration as well. These risks will need to be allocated and managed to ensure the successful financing of the project. The party that is best placed to manage these risks in a cost effective way may not necessarily always be the private sector. However, there are a number of mechanisms products available in the market for project sponsors, lenders and governments to mitigate some of the project risks, such as: Hedging and futures contracts; insurance; and risk mitigation products provided by international finance institutions, Strauch L., (2009).

#### **2.4.7 Product Development Partnerships**

Product Development Partnerships (PDPs) are a class of public private partnerships that focus on pharmaceutical product development for diseases of the developing countries like Ghana. These include preventive medicines such as vaccines and microbicides, as well as treatments for otherwise neglected diseases. PDPs were first created in the 1990s to unite the public sector's commitment to international public goods for health with industry's intellectual property, expertise in product development, and marketing. International PDPs work to accelerate research and development of pharmaceutical products for underserved populations that are not profitable for private companies. They may also be involved in helping plan for access and availability of the products they develop to those in need in their target populations. Publicly financed, with intellectual property rights granted by pharmaceutical industry partners for specific markets, PDPs are able to focus on their

missions rather than concerns about recouping development costs through the profitability of the products being developed. These not-for-profit organizations bridge public- and private-sector interests, with a view toward resolving the specific incentive and financial barriers to increased industry involvement in the development of safe and effective pharmaceutical products, Venkat Raman A. and J.W Bjorkman, (2009).

## 2.5 EMPIRICAL REVIEW

Most researchers and scholars such as Venkat Raman A. and J.W Bjorkman, (2009); Spackman M., (2002); Strauch L., (2009) and Harris A.C., (1996) believe that public private partnerships can be adopted in all sectors of national development. The interim assessment of the three PPPs by an Expert Group, published in May 2011, is supportive of these initiatives, which are seen as a useful approach to research and innovation with direct industrial benefit. The PPPs were found to have been successful in engaging top industrial companies, in particular SMEs, besides many research organizations and universities, which has led to a high participation of large industry and SMEs, totaling on average more than 55 % of the participants in the PPP projects, and with SMEs receiving above 20 % of the total EC funding.

A number of potential improvements were also suggested such as better coordination across the various participating FP7 Themes and strengthening the dissemination of the results. The implemented partnerships are: First is in the manufacturing sector, a EUR 1.2 billion 'Factories of the Future (FoF)' PPP initiative to promote the competitiveness and sustainability of European manufacturing industry. Second is in the construction sector, a EUR 1 billion 'Energy-efficient Buildings (EeB)' PPP initiative to promote green

technologies and the development of energy efficient systems and materials in new and renovated buildings to radically reduce their energy consumption and CO2 emissions. The last is in the automotive sector, a EUR 5 billion 'Green Cars (GC)' PPP initiative to improve the sustainability of all European road transport and accelerate the move towards electrification of road and urban transport. Besides EUR 1 billion for research activities, the budget includes a EUR 4 billion loan facility for other research and support measures from the European Investment Bank (EIB) under its European Clean Transport Facility (ECTF), Abou-bakr, A, (2013).

Public-Private Partnerships are becoming an increasingly important tool for delivering public services both with regards to infrastructure assets (bridges, roads) and more complex assets (prisons, utilities). This presents the public sector with particular challenges that need to be met with prudent institutional answers. Public-Private Partnerships can be viewed in a broad way as covering most interactions between the private and the public sectors and in a more narrow way as focusing on particular sets of risk-sharing and financial relationships. Even when viewed in a narrow way the stock of PPPs in a number of countries is already substantial and in most countries the number of new PPPs is rising. If used correctly PPPs can deliver value for money, but they can also be dangerous for fiscal sustainability due to their complex nature in terms of risk sharing, costing, contract negotiation, affordability, budget and accounting treatment, Abou-bakr, A, (2013).

The PPP principles will aid decision makers facing the tradeoffs between three demands inherent in a PPP project process. First, the public sector must be a prudent fiscal actor. It falls on the decision maker to ensure that the PPP is affordable, that it represents adequate

value for money, and that any fiscal risks, such as contingent liabilities, are limited. Second, the demands for investment from particular sectors such as transportation, health and education have to be assessed prudently against each other so that the projects that are pursued are those that yield the highest return on investment for society as a whole. Finally, decision makers must balance the risks taken by the private sector and those retained by the public sector. It also requires deciding what the appropriate price of such a transfer should be. There is not necessarily one right solution to these tradeoffs; much will depend on the concrete circumstances of each project, Moszoro M, & Gasiorowski P, (2008).u 2012

### **2.5.1 Elements Determining the PPP Business Model**

PPP schemes are often country specific and determined by the existing individual legal, institutional, political, administrative and economic framework as well as by sector and even project specific aspects. However, we can still find some “toolbox” of typical PPP procedures and instruments that is quite independent from any country, sector, and project specific framework and those that are more generally applicable and valid, Minnow, Martha and Jody Freeman, (2009).

Generally, there are two fields where PPP can be applied: (i) in urban development and (ii) in public real estate infrastructure management. PPP is one option available for governments to tap private capital and competence into developing urban areas and revitalizing deteriorated urban neighborhoods. However, such PPP may not address the long-term problems in all public properties due to inevitable profit oriented approach by

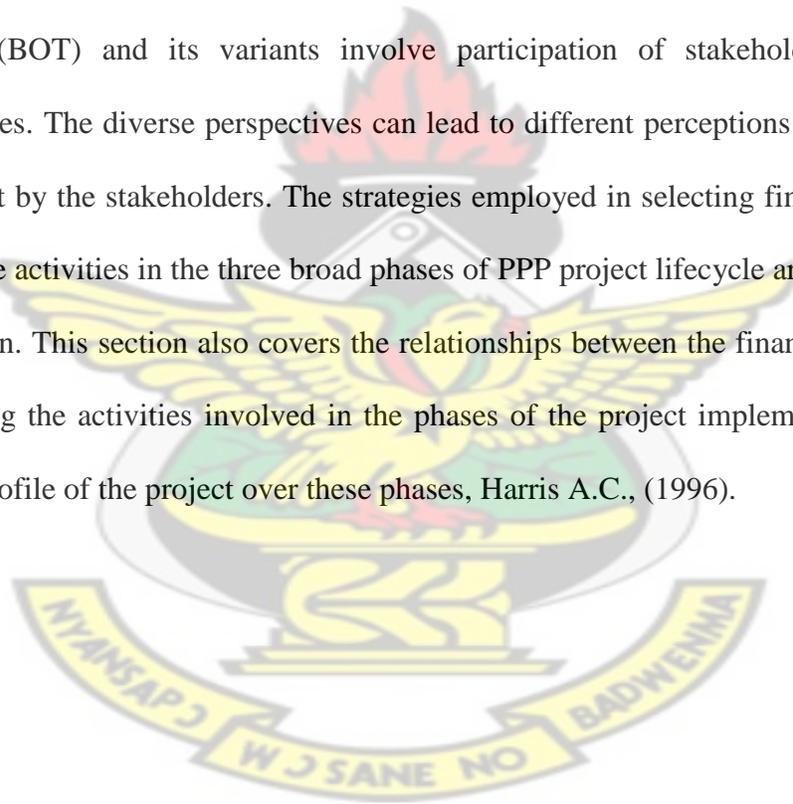
private developers. In this study, our focus is therefore on studying PPP as a management tool in public real estate and infrastructure, Minnow, Martha and Jody Freeman, (2009).

The provision of infrastructure and public services involves various tasks, and it is assumed that there are efficiency gains to be achieved by appropriate delegation of tasks and responsibilities. In this light, PPP is a tool at government disposal in the pursuit of efficiency because it is, in particular, predicated on the assumption of the proper sharing of risks, with each risk born by the partner best able to manage it. Under such circumstances, the application of PPP ultimately secures value for money. Attention has been drawn to the fact that the level of adoption of PPPs across the world differs widely. Typically, in industrialized countries, PPPs are used in areas of public service provision including education, health services, waste management and public buildings. While in industrializing countries with enormous needs for basic infrastructure, PPPs are often seen in the power, water or road sectors in order to sustain the countries' rapid economic growth, Onses Richard, (2003).

Development of infrastructural projects with private capital through Public Private Partnership (PPP) route has become one of the commonly adopted procurement strategies in developed and developing countries. All over the world where PPP procurement has been used in one form or another, the way in which it is carried out has become an important issue. The issues of PPP implementation and the use of PPP in the delivery of public infrastructure and services across the world has therefore become important topic of discussion. There is no standard method of PPP implementation as every country adapts the process as appropriate for its own culture, economy, political climate and legal system.

It is therefore essential that all parties likely to be involved have a common understanding of the principles underlying PPP structures and an appreciation of the key issues from the standpoints of the private as well as the public sectors, Moszoro M, & Gasiorowski P, (2008).

The quantum of investment in the infrastructure projects by the private sector entities depends on the position of the project on the continuum between service contract and divestiture. PPP projects with substantial private investments such as Build Operate Transfer (BOT) and its variants involve participation of stakeholders with diverse perspectives. The diverse perspectives can lead to different perceptions on the viability of the project by the stakeholders. The strategies employed in selecting financial instruments to fund the activities in the three broad phases of PPP project lifecycle are also discussed in this section. This section also covers the relationships between the financing strategy used for funding the activities involved in the phases of the project implementation cycle and the risk profile of the project over these phases, Harris A.C., (1996).



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

A research methodology is dictated by the nature of data and the problem of the study (Leedy, 1993). This chapter seeks to describe the approach employed to extract and analyze data for the study. The methodology covered research design, population of study, sample and sampling techniques, instrumentation, data collection, data analysis and presentation of results, ethical considerations and a brief but comprehensive profile of the housing sector of Ghana. These will be elaborated in the sub – sections below. This study adopts the Survey approach to ascertain the impact of PPP on the housing development of Ghana. By adopting a survey procedure, data is gathered by giving out questionnaires to the identifiable respondents. Also, the researcher uses the self- administered questionnaires and interviews as an approach for collecting data for the study.

#### **3.2 RESEARCH DESIGN**

This study adopted the mixed method approach to study the adoption, policy formulation, implementation, successes and challenges faced in the practice of public private partnerships in Ghana. This approach considers the usage of both qualitative and quantitative methodologies. The mixed methods approach was adopted because its usage provides an overall strength greater than either qualitative or quantitative research. In addition, the mixed method helps with the collecting of diverse types of data which helps with the understanding of the research problem.

### **3.3 POPULATION OF THE STUDY**

Sparta (2003) defined the population as the group of individual persons, objects, or items from which samples are taken for measurement. The research considers the housing sector of Ghana as the study area. The housing sector of Ghana is one of the most vibrant institutions that are helping to reduce unemployment in Ghana.

### **3.4 SAMPLE SIZE**

In this study, fifty (50) questionnaires were distributed to respondents selected for the study through random sampling method. Out of the fifty, only thirty (30) were answered and returned to the researcher. From the thirty (30) respondents, twenty-three (23) of them were males and seven (7) females respectively. The researcher however made sure that the sample was gender responsive to ensure complete and balance representation.

### **3.5 SAMPLING TECHNIQUES**

The purposive sampling method was used for the respondents from the housing sector because they have the knowledge to answer the research questions within the purview of implementation and technicalities. Denzin, (2000) points out that purposive sampling is one of the most common sampling strategies for selecting participants using pre-selected criteria relevant to a particular research question. Purposive sample is often determined on the basis of theoretical saturation (the point in data collection when new data no longer bring additional insights to the research questions). Purposive sampling is most successful when data review and analysis are done in conjunction with data collection (Denzin, 2000). In respect of eliciting the needed information for the study, the researcher used discretion

to contact and place questionnaires respondents from the housing sector. The purposive sampling was used to select the respondents. The purposive sampling was used to help the researcher reduce the difficulty in locating respondents and speed up the duration for getting the respondents. Purposive sampling was employed by the researcher in this study because the area of research is new in Ghana and required expert responses.

