International Journal of Innovative Research and Advanced Studies (IJIRAS)
Volume 6 Issue 1, January 2019

ISSN: 2394-4404

Applicability Of Public Private Partnerships In Down Market Urban Housing In Kenya

Daniel Mutegi Giti

School of the Built Environment, University of Nairobi, Nairobi Kenya

Abstract: The provision of adequate, decent, quality and affordable housing has been cited as one of the most important endeavours of any nation in the world. The Government of Kenya has prioritized the provision of housing as part of the Big Four agenda for 2017 -2022, despite the established fact that the public sector has been deficient in the technological, financial, innovation, effectiveness and efficiency in the delivery of housing. Stakeholders have come to the conclusion that government acting alone cannot meet the demand for housing in Kenya, which has been estimated to be 1.85 million housing units so far, or 250,000 housing units per year. The worst hit sections of the population in matters housing provision has been the low income urban households and their high demand for down market urban housing units. This realization has made these players to scout for alternative down market urban housing financing and procurement strategies, of which PPPs have been identified as among the best methods to address the underlying shortage of shelter in the country. Overall, it has been found through literature review that PPPs are applicable in the development of down market urban housing in Kenya.

Keywords: PPPs; public and private sectors/entities/players; down market urban housing.

I. INTRODUCTION

Recent developments in the abilities and financial resource bases of the public sector, has pointed to the underlying fact that governments are unable to adequately fund the high demand for down market urban housing and associated infrastructure due to a range of factors. Governments all over the world have been found to be deficient in finances, technology, innovation, effectiveness, efficiency in resource utilization and economy of their transactions, including in developing down market urban housing products (Ibem, 2010, Birner and Wittmer, 2006; Warner and Sullivan, 2004 and Carrol and Steane, 2000). This inability of the public sector to meet the huge demand for down market urban housing has prompted researchers and policy makers to seek alternative sources of financing the development of down market urban housing and associated infrastructure through utilization of PPPs among other arrangements, in addition to the governments contributions through normal budget cycles (Patel, 2007 and Hammami et al., 2006).

Researchers and policy makers have undertaken many studies on the applicability of PPPs in diverse fields under many frameworks across sectors and countries and realized the applicability of the concept in diverse areas including in down market urban housing (Hepburn et al., 1997; Brown et al., 2006). These studies have shown that PPPs are among the best options so far in accelerating developments in emerging economies through construction of various infrastructural facilities and service provision (Hulme and Edwards, 1997). Some of these studies have highlighted how countries can benefit from the application of PPPs in the provision of the much needed infrastructural facilities to the citizens and housing falls within this category of highly required services (Pessoa and World Bank, 2006); Harris, 2004; Marava and Getimis, 2002 and Bantley, 1996). PPPs have been shown to be more effective in poverty reduction and elimination endeavours in many parts of the world (Rom, 1999); it has been shown to be more effective in the management of prison facilities (Patel, 2007); and more effective in the protection of the environment (Nwangi, 2000; Forsyth, 2003). PPPs have yielded good results in the implementation of urban renewal programmes undertaken by the national and devolved governments in many countries (Osborne and Johnson, 2003). PPPs application have shown more effectiveness in the management of waste, which is a major challenge facing many households in urban areas (Ferguson, 2006; Ahmed and Ali, 2004). PPPs are also shown to be highly effective and applicable in the implementation of urban economic programmes development (Rein et al., 2005; Xie and Stough, 2002). These diverse areas of PPPs application to address the diverse deficiencies being experienced in different countries of the world shows that indeed the concept has a high success probability in the down market urban housing in Kenya, as the areas which have benefitted from the method are closely linked to housing delivery (Ibem, 2010).

This paper looks critically at the applicability of PPPs in down market urban housing in Kenya, by tracing the general and specific application of the concept locally and internationally. Kenya enacted the PPP Act 2013, which brought some degree of confidence for PPP transactions in the country. Some areas like energy, water, transport and ICT have witnessed some application of PPPs. The outcome of the evaluation from the studies looked at shows that PPPs are applicable in down market urban housing but the country needs to have legal, regulatory and institutional reforms to make it a reality.

