

**AN INVESTIGATION INTO BUILD OPERATE AND TRANSFER IN
THE PROVISION OF HOSTELS IN NIGERIAN FEDERAL
UNIVERSITIES**

By

IBRAHIM ABDULHAFEEZ

DEPARTMENT OF BUILDING

FACULTY OF ENVIRONMENTAL DESIGN

AHMADU BELLO UNIVERSITY, ZARIA, NIGERIA

SEPTEMBER, 2014

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BY

**IBRAHIM ABDULHAFEEZ. B.Sc Building (A.B.U) 2010
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**DEPARTMENT OF BUILDING
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SEPTEMBER, 2014

DECLARATION

I declare that the work in this thesis entitled ‘AN INVESTIGATION INTO BUILD OPERATE AND TRANSFER IN THE PROVISION OF HOSTELS IN NIGERIAN FEDERAL UNIVERSITIES’ has been carried out by me in the Department of Building, Faculty of Environmental Design. The information derived from the literature has been duly acknowledged in the text and a list of reference provided. No part of this thesis was presented for another degree or diploma at this or any other institution.

Ibrahim Abdul-Hafeez

Name of Student

Signature

Date

CERTIFICATION

This thesis entitled AN INVESTIGATION INTO BUILD OPERATE AND TRANSFER IN THE PROVISION OF HOSTELS IN NIGERIAN FEDERAL UNIVERSITIES by IBRAHIM ABDUL-HAFEEZ meets the regulations governing the award of the degree of Master of Science in Construction Management of the Ahmadu Bello University Zaria, and is approved for its contribution to Knowledge and literary presentation.

Dr. A.D. AbdulAzeez (Chairman, Supervisory Committee)	Signature	Date
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Mr. M.Z. Muhammed (Member, Supervisory Committee)	Signature	Date
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Prof. K. Bala (Head of Department)	Signature	Date
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Prof. Adamu Zoaka Hassan Dean, School of Postgraduate Studies	Signature	Date
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DEDICATION

This research work is dedicated to parent, Alhaji AbdulYakeen Ibrahim and
Hajia Munira Ibrahim

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I thank Almighty ALLAH (S.W.T.) for His mercy and protection in making this research work see the light of day. May the peace and blessings of ALLAH (S.W.T.) be upon the noble prophet Muhammad (S.A.W.).

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ABSTRACT

Inadequate hostel for students in Universities has been of great concern to Government and the University authorities. The Government has been trying to involve the private sector in the provision of hostel through Build Operate Transfer scheme since 2004. Challenges have been faced in implementing the scheme. The aim of the study was to investigate the slow adoption of the University Build Operate and Transfer scheme including readiness to adopt this policy. It also examined the cause of low participation of developers and investors in the BOT scheme. A structured questionnaire was designed and administered to Developers, Student Affairs Division and Physical Planning and Works Department of Federal Universities. An interview was also conducted with the Infrastructure Concession Regulatory Commission. Data was analysed using Percentages, Mean and Relative Importance Index (RII). The study found that Federal Universities in Nigeria are ready to implement this policy with a readiness assessment score of 3.63 out of 5. Developers are aware and willing to participate in the scheme. The level of private sector participation was found to be low as only 5 BOT projects were identified. Inadequate knowledge and understanding of BOT scheme by prospective developers (RII=0.86); Time and Cost Intensiveness a BOT Project (RII=0.8), Preference for traditional procurement route (RII=0.78) were factors militating against implementation of the scheme by Universities. High interest Rate on Loans (RII=0.83), Lack of availability of long term loan (RII=0.82), Inconsistent Government policy (RII=0.81) are most important challenges faced by developers in adopting Build Operate Transfer for provision of hostel accommodation in tertiary institutions. The study concludes that ensuring fairness, competitiveness and transparency in the procurement process, standard/rarely altered academic calendar, acceptable rent charges (flexible and adapted for adjustment) and mutual trust are practices that could enhance BOT adoption in hostel provision in Nigerian Universities.

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Education in some developing countries like Nigeria has been suffering from inadequate funding. Poor funding of Tertiary education is seen as an African phenomenon (Onuka, 2004 and Ayo-Sobowale & Samuel, 2011). This lack of funding has been one of the major factors affecting the quality of education in Nigerian tertiary institutions. Babalola (2002) and Samuel (2003) further affirmed that Federal Universities in Nigeria are lacking the financial resources to maintain educational quality in the face of enrolment explosion. UNESCO recommended at least 26% of national budget to educational funding, but Nigeria has not been able to meet that percentage in previous years (Onuka, 2004).

The Federal Government of Nigeria in 2013 established 3 (three) new Federal Universities making the total number of Federal Universities in the country to 40 (Nigerian Universities Commission, 2013). One of the infrastructure problems facing institutions of higher learning in the country is inadequate hostel accommodation for the increasing students' population and this has been causing serious concern to the government and university authorities. Hostel accommodation plays an important role in the life of students in Universities. This is because, to get the best result from students, adequate arrangements must be made for their housing/accommodation. According to Okebukola *et al.*, (2004) in standardized academic communities, hostels in the form of dormitories, residential halls and bedsitting are the forms of residential accommodation developed for students. Ubong (2007) however laments that hostel

accommodation is not given the necessary attention in the Nigerian tertiary education institutions.

Government have looking for a way to bring the private sector in to provision of infrastructure. Public Private Partnership is one of the method this could be achieved. Private companies in conjunction with the public sector or one of its branches have therefore introduced this solution which provide a more integrated financial design, construction, maintenance and operational solution to infrastructure in project. According to Bicourtney (2007); ECA (2005); NEPAD (2006), cited in Dahiru and Bala (2008), Build Operate Transfer concept in the context of Public Private Partnership (PPP's) has emerged as an important tool for improving economic competitiveness and infrastructure services in Nigeria and other developing countries. The scheme is increasingly being considered as a mechanism to fill the infrastructural deficit in developing countries.

Llanto (2008) described a BOT project as one in which a public sector organisation grants a concession for a period of time to a private company for the development of a project. The private company then builds the project to the specifications agreed, operates and manages the project for a number of years after its completion. This gives the private company the chance to recoup its construction costs and make a profit out of the proceeds coming from the operation and commercial exploitation of the project. At the end of the concession period, the rights of the project company in the project are transferred to the Government or its designee, normally free of any charge. Then the government is free to operate it, or contract its operation to another contractor or even to the same contractor (Argyris, 2003). In Nigeria, besides the on-going privatization programme, there is growing interest by government in using the Build Operate and Transfer (BOT) system in a variety of infrastructure development ranging from road,

tourism and hostel development to power generation (Ibrahim *et al.* 2007). Infrastructure projects procured using Build Operate and Transfer in Nigeria includes Tinapa business resort, Lekki-Epe express way, Garki II ultramodern market and Murtala Mohammed Airport terminal 2. According to Dahiru (2011) most BOT infrastructure projects fail at procurement stage in Nigeria. The long term nature and the complex contractual structure of a BOT project have proved a challenge to BOT in developing countries (Unido, 1996).

According to Knight Frank Research (2006), that private hostel accommodation provision is not only an investment, but a competitively high returning asset. This experience is seen in stable economies where the hostel market operates around the institutions running non-residential policy and whose academic sessions are rarely altered. His opinion explains why there is high competition for private hostel developments around the tertiary educational institutions in Nigeria in recent years. There is sufficient land to provide hostel within most universities (Edet, 2012). Private sector providing hostel would help in utilising this undeveloped lands. With the security challenges experienced in the country, parents, guardians and students prefer on-campus accommodation for safety and security. According to Onyike and Uche (2010), institutional owned hostels in Nigeria are overcrowded and poorly maintained. Private on-campus hostel would be better maintained and the universities would be able to regulate prices.

1.2 Statement of the Research Problem

There is rapid growth in admission intake every year due to sudden rise in student population. Lack of funds is making it difficult for Government and Universities to provide enough hostel accommodation for student. On-campus hostels are less available to students at tertiary institution. The report by the presidential committee on critical

needs of Nigerian Universities stated that only 111,509 (8.9%) of the total student population of 1,252,913 students across 61 public universities are accommodated on campus (Edet, 2012).

Alaka *et al.* (2012) lament on the overcrowding in hostels in Nigerian universities and this has mounted pressure on the facilities. The conditions of most hostels in Nigerian universities to provide suitable accommodation congruent to students' academic pursuits are at their worst decline (Muhammad *et al.*, 2014). Okebukola *et al.*, (2004) observed that the inability of the university management to increase their accommodation capacity as student population increase annually has increase the room occupancy ratios, up to 10 students per room.

In 2004 the estimated cost of meeting the shortfall in student accommodation alone in Federal Universities was estimated at ₦63.19 Billion (Sulaiman, 2004). It is obvious that government will find difficult to do it alone. Esenwa (2003) adds that given the rate at which additional hostel facilities were provided in the Federal Universities in Nigeria, private sector intervention is needed to solve this problem. The government of Nigeria in encouraging private developers to go into hostel development and management gave a directive through the Federal of Ministry of Education in 2004 relieving Federal Universities of the duty of provision of student hostels. The directive was with a view of restoring an atmosphere conducive for learning in all Nigerian universities by providing decent accommodation (Muhammad *et al.*, 2014). But the policy has not increased the number of hostels on university campuses. Private sectors constitute less than 1% of all on-campus hostels across public universities (Edet, 2012). According to Iyizoba (2009) the government's attempt to attract private sector in the provision of hostel accommodation under the Build Operate and Transfer (BOT) scheme has been a failure. Zaki (2011) concludes from his research that university hostel development

scheme under the Build-Operate –Transfer scheme is economically viable and promise to be profitable to developers who engage under the scheme. But investors and developers haven't been able to participate in the scheme.

1.3 Justification of the Study

Several students' unrest demanding the provision of adequate hostel accommodation on their campuses has been witnessed. Yet, the problem of the hostel accommodation still lingers in our institutions till date. Sulaiman (2004) also asserts that lack of hostel accommodation is usually one of the major causes of student unrest in our institution of higher learning. This takes the form of riot, which result in destruction of property and sometimes loss of lives.

The greatest change witnessed in the Nigerian tertiary education system has been the explosion in student populations and in the number of aspirants seeking university admission. The total student enrolment in all Nigerian universities grew from just over 2,000 in 1962 to over 500,000 in 2002 (Okebukola, 2003). According to the Joint admission and matriculation Board (2013) 1,644,110 sat for the Unified Tertiary Matriculation Exams (UTME) in 2013. As student population and intake grows annually, researches on how to solve the problem of hostel accommodation is imperative. All economic indices confirmed that the private sector participation in hostel development promises to be viable and sustainable (Sulaiman, 2004).

The private sector was invited to get involved in the provision of hostel accommodation through participation in the Federal University Hostel Development and Management Initiative introduced in 2001. Many tertiary institutions have not been able to explore BOT as a solution to the problem of hostel accommodation shortages in their institutions. It therefore justify why the slow adoption of Build-Operate-Transfer in

provision of Hostel accommodation in Tertiary institution in Nigeria should be thoroughly investigated.

1.4 Aim and Objectives

1.4.1 Aim

The aim of the study is to investigate the adoption of Build Operate Transfer in providing Hostels Accommodation in Nigeria Federal Universities with a view to enhancing its adoption in finding a sustainable solution to the prevalent shortage of hostels accommodation.

1.4.2 Objectives

The objectives are:

- i. To articulate the principle and procedures used in provision of hostels accommodation through Public Private Partnership arrangement with special emphasis on Build-Operate and Transfer (BOT).
- ii. To assess the level of private sector participation in hostel provision through Build-Operate and Transfer (BOT).
- iii. To assess the Readiness of Federal Universities to implement BOT in providing hostels accommodation.
- iv. To investigate the factors militating against the application of BOT in providing hostel accommodation in Nigeria Universities.
- v. To seek ways to improve the adoption of BOT in providing hostels accommodation.

1.5 Scope and Limitations

1.5.1 Scope

The scope of the study is to investigation of Build-Operate and Transfer in providing hostel accommodation in Nigeria Universities. Only federal universities in the northern

Nigeria were considered. Result from pilot survey shows that there is slow adoption of Build-Operate and Transfer (BOT) in provision of hostel in Federal Universities in Northern Nigeria.

1.5.2 Limitations

The security challenge being faced in the country couldn't allow the researcher travel to some part of Northern Nigeria. Some universities and developers were not cooperative; the response rate would have been higher.

CHAPTER 2

LITERATURE REVIEW

2.1 Concept of Public Private Partnership

Dahiru (2011) observed that the last decade has seen a dramatic increase across the globe in the involvement of private sector in the development and funding of public facilities and services. Techniques are continuously been developed to draw the public and private together to share risks and rewards associated with such activities. According to Zaki (2011) Build Operate Transfer approach (BOT) is an option for the government to outsource public projects to the private sector. In Build Operate Transfer approach, the private sector designs, finances, constructs and operates the facility and eventually, after a specified concession period, the ownership is transferred to the government. Therefore, BOT can be seen as a developing technique for infrastructure projects by using private funding and initiative. Such infrastructure projects include a wide array of public facilities with the primary function to serve public needs, to provide social services and promote economic activity in the private sector. Government could also initiate BOT projects when there faced with limited resources or capital to execute projects in their countries so they involve the private sector to partner with them on projects which can be of mutual benefits to both of them.

As governments in developing countries face the challenge to meet the growing demand for new and better infrastructure services BOT a subset of Public private partnership is seen by both government and citizens alike as a tool in for rapid development. As available funding from the traditional sources and capacity in the public sector to implement many projects at one time remain limited, governments have found that partnership with the private sector is an attractive alternative to increase and improve the supply of infrastructure services (Quium, 2011). For government private financing

can support increased infrastructure investment without using government funds, user charges are also source of government revenue and for the private sector it provides a business opportunity (Dahiru, 2011). In Nigeria, besides the on-going privatization programme, there is growing interest by government in using the Build Operate and Transfer (BOT) system in a variety of infrastructure development ranging from road, tourism and hostel development to power generation (Ibrahim *et al.* 2007). Privatization is a way of curbing corruption as private sector tends to be efficient in the provision of services (Maku, 2013). The federal government of Nigeria has been trying to transfer procurement of public services to the private sector. The transfer of Power Holding Company of Nigeria to private sector, the propose privatization of refineries and the proposed reversion to the tolling system on Nigerian highways shows how serious the Nigerian government is.

In Build Operate Transfer a private party or concessionaire retains a concession for a fixed period from a public party, called principal (client), for the development and operation of a public facility. The development consists of the financing, design and construction of the facility, managing and maintaining the facility adequately, and making it sufficiently profitable. The concessionaire secures return of investment by operating the facility and, during the concession period, the concessionaire acts as owner. At the end of the concession period, the concessionaire transfers the ownership of the facility free of any charges the principal at no cost (See figure 2.1).

Bokharey *et al.* (2010) adds that the Concession contract will bind the host government and promoter throughout the concession period but not just limited to initiation, implementation, operation, and maintenance, and handing over. Private sector companies are given the opportunity to build and operate the facility but the role of the

host government in supporting BOT privatized projects determines its success or failure.

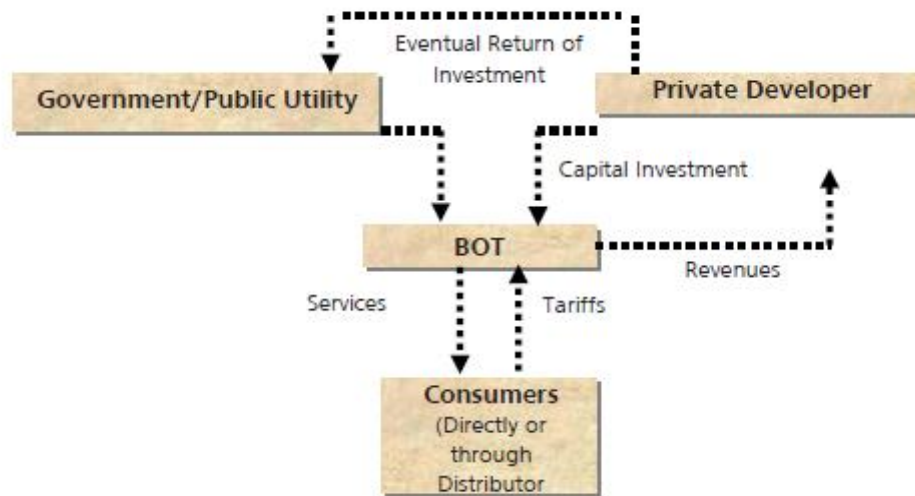


Figure 2.1: Structure of a Build–Operation–Transfer (BOT) project
Source: Asian Development Bank, 2008.

2.1.1 Type of Public Private Partnership arrangements

According to Ibrahim *et al.*, (2007) other major types of Public Private Partnership arrangements include;

- i. **Build-Operate-Transfer (BOT):** The private sector (Concession Company) is responsible for design, finance, construction, operation and maintenance of the facility. Ownership is retained by the concession company during the concession period where he is able to recover he’s capital and suitable return on investment. The facility is transferred to the government at the end of concession period.
- ii. **Build-Operate-Own (BOO):** The private sector (Concession Company) is responsible for design, finance, construction, operation and maintenance of the facility. Here the title of the ownership remains with the concessionaire. There is no transfer of ownership to government. In BOO the private company gets the benefits of any residual value of the project. This framework is used when the physical life of the project coincides with the concession period. A BOO scheme

involves large amounts of finance and long payback period. Some examples of BOO projects come from the water treatment plants.

- iii. **Build-Transfer-Operate (BTO):** The private sector (Concession Company) constructs the facility and transfer the ownership to the government. The concessionaire operates the facility by taking a contract to operate the facility. Example: Telecom Asia communication network, Thailand.
- iv. **Build-Lease-Transfer (BLT):** The concession company constructs the facility and leases the facility to the government. The facility will be transferred to government at the end of concession period. In other words the ownership remains by the shareholders but operation purposes are leased. After the expiry of the leasing the ownership of the asset and the operational responsibility are transferred to the government at a previously agreed price.
- v. **Design-Build-Finance-Operate (DBFO):** Design-build-finance-operate is a project delivery method very similar to BOOT except that there is no actual ownership transfer. Moreover, the contractor assumes the risk of financing till the end of the contract period. The owner then assumes the responsibility for maintenance and operation.
- vi. **Design-Construct-Manage-Finance (DCMF):** The private entity designs, construct, manage, and finance the facility, based on the specifications of the government. Project cash flows result from the government's payment for the rent of the facility. In the case of the hospitals, the government has the ownership over the facility and control over the price and quality of the services provide. This model could be interpreted as a mean to avoid new indebtedness of public finance. Some examples of this method of project delivery are the prisons or the public hospitals

2.1.2 Phases of a BOT Project

Each BOT project consists of different phases. Qiao et al. (2001) defined 6 different phases for a BOT project while Tiong (1990) defined 5 phases for a BOT project by adding pre-investment and implementation phases to BOT (Build, Operate, Transfer) term considering importance of tendering and pre-investment tasks. Dahiru (2011) divided the phases of a BOT project in Nigeria into; Project identification, The (ICRC) Infrastructure Concession Regulatory Commission preparation for bidding, sponsors preparation of bids, selection of bidders, federal executive council ratification, approval and award, project development, project implementation, project operation and project transfer to government. Four main phases have been considered as follows;

- i. **Initiating phase:** It includes, examining project environment, conducting feasibility studies, preliminary qualification evaluation phase, tendering phase, concession award phase, which all of them are considered as “initiating”. They can also said to include preliminary and selection stages.
- ii. **Build phase:** After satisfying the necessary legal, environmental and social requirements, the construction of the infrastructure facility begins. This Build phase is where construction jobs are being conducted. Antonio and Mirslow (2007) adds that, the construction phase covers a much wider range of activities such as project financing, land acquisition, design, procurement of building materials and plant, construction work equipment installation, operation test and training for operating staff.
- iii. **Operate phase:** The operation phase of a BOT starts after finishing construction of project, when the project is commissioned, when it goes under operation and developer starts gathering benefit and toll from the constructed project. A BOT operation phase assumes majority of the project contract time which involves daily operation and maintenance of the facility. During this stage, the project investor is able

to make income from providing services. Loan repayment to investors and lenders occur during the operation period.

- iv. Transfer Phase:** After contractual period of operation is passed, the project is transferred to the host government authorities. Transfer can also be done prior to the expiration of the concession period but the concessionaire has to be compensated properly for the investments made in the project. Lees and Shen (1998) asserts that, the duration of the post-transfer operation period depends on the project's type and natural and economic life, maintenance and management costs. The government may then operate the facility itself or decide to hire an independent operator.