### **3.6 SOURCES OF DATA**

Both primary and secondary sources of data were used for the study. The primary source of data used for the study was gathered from the respondents of the Ministry of Finance and Economic Planning, Ministry of Water Resources works and Housing, Regimmanuel Gray Ltd, HFC Bank and Ghana Real Estate Developers Association (GREDA) via the cross-sectional survey using the questionnaires well as interview with stakeholders. The secondary sources of data that complemented the primary data included the policy manual, research reports, annual reports and reports on past operations of the sector. The secondary sources provided the researcher a sense of direction and information on what has been done in relation to the concept public private partnerships, and the implementation of the policy.

### **3.7 RESEARCH INSTRUMENTS**

Two instruments were used to sample views of respondents in this study; questionnaire and interview schedule.

### **3.7.1 Questionnaire**

In this study, the self-administered type of questionnaire was adopted to collect data from the respondents of the housing sector. The questionnaire was best for this category of group because: its economical, in the sense that it supplies a considerable amount of research data for a relatively low cost in terms of materials, money and time. Questionnaires are easier to arrange than personal interviews. Questionnaires supply standardized answers, to the extent that all respondents are given exactly the same questions with no scope for variation to slip in via face-to-face contact with the researcher and pre-coded answers (Newman, 2007). The self-administered questionnaire for the study contained questions that establish the nature of partnerships, and level of implementation of the policy. Open-ended questions were used where it required multiple response options. In addition, the open ended questions were used because responses were more likely to reflect the full richness and complexity of the views held by the respondent. Respondents were allowed space to express themselves in their own words.

### **3.7.2 Interview**

Unlike the questionnaires, the interview method “avoided or downplayed statistical techniques and mechanics of the kinds of quantitative methods used, to solicit in depth knowledge of the policy and the challenges in the implementation which is beyond the purview of the average Ghanaian.

## **3.8 MODE OF DATA COLLECTION**

Permission was duly sought from the Director for housing of the Ministry of water resources works and housing, Ministry of Finance and Economic Planning, Regimmanuel

Gray Ltd, HFC Bank and Ghana Real Estate Developers Association (GREDA). Through convenience sampling, the 30 respondents were selected. All respondents were selected from the housing sector. To each questionnaire, a respondent used approximately 20 minutes for responding. In responding to the questions, scores were allocated to each responded questionnaire and later analyzed to test the stated research questions. It however required the researcher to collect the data over a period of about two week.

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### **3.9 PRE-TESTING**

Data collection began with a pilot test during which the questionnaire was tested. According to Creswell, (2009) pre-testing exercise is used to decide the suitability of the research instruments for the study. The pilot study was conducted using ten employees of Berock Ventures Limited to determine whether the questions in the questionnaires were clear enough to elicit the appropriate responses because respondents from Berock were easily accessible by the researcher. The pilot testing helped to make necessary changes to the questionnaire in order to solicit the needed data for study. It also helped to know the right time and occasion for administering the questionnaires since most of the staff have very busy schedules.

The pilot-test helped to fine tune the items in the question to measure what it intended. Additionally, the researcher avoided double barreled items which distract the respondents from providing the appropriate response to the items. As much as possible the researcher avoided the use of leading questions which distract the instrument from measuring what is intended.

### **3.10 VALIDITY AND RELIABILITY**

Research quality was normally determined by the validity and reliability of the methodology and data (Patton, 2002). The researcher identified that validity and reliability are the two main factors that any research should be concerned about while designing a study, analyzing results and judging the quality of data. Validity refers to the extent to which a measure reflects a concept it intends to measure. If the measures used to measure what they claim to and if there are no logical errors when drawing conclusions from the data, then the study is said to be valid (Trochim, 2005). The researcher ensured the validity of the items in the questionnaire by pre-testing it on workers with the same characteristics as the respondents used for the study.

On the other hand, reliability means consistency or dependability (Newman, 2006). It indicates the likelihood of a given measurement technique that repeatedly yield similar findings or the same description of the phenomenon. To ensure reliability in this study, the researcher mapped out a strategy for sample selection, selecting instruments, designing questionnaire and administering the questionnaires.

The first means of ensuring the reliability of the instrument is by clearly defining some concepts and constructs used to frame the items and in some instances stating behaviors, activities and actions that highlight the concept or constructs used. For example the concepts of motivation and retention were clearly defined as part of the study. Another means of ensuring the reliability of the instruments is the pilot-test conducted to ascertain the dependability items in the questionnaire.

### **3.11 DATA ANALYSIS AND PRESENTATION OF RESULTS**

Scoring for this study was based on a 4- like scale. This scale was used for the questionnaire since scoring is marked as: Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1).The respondents therefore had a maximum of 4 alternatives for each statement. All statements have marks of 4,3,2, or 1 mark(s) given to Agree, Not Sure, Disagree, Strongly Disagree at all responses respectively. Data analysis can be the most challenging and interesting aspect of research (Sullivan, 2001). Data analysis refers to deriving meaning from the data that has been collected in a study. The Data analysis assumes many forms.

In quantitative data analysis, a researcher uses a summary description of the data collected from the field. Quantitative data analysis involves the use of statistical methods to assemble, classify, analyze and summarize the data to derive meaning. The data collected from the questionnaire is analyzed using Statistical Package for Social Science (SPSS). However, analysis begins by checking the number of questionnaires collected from the field and ascertains whether the questionnaires have been properly completed by the respondents of the housing sector. According to Healey, (1993), the SPSS was more preferable for quantitative analysis because it was easier to define variables, input data and generate outputs or reports. The items and the respective responses from the completed questionnaire is coded and entered on the SPSS spreadsheet to have data for the analysis.

The descriptive analysis tool in SPSSversion-16 is used in analyzing the coded closed-ended responses to develop tables, frequencies and percentages to answer the related research questions. The researcher then systematically worked through each transcript to

identify specific characteristics within the text. This process is consistent with what Jorgensen, (1989) assertion that in qualitative analysis the researcher sorts and sifts data, searching for types, classes, sequences, patterns or whole with the aim to assemble or reconstruct the data in a meaningful or comprehensible fashion. The analyzed qualitative data was then presented in themes that are in tandem with the objectives of the study.

### 3.12 ETHICAL CONSIDERATION

In the view of Babbie, (2005) ethics in research summarizes matters associated with morality, and this both deals with right and wrong. In this study, the ethical consideration included:

- Newman, (2007) stated that “a researcher must be aware that self-presentation will influence field relations to some degree. It is difficult to present a highly deceptive front or to present oneself in a way that deviates sharply from one is ordinarily.” Therefore, the researcher reached the respondents in the field by presenting in a way that will not distract from the purpose of the study. The researchers dressed in a way that was acceptable in the Ghanaian culture and to people from different religious and ideological backgrounds.
- Participation in the research is completely voluntary. Participation is possible by ensuring anonymity by leaving the room whilst staffs complete the questionnaire. To ensure that respondents were provided with informed consent, the researcher had a dialogue with each respondent. During the dialogue each respondent was informed of the purpose of the study (Bell, 2008). The respondents were assured of informed consent via providing adequate information on:
  - Goals of the research

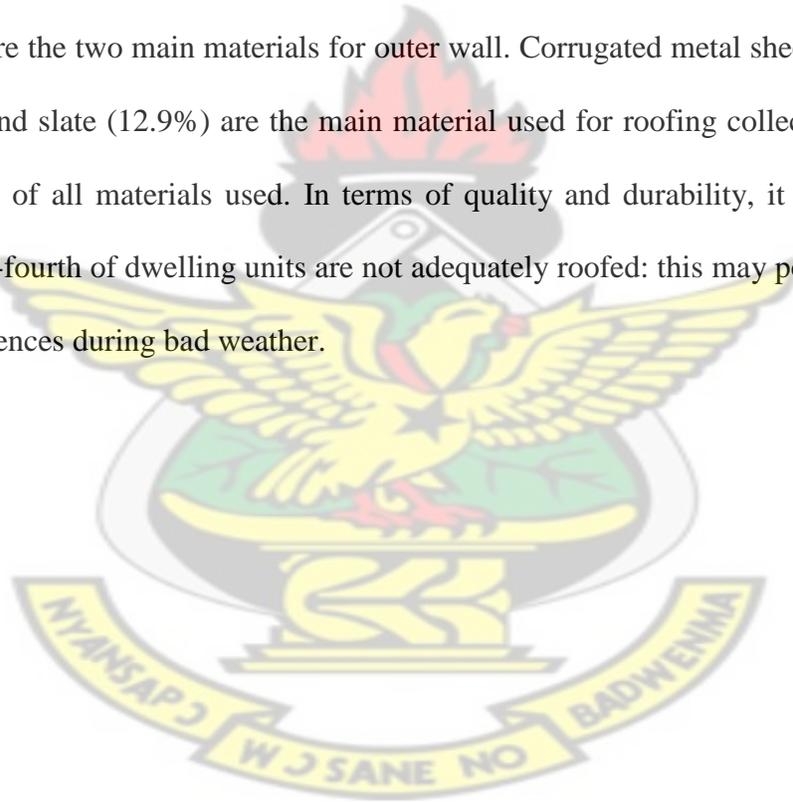
- The possible advantages and disadvantages of participating in the study
- The credibility of the researcher
- The researcher ensured that there was no harm to the subjects of the study: The study doesn't injure the respondents of the housing sector, regardless of whether they volunteered.
- Anonymity and confidentiality: The researcher held respondents' information as confidential by promising not to do so publicly and through the non-solicitation of their names on the questionnaire.
- Analysis and reporting: In this study, the researcher was more familiar than anyone else. Also technical limitations and failures were known to the readers. Results will be accessible to the interested stakeholders
- Avoiding plagiarism: The researcher duly acknowledged sources and references from authors and scholars to avoid any form of plagiarism as normally termed as scholarly stealing.

### **3.13 BRIEF PROFILE OF THE HOUSING SECTOR OF GHANA**

According to Ghana's draft housing Policy (2012), Government in keeping with its "enabling" concept of housing provision is expected to play a less direct role in the housing sector in the future. Conventional approaches to the delivery of housing in both the public and private sectors have had limited impact in solving the housing problem. Only a fraction of housing delivery has been able to filter to the low-income population where the need is greatest. Even when housing schemes are deliberately targeted at the urban poor they still remain out of their reach. The 2000 Population and Housing Census records total stock of houses for the country as 2,181,975 two-thirds (65.9%) of which are in the rural areas. While the rural stock increased by 53.1% from 1984, the urban stock increased

by 159.4% within the same period. The stock of houses represents an increase of 77.5% over the recorded stock in 1984, much more than the increase in population (53.8%) over the same period. The annual housing requirement is estimated at between 110,000 and 140,000 units but current production is only about 40,000 units per annum. The country has a total backlog of about 1,500,000 units.

A total of 3,877,418 dwelling units were also recorded in the 2000 Population and Housing Census. In terms of construction, mud brick or earth (50.0%) and cement or concrete (39.1%) are the two main materials for outer wall. Corrugated metal sheets (60.3%), thatch (18.6%) and slate (12.9%) are the main material used for roofing collectively, accounting for 91.8% of all materials used. In terms of quality and durability, it would appear that about one-fourth of dwelling units are not adequately roofed: this may pose difficulties and inconveniences during bad weather.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATIONS**

#### **4.1 INTRODUCTION**

This chapter presents the analysis and discussions of the results of the questionnaires and responses of data collected from the study population and its representation that would aid the researcher to adequately present the findings, conclusions and recommendations for the study. The total sample is thirty (30) respondents covering the Ministry of Finance, Ministry of Works and Housing, Regimmanuel Gray Ltd, HFC Bank and Ghana Real Estate Developers Association (GREDA). These consist of the general staff otherwise referred to by the researcher as respondents.

Out of fifty (50) questionnaires distributed, only thirty (30) responses were returned from the field to the researcher. The analysis was carefully done based on the general objectives and the research questions for the study. Detail analysis was conducted to bring out the facts for better interpretation of the findings. Charts, graphs and tables were used with appropriate display of tables and figures for clarity and better understanding.

