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Historical Evolution Public Private Partnerships And Its Application In Down Market Urban Housing In Kenya

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***Abstract:** The public and private sectors have separately not invested much resources to the development of down market urban housing. The market forces have failed to venture into the low income urban housing category owing to the many risks and the low purchasing power of such groups. The prevailing situation of under development of the down market urban housing has made stakeholders to recommend the application of PPPs in the sector, through which the roles of the private entities are greatly enhanced through the support and creation of an enabling environment by public authorities. Private participation in infrastructure development, including down market urban housing, has taken many forms and has been with humanity since the age of empires and kingdoms, Before the Common Era (BCE). Earlier civilizations developed and tested many principles of private participation in infrastructure development, which were perfected over time and have since found wider acceptance in modern states and such principles include PPPs. Private sector involvement in down market urban housing brings in more capital resources, technology, innovation, efficiency, effectiveness and economy in the resource and asset utilization, all of which are critical in delivering down market urban housing. A recommendation is made for more application of PPPs in down market urban housing in Kenya.*

***Keywords:** Public Private Partnership (PPPs), civilizations, down market urban housing, market forces, public and private sectors.*

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I. INTRODUCTION

All over the world, it has been noted that market forces have failed to deliver down market urban housing without some form of government support, which can come in through a variety of methods (Moskalyk, 2008). At the same time, direct government financing to the housing sector or application of subsidies to the down market urban housing has been found to be unsustainable, since the public pulse has been on the decline. This inherent failure by the public and private entities working separately to deliver housing has necessitated the application of Public Private Partnerships (PPPs). PPPs have been embraced and recognized as the best alternative currently for the effective provision of down market urban housing. This wide recognition and acceptance of PPPs results from the fact that the concept operationalizes strategic partnerships between government, private sector and non-profit organizations. It has been proved that the concept is appropriate in coming up with models through which down market urban housing can be developed cost effectively. Through such well-structured partnerships, complementary goals and objectives can be achieved through the application of innovative funding and tenure maximization mechanisms, maximizing the available assets and resources, learning from and application of the best practices between the partners, leveraging the total sum of the investments owned by the entities, risk identification, costing and sharing as per the abilities of the parties in a PPP. It is evident that even though the contributions made by each party may be higher than in normal cases, the benefits at the end of the project execution are greater and more diverse delivering unique and affordable housing products to the low income urban households (Kutana, 2017; UN Habitat, 2011; Mathonsi, 2012; Kung'u, 2009).

The failure of the market forces and the prevailing understanding that the private sector is unwilling to venture into low income urban housing makes it is important to bring on board strategic partnerships. This has been proved to be

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possible in a well-structured PPP arrangement, which brings the best strengths of the public and private players to deliver down market urban housing. The public sector will undertake the regulatory, creating an enabling environment and monitoring and evaluation of the housing projects developments. It can set the standards and criterion for developing down market urban housing and let the private developers undertake the actual project development.

II. RATIONALE FOR THE INVOLVEMENT OF THE PRIVATE SECTOR IN DOWN MARKET URBAN HOUSING

The private sector has participated in the infrastructure designing, financing, construction and operationalization, including the development of housing since the advent of civilization. This relationship has worked in two disconnected ways, where first the government finances such construction through budgetary allocations and the private sector undertakes the actual construction, operations and maintenance of such infrastructure. Housing development has been faced by many challenges like inadequate financing by the government and low participation of the private sector in down market urban housing due to the risks and low profitability in such categories. Studies have pointed out that global housing investments by governments has been given as being 2 to 8% of Gross National Product (GNP), while a further 5 to 10% of GNP is dedicated to the flow of housing services. This low investment in housing goes against established fact that the performance of housing sector is intertwined with the nation's economy, be it real, financial and fiscal circuits. It has been documented that China spends 6% of its GDP on housing development (ADB, 2004) while India spends 4% of its GDP on housing development (India Planning Commission Report, 2002). Despite these spending on housing development, these countries face housing provision shortfalls (Mayo and Shlomo, 1993).