2.1.3 Major participants/parties in BOT project

Six major participants could be identified in every BOT project. The principal grants the concession to the concessionaire. The concessionaire, usually a consortium of companies, undertakes the financing and development of the project. Financing is obtained from sponsors and lenders. The contractor builds the facility and the operator runs the facility. The user pays for using the facility. Revenue is generated from the user

a. Principal

According to Menheere and Pollalis (1996) in a BOT project, the principal is usually a government agency, a local or federal government body that recognizes the need for a public facility but is unable to financially support the project. Governments can initiate projects by drawing up lists of infrastructure investments according to the countries or government development plans for private sector to invest. The government may be financially constrained to fully support the investments and could solicit for proposals from private companies to invest in these projects. The usual mode is for interested investors to bid through competitive tender. However, depending on the BOT law of a country private participants may submit unsolicited proposals to undertake a specific

infrastructure project which will be evaluated by a government agency or its adviser on the feasibility and viability of the project. Depending on the outcome of the feasibility and viability evaluation the host government either approves or disapproves the unsolicited project proposal. Upon approval of a solicited or unsolicited project, the host government typically grants the private company a concession that may last anywhere from ten to fifty years (or more) depending on the type of the lifecycle project.

The principal (that is, the government) takes ownership of the facility and the assets after the concession period. According to Llanto, (2008) the principal sometimes provide a portion of the required financing or provide guarantees, subsidies or similar support to make the project more attractive and viable to private investors.

b. Concessionaire

After the identification of the need for the facility, the government, following a due process, will grant a concession to the concessionaire. The concessionaire is usually a consortium or group of companies interested in undertaking the design, finance, construction and operation and maintenance of the infrastructure project or facility on behalf of the principal. They do this by forming a company called a special purpose vehicle. The concessionaire is the owner of the facility during the concession period and realizes profits on the initial investment through the usage of the facility (Shah, 2001).

c. Investors

An integral part of the undertaking of the BOT project is the presence of credible and capable investors to provide the financing needed. These investors include shareholders and lenders. Shareholders infuse money in exchange for equity and lenders provide credit financing to the consortium which negotiates with the principal for certain guarantees or credit enhancements to the make the project attractive to the lenders. According Llanto (2008) there are two broad categories of equity providers: those that

have a direct interest in the operation of the project such as contractors, operators or the host government itself and those that are solely involved as equity investors such as public shareholders and other institutional investors. Lenders may include commercial banks, insurance companies, multilateral lending institutions, and bond holders (Menheere and Pollalis, 1996).

d. Contractor

The concessionaire commissions a contractor with the construction of the facility. In most cases, the contractor is part of the concessionaire's consortium and involvement is favoured by all concerned parties. The involvement of the contractor during the design stage, bringing his experience to the table would make design effective and efficient.

e. Operator

The operator is also in the concessionaire's consortium and manages the operational stage of the facility. The operator is usually part of the concessionaire's consortium, because of the critical role in the revenue stream. In addition, the importance of operating knowledge for programming, financing, design and construction is required. Often the operator is supported by a government agency or in some cases, is the agency (Shah, 2001). Intimate knowledge of the type of business and the local environment is important to the performance of the operator.

2.1.4 Characteristics of BOT Project

BOT projects have unique characteristics that distinguish them from other project delivery methods. The following are some of the unique characteristics;

1. BOT projects are financed on a project finance basis with limited recourse. Typically in limited recourse financing, the lenders provide debt to the concession company solely based upon expected cash flow/revenue generation capacity of the project.

2. BOT projects are associated with uncertainties and high risk (Songer et al., 1996). However there is often less competition which serves as an incentive to the private sector.
3. A key characteristic of a BOT project involves the raising of finance entirely by private sector without the involvement of government.
4. The risk allocation between the partners is at the heart of any PPP contract design and is more complex than that of a conventional construction project. Both partners should clearly understand the various risks involved and agree to an allocation of risks between them. BOT projects transfer risk to the private sector. However, since they are usually utility-driven, everyone is a market and recouping investment is made more guaranteed (Ibrahim et al., 2007).
5. BOT projects are typically large scale infrastructure projects and involves long term investment as a result of the large capital outlay required.

2.1.5 Compensation to Investor

Turley and Semple (2013) indicated that in an infrastructure PPP project in which the private partner finances the building and operation of a given project like BOT, it may be compensated with a combination of user fees and government payments in the context of attaining internal financial sustainability.

User fees is an efficient way of putting money in the hands of the private partner, as they link compensation directly to the level of service provided which will encourage efficiency of the facility. Examples of user fees would be tolls on a highway or waterway, rent or charges for waste collection. According to the Asian Development Bank (2008), the tariffs charged to customers should reflect the following prerogatives:

- a. Fairness and equity
- b. Incentives for efficiency

c. Cost recovery/return on investment

d. Simplicity and comprehensibility

Fairness and equity imply that fees to be charged for use of infrastructure or services will be in line with the ability to pay of the intended users and the prevailing cost of similar services and also depending on the geographical location where the service is being provided. Where access to similar infrastructure or services has historically been provided free of charge or for a minimal charge, the effect of introducing new fees should be assessed in consultation with the affected people (Turley and Semple, 2013). Undertaking such consultation to set reasonable fees not only addresses fairness, it can also help to ensure user fees do not undermine the efficiency and viability of the project. For example, if public transport tariffs are set too high, potential users are likely to opt for alternative means of transport.

An appropriate level of base tariff should also take into account the cost of capital. Ideally, the internal rate of return (IRR) of a project should be equal to its cost of capital. If the IRR is greater than the cost of capital, the concessionaire/ investor makes excess profit; if IRR is less than the cost of capital, the concessionaire/investor loses money. Pricing should thus ideally be set at levels that allow fair rates of return on investment to cover the cost of financing and to meet contractual obligations (United Nations Economic and Social Commission for Asia and the Pacific, 2009).

2.1.6 Dispute Resolution in Public Private Partnership Projects

Contractual disputes are time-consuming, expensive and unpleasant. Inevitably, however, disputes do occur and when they do the importance of a fast, efficient and cost-effective dispute resolution procedure cannot be overstated. Having a good knowledge and understanding of forms of legal redress available to the various parties involved in an infrastructure project is of great importance. The legal foundation for the

settlement of disputes is an important element for consideration in implementation of any Public private Partnership Project. According to Obozuwa (2013) stakeholders especially the private sector (concessionaire, financiers and contractors) are encouraged to participate in Public Private Partnership Project when they have the confidence that any disputes that arises between parties (the government, its ministry, department or agencies and the concessionaire), or between the concessionaire and other parties (which may include beneficiaries, consumer or the users of the facility), or between the private parties themselves can be resolved fairly and efficiently. The agreed methods of dispute resolution between the parties are generally mentioned in the contract agreement as allowed under the legal framework of dispute resolution in the country. It also specifies the rules and procedures to be followed. According to Public Private Partnership India (2012), it is important that the dispute resolution mechanisms need to be rapid in nature, while still ensuring that decisions are taken by an entity with the necessary technical, economic and financial expertise and that the parties remain on good terms. The legal framework for dispute resolution may be embodied in a number of legal instruments and relevant rules and procedures of the country. In Nigeria the legal instruments for PPP projects may included in the ICRC act, National policy on PPP, private contract law, public procurement law, company law, tax law, competition law, consumer protection law, insolvency law, infrastructure sector laws, property law, foreign investment law, intellectual property law, environmental law, or rules, acquisition or appropriation law (Obozuwa, 2013).

A Legislative Guide on Privately Financed Infrastructure Projects which includes BOT has been prepared by United Nations Commission on International Trade Law (UNCITRAL). The Guide provides guidance on clauses related to dispute resolution that could be considered for inclusion in the BOT contract document.

2.2 Contractual Structure of BOT Project

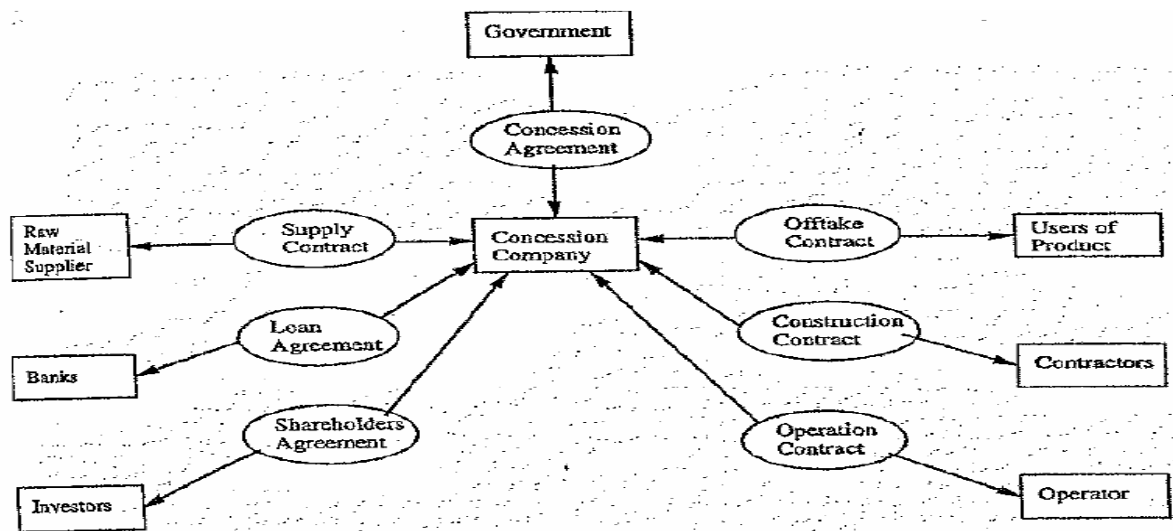


Figure 2.2: The typical contractual structure for a BOT project

Source: Nakahama *et al.*, 2003.

A BOT mechanism is a complex structure comprising multiple, inter-dependent agreements among various participants. Major participants in BOT project include government, private company called concessionaire, lenders (Banks), equity investors, contractors, suppliers, operators and financial advisers. Typically the government grants concession to the private sector (concessionaire). The concession is awarded through concession agreement. The concessionaire is responsible for design, finance, construction, and operation of the facility. The concessionaire retains the title of ownership during the concessionary period, which is normally 10-50 years, after which the title of ownership is transferred back to the government (Yeo and Tiong, 2000).

The presence of several stake holders and parties at different stages of a BOT project result in a complex relationship. The importance of close cooperation and collaboration between parties to ensure that the project will push through to completion and efficient operation with minimum problems cannot be over emphasised. Usually stakeholders in the BOT project have different objectives and goals, which sometimes may conflict directly with each other. For instance, the host government may want to provide the

widest access possible to the use of the infrastructure facility and this may involve controlling fees or regulating fee increases in order to make the facility affordable to its citizens. On the other hand, the concessionaire and the investors who want to make profits or have a high return on their investments. This may involve charging higher user fees for the service provided or use of the facility.

Lenders aim to make their long-term loans safe and profitable. Equity investors want to have a high return on investment in proportion to the risks they face. The contractor wants to increase the price of their contract for the construction of the facility and also reduce construction cost as minimum as possible to maximize profit. The users would want to pay the least cost for the service provided to them. In certain cases, there could even be expectations that the government should provide the facility for free. Therefore, there must be some mechanism that will provide the incentives to balance these diverse and oftentimes conflicting goals. The contract is the principal means by which parties align their individual goals to make the project operational (Llanto, 2008). There will naturally be a great number of contracts among all the involved parties in the BOT project. Figure 2.2 shows the typical contractual structure of a BOT project.

A BOT project has the following contract and concession agreement (Ibrahim *et al.*, 2007).

- a. Loan agreement
- b. Shareholders agreement
- c. Construction contract
- d. Supply contract (Equipment/Material/Fuel supply contract)
- e. Off-take agreement
- f. Operation & Management agreement

2.2.1 Concession Agreement

The concession agreement is between the government and the concessionaire. It is the main contract in a BOT project. The concession agreement is regarded as the "heart" of a BOT project as it determines the commercial viability and profitability (Shah, 2001).

A concession agreement includes the following:

- i. The concession period (the starting date and the terminal date).
- ii. The structure of the concessionaire.
- iii. The construction duration and process
- iv. Toll/tariff structure with toll/tariff revision provisions
- v. Rights and obligations of both parties
- vi. Government guarantees: The host government could offers guarantees to the project promoters (concessionaire) like supporting loans, guarantees of minimum operating income etc.

According to Public Private Partnership India (2013) Concession agreement should create the correct incentives for the concessionaire to maintain the assets to the agreed standard, and to provide the sponsor with the information it needs to check that standards have been met. In proper management of assets at the end of the concession period for transfer the concession agreement should clearly specify the standard required of the assets on the handover date, lay out a process for monitoring the asset standards over a period leading up to the contract end date and specify financial penalties for failure to meet the required standards.

2.2.2 Loan Agreement

The loan agreement is between the lenders (i.e. Banks) and the concessionaire. It specifies the amount to be lent with the specific repayment period, mode of payment, the different guarantees and the agreed terms of the loan. The Banks provide the much

necessary debt to the concessionaire. BOT infrastructure projects are mostly financed from Banks. The limited recourse nature of BOT projects may prompt lenders to demand adequate security (Llanto, 2008). The contract may include the provision that project revenues be stored in one or more special debt reserve escrow accounts to ensure payment of senior debt before any distributions can be made to equity investors (Augenblick and Custer, 1998). The debt can be raised through international and local commercial banks. Lenders of debt (commercial banks) look at equity contribution as a level of commitment by the concession company. BOT projects are financed on a project basis, i.e., on forecast cash flows and estimated revenue generating capacity of the project (Ibrahim *et al.*, 2007).

2.2.3 Shareholder Agreement

The shareholder agreement is between the equity investors and the concessionaire. Ibrahim *et al.*, (2007) defined equity financing in the context of BOT as financing raised by consortium members (the private sector promoters who form the consortium) from their own capital. The contract specifies the detailed agreement on the mode of payment and the distribution of revenues and dividends to the investor and the prescribed debt to equity ratio. They have least priority during repayment, loan repayments of others e.g. Banks would be repaid before theirs.

2.2.4 Construction Contract

The construction contract is between the contractor and the concessionaire. The contract is usually let under a fixed price turnkey contract (Tiong, 1990). According to Ibrahim *et al.*, (2007) the basic contractual structure of a BOT project comprises of a single overall contract for design and construction. The single fixed price turnkey contract assigns a single point responsibility thereby minimizing the risk element in the BOT project. Menheere and Spiro (1996) add that the concessionaire wants to delegate

risks and, because of the concessionaire's responsibilities towards the principal, the lenders, and the final users of the facility, high fines are written into the contract for late delivery.

2.2.5 Supply Contract (equipment/material)

The supply contract is an agreement between the supplier and the concessionaire. The supplier in a supply contract is can be a government agency that supplies raw material such as coal to power plant and oil (Ngee *et al*, 1997 in Shah, 2001)

2.2.6 Off-take Agreement

An agreement between the government and the concessionaire to purchase minimum quantity of services such as electricity, water at fixed price for fixed term.

2.2.7 Operation and Maintenance Contract (O & M Contract)

Operation and maintenance contract is an agreement between the concession company and the operator. The rates for usage of the facility are included in the contract, as agreed by the principal and concessionaire. Specifics may include the level of rates or user charges for the facility, the formula or procedure for rate adjustment, details of the use of the facility, reimbursement for maintenance costs and others. The operation phase plays a very important role in the success of BOT project as its success is tied to its revenue generating ability.

2.3 Significance of Hostels in Tertiary Education Institutions

According to Esenwa (2003) Students are the single most important stakeholders in the university system and students' accommodation is among the most important facility that should be provided in a typical university campus. University are expected to house academic activities and also the students the seeking knowledge in various fields of endeavour in their institution; hence students' accommodation becomes essential. Those

who have lived in hostels will attest to the usefulness of the facility for students. Some of the benefits of hostel accommodation include but are not limited to the following:

- i. **Aiding reading and learning:** living in the hostel and on campus student residence enhances the desire to read and concentrate on learning. There are fewer distractions as student are less distracted from unnecessary distraction like in off campus accommodation. The activities of studious colleagues can force less serious ones to read. It is also easier to relate colleagues who are close by where a student has a difficulty on a subject matter. Ubong (2007) has linked increased academic success to staying in student hostels. Living in hostel places students at an academic advantage especially when it is close to the places of academic activities like lecture hall and library. The combination of designated study space, academic skills programming, scholastic role models, and peer study groups combine to create an environment conducive to academic acceleration. Students are willing and motivated to put more effort into studies when the environment is conducive for study, which includes the state of library, laboratory, classrooms and hostel.
- ii. **Private Relationships:** Student hostel opens the doors to many clubs and cultural events and can open your life up to new people and new views. Private relations in hostel rooms could blossom into lifetime positive relationships that would be beneficial to both parties. While living together you will meet a wide variety of diverse people. The friendships you form and the memories you create during your time in residence will stay with you for the rest of your life. These friends will become your family away from family.
- iii. **Security:** There have been reported cases of rape, attack, robbery and killing of student living off campus. Students are indeed more secure on campus. This is because institutions maintain security personnel on campus and do monitor the

activities of students (Ubong, 2007). Shuey (2008) adds that safety on campus will always surpass any that you could get in an off campus apartment. Universities have campus police that patrol around the units on every campus. This has made it safer for students to live on campus.

- iv. **Moral Training:** Students in tertiary education institutions must be found worthy 'both in character and in learning' before they graduate and are awarded a degree. Moral training includes individual behaviour in group situations as in hostels. All institutions have Codes of Conduct that guide and regulate student behaviour in hostels. Nishant (2009) indicates that in a hostel, a student comes in contact with a number of other students. He acquires many good qualities from them. When a student sees his next door neighbour daily taking morning exercise, he also gets inspiration. He too tries to be healthy. One good student may become an example for others.
- v. **Extracurricular Activities:** Students in hostels have a greater opportunity of participating in sports, games, club, and social activities that are expected to make them more rounded individuals and citizens than those living off-campus (Ubong, 2007). Living in students' residence on campus has been identified as one of the interesting experiences in the life of a university student. This is because it offers the students, the opportunity to interact with colleagues from other faculties. In addition, there is the unique opportunity for late night discussions and social interactions which all together help in sharpening the students' life towards better appreciation of his role in the community and his responsibility to the society at large.

Students that live in on campus student housing tend to have more involvement with campus activities, such as clubs and committees. Any time that you take part in any

extracurricular activity you are making your college experience more enjoyable and building your resume. With being right on campus the students are more willing to try new things. Shuey (2008) adds that students may not be as aware of the campus activities if not living close to or on campus.

- vi. National Integration: Shuey (2008) asserts that student hostel is a melting pot of culture. What better way to get to learn about other people's beliefs and traditions than to live in an environment in which everyone one around you has freedom to express themselves.

2.3.1 Hostel Provision in Nigerian University System

In the beginning Nigerian Universities were planned and designed to house its staff and students on campus. During the 1970's they were providing comfortable Hostel accommodation for all students on campus and the total available Hostel bed spaces were adequate to cater for Students (Esenwa, 2003). The first generation universities were constructed with beautiful hostels and students' population then was within control (Guardian Newspapers, 2004). Two or three student was the maximum occupant in a room. Nigerian Universities were located on large expanse of land far away from the developed area that is why most first and second generation universities still have large expanse of undeveloped land till date. During that period government were able to provide adequate funds to the existing Universities to construct student's hostels. With the increase in student's enrolment and the establishment of more Universities in the late 1970's, adequate funding of the Universities became a problem to the extent that provision of students' hostels for all students on campus was no longer feasible.

National Universities Commission (NUC) committee on students' accommodation of 1977 recommend that Government policy that only 75% of university students should be housed on campus should be continued, older universities should henceforth finance

construction of student living accommodation with loans, while Government should finance one third of the student accommodation required by the newer universities. The accommodation policy that guarantees accommodation for fresh students and final year students was put in place when the new policy could not solve the problem of shortfall in bed space as student population increased. During that period some universities introduced the concept of using double bunk beds to increase available bed spaces. In the middle of 1980's, the problem of student's accommodation in Nigerian Universities became so acute that students were left with no option other than to live off-campus.

2.3.2 Shortage of Hostels in Universities

For student in tertiary education institutions to excel they need comfortable hostels. The first generation universities were constructed with beautiful hostels and students' population then was within control (Guardian Newspapers, 2004). Two or three student was the maximum occupant in a room.