#### **4.2 INTERPRETATION OF RESEARCH QUESTIONS**

This section presents into details the arrangements of the background of respondents of the study. This is in relation to their age, gender, marital status, educational background, place of work, awareness of the PPP policy, the establishment of land courts to promptly settle land disputes.

### 4.3 SECTION A: QUESTION 1-4. BIO DATA REPRESENTATIONS

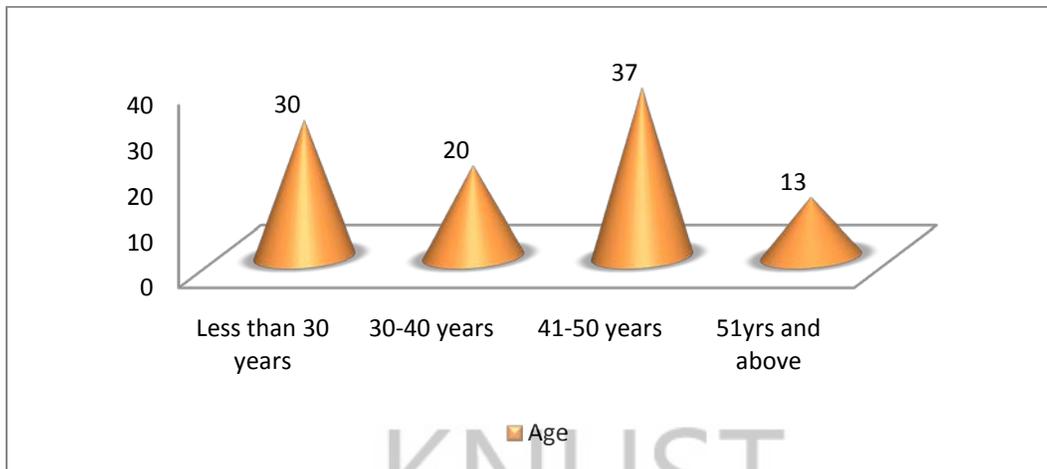
**Section A** is a bio data representation of the frequency and percentage of the respondents based on their gender, age, educational level, marital status, place of work, occupation and experience in the construction industry.



**Figure 4.1: Gender of Respondents**

*SOURCE: Field Data 2013*

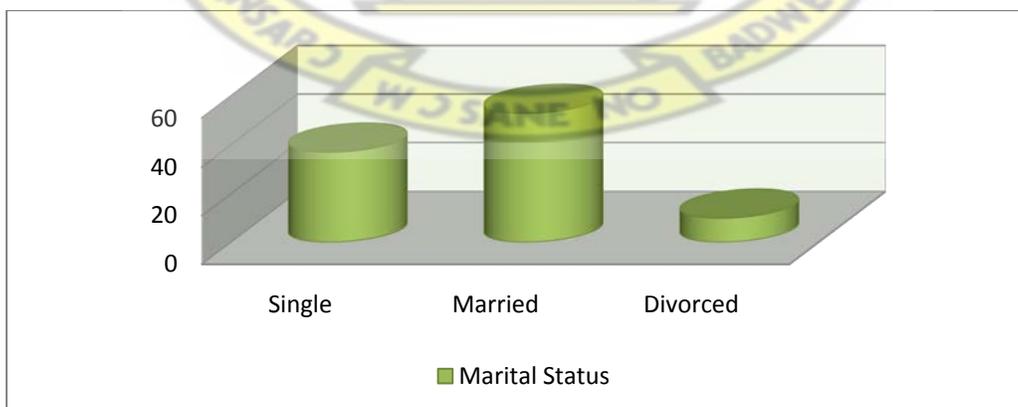
**Figure 4.1** above shows that 23 of the respondents which represent approximately 77% of the total number were males and 7 of the respondents representing approximately 23% of the total respondents were females. This signifies that male staff responded to the interview questions more than females.



**Figure 4.2: Age of Respondents**

*SOURCE: Field Data 2013*

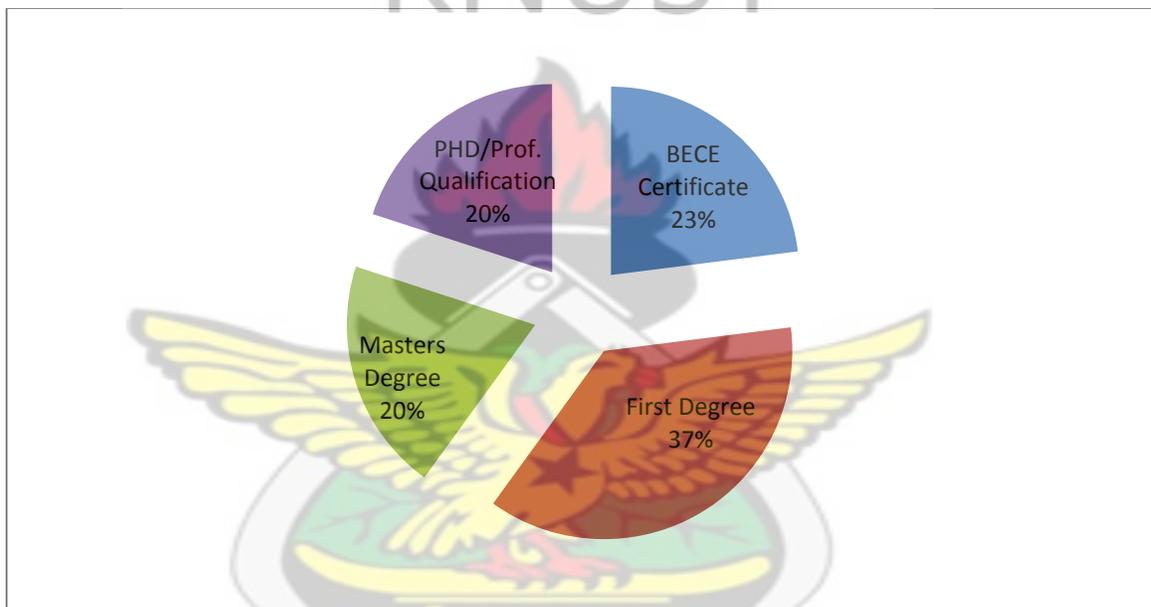
**Figure 4.2,** Displays the age distribution of respondents. 9 of the respondents representing approximately 30% of the total respondents were less than 30 years, 6 of them representing 20% approximately were between the ages of 30 to 40 years, 11 of them representing 37% approximately were between the ages of 41 to 50 years and 4 of them representing 13% approximately were 51 years and above. This shows that over 80% of the respondents were less than 50 years and the rest above 50 years.



**Figure 4.3: Marital status of Respondents**

*SOURCE: Field Data 2013*

**Figure 4.3** indicates that 11 respondents showing 37% of the total sample were single, 16 of them denoting 53% of the total number were married with 3 of them representing approximately 10% were divorced. This symbolizes the fact that higher proportions of the respondents were married. Also, the marital status of the respondents would help in the sharing of information about the PPP policy among spouses.

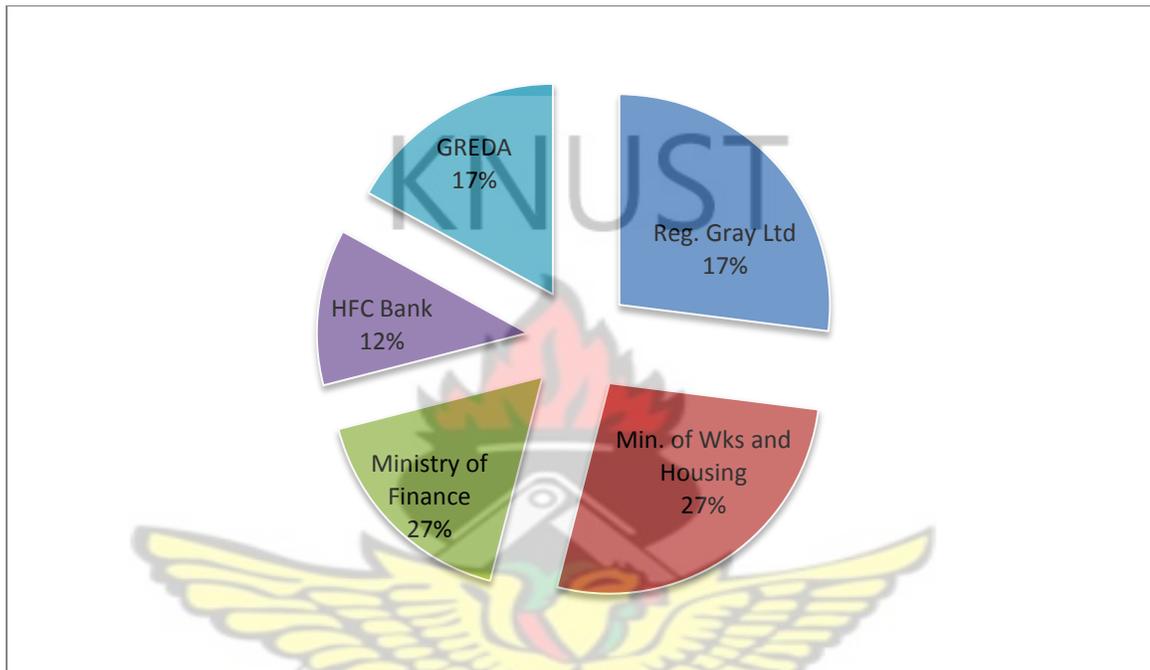


**Figure 4.4: Educational level of Respondents**

*SOURCE: Field Data 2013*

**Figure 4.4** Shows that 7 respondents have HND/Diploma qualification and this represents approximately 23% of the total respondents, 11 of them have First Degree and this represents approximately 37% of the total respondents, 6 of them have Master's Degree qualification representing 20% of the total number and finally, 6 of them which represent 20% approximately have other professional qualifications. This shows that majority of the

respondents have First Degree and HND/Diploma qualifications while less than half of the total have master's degree and other professional qualifications. It also pre-supposes that the lowest qualification of employees of the study areas is HND/Diploma.

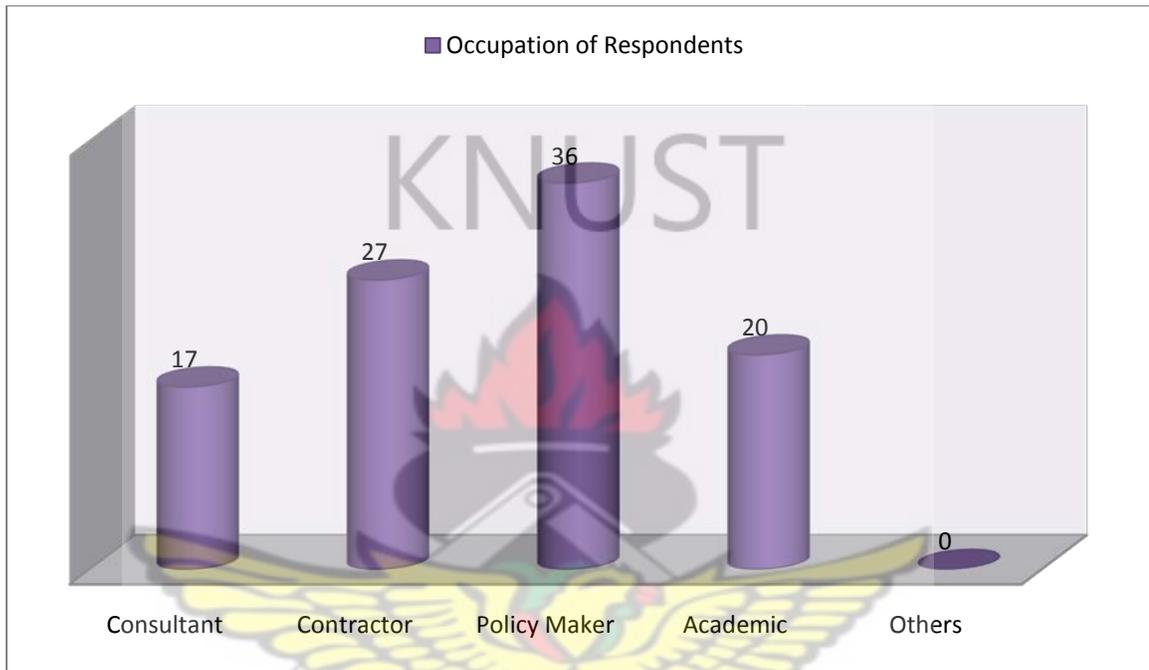


**Figure 4.5: Respondent's Place of work**

*SOURCE: Field Data 2013*

**Figure 4.5** indicates that 8 of them representing 27% work at the Ministry of Water Resources Works and Housing representing 27% of the respondents work at the Ministry of Finance and Economic Planning, 5 respondents showing approximately 17% of the total sample work at Regimmanuel Gray Ltd, 4 representing 12% of the respondents work at HFC Bank while the remaining 5 representing 17% of the respondents work at Ghana Real Estate Developers Association (GREDA). This symbolizes the fact that higher proportions of the respondents who actively took part in the survey works at both the Ministry of Water Resources Works and Housing and Ministry of Finance and Economic Planning.