PPPs have been embraced over time as a strategic approach for the construction of down market urban housing, due to the fact that the public sector is unable to adequately meet its demand acting alone. This thinking has been supported by many prior studies which concluded that, PPPs have been used in several areas starting with infrastructures management and provision of down market urban housing services. Under the Kenya Vision 2030, the government aims to provide 200,000 housing units per year by the year 2020. This will be undertaken through a mixture of incentives and initiatives for urban areas which includes the application of PPPs (Kenya Vision 2030). The Draft National Urban Policy (2016) recommends the promotion and application of PPPs to expand housing delivery in urban areas. PPPs approach leverages on the arising advantages from such partnerships where government uses its revenue bases and the private sector its capital base in place of inadequate state resources to provide down market urban housing (Mohamed, 2017; Rondinelli, 2003; Buckley and Kalarickal, 2005).

The emergence of the application of PPPs in down market urban housing is rooted in the enabling markets to work approach proposed by the international financial institutions in 1993, more specifically, the World Bank. This approach proposed the shifting of the provision of down market urban housing from the governments to the private entities. The approach advocates for the governments to play a regulatory role or enabler function while leaving the actual production of housing to the private entities. The primary focus of the enabling markets to work policy has been to focus on ways through which institutions working together with private players can improve their operating efficiencies for the delivery of down market urban housing. The public sector should also make efforts to remove all the inhibitors for efficient housing development by the private contractors and other stakeholders on the demand and supply sides of the market dynamics (Kutana, 2017; Kung'u, 2009). The emergence of the application of PPPs has grown over time but research has found that PPPs have existed in various forms since time immemorial.

This paper takes a critical look at the historical evolution of PPPs and its applicability in bridging the housing supply deficiency, and in particular as an alternative to the financing of housing development in the world.

III. HISTORICAL DEVELOPMENT OF PUBLIC PRIVATE PARTNERSHIPS AND THEIR APPLICABILITY IN HOUSING DEVELOPMENT

Many vital ideas which have since the beginning driven the development of infrastructure, and the deeper understanding of the central role it plays in national development were fronted, tested and utilized by previous older civilizations. As society advanced from the primitive stage to the modern states era, many technological innovations and concepts were devised and applied in solving longstanding challenges which confronted humanity. Such solutions and ideas spread rapidly and were adopted and applied throughout the world. One of the pressing challenges which has been with man since early times has been the ever increasing scale of urbanization and with it the need to provide adequate infrastructure including down market urban housing. This is because urbanization increased the overall poverty levels due to the inequality in regions and zones within an urban area. This state of affairs obligated the public sector to come up with ways of connecting urban areas to ensure that resources would be smoothly supplied to support city life, which was becoming a new norm all over the world. The spread of urbanization coupled with the aspiration to connect urban areas for efficient resource supply became a major determination in promoting and scouting for solutions which would favour infrastructural growth and development. The huge populations moving into urban areas required to be provided with some form of housing. Urbanization has been cited by many scholars as one of the greatest civilizations to have occurred to mankind. Urbanization and growth of towns and cities has been ranked as the first characteristic of all civilizations in the world, and which affected all the major kingdoms to have formed on earth since the earliest possible times (Hugh, 2014).

The growth and development of empires and kingdoms, which began from roughly 2500 to 200 BC, brought about the

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advancement in the clustering of human settlements in one place. These urban areas came up with various measures to maintain a competitive edge, due to the intense competition which had set in amongst the various clusters of human settlements, this was done through enacting various instruments which were aimed at outsmarting each other. These settlements established professional armies on which kingdoms and empires fell or were strengthened. This period was followed by the emergence of Biblical empires of Akkadians, Sumerians, Assyrians, Hurrians and Hittites. Archaeological records have shown that at the time the Akkadian empire of king Sargon the Great (2250 BC), cities and major urban conglomeration in the world had grown to become states. There was a need for these empires and kingdoms to codify the existing laws, norms and traditions into something which would be easily remembered by the citizenry, and among the famous of these legal codifications and maxims is the Code of king Hammurabi in 1790 BC. This code addressed modern issues of concern to orderly development of countries like land tenure systems, rent, inheritance, contracts and enforcement, debt, public order, administration of justice and labour conditions (ibid).