According to Ubong (2001) hostels in Tertiary Educational Institutions in Nigeria are in short supply; demand far outstrips supply, reason there is overcrowding, collapsing facilities in the hostels and fraudulent sale of bed space by students to fellow students. The Nigerian government that own the public Tertiary Educational Institutions indicate that they are financially unable to increase the stock of hostels and cannot fund maintenance of existing ones; any attempt to increase charges for bed space by government or the institutions so as to raise funds to maintain the hostels meet stiff opposition from students. Despite the upsurge of students' population in the last decade, there has been no commensurate improvement of accommodation and other students' services. The existing hostels in universities are poorly built, poorly maintained, sparsely furnished, insecure and congested.

Edukugho (2006) assert that 80% of university student population live outside the campuses. Students are becoming victims of shylock landlords and hostile communities, and persistently in bloody confrontation with host indigenes. A more worrisome trend is emerging: establishment of non-residential universities where students make their own arrangements within their host communities. Edet (2012) observed that a number of state owned universities - Osun State University Osogbo, Ladoke Akintola University of Technology, Ogbomoso, Adekunle Ajasin University, Akungba, Olabisi Onabanjo University, Ago-Iwoye and Imo State University, Owerri, operate as non-residential universities. As the students' population grows in universities, some school authorities have adopted the system of provision of hostel for fresh, final year and post graduate students only. Because of limited space bed spaces are allocated on first come first served basis. Other students have no choice but to seek accommodation in the immediate neighbourhoods, where they are forced to live in accommodations hurriedly converted from multi-tenanted buildings popularly called 'face-me-I-face-you' or from flats or from abandoned hotels (Oghifo, 2012).

2.4 Private Sector Participation in Hostel Provision

Asare- Kyire *et al.*, (2012) defined private sector participation as the involvement of formal and informal private enterprise in the provision and management of accommodation in tertiary institutions. One of the reasons for private sector participation is that government themselves are facing deep budget and public finance crisis. Universities authorities have complained that there has been no finance to adequately provide hostels. The formal private sector participation are organised and their activities are regulated by the university authority. Their hostel can either be on or off the campus. While the informal private sector participation activities spring up as the students make arrangement for accommodation in or around the host community of

the institutions without the school authority or any authority regulating their activities like the rental price, room occupancy ratio and the type of facilities they have.

2.4.1 Private Sector Intervention in the Provision of Hostel Accommodation in Nigerian Universities

Private sector participation in provision of hostel started in 1980. It began when Private entrepreneurs took up the challenge of providing accommodation for students in Universities that operated on non-residential policy. Students in Federal universities were charged N90.00 per bed space academic session. The amount could not cover the cost of maintenance of hostel as it was low. Some students were exploiting their fellow student by reselling their bed spaces to students who are not entitled to hostel accommodation at exorbitant prices. The National Universities Commission in 1996 submitted a memorandum to the Committee on the Future of Higher Education in Nigeria. Universities were encouraged to engage the private sector to participate in the provision of residential accommodation for staff and students, within stipulated guidelines and development plan of the University. The private sector participation policy will ensure that more of the Universities financial resources will be directed towards teaching and research.

A harmonizing Committee was set up in 1998 to harmonize the 1996 Etsu Nupe Committee report on education and the 1997 Vision 2010 Committee on education. Among the recommendations of the harmonization committee on issues relating to University Education was:

“Student accommodation and feeding should be fully privatized. This should not be directly subsidized by the government rather the students should be provided adequate access to funding through scholarship and bursaries to be able to meet their needs.”

In the year 2001 the hostel percentage of student bed space deficit in Federal Universities stood at of 72% (Sulaiman, 2004). Private sector was needed to alleviate the problem.

It is imperative to mention that the Private sector participation in the provision of Hostel facilities is a worldwide phenomenon. Student accommodation has become an exciting niche property sector in the United Kingdom. Key players in the UK market such as Universities Partnership Programme (UPP) and UNITE have successfully tapped into funds from institutional investors eager to invest where the portfolio is sufficiently specific, robust and proven to deliver high returns (Real Estate Insight, 2012). Across Europe there has been a rise in the level of investment in residential properties due to the rise in investment in the student housing subsector. According to Gosden (2011) investment in student housing has lead to the increase of investment in residential properties from £765m in 2009/10 to £2.2b to in 2012. Real Estate Insight (2012) adds that investment returns on student housing has doubled between 2010 and 2012, growing from 8.4% to 15.1% between September 2010 and 2011. Sidders indicates that with demand for good quality students' hostel on the rise, rents have grown by over 4% (2010—2011) on the average and occupancy rates are at 99% in the United Kingdom. Investment volumes in student housing in the United Kingdom has increased by more than 120% within a 2011-2012 and is projected to remain positive for the next 10 years (Bailey 2012). Aguda (2005) opined that, private sector involvement in student hostel development in Nigeria is not common. The position of the investors is that hostel development is a risky venture and the demands of management of institutions are enormous. Hostel development is usually seen as a public investment which should be undertaken as an integral part of the physical development plans of an institution. The informal private sector is the major provider of accommodation in most tertiary

institutions in Nigeria. The formal private sector hostel provision in Nigeria is still developing. Over the years there has been increase in provision of housing using public private partnership. Private developers and house owners of properties around these campuses have seized the opportunity to either convert their property into hostels or build new building.

2.4.2 Build, Operate and Transfer (BOT) Scheme for Student Hostels in Universities and other Tertiary Institutions under the Public Private Partnership Initiative

With the acute shortage of hostel facing universities the Federal Government of Nigeria in 2001 came up with a policy and guideline on private sector participation in the development of student's hostels in Nigerian Universities to encourage private sector participation in hostel provision. According to Okebukola *et al.*, (2004) the objective of the Policy is to encourage private sector participation in the provision of hostel facilities in universities, to encourage private sector to plough back some of their profit into very critical areas of national need and to encourage universities to channel their resources more towards teaching and research activities rather than to municipal functions. As statute establishing universities allows them to enter contract with institution and companies. Universities can enter a legally binding contract with private developers and investors. The guideline suggested parties who can take part in the scheme and their roles, design of the hostels, finance, site location, maintenance and management of the hostel (see Appendix IV).

Under the policy, the University is to provide the Land within or outside the campus and extend infrastructure to the site. The university should also construct and maintain road and drainage to the site. Funding would be entirely from the private sector. The design of such hostel facilities will be based on National Universities Commission's

standards with additional modern facilities. The University authorities will be involved in the supervision of the construction to ensure that stipulated scope and specifications are adhered to. Management and maintenance agreement is to be mutually worked out between the University and the Investors. Rent per bed space shall mutually be agreed to by the investor and the university authority. Rent would be based on the prevailing economic rent and the ability of students to pay. The duration of the contract or reversion period should be mutually agreed between the Universities and the prospective Investors. The guideline recommends the lease reversion period should not exceed 25 years.

The Federal Government of Nigeria in 2004 directed Heads of Tertiary Educational Institutions in the country to hand over hostels in campuses to private managers and also encourage private investors to build hostels for students. However the policy wasn't fully implemented. In 2006 the Federal Government gave the policy specifying that new hostels can only be constructed through Public-Private Partnership (PPP) on Build Operate and Transfer (BOT) basis. Over the years there has been increase in provision of housing using public private partnership. The Federal Government of Nigeria in 2009 resuscitated the committee on University Hostels Build, Operate and Transfer scheme. The technical committee which membership was drawn from relevant professionals from the Federal Ministry of Works, Housing and Urban Development, Federal Ministry of Education, and National Universities Commission. The committee had the responsibility of

- a. Identifying private developers, and evolves a cost effective, efficient and viable mechanism that will ensure facilitation of collaboration between government, private sector and universities in the provision of hostel accommodation;
- b. Establishing guidelines for execution and facility management of the hostels;

- c. Identifying and survey the sites for hostel accommodation,
- d. Planning of the sites;
- e. Prepare and design the hostels: and
- f. Suggesting any other measures that will contribute to the success of the scheme

The committee was also to see to the establishment of guidelines for execution and management of the hostels and creating an enabling environment for operation of the scheme without direct financial involvement of the government.

2.4.3 Cases of Successful BOT Hostel

1. Methodist University College, Ghana (MUCG) BOT Hostel

Central Link Investments Limited a hostel developer, in collaboration with the Methodist University College, Ghana (MUCG), built a modern hostel complex on the Dansoman Campus of the Methodist University College, Ghana (MUCG) in Accra Ghana. Construction was completed in 2013 and it has commenced operation. The construction cost was estimated to be GH¢14 million. It is has nine-floors and a 360-bed space capacity. It has an elevator, 178 standard rooms, 11 one-bedroom flats, reading rooms, a kitchen on each floor, junior common rooms (JCRs) and a student support services unit. UT Bank Ghana and other private equities financed the construction of the hostel. It also has a commercial space with modern facilities such as a pharmacy, a clinic, a banking hall, a business centre, a restaurant, a supermarket, a unisex boutique, an Internet cafe and a gymnasium. The hostel facility is based on the build, operate and transfer (BOT) system. The concession period is for 45 years.

2. University of Osun Student Hostel

The University of Osun (UNIOSUN) in partnership with a private housing development company , Amorit Ltd. Amorit built a modern hostel facility, which development cost

was at N300 million. The hostel was constructed using the Build, Operate and Transfer (BOT) partnership arrangement with UNIOSUN providing land as its equity. Amorit will run the hostel for 25 years to enable it recoup its investment. The hostel, located in the main campus of the institution in Oshogbo, has 101 rooms all-ensuite (having toilet and bath within). The hostel is targeted at Medical students and those of the School of Health Sciences. Other facilities in the hostel include common room/in-house Library, water fountain for relaxation, mini supermarket, five kitchens with fittings, and borehole with two overhead water tanks for storage, adequate car park, and power supply with direct connection to the school generator.

2.5 The Infrastructure Concession Regulatory Commission (ICRC)

The key strategic objective for the Infrastructure Concession Regulatory Commission (ICRC) is to accelerate investment in national infrastructure through private sector funding by assisting the Federal Government of Nigeria and its Ministries, Departments, and Agencies (MDAs) to implement and establish effective Public Private Partnership's (PPP) process. The Government inaugurated the Infrastructure Concession Regulatory Commission (ICRC) with a clear mandate to develop the guidelines, policies, and procurement processes for Public Private Partnership. The ICRC will collaborate with states to promote an orderly and harmonised framework for the development of Nigeria's infrastructure and to accelerate the development of a market for PPP projects.

The specific functions of ICRC are:

- a. To take custody of every concession agreement made under the ICRC Act and monitor compliance with the terms and conditions of such agreement.
- b. To ensure efficient execution of any concession agreement or contract entered into by the Government.
- c. To ensure compliance with the provisions of the ICRC Act.

ICRC is to work closely with States that are developing their own Public Private Partnership policies to ensure consistency, best practice, and a coordinated approach to the private sector supplier market. The Contract Monitoring Unit within ICRC will monitor compliance with the contractual terms and conditions between contracting parties (See figure 2.3). The ICRC will maintain a Public Private Partnership project database and will retain custody of all Public Private Partnership agreements as required by the legislation.

The Public Private Partnership resource centre within ICRC provides technical assistance to Ministries, Department and Agencies in the development and procurement of Public Private Partnership projects and a Project Development Fund will be allocated to the Public Private Partnership Resource Centre to co-fund project preparation and procurement costs, particularly the costs of external project advisers.

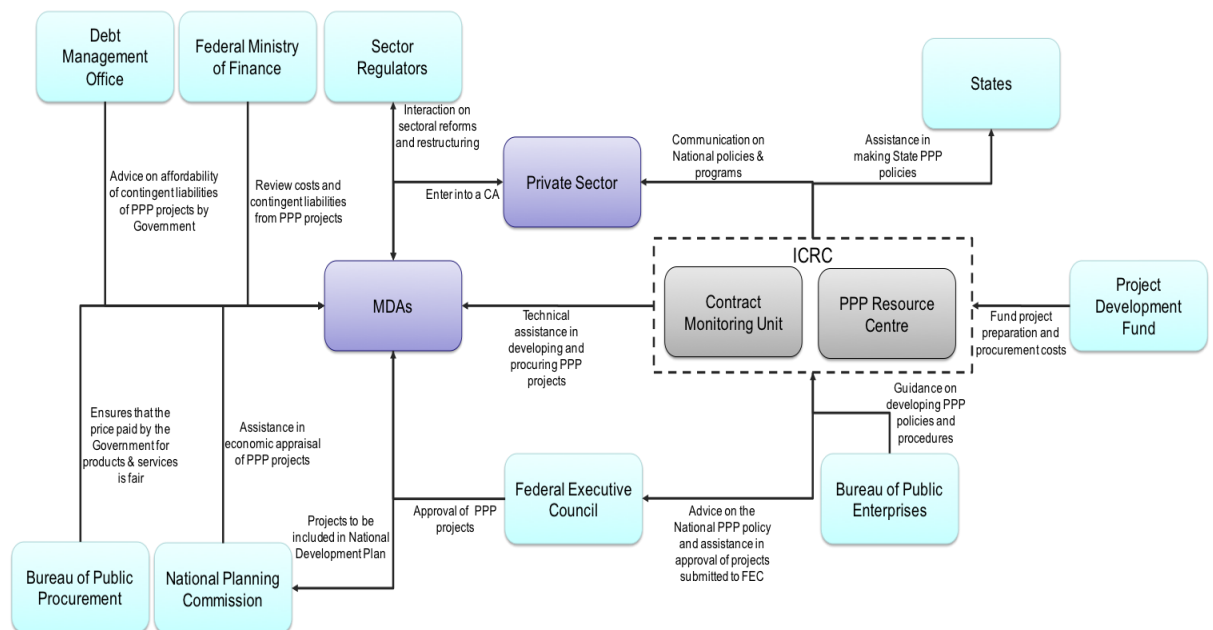


Figure 2.3 Nigeria’s Public Private Partnership Institutional Framework
Source: Infrastructure Concession Regulatory Commission, 2013

2.6 Readiness Assessment

Readiness assessment is the act of measuring how prepared an organization is for a major change. In order to conduct a thorough readiness assessment, you need to

evaluate the culture; leadership styles; performance; processes; and, resources of the organization. As a result of readiness assessment, you can identify organizational needs and develop a plan to introduce.

Organizational readiness is the ability and willingness of an organization to shift from its current way of operating (See figure 2.4) (CTEC, 2009). Organizations that successfully implement a program have the internal ability and willingness to move in a new direction. Ability focuses on accessing new skill sets necessary to successfully implement a change. Willingness focuses on the desire of the organization and people to change. Assessing readiness will identify any major challenges that could delay or prevent your new program’s successful implementation.

A readiness assessment will help determine if the organization’s existing environment is prepared for change. It will also predict impact and performance. By conducting a readiness assessment, organizations can identify their needs and major gaps. In its simplest form, readiness can be described by four distinct levels, R1 through R4 as shown in Table 2.1.

Table 2.1: Showing readiness level (CTEC, 2009)

Levels of Readiness	Comment
R4 High Readiness	Ability High and Willingness High
R3 Moderate to High Readiness	Ability High and Willingness Not High
R2 Low to Moderate Readiness	Ability Not High and Willingness High
R1 Low Readiness	Ability Not High and Willingness Not High

An organizational readiness assessment will help determine the organization is capable of successfully implementing a policy. The assessment will identify available resources, staff characteristics, and areas that needs to improvement. An organizational readiness assessment will also help identify organizational strengths that can be used to support the program.

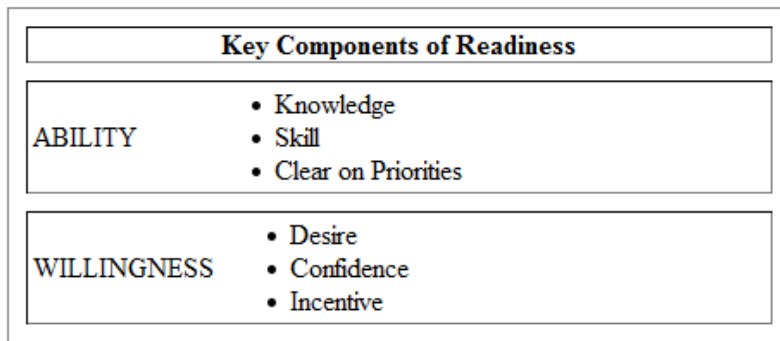


Figure 2.4: Key components of readiness

Source; Author, 2013.

An assessment of the current environment will help reveal the chances of successfully implementing BOT in practice. According to California Telemedicine and e-center (2009), the first step in assessing organizational readiness is to identify the anticipated and desired change. To clearly define the desired change, that specifically describes the action or program that the organization is considering. While this may seem rather basic, it will assure that the stakeholders see the same vision. The second step in assessing organizational readiness is to determine the existing state of the organization as it relates to the desired change. To clearly determine an organization's current position to the desired change, it is necessary to accurately assess the alignment of the proposed project with the organization's current vision, mission, and strategic plan.

A SWOT Analysis is a beneficial exercise in assessing organizational readiness for implementing a new program. SWOT identifies an organization's strengths and weakness and may identify any areas that need change in order to move forward.

This research will involves evaluation of the Federal Universities readiness to implement the BOT scheme. This assessment will reveal gaps and help tertiary institutions form better teams for BOT projects. It will also help measure what the tertiary institution needs to implement BOT projects. The primary goal of readiness assessment for tertiary institution is to help achieve the aims of procuring student

hostels through BOT. Through readiness assessment challenges within the universities in the application of BOT for hostel provision can be found.

Abubakar (2012) assessed the readiness of Nigerian building design firms to adopt Building Information Modelling (BIM) technologies while Ruikar *et al.*, (2006) assessed e-readiness of construction firms. Ruikar *et al.*, (2006) and Abubakar (2013) both identified four key elements in assessing readiness. They are management readiness, people readiness, process readiness and technology readiness. The researcher took insight from the two authors and the Nigerian Universities Commission's guideline on private sector participation in hostel development in Universities to assess readiness to adopt Build Operate and Transfer under infrastructure (land, supporting service like road, power), Management readiness (awareness, understanding and willingness to implement), people readiness (skill of staff in managing a BOT project and awareness among stakeholder including student), Process (enhancing smooth adoption like the institution having a committee on BOT hostel development) among others.

In assessing the readiness of Nigerian Tertiary Institutions in the adoption or implementation of BOT there is need to have adequate skill to successfully implement BOT. There is need for the management of Nigerian tertiary institutions to be aware, believe in BOT as a procurement route and also take strategic measures to drive its adoption and implementation in order to solve the problems of inadequate hostel accommodation in their institutions.

2.7 Challenges of BOT Implementation for Student Hostel Provision in Nigeria

Researchers and stakeholders have agreed on the existence of challenges which has hindered the procurement of project through Public Private Partnership especially BOT. Dahiru (2011) identified inconsistent government policy, corruption, tariff regulation policies, high finance cost, high duties and taxes, poor regulation of BOT concession

agreement, security of investment on BOT concession, poor handling of BOT transaction, poor procurement process, unavailability of BOT expertise, lack of tradition of private sector provision of public services, lack of standardized project agreement and standardized bidding documents, and lack of established procurement procedure and schedule as challenges to BOT procurement process in infrastructure development in Nigeria. The financial market in Nigeria is just beginning to develop which may not be sustain long-term and huge capital investment like BOT infrastructure projects (Wigwe, 2008). Mohammed *et al.* (2012) adds that lack of consistency and poor governmental management, unrealistic or unclear government's criteria for project award, high development costs (Time and cost-intensiveness of developing a typical BOT project), Legal constraints in applying evaluation criteria, choice of attractive equity/debt ratio and problems related to project company formation are some of the problems of BOT procurement implementation in Nigeria

Complexity in contractual relationship between participant and the long concession period are factors militating against procurement of infrastructure through BOT in Nigeria. The long term nature of BOT makes it unique, over the lifespan of these projects the legislative, political and economic conditions can change in the cases of developing countries like Nigeria. BOT projects are characterized by high degree of risk and uncertainty which surround BOT investment. Shonibare (2010) observed that financing is another problem, as banks are not providing adequate access to long term capital and the interest rate in Nigeria is high. A survey conducted by the international monetary fund in 2013 shows that Nigeria has the highest interest rate among developing countries which is double digit. Long term investment like BOT would require single digit interest rate. Local sponsors in Nigeria were often inexperienced

and lack the credible track record in BOT operations and international leaders have little knowledge of the environment.