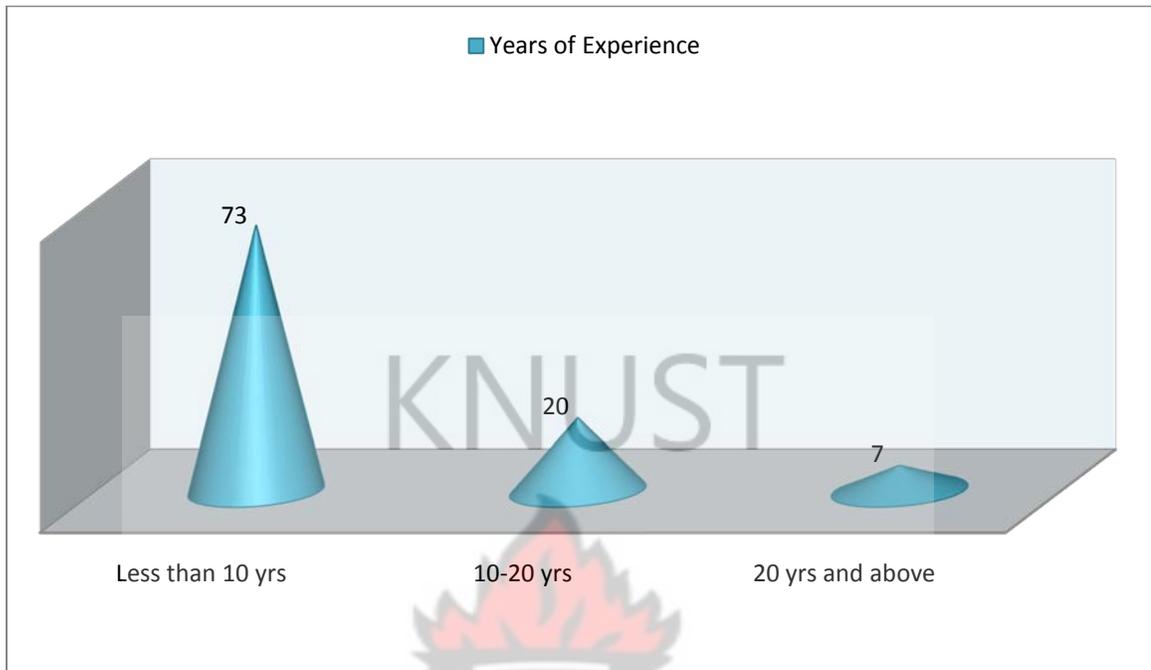
Since the Ministry of Finance and Economic Planning is the mandated body responsible for the implementation of the PPP policy, it was relevant to have majority of respondents from this outfit.



**Figure 4.6: Occupation of Respondents**

*SOURCE: Field Data 2013*

**Figure 4.6,** denotes that 5 respondents showing 17% were consultants, 8 of them representing 27% were contractors, 11 representing 36% were policy makers, 6 respondents representing 20% approximately of the total respondents were academics while 0 of them representing 0% approximately fall within other occupations apart from those listed above. This data is very useful because it shows the caliber of respondents interviewed and depth of information collected. It also implies that most of the respondents were policy makers from the Ministry of Finance. Hence the researcher can rely on their responses.



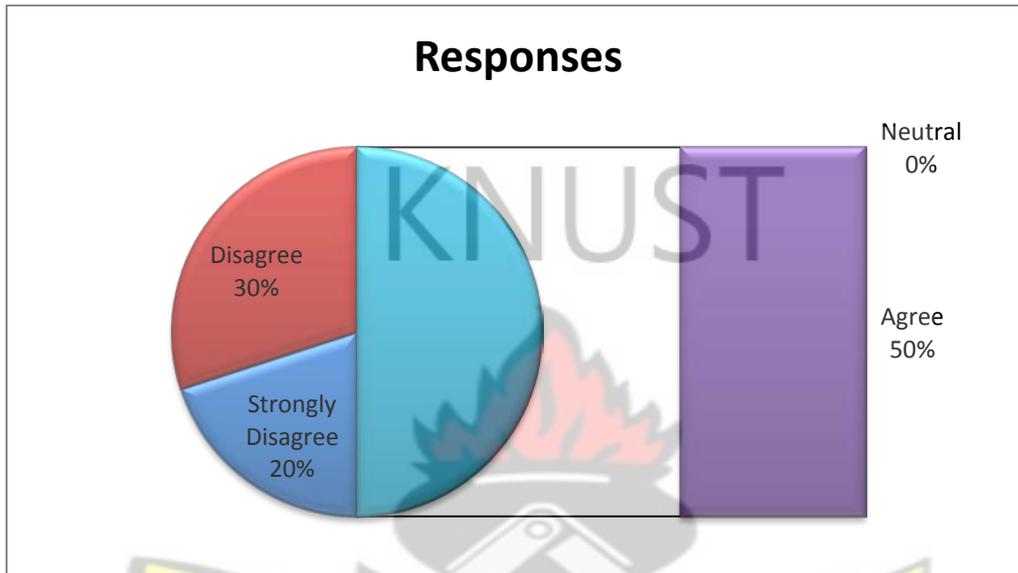
**Figure 4.7: Respondent's experience in the construction industry**

*SOURCE: Field Data 2013*

**Figure 4.7**, shows that 22 of the respondents representing 73% approximately of the total have worked with their respective organizations for less than 10 years at the time of answering the research questions, 6 of them representing 20% approximately have 10 to 20 years working experiences, while 2 of them representing approximately 7% have 20 years and above working experiences with their organizations. This implies that most of the respondents (73%) have less than 10 years working experiences with their organizations and therefore have good understanding of their work environment to offer tangible answers to the research questions.

#### 4.4 SECTION B: PUBLIC PRIVATE PARTNERSHIP (PPP)

**Section B** illustrates the data of respondents with regard to their knowledge of awareness and understanding of the PPP policy, its existence and implementation.

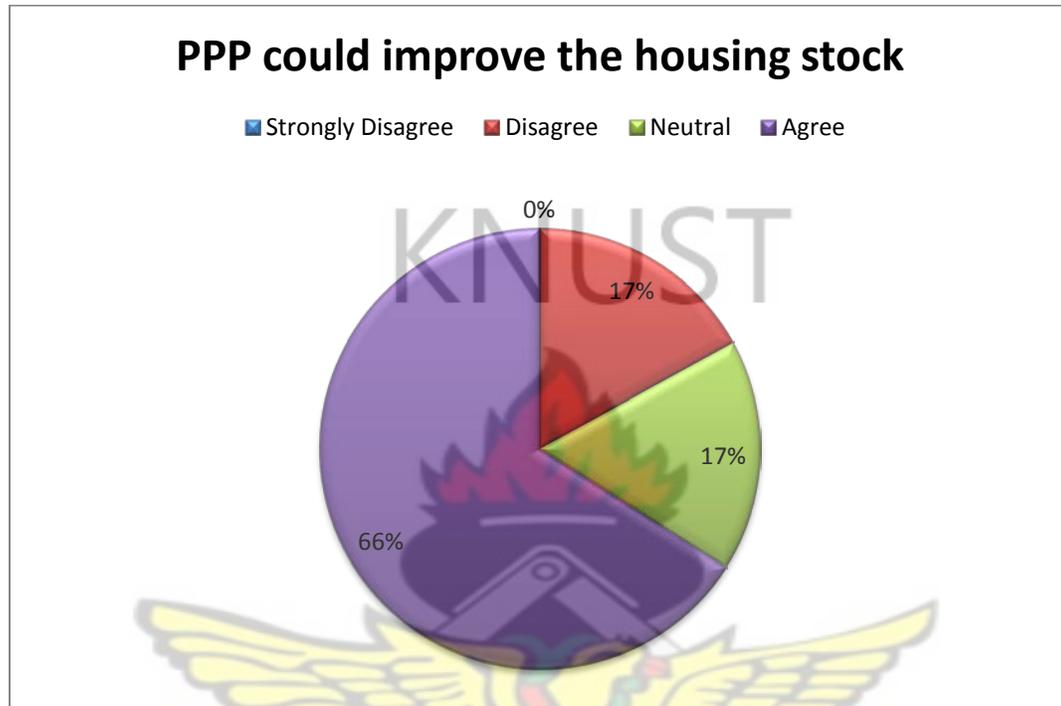


**Figure 4.8: Respondents awareness of the PPP policy.**

*SOURCE: Field Data 2013*

From figure 4.8 above, respondents were asked to indicate how they agree or disagree with the statement 'I am aware of the PPP policy', 6 of them representing 20% strongly disagree, 9 of them representing approximately 30% of the total respondents disagree, none of them responded to neutral and 15 of them representing approximately 50% agree that they were aware of the PPP policy. This revelation is very vital to the findings of the study because it implies that 50% of the respondents were very much aware of the policy while the other 50% have no idea of the policy. The revelation also shows that the 50% of those who were aware of the policy had the knowledge because they work with the

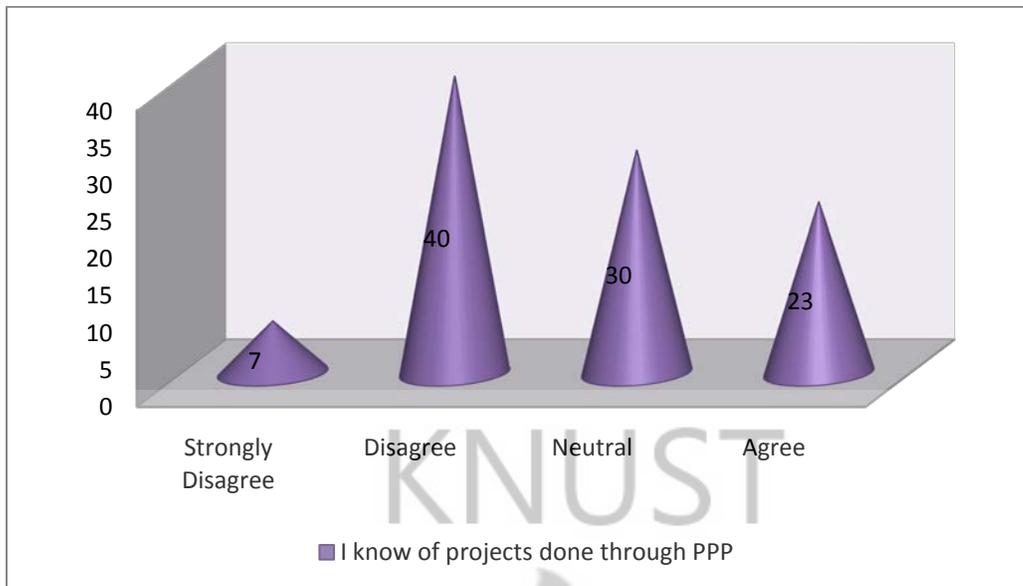
implementing organizations while the 50% who had no idea of the policy complaint that the education and publicity on the policy was rather poor.