The practice of banking and concepts of debt developed around this time as countries developed more resources and wealth grew rapidly. The practice of rich merchant families offering grain loans to traders who carried goods between urban areas grew exponentially, such that by 500 BCE, professional bankers like Babylonian House of Egibi (521 – 487 BCE) flourished in the banking sector, with attendant ways of honouring such contracts and tenders. It has been found out that scholars have agreed that at this early times, the financing, construction and development of public infrastructure was done solely by the state, which raised funds for infrastructural projects through taxation, while the military, which was well developed across many states in the world then, supervised the construction of public infrastructure projects. The principle of taxation as a source of urban infrastructure financing and building was practiced by King Darius of the Persian Kingdom, who devised ways of efficiently collecting taxes, such funds were used to construct a new city at Persopolis and also used in the construction and development of major public works notably in transportation infrastructure. Slavery and forced labour were used for the construction of the large infrastructural projects by early states. The building of the Suez Canal in the 1860’s heavily utilized the forced labour obtained from the fishing villages which had been established along the Red and Mediterranean seas. According to the World Shipping Organization, the idea of linking up the Mediterranean and the Red Sea were developed by Pharaoh Senusret III in 2000 BC, but revived by emperor Napoleon Bonaparte in 1799 (Hugh, 2014; Bonin, 2010).

The need for organized labour in the expansion and construction of infrastructure led to development and organization of labour markets, developed around urban areas. Archived records of a construction site in the city of Ur, dated around 2030 BCE shows how work was organized and paid for in the city. The projects were overseen by military generals with assistants, but the actual construction was done by a mixture of hired and freed slaves labour. This concept and organization of labour made it possible for the development and installation of water supply and sanitation systems in households. Over time, an important system of water management and associated infrastructure was developed by the Achaemenid Empire whose technology enabled water to be moved from one area to the other through qanats (a system of subterranean galleries, which were dug at an upward slope into the rock systems). This idea was aimed at intercepting underground water sources and delivering the same for households use and irrigation. The Greek historian Polybius recorded a royal decree in place which provided that any private individual or family that dug and maintained a qanat would be granted the rights to all accruing profits for five generations. This reference to the private parties or families financing infrastructural assets provides one of the earliest references of the engagement of private sector in infrastructural development, and such participation was based on a time limited and risk sharing contracts with the state (Hugh, 2014; Adam, 2010; Lightfoot, 2000; Goblot, 1979).

Alexander the Great conquered such states which had developed in 330 BCE as a result of succession of wars between Greek and Persian states, caused by the advancement of technologies and urban populations among others. The Greeks through their civilization had made many improvements in science, philosophy, law and government. Greek city states excelled in water engineering aspects, they improved on hydraulic engineering including areas of land drainage and tunneling. They established legal frameworks to address issues of water provision through infrastructural developments and attendant services in their urban areas. The Greek metropolises had a mixture of publicly and privately owned water wells. Solon was elected officer in charge of Fountains of Athens city in 594 BCE, after which a law was passed requiring owners of private wells to maintain them in good conditions and available such wells for public use in cases of war. A decree by Solon allowed citizens to sink new private wells in cases where public wells were not found within a distance of 710 meters. This can be seen as a first attempt in regulating the private entities participation in infrastructure development, which would be built upon in many generations after that law came into effect (Hugh, 2014; Koutsoyiannis and Angelakis, 2003).

Archaeological documents have indicated the existence of a public private contract from 381BCE between the independent city state of Eretria and a foreign contractor (Chairephanes). The contract involved the implementation of engineering works that to drain Lake Ptechai, and included all the features of modern project finance contract. The contract dealt with issues of risk identification and apportionment and provided that project and works expenses would be borne by the contractor, who would also pay the city (contracting authority), a lump sum of thirty talents. The private contractor was incentivized by being granted exclusive rights over the field cultivations, and would be legally allowed to retain the products realized from the reclaimed land for ten years. The private contractor was exempted from the payment of local taxes and certain laws were not applicable to such contracts (a form of incentives common in modern PPP contracts). The law provided that extreme sanctions would be meted to anybody who tried to cancel such contract, which acted as a

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form of guarantee to the private parties to implement to the full such projects. These contracts bear the hallmarks of modern era concessions contracts, where the state gives some concessions to the contractor in the provision of services which hitherto have been provided by the public sector. Concession contracts developed by the Greek legal systems were embraced and used by the Romans in accomplishing public works and formed part of the Roman legal and regulatory frameworks, after which it was embedded in France history for over 2000 years' utilization of PPPs in developing infrastructure including housing (Hugh, 2014; Bezancon, 2004; Knoepfler, 2001).