In efficient public procurement framework; lack of mature financing engineering techniques, inexperienced government and lack of understanding of BOT and private sector preference for the traditional procurement route are barriers to BOT project (Zang, 2004). According to Dahiru (2011) most of the BOT projects procured between (2003-2009) never proceed after the feasibility study due to difficulty faced by the concessionaire and lenders as a result of the high degree of risks involved and uncertainty in BOT project. Major political risk faced during implementation of BOT project include change in law, corruption, delay in approval, reliability and credit wordiness of entities.

According to Dahiru and Bustani (2010) in Mohammed *et al.*, (2014), BOT projects in Nigeria are high risk investments in which economic, political, social and legal instability have a significant influence on the financial viability of the projects thereby depriving lenders to fully participate and adequately finance these projects. Adeotola (2010) identified challenges to BOT implementation in Nigeria to include; the inherent management, technical, fiscal and financial problems encountered in their adoption, Political interference, Lack of commitment by succeeding government to honor agreements by last regime, Lack of enabling environment to allow BOT procurement option to thrive (political, economical and legal and social condition of the country) and Stakeholder's lack of knowledge of the approach and the process to enable them query the quality, price agreed or service provided. Problems associated to BOT in Nigeria have direct correlation with economic factors such as high finance costs, high duties and taxes and poor financial market (Gidado, 2010). Shonibare (2010) asserts that the failure of most of the planned BOT projects was attributed to the high rate of

corruption and inconsistency of government policies especially at the implementation stage. Political factors are major problems of BOT in Nigeria which includes kidnapping, inconsistent government policies and high rate of corruption and insecurity are the major causes of limitation of BOT procurement process (Adetola, 2010).

Many researchers have dwell on how important a sound regulatory frame work is. A well structured regulation framework cannot only increase the wiliness of the private sector to participate in the financing of BOT project but also increase benefits to the government by ensuring that the projects operate efficiently. Dahiru (2011) asserts that the ICRC act 2005 which is the legal frame work for all type of Public Private Partnership projects in Nigeria has failed to meet the required need of BOT procurement process. According to Gadzama (2010) the short comings of the ICRC act include poor regulations of BOT concession agreement and inadequate protection of BOT contract rights.

Wigwe (2008) observed that many BOT projects terminate due to poor handling of BOT transactions, poor procurement process and lack of tradition of private sector providing public infrastructure in Nigeria. Some challenges in BOT implementation in Nigeria where identified by Aboki (2005) and Yusuf (2005) in Ibrahim *et al.*, (2007) include inadequate knowledge and understanding of the requirement of the BOT scheme by prospective developers, low level of confidence in the method, huge capital requirement to implement the schemes and high interest rate and non-availability of avenues of obtaining long term funding.

Aguda (2005) opined that private sector involvement in hostel in Nigeria is not common. The position of the investor is that hostel development is a risky venture and the demands of management of tertiary institutions are enormous. Hostel development is usually seen as an integral part of the physical development plan of the tertiary

education institution so little opportunity is believed to exist for private sector in the sector. Africa Development Bank, suggest that the ‘transfer’ clause makes BOT unattractive to developers and investors in Africa, Build Operate Own is preferred by the private sector as it holds prospects for revenues accruing from maintenance.

The capital intensive nature of hostel projects and long-term commitment of capital typical of BOT projects has made many developers to be reluctant due to lack of economic stability. Factors militating against BOT implementation in Nigeria include; technical, political, economic, legal and environmental (Fasominu, 2013). According to Ayeyemi (2012) the long-term nature, lack of government’s regulation, inadequate fund, high charges on loans by banks, long-term nature of the investment and volatile environment has made the BOT for hostel provision unattractive to prospective investors. The slow pace of infrastructure through BOT has been linked to the absence of long term low interest rate financing frame work. The Nigerian government revoked the concession awarded to Bi-courtney in 2012 for the construction of the Lagos-Ibadan express way due to the lack of ability of the concessionaire to raise funds since 2009. Poor regulation of BOT concession agreement is among factors militating against BOT project delivery in Nigeria. Despite numerous negative experiences, the Nigerian Government has continued to view Public Private Partnership as one of the key strategies for developing infrastructure.

2.8 Critical Success Factor for BOT

Mohammed *et al.*, (2012) concluded that three critical success factors that are essential for the success of BOT projects in Nigeria are: Picking the right project; competitive financial proposal; and special features of bid. Lack of clear description of each critical success factor is an obvious fact while studying researches. Some authors took a glance at CSFs by only one word for each, whereas others went into more details. Build

Operate Transfer Hostel projects have not been a subject for critical success factors studies yet as well as these projects have not been mentioned even as examples of other studies. Critical success factors can be summarised as

1. Appropriateness of project identification.

The possibility of better outcome in initial phase of a BOT project depends on appropriateness of project identification (Qiao *et al.*, 2001). Selection of a proper project to invest in and one which is defined according to demonstrated need is very critical for investors. A project which is identified according to demand and real need has more chance of being profitable and sustainable.

Tarrif and pricing in generating revenue should be sufficient to cover cost of capital, maintenance and operation expenses. It should also provide a fair rate of return for investors, as well as provide a cushion contingencies and changes. According to Kashef (2011) the BOT project would be attractive for investors who often need to be sure that their investment can be recouped as well as making a satisfactory profit. Zaki (2011) found BOT hostel development project to be profitable and economically viable. With the enormous gap between number of bed spaces in Nigerian universities and the student population the demand is high.

2. The country risk must be manageable.

A BOT project requires a stable political and economic environment. Even the most practical and financial viable BOT projects may not be attractive to the sponsors and lenders if the county risk are perceived to be too great (Dahiru and Bala, 2008). Because of nature of BOT which usually has long life cycle, political and economical situation of the host country directly affect the success of the project. The more stable the political and economic situations, the more successful BOT project. Stable political and economic environment of a country is not only a success factor but a vital requirement

for having a successful BOT project (Qiao *et al.*, 2001). Insurance against political risk and government guarantees is not an adequate substitute for a stable and supportive political environment (Unido, 1996).

3. There must be strong Government support and guarantee.

According to Dahiru and Bala, (2008) the host government support is essential to any BOT project. Government showing its readiness to use PPP in developing infrastructure is important. It will help to strengthen private sector's interest in financing such PPP projects.

The Nigerian government has shown great commitment in promoting public private partnerships project or investments. Support has a general meaning here and includes any type of support from the government during the project. Approving requests for changes, increase in tolls, and etc are examples of government support (Kashef, 2011). Turley and Semple (2013) add that Governments may subsidize the private party under a PPP agreement. This can take many forms, including: debt or equity finance, grants, cash subsidies, revenue guarantees, output-based aid, access to cheap capital, in-kind grants, land acquisitions and tax exemptions. From the perspective of the private sector, negotiating some degree of government support can make projects more commercially viable. Governments also may provide subsidies to reduce tariff levels for the purposes of helping the poor.

The importance of these guarantees and support is that they tend to lower risks taken by the developer and to support cash flows of the developer and to hoist confidence of investors for success of project and to raise fund for the project (Zhang *et al.* 1998). Tiong (1990) mentioned 4 different types of incentives which project sponsors should negotiate about with governments but guarantees are not limited to Foreign exchange guarantees, offshore escrow account, off-take agreement or Feedstock agreement.

4. Stable and mature legal and administrative framework.

An appropriate and stable legal framework that clearly sets forth which government agencies are authorised to develop BOT projects and the laws and regulations to apply to this sponsors and lenders in such areas as foreign investment, corporate law, security, taxation, intellectual property rights, legislation etc. PPP project in general need a mature legal framework to be successful. Existence of mature legal framework for a BOT project is a necessary predecessor for a successful project (Pongsiri, 2002).

In some countries the concept of BOT is new, hence the legal system does not recognize BOT well and participants face different problems in lack of law during construction and operation phases (Kashef, 2011). According to Jamali *et al.* (2004) Subsistence of regulation provides guarantee to developer that the system will supply protection about expropriation, arbitration of disputes and etc.

Nigeria has an act to address Public Private Partnership matters in the ICRC act 2005, the Act provides for the participation of private sector in financing the construction, development, operation, or maintenance of infrastructure or development projects of the Federal Government through concession or contractual arrangements; and the establishment of the infrastructure Concession Regulatory Commission to regulate, monitor and supervise the contracts on infrastructure or development projects. The approval of the national policy on Public Private Partnership PPP is a step in the right direction. The policy is meant to complement the Infrastructure Concession Regulatory Commission Act of 2005, and to provide the legislative, regulatory and institutional framework for PPPs to thrive.

Complicated bureaucratic procedures can be an obstacle to BOT projects. Project sponsors and developers seeking approval could time consuming. Government should offer an efficient administrative process for dealing with various authorities who grants

approvals, permits and licenses throughout the life cycle of the project. It is essential that approvals are granted in a fair and objective manner.

5. Effective, fair and transparent bidding, tender and procurement procedure.

The bidding procedure is an important aspect of a nations BOT policy. Accurate tender evaluation method significantly affects success of a BOT project while success of an evaluation system strictly depends on application of right criteria in the process (Dikmen et al. 2008). Private sponsors would not invest time and resources in developing bids if the process of awarding a BOT project is not reasonably orderly, fair and transparent (Dahiru and Bala, 2008). It is important to have clear and defined bid evaluation which is lacking in most BOT policies.

According to Li et al. (2005) features which are important for transparency include: good communication between the public and private parties; the private sector openly consulting with the public sector and its adviser; and the private sector establishing clear criteria for making decisions. Following due process according the ICRC act and public procurement act will strengthen the BOT in Nigeria.

6. Reasonable and effective risk allocation.

Risks are an inseparable part of any project. BOT projects have specific risks in every phase of its life cycle and due to their long duration, managing risks is very important. Sponsors of BOT projects have become sensitive to the need to identify and allocate risks at the initiating stage of project (Qiao et al. 2001). Allocation of risk to the parties who can best handle it can affect the success or failure of the project. The more reasonable the risk allocation, the greater is the possibility of having a successful BOT project. Reasonable risk allocation means to assign each risk to the party best able to mitigate it. Risk in project can be externalised, mitigated or accepted depending on the

likelihood of occurrence and its severity. Thus to have a successful BOT project, strategic attitude to risk allocation is vital during project phases (Li et al. 2005).

7. Strong technical and managerial capabilities of Contractor.

There is always a contractor in any BOT consortium which deals with construction issues. Since construction is a very critical phase of BOT project life, success of this phase affects the success of the whole BOT project. The strength of the construction contractor has effect on the success of the project. The technical capability of a contractor can be linked to cost and time overrun of project. It would affect the rate of rework in case of defective or sub standard work. BOT projects are long term project designed to serve for many years, a contractor who adheres to the design quality and specification in construction would also help the project to meet its design life cycle and reduce maintenance cost during the operation phase. In order to have a successful project, the contractor must have strong technical and managerial capabilities along with good experience of promoter in BOT projects (Kashef, 2011).

For a BOT project the lender will also require a fixed price turnkey construction contract or a similar scheme providing for liquidated damages, a performance bond and construction and equipment warranties. As soon as construction phase is finished successfully, operation may start and consequently revenue and benefit will start earlier.

8. Efficient and reliable sponsor.

The technical ability, experience and financial strength of the private sponsor are of paramount importance and must be clearly established. Lenders of a BOT project place great weight on the choice of sponsor and the ability to manage and support a BOT project (Dahiru and Bala, 2008). A BOT project should not always be awarded to the lowest bidder unless that bidder also satisfies the other essential criteria. Kashef (2011) adds that one important part of the project developer consortium is the financial part

which means lenders, banks which raise funds for the project. Reasonable investment structure of Project Company facilitates accomplishing success in BOT projects. Developer should have adequate financial and managerial resources to be able to form a strong financial structure (Zhao et al., 2010).

9. Integration and strong consortium structure.

Typically, a private-sector consortium forms a special company called a “special purpose vehicle” (SPV) to develop, build, maintain and operate the asset for the contracted period. 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. According to Li et al., (2005) to have a successful BOT project, companies which form a consortium should explore other members’ strengths and weaknesses and join together with high a level of encouragement and utilize their individual strengths. The integrity between forming parties is important from different points of view. Good cooperation and integrity between construction and operation company who will operate the facility in operation phase will ensure fewer problems and dispute. Intensive communication and common goal symmetry will enhance strength and integrity of consortium (Samii *et al.*, 2002).

10. Good Consortium - Government relationship and commitment (Mutual trust).

Two main parties of a BOT project are the government or its agency and the Concessionaire. According to Kasef (2011) it is eminent that both parties commit their best resources to the project in order to have a successful project. From another viewpoint, good relationship between consortium and government increases the chance of success in the project. Mutual Trust between participants is very important for the success of a BOT project. According to Jamali and Olayan (2004) mutual trust is

important in developing countries, where distrust of government prevails. Government and private organizations can indeed seek mutual advantages in developing PPP, particularly when it is characterized by trust, openness, fairness and mutual respect. Spackman (2002) opined that a trusting relationship between the parties based on a shared vision, trust, openness and fairness are basic foundational underpinnings of successful Partnership.

2.9 Enhancing BOT for Hostel Provision

According to Dahiru (2011) that the success or failure of a BOT project is dependent on; the competency of the government, selection of an appropriate concessionaire, an appropriate risk allocation between public and private sector and a sound financial package. Turley and Semple (2013) also add that Governments may subsidize the private party under a PPP agreement. This can take many forms, including: debt or equity finance, grants, cash subsidies, revenue guarantees, output-based aid, access to cheap capital, in-kind grants, land acquisitions and tax exemptions. Governments also may provide subsidies to reduce tariff levels for the purposes of helping the poor, addressing public health issues, addressing environmental issues, and or because of political constraints on raising tariffs. Dahiru (2011) identified critical success factors of BOT to include mutual trust, adherence with project objectives, and clear understanding, selecting right project, and strong stakeholder team, reliable concessionaire consortium, sound financial package, compliance with contractual agreement, effective procurement and experience government.

Ensuring clarity, fairness and competitiveness during procurement is very important. Transparency and competitiveness would encourage lenders to support developers financially. Llanto (2008) adds that competitive bidding provides the best prospects for efficient provision and implementation of the infrastructure project at the least possible

cost to the economy. Private sector participation need stable political and economic environment in which the BOT projects are going to be delivered and operated.

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Nigerian tertiary education system has always been plagued by incessant strike. This would affect the rate of rent collection in the case of BOT Hostel. Very few universities have standard and rarely altered academic calendar this could pose a serious challenge during the operation phase. When student rent apartment on academic session bases and the session gets prolonged due to strike or unforeseen circumstance, the rate of cash flow income would be affected. And student would resist attempt by hostel manager to pay new tenant fee before the session ends. Standard and rarely altered academic calendar would serve as guarantee for investment cost recovery and profit. Investor would able to forecast returns on investment more accurately. It is important that the selected consortium have adequate financial and managerial resources to be able to form a strong financial structure and manage the BOT project throughout its lifecycle. A solid consortium with a wealth of expertise and significant experience are important to the success of a BOT project (Li et al. 2005 and Jefferies et al. (2002). Good consortium was found to be one of the factors which lead to the success of BOT hostel projects in University of Maiduguri and Lagos BOT student hostels. The promoter should be a formidable company or consortium whose resources and commitment to the project are sufficient to build and operate it (Zaki, 2011).

2.10 The Nigerian University Education System

The tertiary education system in Nigeria is composed of Universities, Polytechnics, Colleges of Education, institutions of technology and management, they form part of or are affiliated to, universities and polytechnic, colleges, and professional, specialized institution (International Association of Universities, 2000). Nigerian tertiary institutions can also be categorized into Federal, State and Private owned. Federal universities in Nigeria are also categorised by their year of establishment into first, second or third generation universities (Harnett, 2000). Twelve more federal universities have been established between the 2011 and 2013 and are referred to as newly established Federal universities.

According to Akintoye (2008) there are three levels of university education exist in Nigeria. The first level stage of university offers a Bachelor's degree after a minimum of four years and a maximum of six years. The university second level stage offers a Master's degree of between twelve to 18 months. The university third level stage offers a Doctorate degree of three for full time study to five years for part-time. To gain admission into the first level of university education, one has to pass the competitive formerly University Matriculation Examination (UME) and now the Unified Tertiary Matriculation Examination (International Association of Universities, 2000). Higher education in Nigeria can be further divided into the public or private, and the university or non-university sectors. Tertiary education institutions owned by the federal and state Government dominate the Nigerian education system. The Federal Government of Nigeria issued a decree in 1993 allowing private investors to establish universities following guidelines established by the Government in recognition of the need to encourage private participation in the provision of tertiary education. The number of private universities in Nigeria is 50 (Nigerian Universities Commission, 2014).

The non-university sector is composed of Polytechnics, institutions of technology, colleges of education, and professional institutions operating under parent ministries.

The Nigerian Government controls universities and other tertiary education institutions through the following organs: the Federal Ministry of Education; National Universities Commission, which among other things allocates funds to Federal Universities and also prescribes the spending formula, and the Committee of Vice Chancellors of Nigerian Federal, which acts as a coordinating body. Each university is administered by a Council and a Senate, and is headed by appointed Vice Chancellor as Chief Executive Officer.

Table 2.2 List of Federal Universities in Nigeria
Source: Nigeria Universities Commission, 2013.

S/N	FEDERAL UNIVERSITIES	YEAR FOUNDED
1.	Abubakar Tafawa Balewa University, Bauchi	1988
2.	Ahmadu Bello University, Zaria	1962
3.	Bayero University, Kano	1975
4.	Federal University Gashua	2013
5.	Federal University of Petroleum Resources, Effurun	2007
6.	Federal University of Technology, Akure	1981
7.	Federal University of Technology, Minna.	1982
8.	Federal University of Technology, Owerri	1980
9.	Federal University, Dutse, Jigawa State	2011
10.	Federal University, Dutsin-Ma, Katsina	2011
11.	Federal University, Kashere, Gombe State	2011
12.	Federal University, Lafia, Nasarawa State	2011
13.	Federal University, Lokoja, Kogi State	2011
14.	Federal University, Ndufu-Alike, Ebonyi State	2011
15.	Federal University, Otuoke, Bayelsa	2011
16.	Federal University, Oye-Ekiti, Ekiti State	2011
17.	Federal University, Wukari, Taraba State	2011
18.	Federal University, Birnin Kebbi.	2013
19.	Federal University, Gusau.	2013
20.	Michael Okpara Uni. of Agric., Umudike	1992
21.	Modibbo Adama University of Technology, Yola	1988
22.	National Open University of Nigeria, Lagos.	2002
23.	Nigerian Defence Academy, Kaduna	1985
24.	Nnamdi Azikiwe University, Awka	1992
25.	Obafemi Awolowo University, Ile-Ife	1962
26.	Police Academy Wudil	2012
27.	University of Abuja, Gwagwalada	1988
28.	University of Agriculture, Abeokuta.	1988
29.	University of Agriculture, Makurdi.	1988
30.	University of Benin	1970
31.	University of Calabar	1975
32.	University of Ibadan	1948
33.	University of Ilorin	1975
34.	University of Jos	1975
35.	University of Lagos	1962
36.	University of Maiduguri	1975
37.	University of Nigeria, Nsukka	1960
38.	University of Port-Harcourt	1975
39.	University of Uyo	1991
40.	Usumanu Danfodiyo University	1975

2.11 The Developer

Private developers are property developers within the private sector. They acquire buildings or land in order to construct or refurbish building projects on the site. Private developers aim to generate a profit, as opposed to the government which aims to

provide buildings for social and welfare reason. The buildings that they construct are typically then sold entirely or in part to others, or retained as assets to produce cash flow via renting them out to occupiers who lease them, as opposed to owning their own. Some developers have their own internal departments for designing and constructing buildings (more common among larger developers), while others just subcontract these works to third party specialists such as architects and contractors (typical of small developers).

According to Mabogunje (2002) a real estate developer is an entrepreneur who assumes the risks of mass housing production in advance of sale. Developers work on large scale construction by constructing multiple housing units, they conduct real estate development on a large scale and use real estate development as an investment tool in a diverse portfolio. Developers need to have access to land and find potential in it by creating vision or plan to develop or remodel it with the aim of selling it after development. Gumel (2000) in Ibrahim (2004) categorizes private developers into four: Land developer who acquires land(s); prepares the plots and make them available for prospective builders. An on-site developer which who acquires land(s) and builds for sale. A merchant builders who are developers who could be local industrialist that build several units of houses of similar design with the aim of achieving economies of scale in house production and sell them to home buyers immediately after completion. And a Developers investor who is similar to merchant developer except that the ownership of the constructed building is retained and then rented out to tenants. Developers in BOT projects fall in to the last category of developers.