**Figure 4.9: Respondent`s knowledge of any housing project procured through PPP**

*SOURCE: Field Data 2013*

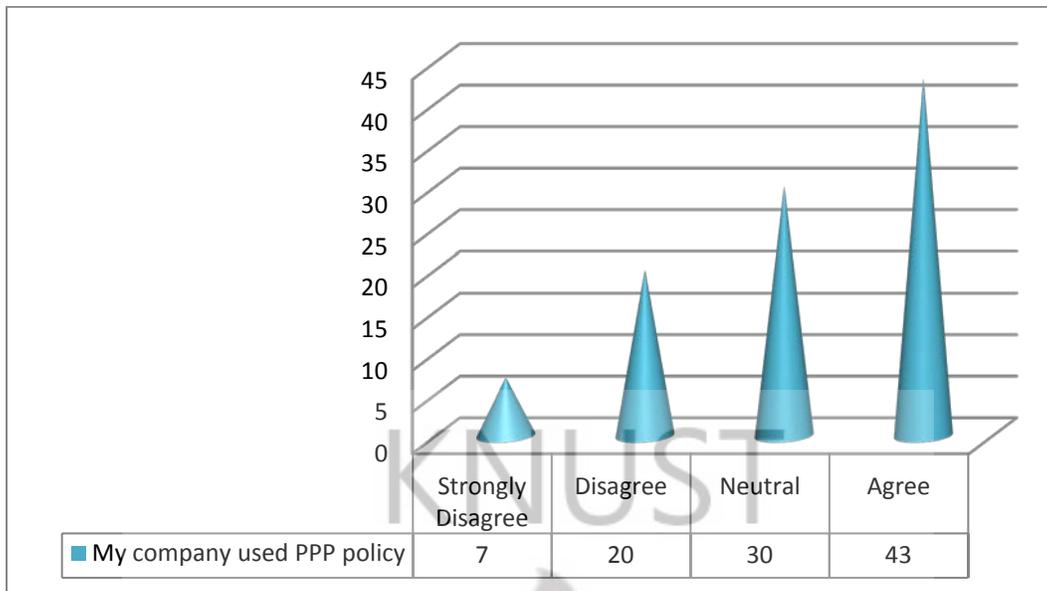
The second statement that respondents were asked to indicate their degree of agreement is 'the PPP policy has the potential to improve the housing stock in Ghana' and out of the total of 30 respondents no responses were recorded for strongly disagree, 5 of them representing approximately 17% of total respondents disagree, another 5 of them representing approximately 17% were neutral, and 20 of them representing 66% agree. This means that majority of the respondents (66%) agree with the statement that the PPP policy has the potential to improve the housing stock in Ghana while 17% of them disagree with the remaining 17% not sure of their responses.



**Figure 4.10: Respondents knowledge of any housing project procured through PPP.**

*SOURCE: Field Data 2013*

The next statement used to seek respondents degree of agreement or disagreement is ‘I know of a housing project that was procured through PPP’. On this, 2 respondents representing approximately 7% of the total strongly disagree, 12 of them representing approximately 40% disagree, 9 of them representing 30% approximately were neutral and 7 of them representing approximately 23% agree. This representation shows that 47% of the respondents disagree with the statement while 23% agree. The implication is that it is becoming evident that the policy is at its implementation stage despite its poor publicity.



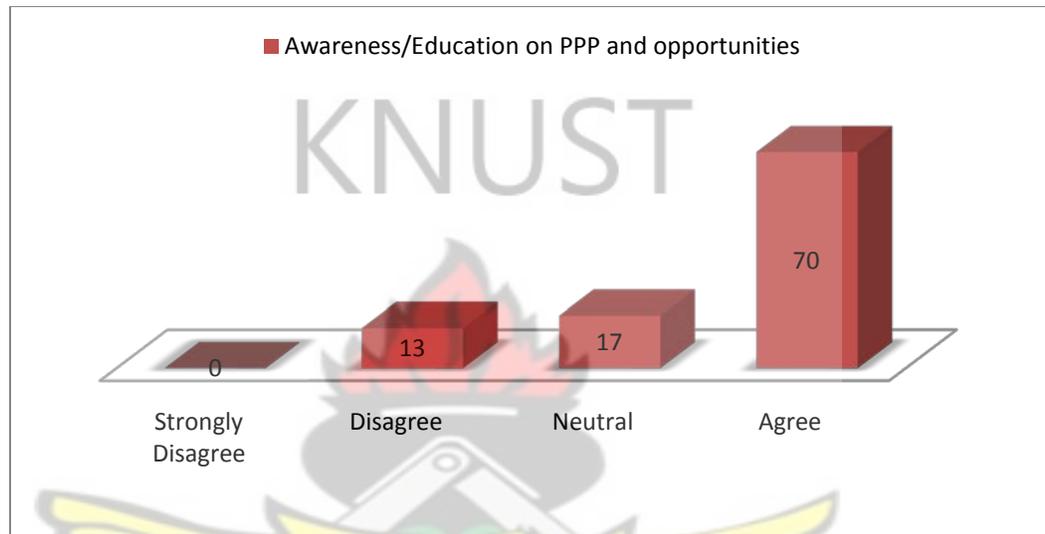
**Figure 4.11: Housing developments undertaken through the use of PPP policy**

*SOURCE: Field Data 2013*

On the statement ‘my company has undertaken housing developments using the PPP policy’, 2 respondents indicating approximately 7% of the total strongly disagree, 6 of them indicating 20% approximately disagree, 9 of them indicating 30% approximately were neutral and 13 of them indicating approximately 43% agree. This means that 43% of the respondents agree with the statement while 27% of them disagree with the rest not sure of their answers. The significance of this data is the fact that because a greater majority of respondents have firsthand experience with the policy, the researcher can comfortably rely on their responses.

#### 4.5 SECTION C: RESPONDENT'S OPINION ON EXPECTATION FROM GOVERNMENT ON THE PPP ARRANGEMENT

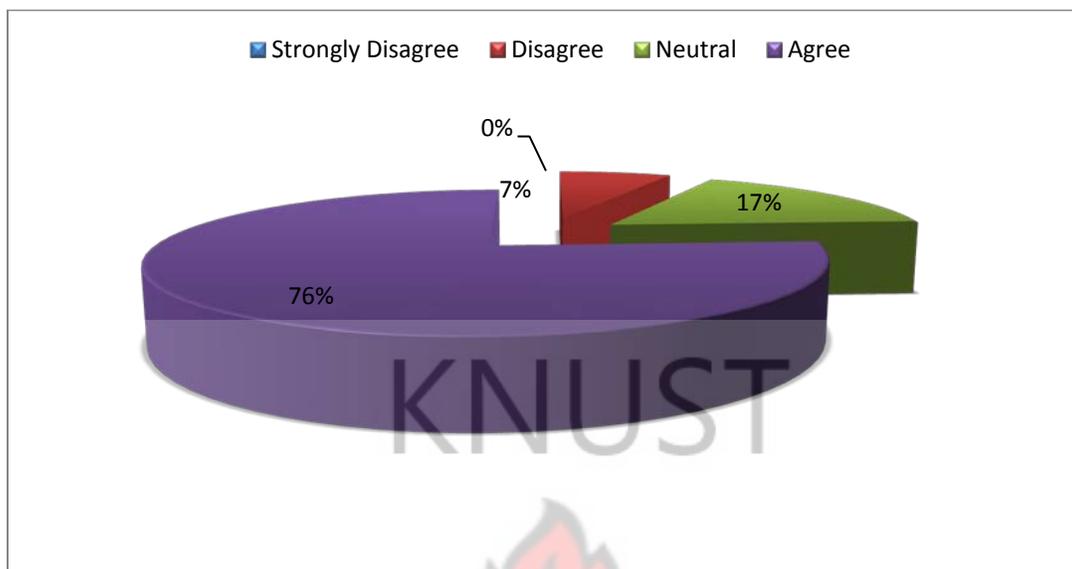
Section C illustrates the data of respondents regarding their opinions on their expectations from government on the PPP policy and challenges with the implementation process.



**Figure 4.12: Awareness/Education on PPP and opportunities**

*SOURCE: Field Data 2013*

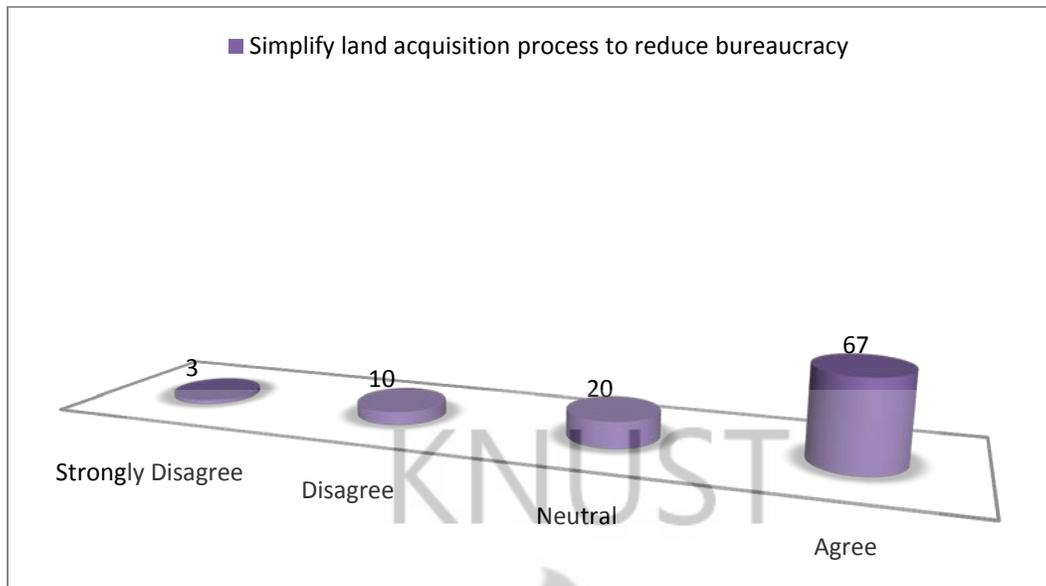
Also, on the statement 'increasing education on awareness of PPP and opportunities for contractor involvement', 4 of the respondents indicating approximately 13% disagree, 5 of them indicating approximately 17% were neutral and 21 of them indicating approximately 70% agree with no responses collected for strongly disagree. This shows that about 13% of the respondents disagree with the statement while about 70% of them agree with the statement. The importance of this data is that it agrees with the earlier responses recorded under figure 4.8 on the awareness of the PPP policy. This implies that a lot more needs to be done on the education and publicity of the PPP policy.



**Figure 4.13: Provision of land to private developers.**

*SOURCE: Field Data 2013*

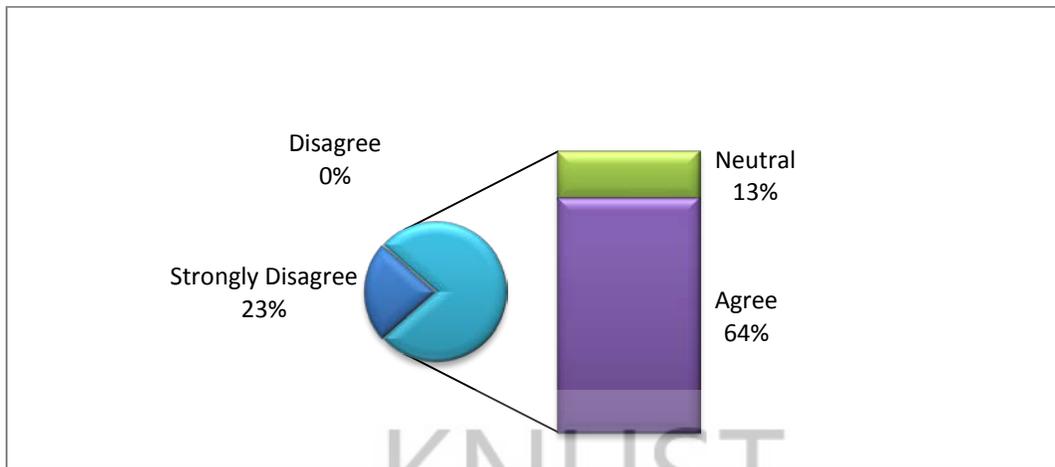
The chart in figure 4.13 above indicates that out of 30 respondents, none of them responded to strongly disagree, 2 of them representing 7% disagree, 5 of them representing 17% were neutral and 23 respondents showing 76% agree to the statement ‘provision of land to private sector developers’. This implies that about 7% of the respondents disagree while 76% of them agree with the statement. This most of the respondents think will help facilitate the implementation of the policy considering the problems most developers go through to secure lands for development.



