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## Unity Housing Estate, Bauchi Town, Nigeria

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*On this page: Challenging Case: Unity Housing Estate, Bauchi Town, Nigeria. Find more at the [Municipal Public-Private Partnership Framework - Project Summaries](#) section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the [Guidelines on Innovative Revenues for Infrastructure](#) section.*

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### Project Summary:

#### Background

Nigeria faces a significant shortfall in housing stock, particularly in urban areas such as the town of Bauchi. To help address this problem, the then Governor of Bauchi, Mallam Isa Yuguda, initiated a PPP project for low-cost housing in 2009, due to the limited funds available through the state budget.

#### Project Structure

Bauchi state government partnered with a private company called Terraquest Development Company Limited to deliver 1,000 units of low-cost housing intended for civil servants in three phases. The first phase consisted of 288 housing units, the second phase consisted of 171 housing units, and the third phase consisted of 112 housing units.

The project was based on a design-build-finance (DBF) model. Terraquest would be responsible for designing, financing, and constructing the project. The state government would provide the land, payment for the final works completed, and enabling infrastructure and serve as guarantor for the financing acquired by Terraquest. The state government would also assume ownership of the housing units upon completion of the construction. Federal Mortgage Bank of Nigeria (FMBN) sponsored the project.

### **Lessons Learned**

The first phase was completed and occupied but failed to meet expectations. The state government breached the contract as it only provided the land, while refusing to pay the promised compensation of NGN 23 million (USD 64,000). Only about NGN 10 million (USD 28,000) was released to the private company during the visit by the Federal Minister for Housing. With the government declining to pay for the infrastructure, the housing units were poorly built and the private partner had to increase the price of the housing units by 19-23.5 percent. In addition, the intended beneficiaries were discouraged from purchasing the units due to the complicated process involved. Recipients were required to provide guarantors and fulfill difficult conditions to qualify for mortgage loans. As a result, most of the housing units remained empty.

This project underscores private sector concern over payment obligations by the public partner to a PPP, which may go unfulfilled for any number of reasons and threaten the private partner's investment in a PPP. This project failed primarily on these terms, though the non-payment was exasperated by the government's failure to take steps to simplify the process for intended beneficiaries to acquire the affordable housing units.<sup>1</sup>

*Footnote 1: Case source(s): <https://www.vanguardngr.com/2018/07/abandoned-housingprojects-litter-nigeriancities/> accessed on July 4, 2019.*

*<http://www.macrothink.org/journal/index.php/ijrd/article/download/9933/8319> accessed on July 4, 2019.*

*<http://housingfinanceafrica.org/the-rise-ofhousing-public-privatepartnerships-in-africa/> accessed on July 4, 2019.*

### **Related Content**

- [Selected World Bank Tools](#)

### **Additional Resources**

- [Climate-Smart PPPs](#)
- [Finance Structures for PPP](#)

## Partner Resources

Find more @ [Global Platform for Sustainable Cities](#)



*The [Guidelines on Innovative Revenues for Infrastructure \(IRI\)](#) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.*

*To find more, visit the [Innovative Revenues for Infrastructure](#) section and the [Content Outline](#), or [Download the Full Report](#). For [feedback](#) on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at [ppp@worldbank.org](mailto:ppp@worldbank.org).*