II. APPLICATION OF PPPS IN GENERAL

According to the World Bank, one hundred and thirty-five (135) countries are actively using PPPs in diverse areas of their economies. In East Asia and Pacific region, 15 countries are using PPPs including Malaysia, China, Indonesia, Philippines, Singapore, Thailand and Vietnam. In Europe and Central Asian countries, 21 countries are using PPPs including Russia, Turkey and Ukraine; in Latin America and the Caribbean countries, 18 such countries are applying PPPs like Brazil, Argentina, Mexico, Jamaica and Uruguay. 12 countries are applying PPPs in the Middle East and North African (MENA) including Algeria, Egypt, Iraq, Kuwait, Morocco, Saudi Arabia, Tunisia and EAE. 6 countries are using PPPs in South Asia such as India, Pakistan and Sri Lanka; while 34 countries are using PPPs in Sub Saharan Africa (SSA) including Botswana, Ethiopia, Rwanda, South Africa, Zimbabwe, Tanzania, Ghana and Uganda and 29 OECD countries exemplified by Australia, Belgium, Chile, Denmark, Germany, Greece, Italy, Japan, Portugal, Poland, Spain, Sweden among others have been applying PPPs over time. PPPs have therefore been implemented in the North, Central and South American countries, Europe, Asia and in African countries (Ribeiro and Dantas, n.d; Ong'olo, 2006; World Bank, 2002). The many areas and countries in which PPPs are applied makes the definitions and meanings of the term to vary as regions are diverse. The Canadian PPPs Council for example, defines PPP arrangements as cooperative ventures involving public and private entities based on inherent capabilities of the partners. The successful PPP enterprise is achieved by proper resource allocation of resources, risks and rewards in a manner that delivers intended service provision levels (World Bank, 2018; Canadian PPP Council, 2013; ACCA, 2012).

In the 1980's, many public sector bodies used two options as means of private sector participation in the management and development of infrastructure facilities. One alternative was total privatization of public facilities while the other was the PPPs arrangements method (Ford and Zussman 1997).

It has been established that the most common and popular application of PPPs in Europe began in the transportation and built-up areas to supply water, because users of such services were willing to pay for the services offered. The resultant revenue sources charged from such users (user charges) were able to a certain extent support the investment costs of offering such services. Ireland and Britain embraced application of PPPs as a matter of public policy, because the continental Europe had cleared the way for its application in many sectors of their economies. Such countries were motivated by the fact that PPPs reduced the time for project delivery, projects made many savings and challenges of capacity in project implementation were solved in the process, while at the same time addressing the inherent skills and infrastructure fund gaps which are the hallmarks of the public sector projects. The savings in project delivery through application of the three E's of Economy, Efficiency and Effectiveness; the enhanced resource mobilization capabilities alongside infusion of technology and innovation significantly contributes to the achievement of project objectives of service delivery. User pays PPPs are more pronounced in Europe than in USA, issuance of bonds is another way apart from user fees through which PPPs have been applied in infrastructure development. Australia has greatly applied the UK's PPPs Model, while Malaysia followed in PPPs application, in transportation, water and waste water sectors with roads sector having succeeded through tolls but the water sector user charges have faced opposition, which has prompted government to explore other PPP models for project finance over time. Many countries have used the PPPs frameworks have adopted the models of: Build Own Operate Transfer (BOOT) arrangements (Ong'olo, 2006).