**Figure 4.14: Simplification of land acquisition processes.**

*SOURCE: Field Data 2013*

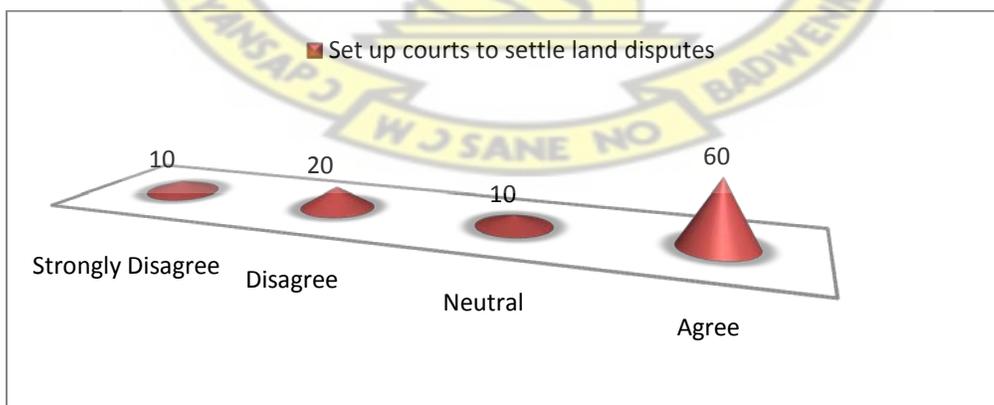
On the statement ‘simplifying land acquisition process to reduce bureaucratic process’. 1 respondent representing approximately 3% of total strongly disagree, 3 of them representing approximately 10% disagree, 6 of them representing approximately 20% were neutral while 20 of them representing approximately 67% agree. This data is very significance to the findings of the study because of its implication. What it means is that simplifying the process of land acquisition would go a long way to reduce bureaucracy and avoid land and property litigations.



**Figure 4.15: Computerized database of land owners.**

*SOURCE: Field Data 2013*

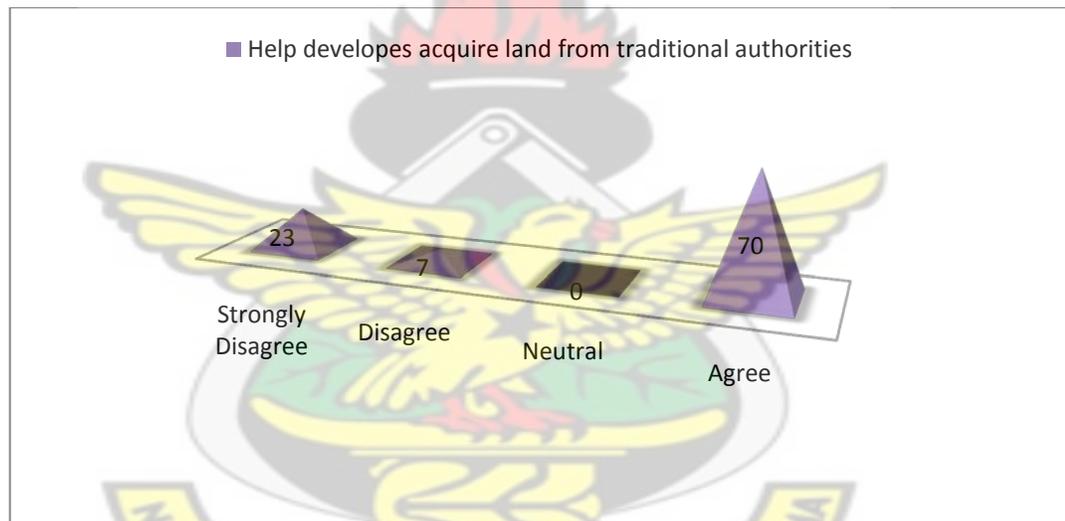
The statement that follows is ‘maintaining a computerized database of land owners to minimize litigation’. As indicated in the chart above 7 of the respondents representing approximately 23% of the total respondents strongly disagree, 4 of them indicating approximately 13% were neutral and 19 of them indicating approximately 64% agree with no responses recorded for disagree. This means that about 64% of the total respondents were of the view that maintaining a computerized database of lands owners to minimize litigations a step in the right direction.



**Figure 4.16: Courts to settle land disputes**

*SOURCE: Field Data 2013*

Another statement illustrated in the figure 4.16 above is ‘Establishing more land courts to promptly settle land disputes’. 3 respondents representing approximately 10% of the total respondents strongly disagree with this statement, 6 of them representing approximately 20% disagree with it, 3 of them representing approximately 10% were neutral and 18 of them representing approximately 60% agree. This means that about 30% of the respondents disagree with the statement while about 60% of them agree with the fact that the introduction of more land courts will solve the problem of long litigation on land disputes to make way for development.

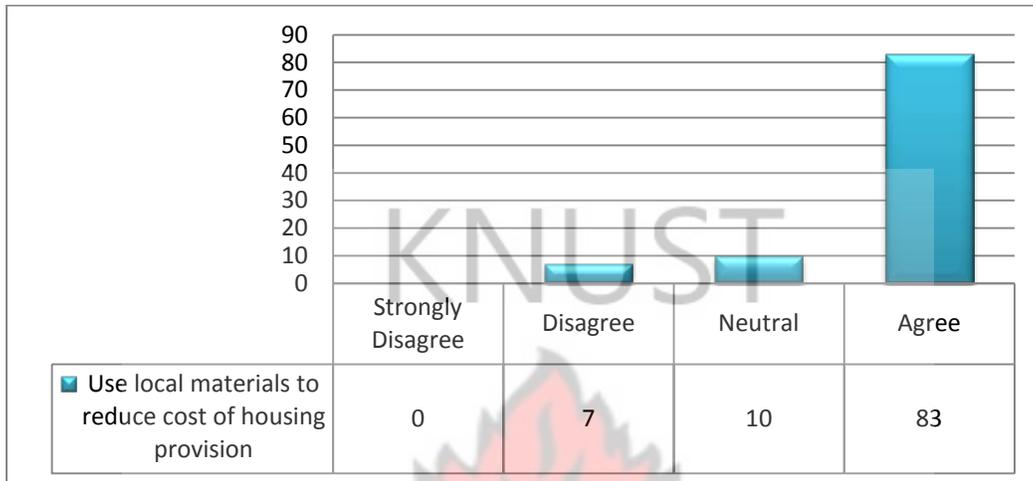


**Figure 4.17: Developers acquisition of lands from traditional authorities**

*SOURCE: Field Data 2013*

On the statement ‘facilitating the acquisition of land by real estate developers from traditional authorities’. Out of the 30 respondents 7 of them indicating approximately 23% of the total respondents strongly disagree, 2 of them indicating approximately 7% disagree, 21 of them indicating approximately 70% agree with none responding to neutral. This means that about 70% of the respondents agree with the statement while about 30% of

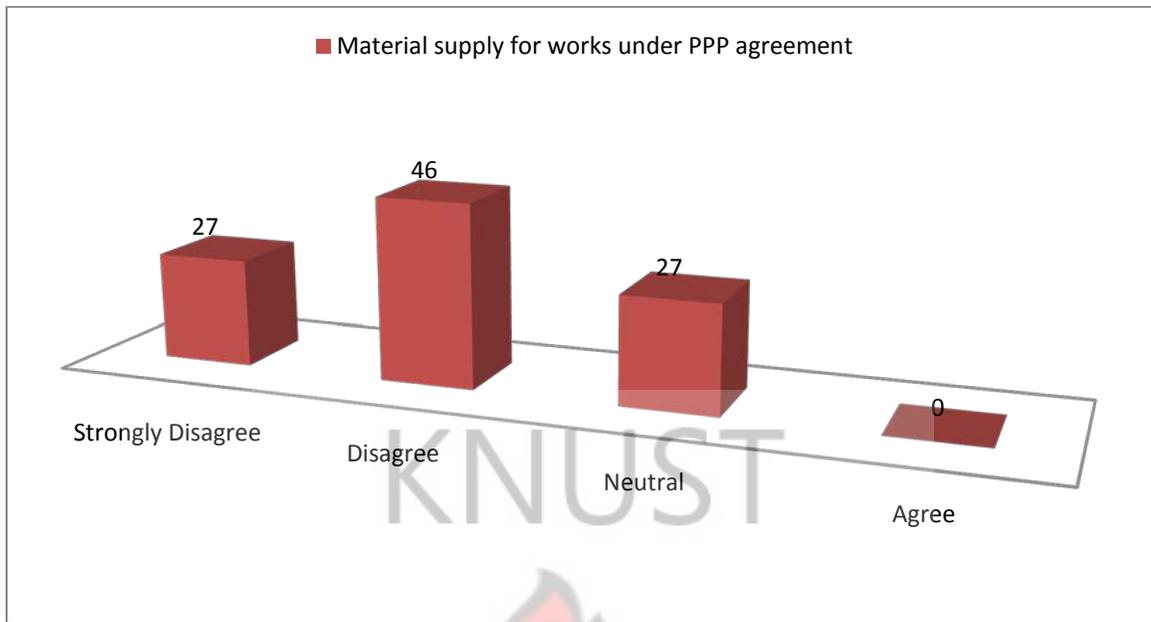
them disagree with it. As part of the incentive packages offered by the Ministry of Water Resources Works and Housing in PPP agreements, the private sector party is assisted by government in this regard.



**Figure 4.18: Use of local materials to reduce cost of housing provision**

*SOURCE: Field Data 2013*

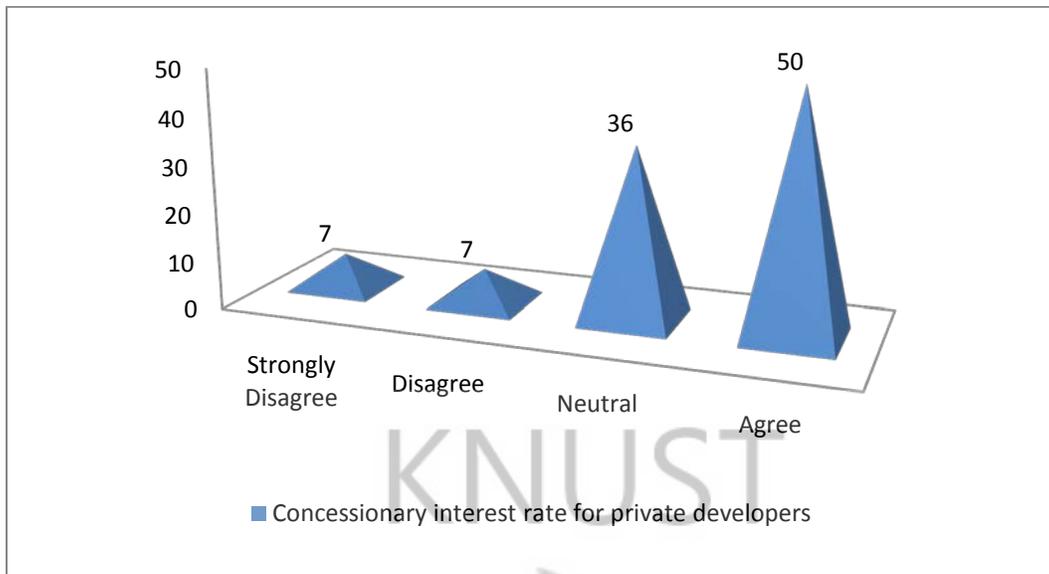
From figure 4.18 above, the statement illustrated with the figure, ‘Enforce the use of locally available materials to reduce cost of housing provision’. Out of a total of 30 respondents, 2 of them representing approximately 7% of the total respondents disagree, 3 of them representing approximately 10% were neutral, 25 of them representing approximately 83% agree but none of them responded to strongly disagree. This means that approximately 83% of the respondents agree with the statement that the use of local materials would help boost the local market as well as reduce cost of production. About 60% of project construction cost is responsible for materials and approximately 70% of which are imported. Reliance on locally available materials will aid reduce the overall construction cost thereby making it affordable.