Okupe (2002) noted that there are two categories of players within the housing supply market: the first are those who most of the time are invited to construct housing projects

funded by an arm of the private sector or government and second are those mostly involved in building houses for outright sale for outright sale to members of the public. Due to the cost of construction property, developers need to obtain funding from investors - usually banks - to proceed with construction. Sometimes developers propose schemes for undeveloped land in order to increase the value of the site, so that they can sell it on to another organisation. If a particular scheme is difficult to obtain funding for, for example if the developer does not have any other assets that can act as collateral against the loan, then they can enter joint-venture partnerships with other developers to spread the risk. Large regeneration schemes are typically developed in joint venture partnerships due to the substantial cost of construction. The Federal, State and Local government authorities have in the past enter joint venture partnerships with the private sector to develop mass housing project and direct funding vehicles from government to assist in funding the scheme.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter is devoted to the method of data collection, research tools, sample size and method of data analysis used for the research.

3.1 Research Design

This research adopts both the quantitative and qualitative research methods. This research used the administration of questionnaire to obtain both quantitative and qualitative data. Respondents were asked to rank factors which were presented to them and results were presented in percentages, mean and relative importance index. Open ended questions were also included in the questionnaire. An interview was conducted with the infrastructure Concession Regulatory Commission where quantitative data were obtained.

3.2 Data Collection

Data used in this study was initially sourced from pilot survey and a structured questionnaire was designed based on the information obtained. An interview was also used to obtain information.

3.2.1 Pilot survey

Preliminary study was carried out across universities in different zone within Nigeria prior to the main research with the aim of securing relevant data for this research. Fellow and Lui (2007) suggested that all question should initially be piloted, completed by a small sample of respondents in order to have an opportunity for testing the prepared questionnaire before decision are taken on the final version. BOT hostel projects were identified and it was discovered that there was only one completed BOT hostel in the northern part of Nigeria compared to the number of federal universities in the region. The concession period of project was 25 years. Furthermore, oral interviews

were conducted with BOT project stakeholders such as developers, concessionaires, investors and professional who are involved in BOT hostel projects in Nigerian Universities. Information were obtained from both oral interview and literature to ascertain factors responsible for slow adoption and implementation of the BOT hostel scheme, areas that could enhance adoption and involvement of developers. Data obtained from survey were found to contain the required information that is appropriate and suitable for design of the questionnaire.

3.2.2 Structured Questionnaire

Questionnaires have advantages over some other types of surveys in that they are cheap, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data. Two questionnaires were used. One questionnaire was administered to both the Dean of Student Affairs Division and Director or Head of Works and Physical Planning Department of Federal Universities. The other questionnaire was administered to Private Developers.

The questionnaires to Private Developers have 4 sections (see Appendix II) the first section of the questionnaire inquired on the profile of the developers. The second section inquired on their awareness of BOT, shortages of accommodation in tertiary institutions in Nigeria and private sector participation in hostel development through BOT. The third section seeks to identify factors that have been militating against developers venturing into this segment of the real estate sector. The fourth section seek to identified areas that would enhance or encourage BOT application in providing hostel accommodation in Nigerian universities.

The questionnaire to the Dean of Student Affairs Division and the Director or Head of Works and Physical planning Department of Federal Universities contains 5 sections.

The first section was on the profile of the University. The second section inquired on their awareness of BOT and if they are willing to or have explored it before. The third section assessed readiness to procure hostel through BOT. The fourth section identified factors that have been barriers militating against application of BOT in providing hostel accommodation in their institution. The fourth section identified practices that would enhance BOT procurement application in providing hostel accommodation in tertiary institutions.

3.2.3 Interview

An Interview was conducted with the infrastructure Concession Regulatory Commission where additional information's were obtained. The Infrastructure concession regulatory Commission are the regulators and custodians of all concession agreement. Many researcher dwell on lack of a streamlined procurement procedure for BOT in Nigeria. The interview tried to know if there is a streamlined procurement procedure for BOT in Nigeria. One of the objectives of the research was to assess the level of private sector participation in hostel provision through BOT. As custodian of all concession agreement in Nigeria the research enquired on BOT hostel projects in Nigeria. The interview also seeks to know how BOT can be enhanced in provision of hostels in Nigerian Universities.

3.2.4 Sampling

The objective of sampling as stated by Fellows and Liu (2007) is to provide a practical means of enabling the data collection and processing components of research to be carried out whilst ensuring that the sample provides a good representation of the population. According to Chaturvedi (2013) two general approaches to sampling are used in science research. With probability sampling, all elements (e.g., persons, households) in the population have some opportunity of being included in the sample,

and the mathematical probability that any one of them will be selected can be calculated. With non-probability sampling, in contrast, population elements are selected on the basis of their availability or knowledge (e.g., because they volunteered) or because of the researcher's personal judgment that they are representative.

Fellow and Liu (2007) further identified four types of probability sampling techniques. They are simple random sampling, systematic sampling, stratified sampling and cluster sampling technique. The non probability sampling techniques include convenience, purposive and quota sampling (Chaturvedi, 2013).

Purposive sampling which is also known as deliberate sampling or non-probability sampling was used. This sampling method involves purposive or deliberate selection of particular units of the population for constituting a sample which represents the population (Ibrahim, 2012).

3.2.4.1 *Sample size*

It is neither practical nor feasible to study the whole population in any study. According to Kadam and Bhalerao (2010), a “sample.” is a set of participants selected from the population, which is less in number (size) but adequately represents the population from which it is drawn so that true inferences about the population can be made from the results obtained. A sample is required to be consistent, sufficient, efficient, and unbiased (Fellow and Lui, 2007).

The Federal Government policy to only provide hostels in universities through BOT was only restricted to Federal Universities. According to the Nigerian Universities Commission (2013) there are 40 Federal Universities in Nigeria. The scope of the research was restricted to Northern Nigeria and there are twenty Federal Universities located in the Northern part of Nigeria. Therefore this research work adopted the sample population and sample size of 20 Federal Universities located in the northern part of

Nigeria. Two questionnaires were distributed in each university. One questionnaire was administered to the Dean of Student Affairs Division and Director and the other to the Head of Works and Physical Planning Department of Federal Universities.

With regards to the sampling size in the distribution of the questionnaire to developers, the sampling size was determined based on the formula below considering the fact that the targeted population is unknown.

$$n = (z^2 pq) / d^2 \text{ ----- } \mathbf{3.1}$$

Where;

n = the desired sample size

z = the ordinate on the Normal curve corresponding to α or the standard normal deviate. For the purpose of this study, a confidence level of 90% will be adopted.

Usually a 90% level of confidence has $\alpha = 0.10$ and critical value of $z_{\alpha/2} = 1.64$.

P = the proportion in the target population estimated to have particular characteristic (normal between the range of 0.1 - 0.5)

$$q = 1.0 - p$$

d = degree of accuracy corresponding to the confidence level and Z selected.

Consequently, the sample size is determined as thus,

$$z = 1.64$$

$$d = 0.1$$

Where $p = 0.3$

$$q = 0.7$$

Hence,

$$\text{Sample size } n = [(1.64)^2 \times 0.3 \times 0.7] / (0.1)^2 = \mathbf{56.4}$$

Thus the study administered 56 questionnaires for developers.

3.3 Data Analysis

3.3.1 Technique for Data Analysis

Descriptive and inferential analyses were used for simplicity and clarity. Data were analysed using Relative importance Index (RII), mean and percentages.

3.3.2 Relative Importance Index (RII)

Relative importance index was used in the study to assess the readiness of tertiary institutions in adopting BOT, factors militating against its application and practices to enhance its application in providing student hostels in Nigerian universities. The analysis was carried out for each group namely, Universities and Developers

$$\text{Relative Importance Index (RII)} = \frac{\sum fx}{\sum f} \times \frac{1}{k} \text{----- 3.2}$$

Where,

$\sum fx$ = is the total weight given to each attributes by the respondents.

$\sum f$ = is the total number or respondents in the sample.

K = is the highest weight on the likert scale.

Ranking of the items under consideration was based on their RII values. The item with the highest RII value is ranked first (1) the next (2) and so on.

Mbamali and Okotie (2012), Interpreted RII values as follows:

$RII < 0.60$, item is assessed to have low significance.

$0.60 \leq RII < 0.80$, item assessed to have high significance.

$RII \geq 0.80$, items assessed to have very high significance.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

The aim of this research work was to investigate Build Operate Transfer in the provision of Student Hostel in Nigerian universities. This aim translated in to five objectives as stated in chapter one. The presentation, analysis and discussion of results will be done in this chapter. Objective one has been covered in chapter two, while objective two, three, four and five would be discussed in this chapter. The data obtained for the research work is presented and analysed, showing percentages, mean, relative importance index and their rank.

4.1 Data Presentation

4.1.1 Response from Universities

Table 4.1; Distribution of Questionnaires to Federal Universities

		Student Affairs	Physical planning unit
Number distributed	40	20	20
Number properly completed and returned	22	12	10
Percentage response.	55%		

Source; Field Survey, 2013.

Table 4.1 shows the number of questionnaires administered to Federal Universities in northern Nigeria. The research covered Twenty Universities. Two set of questionnaires were distributed in each University under study. Making Forty the number of questionnaire distributed. The Forty (40) questionnaires were administered and Twenty Two (22) were properly completed and returned representing a Fifty-five percent (55%) return rate. This percentage can be considered appropriate and an adequate representation of the population of this study.

Table 4.2; Student Population and Number of Bed-space Capacity of the some Federal Universities Surveyed.

S/N	Name of institution	Year Founded	Student Population	Hostel Capacity (bed space)	% Deficit
1	Abubakar Tafawa Balewa University, Bauchi	1988	15,000	2250	85%
2	Ahmadu Bello University, Zaria	1962	50,000	13,804	72%
3	Bayero University, Kano	1975	35,000	6,000	82%
4	Federal University of Technology, Minna	1982	16000	3500	76%
5	Federal University, Dutsinma, Katsina	2011	-	715	-
6	Federal University, Lokoja, Kogi State	2011	370	120	67.6%
7	Federal University, Wukari, Taraba State	2011	900	448	45.8%
8	University of Abuja, Gwagwalada	1988	-	4,738	-
9	University of Agriculture, Makurdi	1988	-	1800	-
10	University of Ilorin	1975	30,000	3,026	89.9%
11	University of Jos	1975	-	-	-
12	Usman Danfodio University	1975	-	-	-
13	University of Maiduguri	1975	38,500	-	-

Source: Field Survey, 2013

From the Table 4.2 that the survey carried out cut across, first generation (Ahmadu Bello University, Zaria), second generation (University of Jos, University of Ilorin and Bayero University, Kano), Third Generation (Federal University of Technology, Minna, University of Abuja, Gwagwalada and University of Agriculture, Makurdi) and the newly established universities. From Table 4.2 it can be seen that few universities can accommodate up to 50% of their student population. There is as much as 90% deficit in some Universities.

Table 4.3; Assessing Readiness of Universities in Adopting Build-Operate-Transfer in provision of Hostels

S/N	Readiness assessment	Frequency of Response					Σf	Σfx	Mean (\bar{x})
		1	2	3	4	5			
Management Readiness									
1.	Management is aware of Build Operate and Transfer and understands it	-	2	-	8	12	22	96	4.36
2.	Management is keenly interested in working with private Developers	-	2	4	4	12	22	92	4.18
3.	Management are aware of the success of Build-Operate and Transfer	3	4	5	5	5	22	71	3.23
4.	Management has developed strategies that will drive successful partnership through BOT	8	5	3	5	1	22	44	2.59
5.	BOT would help in reducing the hostel deficit in our Institution	-	-	-	6	16	22	104	4.73
6.	Management are committed to addressing any issue/inhibition that any developers willing to partner with us has	-	6	4	6	8	22	88	4.00
People Readiness									
		Frequency of Response					Σf	Σfx	Mean (\bar{x})
		1	2	3	4	5			
7.	Management have qualified staff that can manage or supervise BOT operation and contractual agreement implementation and contracts	-	2	2	4	14	22	96	4.36
8.	Student are educated on B-O-T hostels	2	10	5	3	2	22	59	2.68
Process Readiness									
		Frequency of response					Σf	Σfx	Mean (\bar{x})
		1	2	3	4	5			
9.	Management supports and encourage partnership with the private sector	-	2	4	6	10	22	90	4.09
10.	We have a committee on Build Operate and Transfer	7	7	3	1	4	22	54	2.45
Infrastructure Readiness									
		Frequency of response					Σf	Σfx	Mean (\bar{x})
		1	2	3	4	5			
11.	The University have adequate infrastructure to support the operation of a BOT hostel project	-	2	4	2	4	22	84	3.82
12.	The University environment is suitable for implementation of BOT	-	4	4	3	11	22	87	3.95
13.	The University currently located on our permanent site		5	1	9	7	22	76	3.45

Source: Field Survey, 2013

Key: 1- Strongly Disagree, 2- Disagree, 3-Somewhat Agree, 4- Agree 5- Strongly Agree

This study classified readiness under, Management readiness, process readiness, people and infrastructure. They were examined separately to see where universities stand. For management readiness the mean score was 3.85. Under process readiness the mean score was 3.27. While for people and infrastructure readiness the mean score were 3.52 and 3.74 respectively.

Table 4.4; Universities that have Explored Build Operate Transfer for Hostel Provision within the Study Area

S/N	Name of institution	BOT hostel	Year	concession period	Project cost	Project status
1.	Bayero University, Kano	Yes	2005	-	-	Abandoned
2.	Federal University of Technology, Minna	Yes		-	-	Failed at procurement
3.	University of Ilorin	Yes	2013	21 years	-	Two BOT hostels under construction
4.	University of Maiduguri	Yes	2008	25 years	48 million	Completed
5	Ahmadu Bello University Zaria	Yes	2005	-	150,000,000	Failed at procurement stage

Source: Field Survey, 2013.

Result from the table show universities that have explored Build-Operate-Transfer within the study area. Five (5) universities have explored Build operate Transfer for provision of hostels.

Table 4.5; Factors Militating Against Application of Build-Operate-Transfer for Hostel Provision in Nigerian Universities

S/N	Challenges	Frequency of Response					Σf	Σfx	Mean (\bar{x})	RII	Position
		1	2	3	4	5					
1.	Excessive Protocol and Bureaucracy	7	1	2	3	9	22	72	3.27	0.65	11 th
2.	Lack of Commitment by Higher Institution to explore BOT	1	3	5	12	1	22	75	3.41	0.68	9 th
3.	Challenge of Structuring a BOT package	2	1	6	3	10	22	84	3.82	0.76	6 th
4.	Time and Cost Intensiveness of a BOT Project	2	2	-	8	10	22	88	4.00	0.8	2 nd
5.	High interest Rate on Loans	2	1	2	10	7	22	85	3.86	0.77	5 th
6.	Lack of long term loans	2	3	2	3	12	22	86	3.91	0.78	3 rd
7.	Risk of low Returns on Investment	6	2	4	8	2	22	64	2.91	0.58	15 th
8.	Preference for traditional procurement route	-	2	4	10	6	22	86	3.91	0.78	3 rd
9.	Low level of confidence in BOT procurement method	5	6	4	4	3	22	60	2.73	0.55	19 th
10.	Lack of Streamlined BOT procurement Procedure	8	2	1	5	6	22	65	2.95	0.59	14 th
11.	Complexity in contractual Relationship between Parties(multiple parties)	-	8	8	6	-	22	64	2.91	0.58	15 th
12.	Unstable economic condition	7	2	2	3	8	22	69	3.13	0.63	12 th
13.	Inexperience Government and lack of Understanding of BOT	7	2	5	5	3	22	61	2.77	0.55	18 th
14.	Inconsistent Government policy	2	3	6	6	5	22	75	3.41	0.68	9 th
15.	Poor regulation of BOT Concession agreement	2	6	4	8	2	22	68	3.09	0.62	13 th
16.	Fear of Vandalism (During Student Crisis)	2	6	10	2	2	22	62	2.82	0.56	17 th
17.	Lack of skill and expertise in implementing BOT projects	10	4	2	1	5	22	53	2.41	0.48	20 th
18.	In adequate knowledge and understanding of BOT scheme by prospective developers	1	2	1	8	10	22	95	4.32	0.86	1 st
19.	Lack of commitment by succeeding government to honour agreement of by past regimes	2	4	4	6	6	22	76	3.45	0.76	6 th
20.	Hostel provision is still seen as the role of the government	3	2	2	5	10	22	83	3.77	0.75	8 th

Source: Field Survey, 2013

Table 4.5 Present the challenges/barriers in the application of Build Operate Transfer for provision of Hostels in Universities. It presents result of data obtained from respondent's showings the rank of the challenges perceived to be militating against the adoption of Build Operate Transfer for provision of hostels in tertiary institutions.

Table 4.6; Practices to Enhance Build-Operate –Transfer Application in Hostel Provision

S/N	Factors	Frequency of Response					Σf	Σfx	Mean (\bar{x})	RII	Position
		1	2	3	4	5					
1.	Ensuring procurement Clarity, Fairness and Transparency (competitive)	6	-	2	2	12	22	80	3.64	0.73	11 th
2.	Appropriate risk allocation	-	4	10	4	4	22	73	3.36	0.67	13 th
3.	Government providing Subsidy	-	4	8	6	4	22	82	3.73	0.75	10 th
4.	Reliable concessionaire consortium	-	-	4	12	6	22	90	4.09	0.82	6 th
5.	Ensuring compliance with contractual agreement	-	2	6	4	10	22	88	4.00	0.80	8 th
6.	Attractive financial package	-	1	6	6	9	22	89	4.04	0.84	1 st
7.	Political support and less intervention	-	2	6	4	10	22	88	4.00	0.80	7 th
8.	Mutual Trust	1	3	2	2	14	22	90	4.09	0.82	5 th
9.	Stable economic and political situation	2	3	-	9	8	22	84	3.82	0.76	9 th
10.	Acceptable rent charges	-	2	-	14	6	22	92	4.18	0.84	1 st
11.	Revenue guarantee	1	1	4	10	5	22	92	4.18	0.84	1 st
12.	Standard and rarely altered academic calendar	-	1	1	14	6	22	92	4.18	0.84	1 st
13.	Government regulation to ensure protection of asset	1	1	3	7	10	22	80	3.64	0.72	12 th

Source: Field Survey, 2013

Key: 1- Strongly Disagree, 2- Disagree, 3-Somewhat Agree, 4- Agree 5- Strongly Agree

Table 4.6 shows ways that the adoption of Build Operate Transfer in the Provision of Hostel can be enhanced. It was observed that there is consensus of opinion when respondents strongly agreed on eight out of the thirteen priority areas with $RII \geq 0.80$.

4.1.2 Result from Response of Developers

Table 4.7; Distribution of Questionnaires to Private Estate Developers

Number distributed	57
Number properly completed and returned	40
Percentage response.	70%

Source, Field Survey, 2013

Table 4.7 shows the number of questionnaires administered to Private Developers. Fifty seven (57) questionnaires were administered and forty (40) were properly completed and returned representing seventy percent (70%). This percentage return rate can be considered appropriate and an adequate representation of the population of this study.

Table 4.8; Working Experience of Respondents

Years of Experience	Frequency	Percentage (%)
0-5 years	9	22.5
6-10 years	15	37.5
11-15 years	10	25
16-20 years	2	5
20 years and above	4	10
Total	40	100

Source: Field Survey, 2013

Table 4.8 shows that (37.5%) of respondent have working experience of 6-10 years and the least percentage (5%) have working experience of 16-20 years. Also 22.5% of the respondents have working experience of 0-5 years. Therefore the respondents can be said to have adequate knowledge and experience.