The Roman civilization took the relationship between infrastructure and overall development of a country to new levels. Infrastructure was seen and perceived as the main driver of socio economic political development. The Empire introduced and facilitated the implementation of many infrastructure assets and services - actualization of roads, aqueducts, sewer systems, civic spaces and public baths. This was made possible through the existence of enabling laws, unifying language and common currency to facilitate the execution of the contracts. The poor people in Roman cities were provided with a wide range of public goods and services through state budget. The slum dwellers in Roman cities had access to great public baths and public squares, parks and forums, and as such the citizens spent more time outside their houses because of the quality of social services, which is more than what modern countries offer their citizens. It should be noted that PPPs require a deliberate government intervention to succeed. Vitruvius (c. 70 -10 BCE) in his dedication to Emperor Caesar lauded him as one whose attention was not only providing the welfare of society in general but also commitment to establish public order and providing public buildings intended for utilitarian reasons. The practice of engaging and utilizing the private parties in the delivery of infrastructure has been practiced since antiquity. Biblically, a disciple of Jesus named Matthew was private tax collector for the republic and the Roman empire. Greek Historian and Philosopher, Strabo (63 BC to 21 AD) writings which appear in Geographica, shows how Caesar Augustus had ordered for operationalization of tolls on Little Saint Barnard Pass (Hugh, 2014; Verma, 2013; Griffin, 1986).

The Roman empire established the road sizes and the legal standing of the public rights of way as evidenced in 450 BCE law of the Twelve tables in Rome. The right of the population to use public roads was well anchored in law, construction of roads and other public infrastructure facilities was subjected to an evolving system of financing and governance models. The state financed road and other infrastructure construction works, which was taken as actions towards empire building, and as such construction of down market urban housing should be seen in the context of building a cohesive nation, through taxation of citizens with longer term maintenance being devolved to the lower government units. Construction of public infrastructure in the Roman empire was placed under the military and consuls outside the urban walls, with some consuls like Julius Caesar, recorded to have in sometimes using their own resources to maintain roads under their areas of jurisdiction, which is an earlier form of PPP. It was common for the Roman empire citizens to offer gifts to fund the financing and construction of infrastructure like bridges or public buildings. it should therefore be pointed out that modern governments need to diversify sources of infrastructure financing and development, including adopting various models and structures of PPPs which work in local situations in housing construction (Hugh, 2014). These methods of financing infrastructural developments in the Roman Empire lasted into the medieval times, with major reforms in infrastructure financing and development being introduced by Caesar Augustus, who made himself the supreme head of the roads network in the empire. He created a commission of Senators and supervisors of roads, who had personal responsibility for roads maintenance within their jurisdictions. Tolls were charged in some areas for using the roads and bridges for maintenance. The empire also had private citizens carrying the postal mails through the state roads. All these services by private citizens were the earliest forms of PPPs in the empire, where the emperor made some concessions and regulations on their application (Hugh, 2014; De Luca & Lorenzi, 2013; Werner, Eck, 2003).

The Western Roman Empire collapsed in the 5th century, but the Roman infrastructure continued to function but underwent a state of slow deterioration. Popes were instrumental in financing and rebuilding of Rome's aqueducts. Around 1000 CE, Europe started undergoing a shift in urbanization with new and old cities in Italy and Flanders becoming powerful trading and commercial centres. Venice developed a trading monopoly and established links with the east including China, which had started implementing large scale infrastructural works through forced labour. Venice used the resulting wealth in building an extra ordinary city in the middle of a lagoon through land reclamation projects which utilized dyke and drain infrastructure, and in the process creating new wealth and new land owners in the country (Pirenne, 1956). New cities were had powers to make their own laws and tax the local markets under their control, with toll collection (teloneum) on the roads and canals being re-introduced as a source of urban revenue. The resulting surpluses of wealth and accelerated capital formations was utilized in building the great cathedrals public and private infrastructure in cities like Ghent and Bruges, of Europe which flourished in the 12th to 16th centuries. This shows that the concept of PPPs continued to develop as countries and civilizations became more sophisticated over time. A book on 50 digest in the public and private laws published in A. D. 530 endorsed the application of concessions in the delivery of public assets and facilities. Urbanization rates increased greatly during the Roman Empire. Maddison (2007) estimated that about 14% of the people in the Italian peninsular were living in urban areas by the year 150 BCE, which compares to the measured degree of urbanization in the year 1800. The advancement in the roads and other infrastructure directly benefitted the state, including its army and a group of elites who included the private merchants. Apart from the countries of Great Britain and Netherlands, universal urbanization rates remained below 20% until after the 1850s. The demand for infrastructural development and advancement in a much bigger scale as human civilization advanced necessitated the need for countries to look for alternative financing and construction methods, partly driven by the growing scale of

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cities, empires and markets (Gandhinagar, 2015; Hugh, 2014; Economic Commission for Europe, 2010).