**Figure 4.19: Materials supply for work under a PPP agreement**

*SOURCE: Field Data 2013*

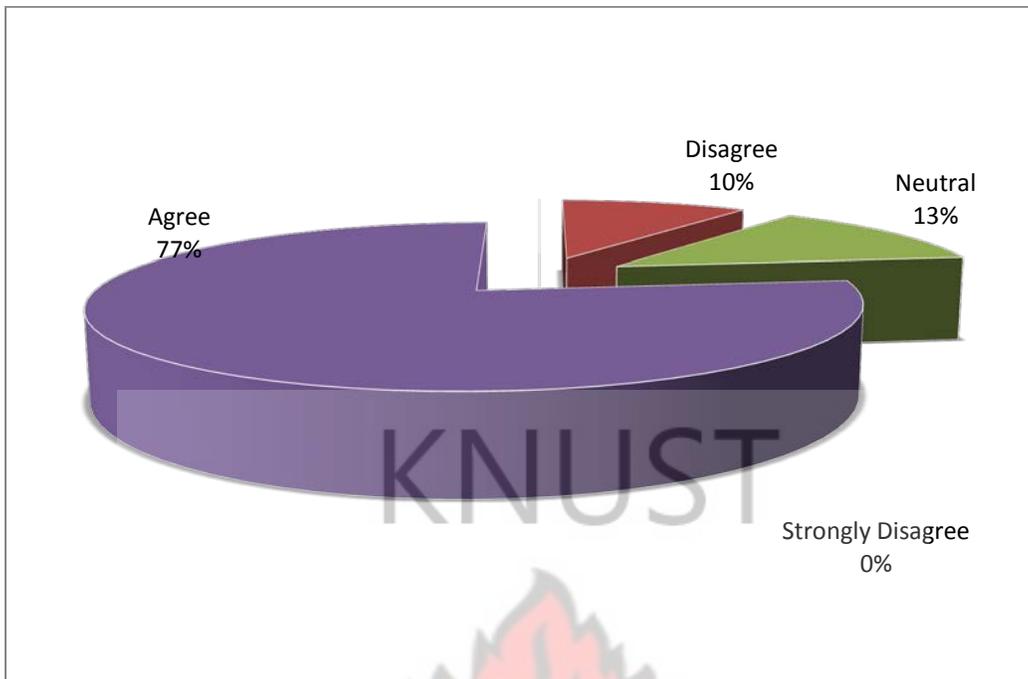
Also on the statement ‘supply of materials for the execution of work under a PPP agreement’, 8 of the respondents showing approximately 27% of the total respondents strongly disagree, 14 of them representing approximately 46% disagree, 8 of them representing approximately 27% were neutral while no responses were collected for agree. This means that about 73% of the respondents disagree with the statement but none agree with the statement. It implies that the respondents think supplying materials for the execution of work under a PPP agreement would not have any significant impact on the policy.



**Figure 4.20: Concessionary interest rate for private developers**

*SOURCE: Field Data 2013*

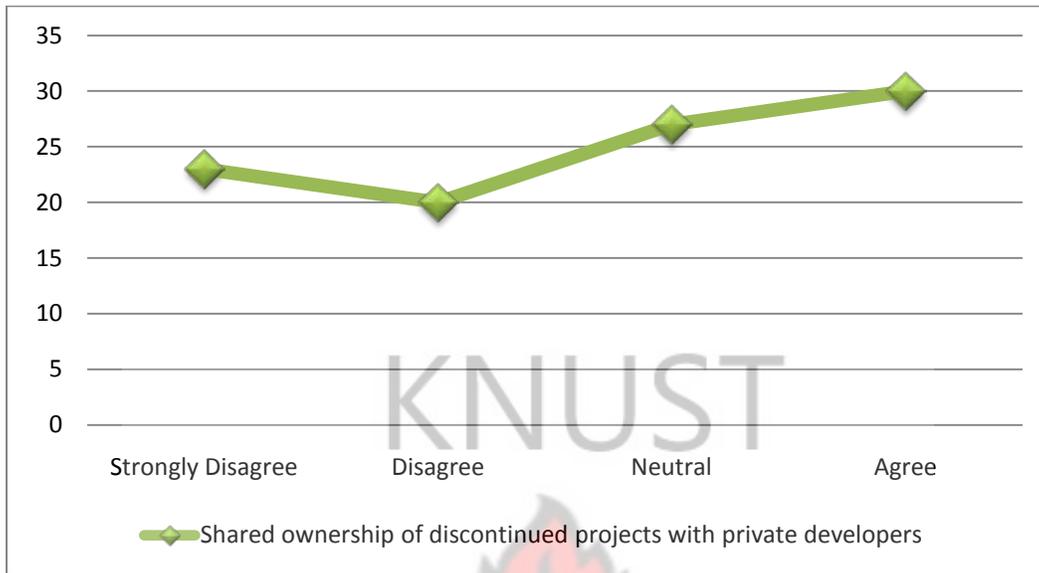
The statement answered and illustrated in the figure 4.20 above is ‘concessionary interest rate for private real estate developers should be reduced drastically’. Here, 2 respondents indicating approximately 7% of the total respondents strongly disagree, 2 indicating approximately 7% of total respondents disagree, 11 of them indicating approximately 36% of total respondents were neutral and 15 of them indicating 50% of the total respondents agree. This implies that higher majority of respondents agree with the statement.



**Figure 4.21: Tax waivers on imports for private developers**

*SOURCE: Field Data 2013*

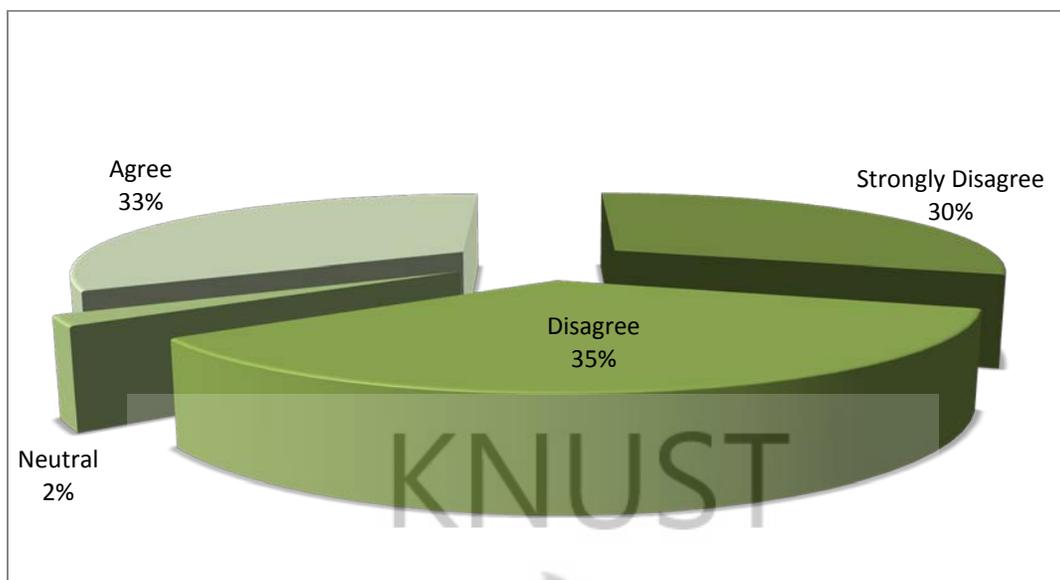
Also regarding the statement ‘tax waivers on imports by real estate developers’, 3 of the respondents indicating approximately 10% of the total disagree, 4 of them indicating approximately 13% were neutral, 23 of them indicating approximately 77% agree with no responses collected for strongly disagree. This means that approximately 77% of the respondents agree with the statement whiles approximately 10% disagree with it. What this means is that most of the respondents were of the view that tax waivers on importations by real estate developers would be a boost to the sector since large volume of current construction materials are imported.



**Figure 4.22: Shared ownership of discontinued projects with private developers**

*SOURCE: Field Data 2013*

On the statement ‘giving discontinued mass housing projects to private developers to complete on a shared ownership basis’, 7 of the respondents depicting 23% of the total sample strongly disagree, 6 of them representing 20% disagree, 8 of the interviewees representing 27% were neutral and 9 of them representing 30% agree. This means that about 27% of the respondents were neutral or undecided, 43% of them disagree with only 30% of them agreeing with the statement. The reason been that the respondents think most discontinued projects have issues and doing them on a share ownership basis would only compound the issues.



**Figure 4.23: Private developers to do projects in green belt areas**

*SOURCE: Field Data 2013*

Illustration on the statement ‘allowing private developers to develop housing projects in green belt areas’, indicated that 9 respondents indicating approximately 30% of the total strongly disagree, 11 of them representing approximately 35% disagree, 1 of them representing approximately 2% were neutral and 9 of them representing approximately 33% agree. This means about 65% of the respondents disagree with the statement and 33% of them agree with it. The implication is that higher majority of respondents do not believe that private developers should be restricted to developing only in the green belt areas.

**Question 24,** hat are the key challenges which in your view hamper/can hamper the use of PPP in the housing sector in Ghana?

## RESPONSES

Data represented on the question ‘what are the key challenges which in your view hamper/can hamper the use of PPP policy in the housing sector in Ghana’ indicates numerous responses. Out of the several responses, the most dominant ones are government should help developers to acquire lands from the local authorities, charges by the Environmental Protection Agency (EPA) are too high and should be reduced and tax on importation and duties paid by private developers should be relooked at. According to the respondents, the PPP policy would only succeed based on collaborative efforts by government, developers and other stakeholders.

**Table 4.25, Question 25, How can the challenge(s) identified in Question 24 above be addressed?**

## RESPONSES

‘How can the challenge(s) identified in Question 24 above be addressed’ was another question shown by the table above and responses indicated that, out of the total responses from 30 respondents, majority of the said that tax waivers on imports for real estate developers by government, the rates of charges on housing and other building materials must be reduced, government should give equal opportunity to both local and foreign developers and the issue of pre-financing by private developers should be looked at by all stakeholders. According to the respondents these are some of the solutions to solving the key challenges which hamper/can hamper the use of PPP policy in the housing sector in Ghana.

#### **4.6 RESEARCH INTERVIEW**

As part of the methodology adopted for the research, an interview was conducted among some selected stakeholders at the Ministry of water resources works and housing, Ministry of finance and economic planning, Ghana real estate developers association and Regimanuel gray limited. This method was adopted because the PPP concept is new in Ghana and therefore it will be very appropriate to allow an expert opinion on the topic of research.

**Question 1,** What are some of the problems which affect the implementation of PPPs in the housing sector?

#### **RESPONSES**

It became very clear during the interview that little is known about the policy by most industry players in the housing sector. Although the secretary to the executive council of the Ghana real estate developers association and the Director of Housing at the ministry of water resources works and housing have all admitted that they have been contacted by the public investment division of the Ministry of finance and economic planning there are still some policy issues that are not clear to their members and therefore education on PPP must be intensified. Land acquisition and ownership as well as the government's commitment to public private sector participation are some of the problems affecting the implementation of PPP in the housing sector.