In Europe (notably France and Spain), two models of PPPs had been well developed by 1990's, the "real toll" model where private concessionaires arranged for the project financing, construction, maintenance and servicing the resultant debt, and charged tolls to recoup their investments. Real toll PPP facilitated the tapping of the private party's capital endowments by the governments, which had implications of removing the roads financing burden from the public sector, who would use the savings to deliver other services urgently needed by the citizenry. Real toll PPPs were later applied in Iceland, Malaysia, South Africa, Croatia, Australia, China and Brazil. Other countries which have adopted application of PPP in real tolls for roads are: Austria, Egypt, Poland, Romania and Lebanon (Ribeiro and Dantas, n.d; Ong'olo, 2006; World Bank, 2002). The second PPP model in transportation is "shadow toll" method, first implemented in Britain, where public bodies enter into concessionary agreements with the private bodies, to build, operate and maintain toll- free highways. The governments reimburse the private investors based on road usage or level of services being availed, as a result of which highways have been developed in Britain, Spain, Finland and Portugal. Countries which have had success in the toll projects have undertaken reforms and policy directions which have eliminated the existing bottlenecks which had hindered private sector participation in infrastructure financing. The same is the case for application of PPPs in down market urban housing, where government must address the bottlenecks which have kept private parties away from the sector (Ong'olo, 2006).

Other types of PPPs arrangements have been pioneered by the ILO in the Asian and the Pacific countries, to promote rapid growth. The Better Work Programme in Cambodia, Vietnam and Indonesia, launched in 2007, was a unique partnership between ILO and the International Finance Corporation (IFC), built on the experience gained by the Better Factories programme in Cambodia, through which labour standards and the competitiveness of the industries in a country are improved greatly. The success of the programme was later utilized in the countries of Haiti, Jordan, and Lesotho, and greatly improved the supply chains and assisted the young enterprises in these countries in complying with ILO labour standards and national labour laws. It used the ideals of Corporate Social Responsibility (CSR), though it was not initially thought of as a PPP, it greatly involved a great deal of international and national private players hence, it later has been seen as an example of workable PPPs, because the private parties were assigned greater roles than had been anticipated. In Bangladesh the partnership of ILO and Grameen Shakti are operating a pilot project as part of the ILO's initiative to promote green jobs, and includes several activities built around partnerships, with ILO focusing on skills training for solar energy technicians, in partnership with the energy multi-national company, BP. The partnerships provided vocational and entrepreneurship skills for youths in Indonesia. In China's Sichuan Province, partnerships were used to promote employment after the earthquake in 2008, to develop a livelihood programme in Mianzhu County, which was particularly badly struck by the earthquake. PPPs have been used in the desalination plants in Victoria State of Australia; construction of the Arlanda express way in Sweden; waste and power generation as the case with Vancouver landfill in Canada and the rollout of the rural solar electrification project in Morocco (ILO Regional Office for Asia and Pacific, 2011; IISD, 2011).

Engagement with the private entities for infrastructure provision is increasingly becoming popular in the past few decades. India has the maximum number of PPP projects in the transport sector, notably the highways and expressways, with a 2013 decision requiring that 95% of all road projects be funded through PPPs, this also included several airports and metropolitan railway projects like the Hyderabad metropolis. The Indian government has set a target of 30% participation by private entities in infrastructure provision but achieved a 34% participation from this group (Economic Survey India, 2010 -2011), at the same time, the government planned to use US$ 1 trillion in infrastructure development under its 12th plan of which it expected 500 billion US$ to be obtained through private entities. Many countries currently have entrenched PPPs in their legislations like the urban policy legislations of the UK and USA; industrial policies of France and the economic development policies of Italy, Netherlands, Australia and the UK. Netherlands, Australia, Hungary, Italy, Spain, Japan, Korea and France have amassed substantial experience in the infrastructure projects implementation through PPPs, other countries like Chile, Brazil, Singapore, India and Canada have been actively exploring the use of PPPs for delivering public sector projects. PPPs forms the core of the European Union (EU) initiatives to make the block economically competitive and a preferred method for the development of Trans – European transport networks (Verma, 2013).

Other states India have extensively utilized PPPs to deliver various infrastructural needs for a long time, in the state of Maharashtra, 50% of its projects are based on PPPs, while from 2000's, other states like Andhra Pradesh, Karnataka, Madhya Pradesh, Gujarat and Tamil Nadu have since started to utilize PPPs to realize quick developments. Some 758 PPP projects are ongoing in the country worth US$ 320 Billion. The major sectors utilizing PPPs in development projects are: roads at 53.4% and accounts for 46% in terms of the value contribution to its economy; Ports accounting for 8% of the total projects done so far with a 21% value to the GDP contribution; energy; water irrigation; telecommunications; water supply and the development of airports (Gandhinagar, 2015; Government of India, 2010).