The English Crown in 1299 financed from their own sources the construction and development of the Devon silver mines; because the various European sovereigns had from 16th and 17th centuries granted diverse public works services and projects - public transport, waste collection, roads construction and paving, public lighting programmes, canals construction to be done through privately financed methods; to relieve the government of the financial. Throughout the middle ages, water supply remained a responsibility of city councils and such waster systems were improved by building "conduits" funded by taxation or as in some cases developed with collaboration with the local monasteries or royal support. The construction of the London's Great conduit in 1237 relied on some grant of land and springs from the king and some contributions from wealthy merchants. Public and private entities can work together where the interests and goals of the parties are balanced and aligned as necessary to deliver the much needed services. Merchants in cities like Amiens contributed in the building of these conduits and in return, were accorded some privileges in return. In 1340, the city of Sienna funded construction of new drinking water fountains through taxation on its dependent territories. Town councils of cities like Paris, Dublin and Southampton used partnerships with local monks in developing their water supply systems, hence the earliest PPPs made city life better and accelerated the growth of urban areas (Gandhinagar, 2015; Hugh, 2014; Alabama University Transportation Centre, 2010; Magnusson, 2003).

From the 1500s onwards, private investments started to play an important role in the infrastructure financing and development world over, with private participation in the delivery of public functions and facilities becoming active in many countries for more than 100 years. According to the UN, many concepts and provision of public facilities which includes harbours, public baths and markets were developed in the ancient times. The private sector in the Great Britain undertook a major leading role in infrastructure financing and construction, a role which was emulated by other private entities in other countries. This coincided with the age of the European voyages, aimed at exploring new lands, followed by the start of the scientific revolution aided in part by the ground breaking discoveries attributed to Copernicus and included the formation of the earliest known joint shareholding corporations in the world, which were involved in trade with the East Indies and beyond, and which involved private capital. New River Company formed in 1619 raised capital through 36 "adventure shares" to build a 60 kilometer canal to carry and supply additional fresh water to the city. The Royal Charter appropriated land for such water projects and established monopolies dealing with water supply in the city, which is taken as a form of incentivizing and making PPP applicable in such undertakings (Gandhinagar, 2015; Hugh, 2014).

It has been documented that the practice of charging tolls for usage of bridges and other infrastructure dates back to the Roman times. The first bridge in London – old London Bridge, was completed in the year 1209 by King John who borrowed heavily from the city merchants, who in return were apportioned land to fund its maintenance. In addition to the toll revenues, property was developed on this bridge for extra income. The Iron Bridge in River Severn in Shropshire, England, built in 1781, through its proponent - Abraham Darby, a local owner of an iron fondly, supplying the bridge with its iron components, and its other sources of funding being the sale of sixty shares each at fifty Sterling pounds. The Toll Act was enacted in 1776 and remained unchanged for over 200 years with pedestrians being permitted to pay ½ a penny, but were eventually removed in 1950 due to many factors which played against their continued application. France used similar methods like tolls for the financing and construction of bridges and other infrastructure before and after its revolution in the year 1789. Concessions, the oldest and most common form of PPPs applications goes back to many years, such that during the Roman empire they were legal instruments for the construction of roads, public baths systems and running of markets on behalf of the government. In 1438, French Nobleman –Luis de Bernam – obtained a concession to create an enabling environment for movement of goods to Rhine across a river, and charged fees (Department of Economic and Social Affairs, UN, 2016; Hugh, 2014).

Concessions frameworks were used in the construction of canals and bridges in the 16th and 17th centuries in Europe, an in the 19th century utilized in financing, development and construction of railway lines, metro, water and power infrastructures. In the 18th century, public streets were lit and cleaned through private contractors. In the 19th century, the railway companies in the UK and US were owned and operated by private entities. It has been documented that 82% of the 197 number vessels of Sir Frances Drake's fleet, which were instrumental in conquering Spanish armada were owned privately. Affermage concessions (a service concession under which a private entity is not required to undertake a major capital investment on an infrastructural asset), developed in France in 19th century. Concession arrangements for financing, designing and developing infrastructural assets and services later spread to motorways, urban transportation systems, waste management and district heating facilities in the 20th century. Apart from the concessions which utilized the "user pays PPPs" principles, the "government pay PPPs" principles developed and afterwards became dominant in the late 1980s and 90s, but this changed in the 2000s, where more of the government pays PPPs were utilized to fund some critical infrastructure. France developed many PPPs forms which are categorized as partnership, equivalent contracts and concession arrangements in the development and financing of infrastructure. France became the first country to pioneer the concession model of PPP in the 17th century, used in the 19th century to finance the development of many public infrastructure projects. PPPs as they are known today have been traced from the Organization for Economic Cooperation and Development (OECD), USA and later spread to other countries, including low income ones (Hugh, 2014; Verma, 2013; European PPP expertise centre, 2012).