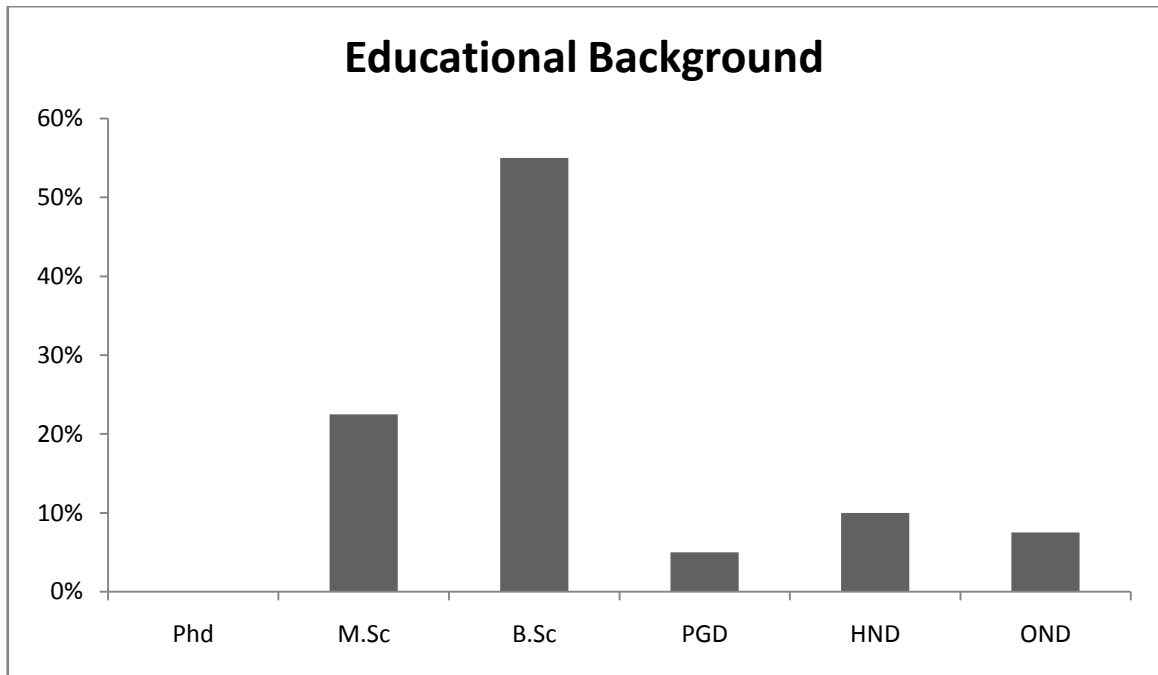


Figure 4.1: Academic Qualification of Respondents

Source: Field Survey, 2013.

The academic qualifications of the respondents are summarized in the Figure 4.1 of which 22.5% are M.Sc holders. The other categories of academic qualifications are; First degree 55%, Postgraduate Diploma 5%, HND 10%, 7.5% OND and none of the respondent have Doctorate degree. This further supports the fact that the respondents are knowledgeable and capable of providing the much desired professional and judgemental opinion required for achieving the aim of this research.

Table 4.9; Developers' Awareness on Shortage of Hostels in Nigerian Universities

Type of response	Frequency	Percentage (%)
Yes	38	95
No	2	5
Total	40	100

Source: Field Survey, 2013.

Data collected developers' awareness of shortage of hostel accommodation in tertiary institutions as shown in Table 4.9 revealed that 95% of the respondents are aware of the high deficit in the number of student to hostel accommodation capacity in Nigerian

Tertiary Institutions. While 5% show lack of awareness on hostel accommodation shortage in tertiary institutions. This means majority the respondent are aware/ informed on the shortage of Hostel accommodation in Nigerian universities.

Table 4.10; Developers' Perception on Investing in BOT Hostels in Nigerian Universities as a Feasible and Viable Business.

Type of response	Frequency	Percentage (%)
Yes	29	72.5
No	11	27.5
Total	40	100

Source: Field Survey, 2013.

Table 4.10 presents the perception of developers on the viability and feasibility of investing in student housing in tertiary institutions. As seen in the table 72% of the developers see investment in student accommodation as a business worth investing in. While 27% see it otherwise. This shows that private developers are interested in investing in student housing.

Table 4.11; Developers Willing to Explore BOT in Providing Hostels in Nigerian Universities

Type of response	Frequency	Percentage (%)
Yes	31	77.5
No	9	22.5
Total	40	100

Source: Field Survey, 2013

Developers where asked if they were willing to participate in the university BOT scheme. Table 4.11 shows the willingness of developers to go into Build Operate Transfer for Hostel Provision. 77% are willing to go into BOT for Student Housing. While 23% are unwilling to invest in student hostel under BOT.

Table 4.12; Developer Involvement in Providing Hostels under BOT

Type of response	Frequency	Percentage (%)
Yes	6	15
No	34	85
Total	35	100

Source: Field Survey, 2013

Table 4.12 show the number of private developers who have engaged in Build Operate transfer student hostel before. 15% of the respondents indicated that they have been involved in a BOT hostel project before. While 85% have not been involved in any BOT project before.

Table 4.13; Developer's Level of Participation in Hostel Provision

Level of participation	Frequency	Percentage (%)
Very high ($\geq 70\%$)	1	2.5
High (60-69%)	3	7.5
Average (45-59%)	12	30
Low (30-44%)	13	32.5
Very low ($< 30\%$)	11	27.5
Total	40	100

Source: Field Survey, 2013

Developers were asked to rank their level of participation in provision of student hostel. From the table 4.13 it can be seen that 60% of the developers adjudged their level of participation as at low (44% and below). Thirty percent (30%) of private developers perceived their level of participation as average. 7.5% and 2.5% ranked their participation as high and very high respectively.

Table 4.14; Sources of Finance for Funding Project

S/N	Sources of finance	Frequency	Percentage (%)
1	Internal funds	12	34.2
2	Loans from thrift and credit society.	2	2.9
3	Commercial banks.	12	25.7
4	Merchant banks.	-	-
5	Mortgage banks.	13	37.1
6	Insurance and pension funds.	-	-
7	Government bonds.	-	-
8	Foreign Direct Investment (FDI).	1	1.45
9	Shares.	-	-
TOTAL		40	100

Source: Field Survey, 2013

Table 4.14 present the major source of finance for projects. It can be seen that, loans from mortgage bank and commercial and internal fund are the most frequent sources of finance for project development with 37%, 34% and 25% respectively. Other sources of finance include loans from thrift and credit society and foreign direct investment.

Table 4.15; Developer's Perception on Challenges in the Adoption of Build Operate Transfer for Hostel Provision in Nigerian Universities.

S/N	Factors	Frequency of Response					Σf	Σfx	Mean (\bar{x})	RII	Position
		1	2	3	4	5					
1.	Excessive protocol and pureaocracy	2	3	12	17	6	40	142	3.55	0.79	17 th
2.	Lack of commitment by higher institution to explore BOT	1	3	4	17	15	40	162	4.05	0.81	3 rd
3.	Challenge of structuring a BOT package	2	2	16	8	12	40	146	3.65	0.73	14 th
4.	Time and cost intensiveness of a BOT project	1	2	4	20	13	40	162	4.05	0.81	3 rd
5.	High interest rate on loans	-	5	2	15	18	40	166	4.15	0.83	1 st
6.	Lack of long term loans	1	4	2	16	17	40	164	4.10	0.82	2 nd
7.	Risk of low returns on investment	8	6	12	7	7	40	119	2.98	0.60	18 th
8.	Preference for traditional procurement route	1	7	2	15	15	40	156	3.90	0.78	6 th
9.	Low level of confidence in BOT procurement method	2	5	7	13	13	40	150	3.75	0.75	10 th
10.	Lack of streamlined BOT procurement procedure	1	8	6	12	13	40	148	3.70	0.74	11 th
11.	Complexity in contractual relationship between Parties(multiple parties)	3	5	7	10	15	40	149	3.72	0.74	11 th
12.	Unstable economic condition	3	5	10	11	11	40	142	3.55	0.71	15 th
13.	Inexperience government and lack of understanding of BOT	10	8	9	10	3	40	108	2.70	0.58	19 th
14.	Inconsistent government policy	1	3	4	17	15	40	162	4.05	0.81	3 rd
15.	Poor regulation of BOT concession agreement	2	3	11	12	12	40	149	3.72	0.77	8 th
16.	Fear of vandalism (During Student Crisis)	6	2	12	12	8	40	142	3.35	0.68	16 th
17.	Lack of skill and expertise in implementing BOT projects	13	8	6	10	3	40	126	2.55	0.51	20 th
18.	In adequate knowledge and understanding of BOT scheme by prospective developers	3	3	4	12	16	40	148	3.70	0.74	11 th
19.	Lack of commitment by succeeding government to honour agreement of by past regimes	2	2	8	15	13	40	155	3.87	0.77	8 th
20.	Hostel provision is the role of the government	1	9	-	12	18	40	156	3.92	0.78	6 th

Source: Field Survey, 2013

Key: 1- Strongly Disagree, 2- Disagree, 3-Somewhat Agree 4- Agree 5- Strongly Agree

Table 4.15 presents challenges faces by private developers militating against the adoption of BOT in hostel development. As shown above five out of the twenty challenges or barriers obtained $RII \geq 0.80$ which falls within the range of ‘strongly agree’. While the fourteen challenges have $RII=0.60 \leq RII < 0.80$ in the range of ‘Agree’. While one challenge has $RII=0.58$ which is not a significant challenge experienced by developers.

Table 4.16; Developer’s Perception on Areas to Enhance Build Operate Transfer for Hostel Provision in Nigerian Universities

S/N	Factors	Frequency of Response					Σf	Σfx	Mean (\bar{x})	RII	Position
		1	2	3	4	5					
1.	Government providing Subsidy	-	1	5	13	16	40	149	4.30	0.86	1 st
2.	Ensuring procurement clarity, fairness, competitive and transparency	1	1	5	12	21	40	163	4.28	0.86	1 st
3.	Standard/rarely altered academic calendar	1	-	7	15	17	40	163	4.22	0.84	3 rd
4.	Mutual trust	-	1	4	12	19	40	171	4.13	0.83	4 th
5.	Acceptable rent charges (flexible and adapted for adjustment)	2	2	7	14	15	40	158	3.93	0.79	5 th
6.	Revenue guarantee	1	7	2	15	15	40	141	3.90	0.78	6 th
7.	Government regulation to ensure protection of asset	1	8	2	12	17	40	137	3.90	0.78	6 th
8.	Compliance with contractual agreement	2	3	6	17	12	40	152	3.85	0.77	8 th
9.	Stable economic and political situation	1	7	4	12	16	40	145	3.87	0.77	8 th
10.	Attractive financial package	2	3	11	12	12	40	149	3.73	0.75	10 th
11.	Appropriate risk allocation	2	2	12	13	11	40	146	3.72	0.74	11 th
12.	Reliable concessionaire consortium	3	7	5	10	15	40	135	3.68	0.78	11 th
13.	Political support and less intervention	1	3	12	12	12	40	146	3.77	0.74	13 th

Source; Field Survey, 2013

Key: 1-Strongly Disagree, 2- Disagree, 3- Somewhat Agree, 4- Agree 5- Strongly Agree

Table 4.16 present priority areas or practices to enhance the rapid adoption of BOT for student hostel development. It was observed that all factors have RII of between 0.86 - 0.74. Four factors obtained a $RII \geq 0.80$ which falls within the range of ‘strongly agree’. While the nine others factor have $0.60 \leq RII < 0.80$ in the range of ‘Agree’. The

Grand mean of the eleven areas of 3.97 shows that these areas could enhance Build Operate Transfer in the provision of student hostel.

Table 4.17 Comparing Challenges Faced by Developers and Universities

S/no	Factors and challenges	RII Universities	RII Developers	Position Universities	Position Developers
1	Excessive Protocol and Bureaucracy	0.65	0.79	11 th	17 th
2	Lack of Commitment by Higher Institution to explore BOT	0.68	0.81	9 th	3 rd
3	Challenge of Structuring a BOT package	0.76	0.73	6 th	14 th
4	Time and Cost Intensiveness of a BOT Project	0.8	0.81	2 nd	3 rd
5	High interest Rate on Loans	0.77	0.83	5 th	1 st
6	Lack of long term loans	0.78	0.82	3 rd	2 nd
7	Risk of low Returns on Investment	0.58	0.60	15 th	18 th
8	Preference for traditional procurement route	0.78	0.78	3 rd	6 th
9	Low level of confidence in BOT procurement method	0.55	0.75	19 th	10 th
10	Lack of Streamlined BOT procurement Procedure	0.59	0.74	14 th	11 th
11	Complexity in contractual Relationship between Parties(multiple parties)	0.58	0.74	15 th	11 th
12	Unstable economic condition	0.63	0.71	12 th	15 th
13	Inexperience Government and lack of Understanding of BOT	0.55	0.58	18 th	19 th
14	Inconsistent Government policy	0.68	0.81	11 th	3 rd
15	Poor regulation of BOT Concession agreement	0.62	0.77	13 th	8 th
16	Fear of Vandalism (During Student Crisis)	0.56	0.68	17 th	16 th
17	Lack of skill and expertise in implementing BOT projects	0.48	0.51	20 th	20 th
18	In adequate knowledge and understanding of BOT scheme by prospective developers	0.86	0.74	1 st	11 th
19	Lack of commitment by succeeding government to honour agreement of by past regimes	0.76	0.77	6 th	8 th
20	Hostel provision is still seen as the role of the government	0.75	0.78	8 th	6 th

Table 4.17 compares the Relative Importance Index (RII) of challenges of been face by Universities and Developers in the implementation and adoption of BOT in provision of Hostels in Nigerian Universities.

Table 4.18 Comparing Response from Developers and Universities Perception on Ways to Enhance Adoption of BOT for Provision of Hostels

S/no	Practices	RII Universities	RII Developers	Position Universities	Position Developers
1	Ensuring procurement Clarity, Fairness (competitive) and Transparency	0.73	0.86	11 th	1 st
2	Appropriate risk allocation	0.67	0.86	13 th	11 th
3	Government providing Subsidy	0.75	0.84	10 th	1 st
4	Reliable concessionaire consortium	0.82	0.83	6 th	11 th
5	Ensuring compliance with contractual agreement	0.80	0.79	8 th	8 th
6	Attractive financial package	0.84	0.78	1 st	10 th
7	Political support and less intervention	0.80	0.78	7 th	13 th
8	Mutual Trust	0.82	0.77	5 th	4 th
9	Stable economic and political situation	0.76	0.77	9 th	8 th
10	Acceptable rent charges	0.84	0.75	1 st	5 th
11	Revenue guarantee	0.84	0.74	1 st	6 th
12	Standard and rarely altered academic calendar	0.84	0.78	1 st	3 rd
13	Government regulation to ensure protection of asset	0.72	0.74	12 th	6 th

Source: Field Survey, 2013

Table 4.19 compares the Relative Importance Index (RII) of practices that could enhance adoption by Universities and participation of Developers in the provision of Hostels in Nigerian Universities through BOT.

4.1.3 Response from the Infrastructure Concession Regulatory Commission

1. Do we have a streamlined procurement procedure for BOT in Nigeria?

ONE-STEP PPP PROCESS

The National Policy on Public Private Partnership (N4P) prescribes the PPP phases as Development, Procurement and Implementation Phases. However, in some cases, a one-step process approach may be adopted to accelerate the project. These processes are captured in Figure 5.2:

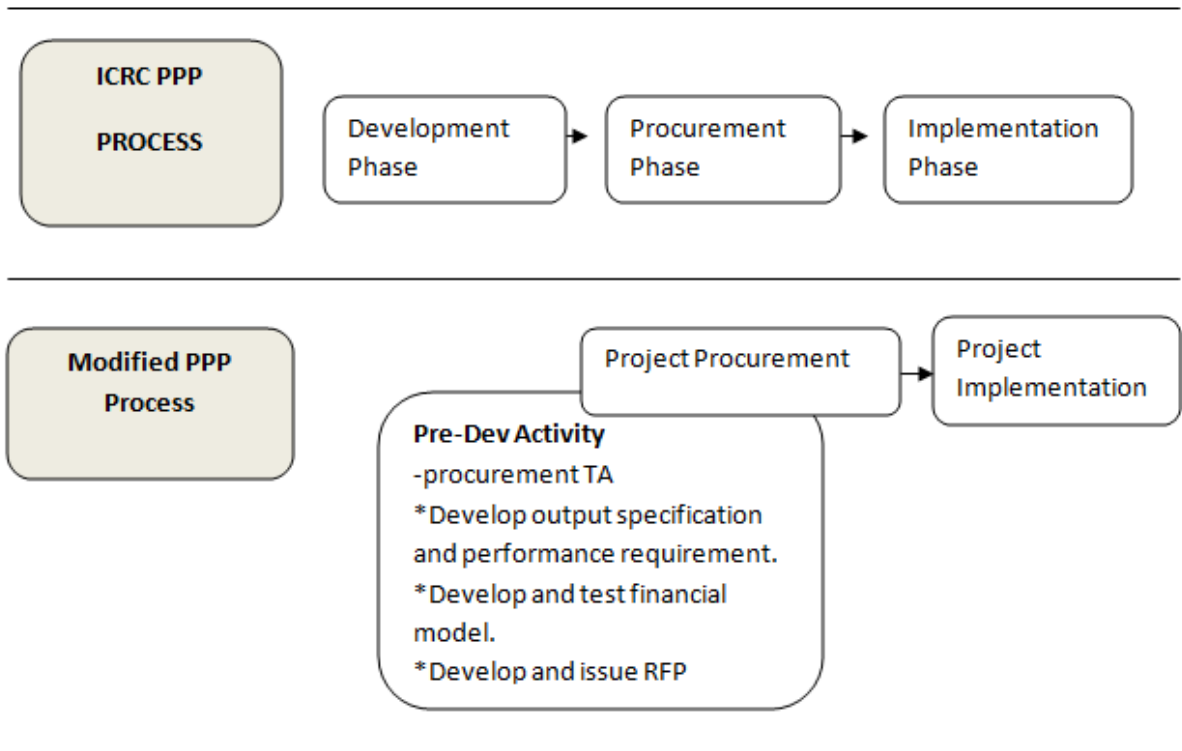


Figure 5.2 One-Step Public Private Partnership Process

Source: Infrastructure Concession Regulatory Commission, 2013.

Activities in the Development Phase are performed by a consultant that is engaged to conduct the technical and financial feasibility/studies, culminating in the submission of an Outline Business Case (OBC) for approval. A Transaction Adviser (TA) will subsequently be engaged to procure the concessionaire.

However, under the one-step process, a TA will be engaged, via a competitive and transparent procurement process, to carry out the technical and financial analysis required and subsequently undertake the procurement of the concessionaire under a transparent and competitive process, in line with ICRC guidelines. To achieve this, the TA will:

- i. Prepare the output specification (prepare a financial model, risk allocation, value for money test etc.) for a fit-for-purpose Outline Business Case (OBC)
- ii. Provide a proper project definition

- iii. Prepare the bidding documents (Expression of Interest, and the Request for Proposal, Information Memorandum, Concession Agreement, etc)
- iv. Carry out activities required to procure the concessionaire (EOI, RFP, Evaluation etc)
- v. Assist in selection and negotiations with the preferred bidder
- vi. Prepare the Full Business Case

2. Cases of BOT Hostel project in Nigeria.

According to the Infrastructure Concession Regulatory Commission there is no record of any Build Operate Transfer Hostel in Nigeria. The ICRC being the custodian of all concession agreement and all PPP project don't have any record of BOT project while there are BOT hostel projects in the country

3. As Regulators how can Build-Operate-Transfer for provision of hostels in Nigerian universities be enhanced.

Build Operate Transfer (BOT) PPP models have been used in several jurisdictions where new infrastructure is required. BOTs by nature require significant investment from the private sector in the areas of technical and financial expertise. As a result, private companies are typically concerned about ensuring due returns to investors and shareholders. In other words, managing risks such as revenue risks, financing risks and construction risks are of optimum importance to private companies.

In order to strengthen BOTs, the following suggestions may be considered:

- 1. Establishment of clear and concise guidelines for procurement of BOT transactions
- 2. Establishment of appropriate sector-specific legislation and policies to strengthen implementation of BOT projects.
- 3. Establishment of government finance support mechanisms such as intervention and guarantee funds

4. Implementation of good construction practices.

4.2 Discussion

4.2.1 Nature / Background of Respondents

The study set out to investigate Build Operates Transfer in provision of hostels in Nigerian tertiary institutions with the aim of enhancing it and encourage its rapid adoption. The respondents to this research were stakeholders which include Federal universities, Developers and the Infrastructure Concession Regulatory Commission.

4.2.2 Student population and number of bed space capacity

From Table 4.2 it can be seen that there is a huge deficit in the number of hostel accommodation in Nigerian tertiary institution. Very few universities can accommodate 50% of their student population on campus. There is as much as 90% hostel accommodation deficit in some universities. It was observed that the hostel accommodation deficit was larger in older universities and lesser in the newly established federal universities.