PPPs in Pakistan have covered sectors like Transport and Logistics, Mass Urban Public Transport, Municipal Services, Social sector and Energy among other sectors, as a result of its PPP Policy 2010, whose objectives is to bring faster project implementation; enhanced transparency; leveraging public funds and having better project management hence aiming to have more services, better services, affordability and timely delivery. PPPs have been applied in the provision of many infrastructure assets and facilities like hospitals, prisons, schools, roads, bridges and tunnels, light rail networks, air traffic control systems and structures, and water and sanitation works and treatments (Gandhinagar, 2015). The Public Works Financing 2010 international major projects data base, noted that the rail and roads projects combined accounted for more than 84% of all projects funded and developed through PPPs in the US and other countries (Syracuse University, 2016). Engagement with the private entities for infrastructure provision is increasingly becoming popular in the past few decades. India has the maximum number of PPP projects in the transport sector where it has heavily utilized PPPs for its highways and expressways. In 2013 for example, the Indian ministries of finance made a decision that 95% of all road projects would be funded through PPPs. Further, it was found out that several airports in the country were being built through private sector funding while some metropolitan railway projects like the Hyderabad metropolis were opting to utilize PPPs compared to traditional ways of funding which would involve budgetary allocations (Kavishe & An, 2016; Verma, 2013).

In Africa, utilization of PPPs started in the 1990s, but it has not been embraced fully since its utilization mainly confined to making improvements or development of economic and physical infrastructure, and hence the concept has been embraced as a development and financing strategy in sectors like: telecommunications, electricity and water. Successful application of PPPs in these sectors enabled its

ISSN: 2394-4404

expansion in other areas like social infrastructure including health, education, garbage collection and agricultural extension. South Africa leads in the application of PPPs for financing projects, involving development or implementation of projects at national and devolved units, with 300 projects having attained a financial close between 1994 and 2005 (Ong'olo, 2006, SAILA, 2005).

III. WHY PPPS ARE FAVOURED IN THE INFRASTRUCTURE DEVELOPMENT?

The growing applicability of PPPs in diverse sectors of the economy is because under the concept, the role of the private sector in development promotion in partnership with the public sector is greatly enhanced. Historically, public infrastructure projects and programmes have been created and funded mainly by the public sector through contracting out to the private sector. Governments have relied on conventional procurement methods like "Design – bid – Build" or "Design and Build" in provision of goods and services to the citizenry, but have not catered for the maintenance and operationalization of the asset during the contract award. It can thus be pointed out that private sector has over the years participated in many public infrastructure projects since the civilizations started to develop, since governments have contracted them out to undertake project constructions. Such private sector participation has also been called Private Finance Initiative (PFI) and Public Private Partnership (PPP), but the latter more commonly used term in referring to the partnership arrangement between the public and private entities (Melbourne University Private, 2003). It should be pointed out that the public sector is in charge of the actual service provision to the citizenry and that such services performed by private contractors revert to the government once completed, so PPPs do not completely replace the role of public sector as the ultimate owner of such assets. The advantage of applying PPPs frameworks is that they broaden the operational scope of private sector from the traditional role of designing and constructing such facilities without management or operation of such completed facilities (ACCA, 2012; Carroll and Steane, 2000).

Governments all over the world are faced with challenges occasioned by limited funds and budgetary constraints against the ever increasing demand for modern infrastructure facilities. This has made stakeholders adopt paradigm shifts with regard to how huge infrastructural demands and services can be funded. In addition to inadequate funds, states require application of modern technology in infrastructure provision and introduction of efficient management skills in the public infrastructure facilities. There was also the need for development of a myriad of projects spanning many sectors with huge budgetary requirements. Under PPP approaches, the public sector works in mutual partnerships with private parties to develop, manage and provide public services to the society (ACCA, 2012). PPPs enable governments to transfer project management responsibilities, development and risks to the private sector while at the same time retaining considerable degree of control, maintaining the regulatory and oversight functions-which safeguards against over pricing or under supply - in provision of such facilities and assets. PPPs were favoured than privatization which involved heavy subsidy from the public coffers, a move which was politically contentious and incorrect. Governments were cautious and sometimes careful not to subject some facilities and services to the complete control of private hands through privatization, citing many reasons among them national security considerations. PPPs therefore became popular option as compared to privatization (Gunawansa, 2000; Savas, 2000; Abdul, 2007; ACCA, 2012).