The agrarian revolution in Britain created another system of financial and institutional innovative tool called the turnpikes, which enabled the financing, maintenance and improvement of roads and was the predecessor of the

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industrial revolution. The first Turnpike Act came into effect in the year 1663 for turnpiking 48 kilometers of the Great North Road in Huntingdonshire, due to the heavy vehicular traffic, the 2nd Turnpike Act allowed for inclusion of trustees and this was an innovative act which allowed local land owners, farmers and business persons to promote new trust. Turnpikes were not for profit making and income gained was used to repair and improve the road conditions. Trusts were convenient solutions to avoid a burden brought by taxation, with trustees being permitted to borrow funds against future toll revenue projections to undertake more infrastructural financing. PPPs must therefore guard against too much taxation by incorporating modern innovative financing tools. Many toll roads were also developed in the USA from 1780 to 1900 through private funding (Hugh, 2014).

Canals were funded through private means with private canals being constructed across the industrial centres of Britain. Various acts were enacted to make this possible from the 16th century, therefore effective PPPs requires the establishment of laws and regulations to give investors some confidence in the whole process. Private entities became interested in the canal business when the privately funded Bridge Water Canal became operational in the year 1761 and reduced by half the cost of transporting coal to Manchester. This company can be compared to the New River Company that supplied water to London city and the Canal du Midi of France. The company succeeded by private financing through personal wealth of the 3rd Duke of Bridgewater. Privately owned companies used their capital to build a network of canals (6400km) through piecemeal construction through the "canal mania" (1793 -1820). Ports also attracted private financing as a result of commercial interests in shipping industry which grew rapidly in the 18th century and enticed private individuals, with a motive of raising additional private financing for commercial ports and harbours through listings in the London stock exchange. Construction of railway projects in the UK was hugely financed through private sources of funds in the 17th century, as was the case in Argentina, Uruguay and Brazil, where private developers from Britain and France executed such public functions, hence expanding what PPPs could do then. London's 6 water companies up to 1820 were funded through private means to supply water to the general public. At the beginning of the 19th century, all major water projects in the US and also electricity infrastructure in the countries of Chile, Brazil and Mexico were privately funded, showing that PPPs had started to extend to other areas of infrastructure, but was yet to be felt in housing construction (Gandhinagar, 2015; Hugh, 2014).

New infrastructure innovations in the field of piped gas for the streets and domestic lighting evolved as the civilizations grew over time. In 1810, the first company dealing with this lighting was incorporated as London and Westminster Chartered Gas –Light and Coke Company, and made business first by selling its services to private clients and later transitioned to the industrial business, and later to street and city lighting. City lighting idea emanated from 1417, when the Mayor of London ordered that households were to hang out lanterns during winter evenings, Paris followed this practice in 1524 and by 1700s residents of most global cities were required to hang out lamps every night; these cities used privately lit households to light the whole city, a form of PPPs. The gas companies often applied lower rates to the connections within municipalities and this was a calculated move to gain political support but they would charge households and businesses higher rates, a paradox which affects the current tariffs in the application of PPPs for housing development. Millward (2005) described different methods embraced by private entities in expanding the much needed services in different states, where in Germany and Scandinavia, it was municipal ownership of projects that counted, while in the US, private companies dealing with gas supplies became highly profitable. Friedlander (1996) observed that these companies could avail as much as 70% of their revenues for dividends payments (Hugh, 2014).