4.2.3 Readiness assessment of Universities in adopting Build-Operate-Transfer in provision of Hostels

From the study, it was established from the grand mean of 3.63 that Nigerian tertiary institutions are ready to adopt Build Operate Transfer in the provision of hostel. From the result in Table 4.3, the universities readiness assessment score was 3.74 under infrastructure readiness, 3.82 under management readiness, 3.68 under people readiness and 3.27 under process readiness. Universities scored high on Management readiness because most institution were aware, understand and are interested in BOT procurement for the provision of student hostel. Under people readiness, it was observed that universities have professionals who can package and manage BOT projects while it was observed that students are not properly educated on Build Operate

Transfer. Who are the beneficiaries and also stakeholders. Policies of government have failed in the past because all stakeholders are not informed or well educated on new policies. Under process readiness it was observed that very few schools have constituted a committee on Build-Operate-Transfer which is essential. Under infrastructure it was found that universities have ample land for BOT project development even though some institutions are not located on their permanent site. Using the assessment scale in Abubakar (2012) that scores greater or equal to 3 is considered ready. With a Grand mean score of 3.63 in the four areas of readiness assessment Nigerian universities are ready to use BOT in provision of hostels on their campus.

4.2.4 Universities with Build Operate Transfer Hostels projects

It was discovered that few universities have gone into Build Operate Transfer before. As seen in Table 4.4 five universities have explored Build Operate Transfer for provision of hostels. The University of Ilorin has 2 projects which are currently under construction. The Build Operate Transfer project in Bayero University Kano has been abandoned. The Federal University of Technology Minna had a BOT project which failed at the procurement stage. A BOT hostel project has been completed in University of Maiduguri. This conforms to Edet (2012) where he asserts that the private sector constitute less than 1% of all on-campus hostels across public universities.

4.2.5 Universities Management perception on challenges against BOT adoption for Hostel provision

Challenges militating against the rapid implementation/adoption of Build Operate Transfer for provision of hostels in tertiary institutions was identified from literature. These challenges were presented to institutions. Data obtained from respondents shows the rank order of the factors perceived to be militating against the adoption of Build Operate transfer for provision of hostels in tertiary institutions. From Table 4.5

respondents strongly agreed on two (2) out of the twenty challenges/ factors with $RII \geq 0.80$. Ten (11) other factors fell in the range of agree with the RII of $0.60 \leq RII < 0.80$. While respondent rank seven challenges insignificant with $RII < 0.60$. The grand mean of 3.34 confirm that these challenges/ militating factors are applicable to BOT for provision of hostel in Nigerian Universities.

From the study inadequate knowledge and understanding of BOT scheme by prospective developers ($RII=0.86$), time and cost intensiveness a BOT hostel Project ($RII=0.8$), preference for traditional procurement route in procuring hostel ($RII=0.78$), high interest rate on loans ($RII=0.77$), challenge of structuring a BOT package ($RII=0.76$), Lack of commitment by succeeding government to honour agreement by past regimes ($RII=0.76$), and hostel provision still seen as the role of the government ($RII=0.75$) are constrains to adoption of Build Operate Transfer.

4.2.6 Practices to enhance Build-Operate –Transfer application in Hostel provision

The research identified from literature practices that can enhance and encourage the rapid adoption of Build Operate Transfer for hostel provision in Nigerian tertiary institution, this were presented to respondents. There is consensus of opinion when they strongly agreed on eight out of the thirteen priority areas with $RII \geq 0.80$. Respondents perceive Standard and rarely altered academic calendar ($RII=0.84$), Acceptable Rent Charges ($RII=0.84$), Revenue Guarantee ($RII=0.84$) and Attractive Financial Package ($RII=0.84$) as the most significant factors to encourage the rapid adoption of Build Operate Transfer. This was followed closely by reliable concessionaire consortium ($RII=0.82$) and mutual trust between parties to the BOT project ($RII=0.80$). From the study, it can be established from the Grand mean of 3.92 that these priority areas can enhance the rapid adoption of Build Operate Transfer for provision of hostel in Nigerian tertiary institutions.

4.2.7 Developers' awareness on shortage of Hostels in Nigerian Universities

The research inquired on private developers' awareness of the shortage of hostel accommodation in Nigerian tertiary institutions. From the study it was discovered that (95%) of the respondents are aware of the shortage of student accommodation in tertiary institutions, while 5% show ignorance of this problem. This means majority of private developers are aware of the shortage of hostels in Nigerian tertiary institutions.

4.2.8 Developers' perception on investing in BOT Hostels in Nigerian Universities.

Data from the questionnaire survey established that most (72%) of private developers see investing in Build operate transfer hostel project as a feasible and viable business option. While 28% don't agree. This is very important for any developer to invest in any project. Developers are always after profit and will only invest if it is both feasible and viable. This conforms to Zaki (2011) who concluded from his research that BOT is feasible and economically viable.

4.2.9 Willingness of developers to explore BOT in providing Hostels in Universities

From the study it was established that 77% of developers are willing to go into BOT for Student Housing. While 23% are not keen in investing in student hostel under BOT. This shows that developers are willing to invest in provision of student hostel through BOT. This also conforms to the perception of developers in Table 4.8 that private developers see Build Operate Transfer as feasible and viable.

4.2.10 Private developers level of participation in hostel provision in Universities

According to Table 4.10, most of the respondent (41%) perceived the level of participation of private developers in hostel provision as low i.e. 27.5% "Very low" and 32.5% "Low". 30% of private developers were of the opinion that the level is

“Average” and 10% affirmed that the level is High. None of the respondents indicated that there is a “Very High” level of participation. This result clearly shows that there is low involvement of Private developers in student hostel delivery. This is why the student hostel delivery has been flooded by the informal private owners who have houses near and around tertiary institutions and have converted their residential properties in to student hostels.

4.2.11 Developer involvement in providing Hostels under BOT

The study sought to inquire on private developers who have been involved in any Build Operate Transfer project. 15% of the respondents say they have been involved in a BOT hostel project before. While 75% of respondents have not been involved in any BOT project. This shows a low level of private investment and involvement in Build Operate Transfer Hostel Project. This is also one of the reasons for carrying out this research.

4.2.14 Private Developer’s sources of finance for funding Project

Results from respondents established that loans from mortgage bank (37%) and internal funds (34.2%) are the most frequently used source of finance for Private Developers. Other sources used are; loan from commercial banks and thrift and credit society. This is in line with Ibrahim (2013) where developers ranked mortgage bank as the most frequently used source of finance for project development, while finance is not available for developers. To have a strong and viable real estate sector a good source of finance for private developer is required.

4.2.15 Developer’s perception on challenges in the adoption Build Operate Transfer for Hostel provision in Nigerian Universities.

The study established that there are challenges being faced by private developers in implementing BOT in hostel development. As shown in Table 4.15 five out of the twenty challenges or barriers obtained $RII \geq 0.80$ which falls within the range of

'strongly agree'. While the fourteen challenges have $RII=0.60 \leq RII < 0.80$ in the range of 'Agree'. While one challenge has $RII=0.58$ which is not a significant challenge experienced by developers. However, from the study, the following challenges applies most to Build Operate Transfer for student hostel; High interest rate on loans ($RII=0.83$), Lack of long term loans ($RII=0.82$), Inconsistent government policy ($RII=0.83$), Lack of commitment by higher institution to explore BOT($RII=0.81$), time and cost intensiveness a BOT Project ($RII=0.81$), poor regulation of BOT concessions ($RII=0.81$).Preference for traditional procurement route in hostel provision ($RII=0.78$), hostel provision still seen the role of the government ($RII=0.78$).

Developers have difficulty in accessing credit. The interest rate in Nigeria is double digit and banks are not willing to give long term loans. This is in agreement with Shonibare (2010), where he confirms that local banks where providing inadequate access to long term capital and the interest rate is high. This is not good for long term investment like Build Operate Transfer projects. This has also created difficulties for long term investment. The long term nature of BOT investment has also pose a challenge to investors and developers alike. As most Nigerian investors prefer short term investment while BOT hostel project are long term. Developers also decry the lack of commitment by tertiary institutions to attract private sector investment in the provision of hostel.

The time and cost intensiveness of a BOT project has scared away investors. Nigerian investors love projects which are short time in nature whereby they invest and recoup their investment after a short while rather that tie down their capital for a long term. This is also in line with Zaki (2011) when he concluded in his research that private investors in Nigeria may not be willing to tie down their capital in investment that will start yielding profit in 15 years. The finding of this study is also in line with Ayeyemi

(2012) where he opined that long term nature of BOT has been a challenge to BOT implementation. The Nigerian government ever changing policies has scared away private sector investment and since BOT investment are long term the political landscape can change.

Dahiru (2011) confirms that inconsistent government policy as one of the major factor limiting BOT procurement. This is in agreement with Akuta (2013) when he opined that Policy continuation is something that is lacking in Nigeria. Once a new government takes over power, they usually abandon previous governmental policies or programs. Very few policies were retained by subsequent administrations (both military and civilians). This has negative effect on developers and investor looking to invest in long term project like Build Operate Transfer.

4.2.16 Practices and areas on enhancing Build Operate Transfer for Hostel provision in Nigerian Universities

From the study it was established from the grand mean of 3.96 that these priority areas could enhance Build Operate Transfer for student hostel. Out of the thirteen areas or practices respondents perceive that, government providing subsidy (RII=0.86), ensuring procurement clarity, fairness and transparency (RII=0.86), Standard/ rarely altered academic calendar (RII=0.84), acceptable rent charges (flexible and adapted for adjustment) (RII=0.84), revenue Guarantee (RII=0.78) and stable economic and political situation in the Nigeria (RII=0.77) would enhance investment in hostel provision through Build Operate Transfer.

Ensuring clarity, fairness and competitiveness during procurement is very important. This is in agreement with Dahiru (2011) who asserts that inappropriate project procurement procedure was among the major causes of BOT project failure at procurement stage. This would encourage lenders to support developers financially. Llanto (2008) adds that competitive bidding provides the best prospects for efficient

provision and implementation of the infrastructure project at the least possible cost to the economy.

According to Jamali and Olayan (2004) mutual trust is important in developing countries, where distrust of government prevails. Government and private organizations can indeed seek mutual advantages in developing PPP, particularly when it is characterized by trust, openness, fairness and mutual respect. Spackman (2002) opined that a trusting relationship between the parties based on a shared vision, trust, openness and fairness are basic foundational underpinnings of successful Partnership.

4.2.17 Comparing challenges faced by respondents in the application of BOT for provision of Hostels in Nigerian Universities

Factors and challenges militating against BOT application was compared on Table 4.17 Excessive Protocol and Bureaucracy was ranked to be as a highly significant challenge in the application of BOT by both developers (RII= 0.78) and Universities (RII= 0.65) This could be caused by the effect of time and activities during applying and securing permit and approvals for the project from relevant authorities. Challenge of Structuring a BOT package was ranked as a highly significant factor by both management of Universities (RII= 0.76) and Developers RII=0.73. This may be due to the newness of the procurement method in the country, as BOT is continually used and better understood. This challenge would be gradually resolved. Developers and universities agreed that lack of long term loans and high interest rate on loans a major challenge faced in the application of BOT. Which is in line with Ibrahim, et al., (2005); Iyizoba, (2009); Onyike and Uche, (2013) on lack of long term capital and high interest rates as a challenge to BOT in the country. Developers and universities also agree that risk of low returns on investment is not a significant challenge to BOT for hostel provision in Nigeria with RII of 0.58 and 0.6 respectively. There is acute shortage of hostel which translates into a ready market for hostel provision.

Respondents disagreed on Low level of confidence in BOT procurement method as a factor militating against application. Universities tend to be confident in BOT with RII= 0.55 while developers disagree with RII= 0.75.

Developers and universities agreed that lack of skill and expertise in implementing BOT projects is not a challenge. It obtained RII of 0.48 and 0.51 for developers and universities respectively. On inadequate knowledge and understanding of BOT scheme by prospective developers as a factor militating against the application of BOT for hostel provision both developers and universities both agreed with RII of 0.74 and 0.81 respectively that this significant challenge. This shows the importance of proper enlightenment and education on the scheme to prospective developers.

Inadequate knowledge and understanding of BOT scheme by prospective developers (RII=0.86), Time and Cost Intensiveness a BOT hostel Project (RII=0.8), Preference for traditional procurement route in procuring hostel (RII=0.78) and lack of long term loans according to universities are the most significant factors militating against rapid adoption of BOT for hostel provision in universities. While developers ranked high interest rate on loans (RII=0.83), lack of long term loans (RII=0.82), inconsistent government policy (RII=0.83), lack of commitment by higher institution to explore BOT (RII=0.81), time and cost intensiveness a BOT Project (RII=0.81),

4.2.18 Comparing respondents perception on ways to enhance application of BOT for provision of Hostels

Table 4.1.18 compares respondent's perception on ways of enhancing BOT in provision of hostels in universities. On ensuring procurement Clarity, Fairness (competitive) and Transparency developers ranked it significantly high (RII=0.73) while developers ranked it very significant (RII=0.836). Private investor would invest time and resources in developing bids only if the process of awarding the BOT project is reasonably orderly, fair and transparent. Reliable concessionaire consortium was ranked highly

significant by both developers (RII=0.83) and universities (RII=0.82) as an area to enhance BOT application in provision of hostel. It is important that the selected consortium have adequate financial and managerial resources to be able to form a strong financial structure and manage the BOT project throughout its lifecycle. All respondents strongly agreed that standard and rarely altered academic calendar in universities would enhance application. Universities (RII=0.84) and developers (RII=0.84) agreed that it can enhance BOT application and adoption. A rarely altered calendar would serve as guarantee to investment cost recovery as well as profit, as investor would be able to forecast returns on investment more accurately. Strikes and academic calendar disruption could pose serious challenge to the project during the operation phase. Mutual Trust between the government and the private sector is important. Developers (RII=0.77) and universities both (RII=0.82) ranked it highly and very highly significant. Trust between government and the private sector and between stakeholders is very important and can influence the success or failure of the project. Acceptable rent charge was ranked very significant by both Universities and Developers. This is very important as it will affect both the viability and the rate of investment recovery of the BOT hostel project. The charges should be enough to help the concessionaire meet contractual obligation of loan repayment. It is also important that rent charges are based on prevailing economic rent in the locality.

Both Universities and Developers ranked strong political support and less intervention as an important area to help enhance application of BOT for hostel provision. Universities rated the factor with (RII=0.80) and developers (RII=0.87). This could be in form of passing key legislation, policies and providing an enabling environment for BOT procurement to thrive. Also ensuring procurement is competitive, fair and ensuring it is free from corruption. Government regulation to ensure protection of asset

was ranked very important. In case of vandalism or destruction of the property during student protest or force measure the developer may be affected. Insurance policy is one of the ways this risk can be mitigated.

Standard and rarely altered academic calendar (RII=0.84), acceptable rent charges (RII=0.84), revenue guarantee (RII=0.84) are the most highly ranked areas that can encourage the application of BOT according to Universities. Developers perceive that government providing subsidy (RII=0.86), ensuring procurement clarity, fairness and transparency (RII=0.86), standard/ rarely altered academic calendar (RII=0.84), acceptable rent charges (flexible and adapted for adjustment) (RII=0.84) would enhance Developers and investors participation in BOT for hostel provision in Nigerian universities.

4.3 Case Studies of BOT student Hostel in Nigeria Federal Universities.

1. University of Maiduguri Student Hostel.

This project is a student hostel accommodation constructed within the university of Maiduguri premises. It was designed and developed under BOT bases. The project was planned and completed in 2008 and developed by Shettima Ali Monguno as the concessionaire. The building, which consists of 38 rooms, accommodates 152 students. The project was estimated at a cost of ₦46,830,979.00. The project was completed because of the commitment of the concessionaire and his strong financial capability. The current rent per bed space is 30,000. Each room has 4 occupants.

2. University of Lagos Hostel.

University of Lagos has established partnerships with housing developers to provide hostels on its land on Build, Operate and Transfer (BOT) model. It is an all-female hostel made up of two blocks of three storey buildings. The hostel is purpose-built and reasonably. The rents are from N120, 000 for three occupants to between N320,000 and

N350,000 for a single occupant. They all pay service charge for cleaning and for running of common facilities. The developer is a formidable company whose resources and the project was sufficient to complete the project and commence operation.

3. NUC BOT Hostel Scheme.

In 2005 Echees Marrow NIG LTD in collaboration with the Nigerian Universities Commission and the Federal Ministry of Housing and Urban Development agreed to construct Hostel in 25 federal universities under the Universities Build Operate Transfer scheme. The total cost of the project was One hundred and twenty three million dollars. Design was completed and approved and the cost of each hostel block was estimated at one hundred and twenty million naira. The funding was to be through a foreign direct investment. The project failed due to lack of finance.

4. Bayero University Kano.

Bayero University Kano has a BOT hostel project which has been abandoned. The cause of abandonment was financial reason. The developer couldn't continue construction because of lack of finance from the financiers.

5. University of Ilorin Student Hostel.

The University of Ilorin authority adopted the policy managing student hostel on Build Operate Transfer in the 2007/2008 academic session. By adopting the BOT policy as introduced by the federal government the university authority engaged the services of a private developer M.B.O Russel Bredford to manage its existing hostels. The private developer is responsible for overall management and provision of hostel facilities.

IBFC Nigeria Limited in partnership with the Management of University of Ilorin will build five blocks of 1375 rooms, three for female students and two for male students. The Memorandum of Understanding (MOU) for the project was signed on Thursday, 11 April 2013. The project will consist of five blocks of 1375 rooms, three for female

students and two for male students under the terms of Build, Operate and Transfer. The work was to commence at the site in May 2013. The company would provide independent power supply, independent water supply and internet facilities for use by students. Also the hostels would be equipped with relaxation centre, common room, gymnasium and kiosks. The concession period is 21 years.

A developer Alpha Morgan is also building hostels facilities of 300 rooms under the BOT scheme. It consist of three blocks of hostel facilities two for female student and one for postgraduate student initially. The company had decided to scale up the initial plan of 300 rooms to 3,000 rooms, which would be completed in three phases. The first phase of 1,000 rooms is scheduled to be ready for use by August 2014. The project is under construction.

6. Ahmadu Bello University Zaria.

Ahmadu Bello University Zaria in 2005 assigned Ahmadu Bello University Consultant services Ltd (ABUCONS) to make designs (Architectural, structural and services designs) for private developers to come and participate under the BOT scheme. The University was willing to provide land for the project. Designs were completed and the cost of a block was estimated at One hundred and fifty million naira. The scheme couldn't take off.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The research investigated Build Operate Transfer for provision of hostel Accommodation in Nigerian Universities. The study concentrated on Developers and Universities in Northern Nigeria. Highlight of the major finding are as follows;

- i. Universities (Student Affairs Division and physical Planning/Works Dept) are aware of Build Operate Transfer for provision of student hostel in Universities as 91% show awareness.
- ii. Nigerian universities are ready to use/ implement Build Operate Transfer in provision of hostels on their campus. The readiness assessment score of 3.63 out of 5 shows that.
- iii. Only Five universities have gone into Build Operate Transfer for provision of hostels within the study area. Ahmadu Bello University Zaria, University of Ilorin, Bayero University Kano, Federal University of Technology, Minna and University of Maiduguri. Only one projected was found to be completed and has commenced operation.
- iv. Inadequate knowledge and understanding of BOT scheme by prospective developers (RII=0.86), Time and Cost Intensiveness a BOT hostel Project (RII=0.8), Preference for traditional procurement route in procuring hostel (RII=0.78) according to universities are the most significant factors militating against rapid adoption of BOT for hostel provision in universities.
- v. Standard and rarely altered academic calendar (RII=0.84), acceptable rent Charges (RII=0.84), revenue guarantee (RII=0.84) are practices that can encourage the use of BOT according to Universities.

- vi. Majority (95%) of the developers are aware of the shortage of student accommodation in tertiary institutions.
- vii. 75% of developers perceive investment in Build Operate Transfer in the development of hostel as a feasible and viable business option and are willing to explore it.
- viii. Private developers' level of participation in provision of hostel accommodation is low. As 60% of developers perceive their participation as low
- ix. Private developer participation in the development of Hostel through Build Operate transfer is low as only five projects were identified. Only one has been completed within the study area. Which is low compared to the number of universities within study area. No record was found on any BOT hostel project in the Infrastructure Concession Regulatory Commission. ICRC is the custodian of all concession agreement in the country, it is surprising that that BOT hostel projects were identified and records can't be found in the ICRC archive.
- x. High interest rate on loans (RII=0.83), lack of long term loans (RII=0.82), inconsistent government policy (RII=0.81) and time and cost intensiveness of a BOT hostel project (RII=0.81), are most important challenge faced by developers in exploring Build Operate Transfer for provision of hostel accommodation in tertiary institutions.
- xi. Developers perceive that government providing subsidy (RII=0.86), ensuring procurement clarity, fairness and transparency (RII=0.86), standard/ rarely altered academic calendar (RII=0.84), Acceptable rent charges (flexible and

adapted for adjustment) (RII=0.84) would enhance Developers and investors participation in BOT for hostel provision in Nigerian universities.