The application of PPPs has generally been accepted across many countries in diverse sectors of the economy. PPPs have been proved to be a panacea for a variety of situations which would otherwise not been addressed without their application. It is on this basis that governments in developed and developing countries have been keen to exploit the greater efficiencies and the ability of projects being able to attain higher value for money invested in such projects by the private sector (Ong'olo, 2006). PPPs can create channels through which innovation and efficiency approaches are introduced in the labour markets and economies of member States. This approaches have been useful in addressing the emerging developmental needs for the Asia-Pacific region, which have made the concept of social justice and inclusive growth, their major priority going forward. PPPs provide a channel through which the public and private players in the country's development can be influenced in their investment policies, practices and programmes so as to promote sustainable growth for all (ILO Regional Office for Asia and Pacific, 2011).

IV. APPLICATION OF PPPS IN DOWN MARKET URBAN HOUSING DEVELOPMENT

It has been the practice for the public sector to fund the delivery of social and physical infrastructure and associated services like down market urban housing. On the other hand, the private parties have routinely undertaken supporting functions during any project life cycle like construction, operations or maintenance of such facility. New housing projects all over the world has faced many challenges including limited public sector financial bases, hence the inability of governments to provide housing acting alone without strategic partnerships and synergies, which can be done through PPPs (Ahmed, 2017). The provision of adequate and down market housing still remains a challenge in many cities of the developing world including in Africa. Cities have continued to grow at very high levels and many governments are under immense pressure to deliver housing and housing infrastructure services. Governments have not been able to match housing demand and supply with the growing demand for the same due to many challenges key among them inadequate finances and innovation and outdated technologies among others (Ukoje and Kanu, 2014; Ajanlekoko, 2001). Many developing countries have set their focus on finding alternatives for down market urban housing provision as a result of increasing population growth and corresponding demand for housing by low urban incomes households, who must be provided with adequate housing, failure to which, they will remain a ticking time bomb and a force for destruction within urban areas (Ahmed, 2017; Pessoa, 2006). Experiences of many countries in the 1970s and 80s have convinced stakeholders that direct government provision of housing has failed and other alternatives are required, with PPPs leading the pack for such options. Government led provider based approach has been overtaken by events due to changing economic times, technological advancement, the need for innovation, infusion of the effectiveness, economy and efficiencies in developing down market urban housing (Ukoje and Kanu, 2014; Ajanlekoko, 2001).

PPPs in housing have been applied in many developed and developing countries like UK, Canada, USA, Australia, India, Nigeria, South Africa, Malaysia, Ghana, Tanzania, Thailand, Vietnam and Philippines, Egypt, France and China (Kavishe and An, 2016; UN Habitat, 2011; Moskalyk, 2011). Many governments have been experiencing fiscal deficits which have resulted in austerity measures that have denied urban housing programmes the required funding for such huge housing projects. Governments may not afford to offer subsidies to the urban poor who are not able to afford housing under prevailing market conditions without these subsidies. Declining wages globally have made many urban dwellers to have little purchasing power, and the provision of urban housing that would benefit the urban poor is beyond the prevailing capacity of national and local authorities. Collaboration between public and private entities on down market urban housing provision is way to go given the many challenges faced in developing down market urban housing (Ukoje and Kanu, 2014; UN-Habitat, 1994). Governments all over the world are also under pressure to improve the deteriorating housing quality in urban areas while at the same time lowering the costs and time taken in constructing housing units for down market households, and that is where enhanced role of the private sector through PPPs comes in to bridge the gap (Ahmed, 2017; Pomeroy et al., 1998).