The 19th century brought dramatic changes and developments in infrastructure financing and development ever witnessed since the Roman Empire times. This was fueled by private capital injection resulting from the prevailing policies of laissez faire, emerging societal changes, rapid urbanization and the expansion of the markets. The earlier development of railways had made the world a much smaller place and intra-urban services like gas lighting, water systems and supply and trams was provided either through existing urban authorities or through concessions, a form of PPP. In the latter half of the 19th century, the concept of municipalization, powered by the emerging socialist movements or where such urban services were highly profitable to be left in the hands of the private venture capitalists, made many services hitherto provided by the private sector, to revert to provision by these urban authorities, hence public owned and provided. This was also the period of wars and economic recessions, which made a strong case for nationalization and a need for stronger regulation, with its peak being the1940's and 50's. This trend failed miserably leading to a return to privatization and PPPs in many countries in the 1970's and 80's (Ribeiro and Dantas, n.d; Hugh, 2014; Klein and Roger, 1994).

The years of 1914 and 1945 (the age of extremes), was the instance of two major world wars, prompting some countries to come up with the anti-trust laws. The period saw increased utilization of the gold standard; there were high instances of hyperinflation occasioned by the Great Recession of 1929 where many private companies became bankrupt and slowed their expansion plans; this necessitated government to intervene in service delivery, a move which had social and political ramifications and led to nationalization of critical assets and services. An increase of tariffs and foreign investments were not politically acceptable at the time, and so state provision of goods and services became the dominant model leading to the emergence of natural monopolies. US President Roosevelt came up with the New Deal strategy, a form of PPP, useful in stimulating infrastructural development, brought more investments, created a positive jump to the measures necessary to bring more jobs to the economy, catalyzing more of growth and prosperity in the process. After the World War II, the Marshall plan, another form of PPP, was critical in rebuilding the shattered infrastructural assets of Europe. It has been noted that 1914 to 1945 saw the decline of the role of private financing in development of infrastructure and other public facilities as a result of the wars which ensued in between. There was a long

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period in which the provision of infrastructure including housing was solely run and operated by the state, but this changed in the 1980s with the United Kingdom (UK) being in the lead. From 1945, the states delegated most of their functions to their monopolies and corporations to develop infrastructure and provide services (Hugh, 2014; Parker, 2012).

In the 1970's, the dominant theories which supported the increased role of government in infrastructure development typical of the Keynesian economics, were challenged by neo-liberal ideologies, requiring states to unbundle various functions and services and to eventually contract out some of them. The building of the mobile phone networks was led out successfully by the private entities in 1973, availing the first chord free held mobile device. Hounslow Health Aerodrome near London was the first privately operated airport with internationally scheduled commercial flights and services in 1919, which later led to the development of PPPs in airports; Britain's airports were privatized in 1987. Restructuring of these countries' economies led to the introduction of privatization in infrastructure development and financing. UK, France and USA introduced PPPs seen as occupying the middle ground between nationalization and privatization. The role of the state under PPPs changed from being the owner, provider and producer to a regulator, enabler and purchaser of the goods and services developed by private entities. UK's experiences with the privatization of infrastructure between 1980 to 1997 lesson is that governments are forced to intervene in any sector as a result of the performance and the resultant consequences for the public good of that sector, regardless of whether it is a public or private entity. The new systems of regulations brought incentives and in the process delivered more investments in infrastructure, had better management and improved quality of services, there were efficiency gains due to the increased competition and effective regulations in service delivery. The US federal government through the "The war on Poverty" programme in the 1960's engaged the private sector, which recorded success and led to the proliferation of many NGO's supporting the public sector. The many economic and social challenges of the 1970's and 80's in the US made the government to change its approach on overreliance on public sector in the delivery of goods and services, thereby a new collaboration strategy between the state and the private organizations, epitomized by PPPs developed. The term was broadly used firstly in 1980, in developing urban infrastructure and services in the countries of US and UK (Gandhinagar, 2015; Mela, 2012; Hugh, 2014; Parker, 2012; Newbery, 2002).

The greatest private capital investments in infrastructure is in the roads sector undertaken through either direct state construction or through concessions, where the tolls are either charged or the government puts the bill. Such public roads were developed first in Italy in 1924, which was a 40 kilometer stretch funded and maintained through tolls, since the country had privatization laws by then which permitted application of concessions in public works, which included roads and housing development (Bel, 2011; Ragazzi and Rothengatter, 2005). Germany followed Italy in privately funding roads construction and completed the first road between Cologne and Bonn in 1932 and by 1939, privately funded roads programme had put up 3300 kilometers of roads in the country. Roads construction was one of the activities undertaken through the Marshall plan in Europe, with road construction specifications having been formulated in 1957, such that by 2010, 68,000 kilometers of roads had been done in Europe through private financing, representing less than 1/3 of the length of railways so far developed and which is less than the maximum kilometers of roads paved privately in Roman empire. Countries have since experimented various forms of PPPs arrangement since the 1990's, in the financing of roads and other connected infrastructure, because it has been gaining more global acceptance. The inadequate financing levels available to governments due to globalization has attracted countries to PPPs. The World Bank showed that there were 662 transport related projects under PPPs valued at US$ 135 billion between 1990 to 2001(Ribeiro and Dantas, n.d; Hugh, 2014; World Bank, 2002).