**Question 2,** What specific government policies/interventions are aimed at improving the overall climate for the implementation of PPPs in the housing sector?

## **RESPONSES**

Although there has not been a specific intervention in the full form of PPP at the time of interview, there were evidence of a number of interventions and policy directions by government in the housing sector which has taken the form of PPP to address the issues relating to the country's huge housing deficit.

**Question 3,** What incentives/benefits exist to attract Estate Developers to the housing sector?

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## **RESPONSES**

According to the Director of housing at the Ministry of water resources works and housing, government has over the years implemented a number of incentives to attract estate developers into the housing sector, these includes the guarantee of unconditional transfer through any authorize dealer bank in freely convertible currency, Tax holiday of five (5) years, exemption from the payment of custom import duty on plant, equipment, machinery and other supplies subject to approval of the parliament of the republic of Ghana and the exemption from the payment of rent and property rate on temporary structures and buildings erected on site by the developer for sole purpose of the project.

**Question 4,** What are the potential opportunities which exist in the housing sector for contractors and estate developers?

## **RESPONSES**

There are over millions of opportunities in the construction and real estate industry for existing and prospective developers in Ghana. According to the secretary to the executive

council of the Ghana real estate developers association (GREADA), the country's current housing deficit is in excess of 1,700,000 units which keeps growing by the day and therefore a huge opportunity exist for players in the industry to take advantage.

**Question5,** Leverage public assets and funds with private sector resources to accelerate infrastructure and service delivery.

## **RESPONSES**

There have been a number of projects undertaken under the PPP policy since its inception in Ghana under the auspices of the Public Investment Department of the Ministry of Finance and Economic Planning, majority of such PPPs falls under the energy sectors private partnership energy generation programme.

**Question 6,** Facilitate investment by the private sector by creating an enabling environment for PPPs.

## **RESPONSES**

The PPP division of the ministry of finance has achieved the above objective to some extent through the countries micro economic stability as well as a relatively low interest rate. According to the division, the countries peaceful political atmosphere has contributed to the achievement of an enabling environment for PPP to thrive.

**Question 7,** Setup efficient and transparent institutional arrangements for the identification, structuring and competitive tendering of PPP Projects.

## **RESPONSES**

Currently the Public Investment division of the ministry of finance and economic planning is achieving this objective through a laid down institutional arrangement for the identification, structuring and competitive tendering of PPP projects. A PPP law is also being enacted to regulate its projects so to achieve efficiency, transparency, accountability and value for money.

**Question 8,** Encourage and promote indigenous Ghanaian private sector Participation in the delivery of public infrastructure and services.

## **RESPONSES**

90% of the current awarded PPP projects are in tune to promote and encourage indigenous Ghanaian private sector participation in project delivery. Majority of the companies undertaking PPP project in Ghana are solely Ghanaian or in some partnership with foreign counterparts as required by law. These indicate that the PPP objective to promote indigenous Ghanaian private companies in the delivery of public infrastructure and services is satisfactorily being achieved.

**Question 9,** Increase the availability of public infrastructure and services and improve service quality and efficiency of projects.

## **RESPONSES**

A number of projects have been undertaken under the PPP arrangement predominantly in the energy sector and other more in the pipeline to be executed in later years. These are

market-credible projects with the potential to attract both national and international bids. Currently Ghana has identified some potential pipeline PPP projects for development. The following are some earmarked pipeline PPP projects: Accra-Takoradi Road duplication project, Accra-Tema motorway rehabilitation and expansion, Takoradi Port rehabilitation and expansion, Korle-Bu Teaching hospital diagnostic services, Accra plains irrigation PPP Project, Boanka Inland port & Eastern railway line project, Establishment of a new national airline and National sport collage sports & residential/ camping facilities project.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

This chapter focuses on the general summary, conclusions and recommendations of the study. The purpose of this research was to explore the opportunities of the Public Private Partnership (PPP) system of procurement to improve delivery in the Ghanaian housing sector. It is the desire of the researcher that the recommendations suggested are considered for the review and improvement of the current system and policy adopted in the housing sector of Ghana. At the end of this study, further areas for research are provided.

#### **5.2 SUMMARY OF FINDINGS**

The study comparatively assess the advantages of the PPP in project implementation against other forms of Project implementation and funding methods as practiced in Ghana with regards to quality of workmanship, delivery time and issues of cost overruns. The study forms part of several attempts to improve the efficiency and effectiveness of Public Private Partnership (PPP) policy implementation as a boost to the housing sector of Ghana. Thus, the study has also become a secondary source of data for future researcher. Generally, the term public private partnership describes a wide range of arrangements whereby government responsibilities are outsourced to commercial partners, and risk is shared between the public and private sectors to bring about desired outcomes in areas associated with public policy.

There are other terms used for Public Private Partnership activities. These are private sector participation (PSP) and privatization. While the three terms have often been used interchangeably, there are differences. Public Private Partnership refers to the use of

private sector investments to finance a public project when sufficient public funding is not available. Private Sector Participation (PSP) on the other hand transfers obligations to the private sector rather than emphasizing the opportunity for partnership, while privatization involves the sale of shares or ownership in a company or the sale of operating assets or services owned by the public sector.

Furthermore, the study revealed public expectations from government on the PPP arrangements in the provision of land to private sector developers, simplifying bureaucratic land acquisition process, establish more land courts to settle land disputes faster and amicably, offering tax waivers on imports for real estate developers and giving discontinued mass housing projects to private developers on mutually beneficial terms and conditions.

Additionally, the objectives of the Public Private Partnership method of procurement as indicated in the PPP policy manual has not been satisfactorily achieved especially in cognizance with the huge infrastructure deficit yet to be addressed.

Finally, legislation on the use of locally available materials for the housing sector was identified as one major concern for the industry players. According to them, there should be a legal framework to ensure that higher percentage of timber and cement (Pozzolana Cement) for example are bought from Ghana for government approved contracts

### **5.3 CONCLUSION**

In conclusion, the research findings seek to directly address the study objectives which are as follows: identify the extent of implementation of PPP within the Ghanaian housing

sector, determine the private sector partner's expectation from Government for the implementation of PPP in the housing sector and identify the possible benefits of PPP on the Ghanaian housing sector.

The study noted that the implementation of the PPP policy within the Ghanaian housing sector is still at its infant stage; the legal framework has been designed and launched making provision for establishing more land courts to promptly settle land disputes and simplifying land acquisition process to reduce bureaucratic process. Targets have been set for achievement with thorough needs assessment conducted to increase private partner's involvement as well as seek adequate funding for the successful implementation of the policy.

Another interesting revelation from the study is the private sector partner's expectation from Government. The private real estate developers understand the PPP policy has the potential to improve the housing stock in Ghana and are very determined to succeed under the policy and therefore expect fair play in contract bidding and awarding. They also expect concessionary interest rate should be reduced drastically with tax waivers on their importations and allow them to develop housing projects in green belt areas.

Finally, the study identifies possible benefits of the PPP policy on the Ghanaian housing sector. It has become apparently clear that the general needs of the sector have being identified with focus and better understanding of the sector. Also, the sector players are seen as much more organized to fight for a common goal.

## 5.4 RECOMMENDATIONS

With reference to the above conclusion and findings, the following recommendations are proposed for review and improvement on the current housing system and policy implementation.

Publicity and education to increase the awareness of the PPP policy. With reference to Figure 4.12 of chapter four, majority of the respondents agreed that a lot more needs to be done on the education and publicity of the PPP policy in order to deepen the understanding and its relevance by all.

The policy implementation should be structured fairly to cover all the regions. Since the problem of housing has become a national issue, the implementation should be structured in a way that would ensure equitable and regional representation.

Local real estate developers should be considered for priority government contracts. In order to strengthen and empower local real estate developers, conscious and deliberate attempts should be made at awarding priority government contracts to local contractors.

Conscious efforts and financial dedications should be given to the housing sector. If the policy is to succeed, the adequate funding should be provided to ensure smooth execution of projects and contracts.

Improve efficiency and effectiveness. There is the need for regulatory framework and supervisory committee or body to ensure that the sector players act within specifications, provisions and regulations to ensure the successful implementation of the policy.

#### **5.4.1 FUTURE STUDY**

There is need for further study on how the PPP policy can be structured to ensure equitable and regional representation. Also, further study should be conducted on how the PPP policy can be implemented to strengthen and empower local real estate developers more than other private or foreign real estate developers.



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## **APPENDIX**

### **QUESTIONNAIRE**

#### **EXPLORING THE OPPORTUNITIES FOR USING PUBLIC PRIVATE PARTNERSHIPS (PPP) IN THE GHANAIAN HOUSING SECTOR**

Dear Sir/Madam,

This questionnaire is to seek your opinion to explore the opportunities of using the Public Private Partnership (PPP) system of procurement to improve delivery in the Ghanaian housing sector. It would be appreciated if you could spare some time to complete this questionnaire for me. Information provided will be used for academic work only. Strict confidentiality is assured.

Thank you in advance.

**Daniel Adjokatcher**

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**Msc. Procurement Management**

**0243330175**

**Section A: Biographic Data**

(Please tick the appropriate response)

1. What is your gender?      A. Male [ ]      B. Female [ ]
2. What is your age?    A. Less than 30 yrs [ ]    B. 30-40 yrs [ ]    C. 41-50 yrs [ ]  
D. 51 yrs and above [ ]
3. What is your marital status?    A. Single [ ]    B. Married [ ]    C. Divorced [ ]
4. Highest level of Education?    A. HND/Diploma Certificate [ ]    B. First Degree [ ]  
C. Master's Degree [ ]    D. Other Professional qualifications [ ]
5. Where do you work? ..... (Please specify)
6. Which of these designation best describes you?    A. Consultant [ ]    B. Contractor [ ]  
C. Policy maker [ ]    D. Academic [ ]    E. Other ..... (Please specify)
7. Years of experience in the construction industry?    A. Less than 10 yrs [ ]    B. 10-20  
yrs [ ]    C. 20 yrs and above [ ]

**Section B: Public Private Partnership (PPP)**

On a scale of 1 to 4, where (1) *Strongly Disagree*, (2) *Disagree*, (3) *Neutral*, and (4) *Agree*. Please select which of the following is applicable to you.

Questionnaire Item		1	2	3	4
8	I am aware of the PPP policy.				
9	The PPP policy has the potential to improve the housing stock in Ghana.				
10	I know of a housing project that was procured through PPP.				
11	My company has undertaken housing developments using the PPP policy.				

**Section C: Respondent's Opinion on expectation from Government on PPP**

**Arrangement**

On a scale of 1 to 4, where (1) *Strongly Disagree*, (2) *Disagree*, (3) *Neutral*, and (4) *Agree*. Please select which of these actions by government can help improve the implementation of PPP in the housing sector?

Questionnaire Item		1	2	3	4
12	Increasing education on awareness of PPP and opportunities for contractor involvement.				
13	Provision of land to private sector developers.				

14	Simplifying land acquisition process to reduce bureaucratic process.				
15	Maintaining a computerized database of land owners to minimize litigation.				
16	Establishing land courts to promptly settle land disputes.				
<b>Questionnaire Item</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
17	Facilitating the acquisition of land by real estate developers from traditional authorities.				
18	Enforce the use of locally available materials to reduce cost of housing provision.				
19	Supply of materials for the execution of work under a PPP agreement.				
20	Concessionary interest rate for private real estate developers should be reduced drastically.				
21	Tax waivers on imports by real estate developers.				
22	Giving discontinued mass housing projects to private developers to complete on a shared ownership basis.				
23	Allowing private developers to develop housing projects in green belt areas.				

**Section D: Please provide detail responses on the questions below**

24. What are the key challenges which in your view hamper/can hamper the use of PPP in the housing sector in Ghana?

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25. How can the challenge(s) identified in Question 24 above be addressed?

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**Thank you for your time.**