Inadequate housing supply is as a result of Limited funding for down market urban housing and capacity challenges in public institutions to implement urban housing projects (Ukoje and Kanu, 2014; Aribigbola, 2008; Ndubueze, 2009). Evidence shows that poor countries have been allocating a limited fraction of their national and country expenditures for housing development (Ukoje and Kanu, 2014; UN-Habitat, 1994; UNCED, 1994). For countries to solve these inherent challenges in housing provision, new approaches that may invoke partnerships and collaborations among the many arrays of stakeholders in urban housing developments must be used (Ukoje and Kanu, 2014; Bennett, 1998). PPPs have emerged as a unique partnership that can bring the wide range of stakeholders together for development of down market urban housing for Kenyans. Overall, PPPs are widely accepted to be a framework through which the needs and demand gap in the shelter provision are resolved (Ukoje and Kanu, 2014; UNCHS, 1990; UN-Habitat, 2006).

According to Salleh (2008), the contribution of housing development is more advanced and plausible where private entities are engaged than in instances where the public sector acts alone across the world. In Malaysia, the private developers account for over 90 percent of all housing provision. Monumental failures by governments all over the world in addressing urban housing shortages are evident. Governments have experimented with aspects of urban housing using different building materials, types and technologies all aimed at reducing urban housing costs but failed (Ukoje and Kanu, 2014; Ajanlekoko, 2001). The ever rising cost of housing has gone beyond the reach of many low income urban dwellers (Ibem and Aduwo, 2012). UNCHS (1991c) has pointed out that public sector efforts geared towards shelter provision for the urban poor have had little impacts in many developing countries. Consensus therefore has been that government actions geared towards housing development will not solve huge housing demand globally. With a wide range of incentives being awarded to private entities and proper governmental controls in the housing industry, the private segments of any country can play a big role in alleviating the huge housing demand. This can be done through properly structured PPP initiatives (Muhammad and Ado, 2014).

According to Wahab et al., (1990), governments all over the world should gradually remove themselves from the traditional role of housing providers and shift to “enablers”. Governments’ should provide an enabling environment for down market urban housing. PPPs is an approach which if utilized properly plays a vital role in housing developing in cases where public sector entities cannot achieve desired housing outcomes alone. PPPs have been utilized in housing delivery because under such arrangements, public sector entities are able to leverage on the revenues and private capital and not the state resources in housing development (Ahmed, 2017; Buckley and Kalarickal, 2005; Rondinelli,2003). PPPs have become popular for urban housing provision because they promote many stakeholders’ participation in such endeavours. PPPs makes public sector productive even to urban housing provision and reduces the existing housing affordability challenges (Shelter Afrique, 2008; UN -Habitat, 2006b).

The rationale for the utilization of PPPs in housing delivery is based on the premise that, private sector has proved from time immemorial to be more flexible in terms of time, costs and ideological change in service delivery as compared to the public sector. Government agencies do not possess adequate skills for enormous resource mobilization which are required for large infrastructural projects. Private parties’ participation in infrastructural development like housing delivery lessens the public sector’s financial burdens, which have been increasing with time in many developing countries of the world, Kenya included (Botlhale, E., n.d; Walker et al., 1995). Private organizations and individual companies possess a sum total of more skills, knowledge, capital outlays and technology to provide quality and superior housing products and services, aspects which are not achievable if the public sector were left alone in delivering such services and products with a high demand (Botlhale, E., n.d; Ghobadian et al., 2004).