5.2 Conclusions

Based on the results obtained in this research, the following conclusions were drawn.

- i. The level of private sector participation in providing hostel accommodation in Nigeria tertiary institutions using BOT was found to be low.
- ii. Nigeria Universities are ready to use BOT in providing hostel accommodation.
- iii. Factors militating against the application of BOT in providing hostel accommodation in Nigerian Federal Universities are Time and cost intensiveness of BOT hostel project, high interest rate and non-availability of avenue of obtaining long term loan, inconsistent government policy and inadequate knowledge and understanding of BOT scheme by prospective Developers.
- iv. Practices that will enhance the application of BOT in provision of hostel accommodation are standard/ rarely altered academic calendar, Acceptable rent charges (flexible and adapted for adjustment), Revenue guarantee, and ensuring procurement clarity, fairness competitiveness and transparency, and mutual trust.
- v. Finance was found to be one of the major causes of failure or abandonment of Build Operate Transfer in the provision of hostels in Nigerian universities.

5.3 Recommendations

Based on the result of the findings from the research work, observations and conclusion, the study proffer the following recommendations with the aim of improving or encouraging adoption of Build Operate Transfer in provision of hostel accommodation in Nigerian tertiary institutions.

- i. The Infrastructure Concession Regulatory Commission and the Federal Ministry of education should organise seminars workshops and symposium to enlighten and educate management of universities, student, investors, developers and the general public on Private Public Partnership especially BOT for provision of hostels. So that the role of everyone in making it a success would be known. The study also recommends change in attitude among stakeholder especially developers on long term investment in Nigeria.
- ii. The Central Bank of Nigeria should use tight monetary control measure to stimulate growth in the economy and encourages lending to the real estate sector at single digit interest rate (using discriminatory interest rate).
- iii. The Nigerian Government could also introduce an intervention fund for BOT available at low interest rate for lending to investors and developers.
- iv. Government can give incentives and finance support mechanisms such as tax break or exemption, support loans, access to cheap loans, subsidies to developers and revenue guarantee to encourage developers and investors to invest in this part of the real estate sector.
- v. Universities authorities should set up a committee comprising of representative of student, academic and non academic staff, works and physical planning department, student affairs, legal and academic planning on BOT for provision of student hostel. The institutions equity contribution should go beyond provision of land to include some financial commitment to reduce the developer's loan requirement, in view of the large capital required for a BOT hostel project.

- vi. Developers should be innovative and also input sustainable principles in design and construction of these hostels. To help in reducing construction and maintenance cost.

5.4 Contribution to Knowledge

1. The study contributed to proper understanding of the slow adoption and implementation of the University BOT scheme.
2. The study found out that finance and long term nature of BOT hostel investment as major challenges of application of BOT in hostel provision in Nigeria.
3. Areas to enhance application of Build Operate Transfer in provision of hostel in universities were identified as Standard and rarely altered academic calendar, ensuring fairness, competitiveness and transparency during procurement and mutual trust.

5.5 Recommendation for Further Research

1. Framework for financing BOT for hostel provision can be developed.

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APPENDIX

Appendix I

**Questionnaire Administered to Universities
An Investigation in to Build Operate Transfer in Provision of Hostel Accommodation in Nigerian
Tertiary Institutions.**

Department of Building, Ahmadu Bello University Zaria, Nigeria

SECTION A (Institutions' Profile)

1. Name of Tertiary Institution.....
2. Year of establishment.....
3. Student population.....
4. Please select the current hostel Accommodation capacity of your institution (Bed Spaces)
.....

SECTION B ASSESSING AWARENESS ON BUILD OPERATE TRANSFER

5. Is the university aware of Using Build Operate and Transfer in Providing student Housing
Yes [] No []
6. Is the University willing or ready to partner with a private developer using Build –Operate and Transfer in providing Student Housing? Yes [] No []
7. Has the university partnered with any Private developer in providing student housing before
Yes [] No []
8. If yes what is the status of the project
a. Completed and commenced operation b. Completed c. Development stage
d. Abandoned d. Failed at procurement

SECTION C ASSESSMENT OF READINESS OF INSTITUTION IN ADOPTING BUILD OPERATE TRANSFER (BOT)

9. In assessing the readiness of your Institution to use Build –Operate and Transfer in providing student housing. Please indicate the extent to which you agree with the following statements.

S/N	Readiness	Strongly Disagree 1	Disagree 2	Somewhat Agree 3	Agree 4	Strongly Agree 5
1.	Management is aware of Build Operate and Transfer and understands it					
2.	Management is keenly interested in working with private Developers					
3.	Management are aware of the success of Build-Operate and Transfer					
4.	Management has developed strategies that will drive successful partnership through BOT					
5.	BOT would help in reducing the hostel deficit in our Institution					
6.	Management are committed to addressing any issue/inhibition that any developers willing to partner with us has					
7.	Management have qualified staff that can manage or supervise BOT operation and contractual agreement implementation and contracts					
8.	Student are educated on B-O-T hostels					
9.	Management supports and					

	encourage partnership with the private sector					
10.	We have a committee on Build Operate and Transfer					
11.	The University have adequate infrastructure to support the operation of a BOT hostel project					
12.	Our environment is suitable for implementation of BOT					
13.	We are currently located on our permanent site					

SECTION D ASSESSING THE BARRIERS MILITATING AGAINST APPLICATION OF BUILD OPERATE TRANSFER (BOT) IN PROVIDING HOSTEL IN TERTIARY INSTITUTION

10. Please kindly rank this barriers/factors militating against the application of BOT in Providing Student Housing

S/No	Factors	Rank				
		Strongly Disagree 1	Disagree 2	Somewhat Agree 3	Agree 4	Strongly Agree 5
1.	Excessive Protocol and Bureaucracy					
2.	Lack of Commitment by Higher Institution to explore BOT					
3.	Challenge of Structuring a BOT package					
4.	Time and Cost Intensiveness of a BOT Project					
5.	High interest Rate on Loans					
6.	Lack of long term loans					
7.	Risk of low Returns on Investment					
8.	Preference for traditional procurement route					
9.	Low level of confidence in BOT procurement method					
10.	Lack of Streamlined BOT procurement Procedure					
11.	Complexity in contractual Relationship between Parties(multiple parties)					
12.	Unstable economic condition					
13.	Inexperience Government and lack of Understanding of BOT					
14.	Inconsistent Government policy					
15.	Poor regulation of BOT Concession agreement					
16.	Fear of Vandalism (During Student Crisis)					
17.	Lack of skill and expertise in implementing BOT projects					
18.	In adequate knowledge and understanding of BOT scheme by prospective developers					
19.	Lack of commitment by succeeding government to honour agreement of by past regimes					
20.	Hostel provision is still seen as the					

	role of the government					
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Others _____

SECTION E CRITICAL SUCCESS FACTOR / PRACTICES TO ENHANCE RAPID ADOPTION OF BUILD OPERATE TRANSFER

11. Please rank the following practices that could improve the application of BOT in providing student hostels.

	Factors to Enhance the application of BOT in Providing Hostels	Rank				
		Strongly Disagree 1	Disagree 2	Somewhat Agree 3	Agree 4	Strongly Agree 5
1	Ensuring Procurement Clarity, Fairness and Transparency					
2	Promoting Competition					
3	Appropriate Risk Allocation					
4	Sound Financial Package					
5	Government Providing Subsidy					
6	Reliable concessionaire consortium					
7	Compliance with Contractual Agreement					
8	Attractive Financial Package					
9.	Political support and less intervention					
10	Mutual Trust					
11	Stable Economic And Political Situation					
12	Acceptable Rent Charges					
13	Revenue Guarantee					

Others _____

Appendix II

QUESTIONNAIRE TO DEVELOPERS

An Investigation in to Build Operate Transfer in Provision of Hostel Accommodation in Nigerian Tertiary Institutions.

Department of Building, Ahmadu Bello University Zaria, Nigeria

SECTION A (Respondents Profile)

1. Name of your organisation (optional).....
2. Address of the organisation
3. Is your organisation registered with the Real Estate Developers' Association of Nigeria (REDAN)?
Yes [] No []
4. Kindly indicate the type of ownership structure in your Organisation
Sole proprietor [] Partnership [] Corporation [] Public Limited [] Public unlimited []
5. Please state the size of your organisation 0 – 9 employees [] 10 – 99 employees [] 100 – 200 employees []
6. Please your years of working experience
a. 0 – 5 years [] b. 6 – 10 years [] c. 11 – 15 years [] d. 16 – 20 years [] e. over 20 years []
7. Please tick your highest academic qualification. a. Ordinary National Diploma [] b. Higher National Dip [] c. Bachelors Degree [] d. Post Graduate Diploma [] e. Masters [] f. Doctorate Degree [] g. Others (please state)_____
8. What category of developer is your organisation?
Land developer [] On-site developer [] Merchant developer [] Developer Investor [] Prefabricated housing producer []
Others (please specify)

SECTION B Assessment on awareness of Build Operate Transfer (BOT) and shortage of hostel in tertiary institution

9. Are you aware of Shortage of Hostel Accommodation in Tertiary institutions In Nigeria and the need to involve real estate developers?
Yes [] No []
10. Do you perceive investment in Hostel Accommodation as a feasible and viable business option?
Yes [] No []
11. Have you been invited by any tertiary Institution to partner in developing Student Housing under BOT?
Yes [] No []
12. Are you willing to explore Build-Operate-Transfer in Developing Student Housing?
Yes [] No []
13. Have you been involved in any student Housing (Hostel) Development under Build-Operate-Transfer?
Yes [] No []
14. If Yes, How many and please give us information on the project.

15. What is your assessment of the level of participation of the Private Estate Developers in providing Student housing? 5. Very high ($\geq 70\%$ of housing) [] 4. High (60-69%) [] 3. Average (45-59%) [] 2. Low (30-44%) [] 1. Very low (<30%) []
16. Please select the most common source of funds for your project development
A. Internal funds [] B. Loans from thrift and credit society [] C. Commercial banks D. Merchant banks [] E. Mortgage banks [] D. Insurance and pension funds []
E. Foreign Direct Investment [] (FDI) E. Shares []

SECTION C ASSESSING THE BARRIERS MILITATING AGAINST APPLICATION OF BUILD OPERATE TRANSFER (BOT) IN PROVIDING HOSTEL IN TERTIARY INSTITUTION

12. Please kindly rank this barriers/factors militating against the application of BOT in Providing Student Housing

S/No	Factors	Rank				
		Strongly Disagree 1	Disagree 2	Somewhat Agree 3	Agree 4	Strongly Agree 5
1.	Excessive Protocol and Bureaucracy					
2.	Lack of Commitment by Higher Institution to explore BOT					
3.	Challenge of Structuring a BOT package					
4.	Time and Cost Intensiveness of a BOT Project					
5.	High interest Rate on Loans					
6.	Lack of long term loans					
7.	Risk of low Returns on Investment					
8.	Preference for traditional procurement route					
9.	Low level of confidence in BOT procurement method					
10.	Lack of Streamlined BOT procurement Procedure					
11.	Complexity in contractual Relationship between Parties(multiple parties)					
12.	Unstable economic condition					
13.	Inexperience Government and lack of Understanding of BOT					
14.	Inconsistent Government policy					
15.	Poor regulation of BOT Concession agreement					
16.	Fear of Vandalism (During Student Crisis)					
17.	Lack of skill and expertise in implementing BOT projects					
18.	In adequate knowledge and understanding of BOT scheme by prospective developers					
19.	Lack of commitment by succeeding government to honour agreement of by past regimes					
20.	Hostel provision is still seen as the role of the government					

Others _____

SECTION D CRITICAL SUCCESS FACTOR / PRACTICES TO ENHANCE RAPID ADOPTION OF BUILD OPERATE TRANSFER

13. Please rank the following practices that could improve the application of BOT in providing student hostels.

	Factors to Enhance the application of BOT in Providing Hostels	Rank				
		Strongly Disagree 1	Disagree 2	Somewhat Agree 3	Agree 4	Strongly Agree 5
1	Ensuring Procurement Clarity, Fairness and Transparency					
2	Promoting Competition					
3	Appropriate Risk Allocation					
4	Sound Financial Package					
5	Government Providing Subsidy					
6	Reliable concessionaire consortium					
7	Compliance with Contractual Agreement					
8	Attractive Financial Package					
9.	Political support and less intervention					
10	Mutual Trust					
11	Stable Economic And Political Situation					
12	Acceptable Rent Charges					
13	Revenue Guarantee					

Others _____

Appendix III

Interview Questions to the Infrastructure Concession Regulatory Commission

1. Do we have a Streamlined BOT procurement Procedure?
2. Cases of BOT hostel projects in Nigeria?
3. As regulators of all concession agreement in the country, how can BOT for hostel provision be enhanced?
4. Sample of a BOT concession agreement.

Appendix IV

GUIDELINES FOR PRIVATE SECTOR PARTICIPATION IN THE DEVELOPMENT OF STUDENTS HOSTELS IN NIGERIAN UNIVERSITIES INTRODUCTION

The phenomenal increase in student population especially in the last fifteen years without a corresponding increase in bed spaces has contributed to the present acute shortage of accommodation in Nigerian. In most cases, room occupancy in halls of residence is always more than double the designed capacity, with the consequent stress on hostel facilities. The remote location of some Universities within areas with inefficient public transportation system makes it difficult for students to live off-campus.

It is not in doubt that stress occasioned by poor hostel accommodation on and off campus contributes to the depression in the quality of learning and the display of anti-social behaviours in students. This is why there is an urgent need to address the problem of insufficiency of hostel accommodation on or off campus.

In recognition of this problem, the National Universities Commission in 1996 submitted a memorandum to the Committee on the Future of Higher Education in Nigeria. In this submission, Universities were encouraged to engage the private sector, particularly members of the local community, to participate in the provision of residential accommodation for staff and students, within stipulated guidelines and development plan of the University. This was to ensure that more of the efforts and funds of Universities are directed towards teaching and research activities rather than to municipal functions.

CURRENT GOVERNMENT INTERVENTION

As a result of the problems associated with inadequate hostel accommodation in the Federal Universities, the Federal Government recently pledged a donation of two blocks of students' hostels to each of the Federal Universities. The pledge specifically was detailed as follows:

- (i) First Generation Universities: One (1No.) 100 bed-space Hostel block each for male and female students.
- (ii) Second, third and fourth Generation Universities: One (1No.) 50-bed space Hostel Block each for male and female students.

Other efforts that were made toward improving the deplorable residential condition of the Students Hostels include the following:

*A Special Presidential pledge for Hostel Complex was made to University of Ibadan, University of Benin, Bayero University Kano and University of Lagos.

*The National Universities Commission donated a Hostel block to the Obafemi Awolowo University Ile-Ife, to ease the accommodation problem for its Medical Students.

*The Education Tax Fund constructed Hostel accommodation at the Federal University of Technology, Minna.

NON-FEDERAL SECTOR EFFORTS

(a) A pledge was made by ELEGANZA Industries and the UNILAG Alumnus initiative for Post-Graduate Halls at the University of Lagos.

(b) A block of Students Hostel is being completed by Alhaji Abdulrahim Oladimeji at the University of Ilorin.

(c) Two Pre-Clinical Student Hostels are now under construction at the University of Port Harcourt by the Rivers State Government.

(d) Recently, a N2 million grant from National Universities Commission was announced for the University of Jos specifically to rehabilitate some Students Hostel.

TOWARDS A POLICY ON PRIVATE SECTOR PARTICIPATION IN PROVISION OF HOSTEL ACCOMMODATION

A policy on private sector participation in the provision of hostel accommodation should be put in place. The objectives of such policy should include:

(i) To encourage the intensity of private sector participation in the provision of hostel facilities in the Universities and hence provide a conducive environment for learning.

(ii) To encourage the private sector to plough back some of their profit into very critical area of national need and hence foster their acceptance by the local community.

(iii) To encourage Universities to channel their resources more towards teaching and research activities rather than to municipal functions.

(iv) To ease the problem of acute shortage of hostel accommodation in the University system.

LEGAL FRAMEWORK

The statute establishing most Universities allows for the University Councils to enter into contracts with legal bodies or companies. Inclusively, it also mandates Councils to establish or erect Halls of residence for University Students. Consequently, such

Universities are legally empowered to enter into contracts for the construction and management of Halls of residence in the University.

General Terms to Govern Lease of University Land to Private Investors

The contractual position will depend on the negotiated terms as agreed between the Universities and the prospective Investor.

The following terms should however form part of the legal framework:

- (a) All lands to be leased must have properly documented titles.
- (b) Reversion clause should clearly be stated (where applicable).
- (c) Arbitration clause should be included
- (d) Comprehensive Insurance policies should be provided
- (e) Maintenance clause should be included
- (f) Tenancy should be restricted to bona-fide students of the Institution
- (g) Obligations of the different parties should clearly be defined.

SUGGESTED ROLES OF ACTORS

The University

The University shall lease out land to private investors, who shall finance the construction of the hostel in line with the approved Master plan.

Banks

The banking sector can participate through direct or indirect funding of construction of the hostels. Direct participation can be in the form of making loans available to prospective developers at special interest rates. Direct participation can also be by building the hostels wholly by the banks. Indirect participation can be in the form of partnership with prospective private developers.

Multinational Oil Companies

Multinational oil companies can participate direct by fully funding the building of hostels named after them. Indirect participation can be in the form of partnership with other private developers and banks.

Insurance Sector

Insurance companies can participate indirectly by giving insurance cover to prospective developers.

SITE LOCATION

The hostel should be sited:

- (a) On the land in which the University has appropriate title document; and
- (b) In accordance with the provisions of the University's approved Master Plan.

It is advisable that hostels to be built by private investors should be located outside the university campus so as to charge economic rent without much resistance from students. For instance, a 21-block Student Village that is being planned by the University of Lagos is off campus but within walking distance of the university.

University of Benin signed an agreement less than two weeks ago with a firm of property developers to build, operate and transfer (BOT) 24 blocks of student hostels for about 5,000 students.

DESIGN

The design can be based on a module of 100 rooms in a block of 2 or 3 floors in accordance with the current National Universities Commission's Standard Guide for Universities, the design proposed by Spectroplan Konsult Limited or any other design found agreeable to the Governing Council.

Note: A bed space is defined as a reasonable ample space for a standard 1.8m X 0.75m bed, desk space for studying and a personal computer, bookshelves and 0.537m wide 2.850m high built-in wardrobe for each student.

Particular attention should be paid to the minimum space requirement per student, climatic conditions, and availability of appropriate facilities.

FINANCE

(i) The prospective Investor would be solely responsible for the construction of the agreed module or its multiples.

(ii) In determining the construction estimate, the prevailing market prices would apply

(iii) The Investor should show evidence of financial capability to execute the project to completion.

Recovery of Investment (where applicable)

Period of recovery should be as mutually agreed between the University and the Investor.

MANAGEMENT AND MAINTENANCE

The Investor and university authority shall work out mutually agreed modalities for the management and maintenance of the hostels. A typical model is for the investor to take responsibility for the management (including security) of the hostel(s) while the university provides guidelines in respect of rules and regulations that obtain in the university as may affect hostel accommodation.

Rent

The rent per bed space shall mutually be agreed to by the Investor and the University authority. However, adequate considerations should be given to the prevailing economic rent in the locality vis-à-vis the ability of the students to pay.

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Obligations of the Host University

The host University should endeavour to:

- (i) Connect the Hostel to the University's infrastructure facilities.
- (ii) Construct access roads and drainage to the hostel while maintaining same.

However, where an Investor opts to provide any of these facilities, such should be considered as part of the total investment package.

Reversion Period (where applicable)

(i) Reversion period refers to the period in which the Hostel will revert to the University Authority and this shall be determined and featured into the contract agreement.

(ii) The reversion period would be dependent on the period that the facilities will take to amortize the total capital outlay of the Investor and with reasonable profit from the annual remittance to the Investor. This is recommended to be within a maximum period of 25 years.