The major rationale for the involvement of the private sector in providing housing stems from the fact that the earlier practiced housing provider approach by the government has been severely criticized, there were many failures occasioned by this methodology, and this has been evidenced by the mushrooming of slums and informal settlements in many parts of the world. It has been found out that the government provider scheme did not match up to the demand for housing globally, in terms of scale of developments, technology, innovation and mass production parameters, which are central to addressing the prevailing housing challenges (Urmi, 2005; Tipple, 1994; Keivani and Werna, 2001). Research found out that governments exhibited high levels of financial constraints, coupled with the unwillingness of the private parties to intervene without the creation of an enabling environment by the public sector. It was further found out that the creation of an enabling environment for development of down market urban housing can only happen under PPPs approach, which brings together the public and private sectors to work together to meet mutually agreed down market urban housing project goals and objectives (Urmi, 2005; Chakravarti, 1998; Ogu and Ogbuozobe, 2001). These challenges compounded the already existing challenge of providing housing to citizens as a result of a rapidly growing population, coupled with urbanization which in most cases brought about increased poverty levels instead of economic prosperity. The traditional approaches of down market urban housing provision lacked sound economic policies because either subsidies were not adequately used or there was misuse of the same hence failing to reach the target group. In cases where some attempts were made to rope in the private sector in the development of down market urban housing, the market dynamics were such that the investors would not recoup their investments because the target groups did not have the purchasing power or were unable to pay for the services offered. The main failure of the enabling approaches to housing development was its focus on improving the efficiency of the public sector alone to deliver housing, ignoring the application of the same to the private entities who actually undertake the real and actual construction of down market urban housing (Urmi, 2005; Malpezzi, 1990; World Bank, 1993).

The reliance on market forces and private sector in delivering down market urban housing improves the role of the public entities and broadens this traditionally held role to newer heights and realities. It has been concluded that the act of shifting the responsibility of the public authorities from actual housing construction to the private sector, including the self-help schemes, Saccos and other incremental housing strategies, enables the governments to concentrate on the legal, regulatory and adequate utilization of capital resources frameworks and attendant reforms and management issues. This results in the positive environment in the utilization and application of the private entities to deliver the much needed down market urban housing in the world and more so in Kenya, which has experienced dwindling provision of the same (Urmi, 2005; UNCHS, 1992). Partnerships can only be attained through workable PPPs which in turn ensure that the enabling approach to housing development can achieve its objectives, where the government, private players, households, community based organizations, Saccos, cooperatives, NGOs and households participate to design, finance, construct, operate and maintain down market urban housing stocks in a country (Urmi, 2005; Pugh, 1994).

Prior studies have demonstrated the extent to which PPPs in down market urban housing have been successful in different countries across the world (Ong and Lenard 2002; Freut, 2005; UN –HABITAT, 2006b). Additional research in the realms of applicability of PPPs looked at how the frameworks can facilitate down market urban housing developments in a country if well-structured and interests of the participating parties are aligned to each other (Ibem, 2010). Still other studies have dwelt on the contributions of PPPs in addressing down market urban housing challenges in different countries including Nigeria, Kenya, South Africa, Egypt among others (Ibem, 2011a; 2011b; Adegun and Taiwo, 2011). According to Abdu and Kassim (2010), PPPs have been utilized in the delivery and development of down market urban housing in countries like: Mexico, Pakistan, Egypt, India, South Africa, Bulgaria, Russia, Thailand and United Kingdom and can thus be applied in Kenya and other countries of the world (Payne, 2000). Other countries that have utilized PPPs in housing have been cited as including: Australia, USA, Canada, Malaysia and Indonesia, which have provided valuable lessons on the applicability of the concept, key among them being the need to undertake thorough preparations, feasibility studies, market sounding, legal, regulatory and institutional arrangements for the concept to work effectively. The Egyptian government used the PPPs approach through the Mubarak Youth Housing project from the year 2005 to 2011 to provide housing, though challenges were recorded, but which if addressed makes the concept ideal for the development of down market urban housing (Ahmed, 2017; Ibem, 2010).

V. RECOMMENDATIONS

The government of Kenya vide the Public Private Partnerships Act of 2013 places much emphasis on the engagement of the private sector in the design, finance, construction, development, operation and maintenance of infrastructure including down market urban housing and other services. Many researchers have agreed that the public sector does not have the capacity in terms of the technology, finances, innovation, effectiveness, efficiency, economy drive and the motivation to mobilize wide array of sources of finances for the development of down market urban housing. this calls for more engagement of the private sector in the development of down market urban housing beyond what the sector has been involved in the traditional procurement method of design and construct. The private sector should be allowed to bring in more innovative financing and design parameters which have a high positive impact on the operations and maintenance of down market urban housing, which ultimately leads to more long lasting housing stock for such low income urban households.

The private sector engagement through PPPs brings about the application of modern technologies, innovations, efficiency and effectiveness in developing down market urban housing. In PPPs, the public sector cedes its actual provision of down market urban housing to the private parties and concentrates on the regulation, compliance controls, monitoring and evaluation of the development process of down market urban housing. It is against this drive therefore that this paper recommends the application of PPPs in the development of down market urban housing to comply with the government intention of developing 500,000 housing units between 2017 -2022.

VI. CONCLUSION

This paper intended to carry out an analysis on the applicability of PPPs in down market urban housing in Kenya. It looked at the general and specific application of PPPs in infrastructure and in down market urban housing in the world and Kenya. It was concluded that the application of PPPs in the down market urban housing brings about innovation, technology, finances, risk transfer, the three e's of economy, efficiency and effectiveness in the housing development in Kenya. PPPs have been identified as one of the possible alternatives to the traditional government led approaches in delivering housing for the low income urban households because it combines the strengths of the public and private players, who work in mutually agreed objectives and deliverables, and where there is adequate risk identification, prioritization, quantification, allocation and adequate compensation of absorbing these risks. This results in the application of incentives and disincentives, which are powerful tools which enhances the performance of the partners.

REFERENCES

[1] Abdul, A and Kassim, J.P.S. (2010). Objectives, Success and Failure factors of housing public private partnerships in Malaysia. Habitat International Journal www.elsevier.com/locate/habitatint accessed 4th May 2015

[2] ACCA (2012) Taking stock of PPP and PFI around the world. Summary Research report, Certified Accountants Education Trust, ACCA, London

[3] Ahmed Mohamed Abeer (2017). Principles of Public – Private Partnership approach for providing sustainable social housing projects in new Egyptian cities (Case study of Orascom social housing project in 6 October city), International Journal of Community and Cooperative Studies, Vol.5.

[4] Bothale, E.K (n.d) Financing development through Public Private Partnerships (PPPs) in Botswana. Africa's Public Service Delivery & Performance review.

[5] Gandhinagar (2015). Review of the concept of Public Private Partnerships, Ph.D. thesis, Gujarat National Law University, India.

[6] Ibem, O.E and Aduwo, B.E. (2012,2010). Public Private Partnerships (PPPs) in urban Housing in Nigeria: evidence from Ogun state. International Journal of Architecture and urban development Vol. 2 No. 2

[7] ILO Regional Office for Asia and Pacific (2011). Partnerships for Decent Work. Working together to achieve decent work in Asia and the Pacific. 15th Asia and Pacific Regional Meeting –Kyoto, Japan.

[8] Kavishe, N & An, M. (2016) Challenges for Implementing Public Private Partnership in Housing Projects in Dar es Salaam City, Tanzania. School of Civil Engineering, The University of Birmingham, UK.

[9] Mohammed et al (2014). PPPs a housing delivery for affordable housing development in Yemen. Business Management Dynamics Vol. 3 No. 8

[10] Muhammad, M. and Ado, M.B. (2014). Constraints and challenges on housing provision in Kano City, Nigeria. International Journal of Advancements in Research and Technology, Volume 3, issue 6.

[11] Ong'olo, D; Spellman and Walker Co. Ltd, (2006), Public Private Partnerships (PPP) Practice and Regulatory Policy in Kenya, Institute of Economic Affairs (IEA, Kenya).

[12] Salleh AG (2008). Neighbourhood factors in private low cost housing in Malaysia. Habitat International, 32(4).

[13] Ukoje, J.E and Kanu, K.U. (2014). Implementation and the challenges of the mass housing schemes in Abuja, Nigeria. American International Journal of contemporary research vol. 4 No. 4

[14] Urmi Sengupta (2005). Government Intervention and public –private partnerships in housing delivery in Kolkata. Habitat International.

[15] Verma, M. (2013). Public Private Partnerships (PPPs): Analyzing the factors behind their growth, YOJANA.

[16] World Bank (2018) Procuring Infrastructure Public Private Partnerships Report, Washington D.C.