The development of urban infrastructure like down market urban housing is premised on three issues: putting in place mechanisms which can bring about improved governance and resource mobilization strategies for financing the huge infrastructural requirements, done effectively through mobilization of private sector financial capabilities; the need to improve the efficiency of the government investments and utilization of the resources resident in a country; and the utilization of strategies which can focus on service delivery measures which guarantees maximum benefits. PPPs has been proved as being able to meet the three critical issues key to revitalizing the global ability to finance infrastructure and service delivery, down market urban housing included, which has evolved over many years. The private sector has greatly been involved in such provision through the state creating institutions to operationalize the legal and contractual obligations in infrastructure. The involvement of the private sector has infused innovation, risk taking and maximization and has been a catalyst for efficiency and effectiveness in service and infrastructure delivery. The incorporation of the private sector in the designing, financing, development and construction of various infrastructure necessitated the need for a model to make this age old tradition of cooperation possible within legal realms, which was possible only through PPPs starting in the 1990's, further defining roles which the public and private sectors would play in the new development framework. By 20th century, the concept of PPPs was accepted across many jurisdictions as an alternative instrument through which goods and services for the public sector would be procured, implemented and developed (Gandhinagar, 2015; Hugh, 2014; Moszoro and Magdalena, 2011; OECD, 2008).

The reliance on PPPs as a preferred model of delivering infrastructure and services gained significant acceptance on the global stage from 1990's, specifically 1997, where the governments in the USA and Britain under the leadership of Presidents Jimmy Carter and Ronald Reagan on one side and Prime Minister Margaret Thatcher of UK promoted the wide usage and application of PPPs in their respective jurisdictions in many sectors of their economies. This gave other countries the much needed boost to adopt and embrace PPPs, with the UK having the greatest number of projects financed privately through its Public Finance Initiative (Verma, 2013).

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IV. RECOMMENDATION

This paper calls on the world governments to adopt the application of PPPs in the designing, financing, construction and development of down market urban housing, which is the sector which has least benefitted from the concept. PPPs will bring about capital, technology, innovation, effectiveness, efficiency and economy in the production and development of housing units to cater for the low income urban households. The governments all over the world have huge unutilized assets like land and old estates, which can be redeveloped or new houses constructed on such invaluable assets. Compared to the traditional approaches of procurement where project activities are given out to contractors at each stage, PPPs bundle the services related in developing housing units into one and allocated such activities to a developer, who will be compensated through user pays, government payments or a combination of both methods. The bundling of the activities makes the contractor to think of a life cycle of the project and devise ways of making profits through savings, which becomes the single most motivation for innovation and efficiency in asset utilization and project development. Development and construction of housing units require the most up to date technologies and innovations in terms of capital mobilizations, design, construction, maintenance and operationalization, attributes which can be realized through private sector working together with public entities in a well-structured PPP programme.

V. CONCLUSION

Older civilizations set the foundations for the development of the various innovations which are central to the design, finance, construction and operation of modern infrastructure in the urban areas specifically, which have been growing over time. Ancient civilizations enacted various instruments, laws and statutes which were central in the development of such infrastructure, in most cases through private sector financing. The codification of the various laws, norms, traditions further boosted private initiatives in infrastructure financing and development, which later included housing development. Codified instruments addressed the nature of contracting out services, enforcement of these contracts and nature of making payments to the developers, and this was the earliest way in which PPPs developed over time. The growth of the concept of debts and banking and accumulation of wealth brought in merchants who later financed many infrastructural assets. Through the concepts of taxation which developed later permitted governments to finance more infrastructure in urban areas, which was to be followed by organized labour movements, key in the growth and expansion of the private sector, which is important in the operationalization of the PPP concept.

Private contracts existed as early as 381 BCE between the city state of Eretria and a foreign contractor to drain lake Ptechai, which included all modern features of contracts and project finance attributes. The role of the private sector increased in the infrastructure financing and development from the 1500's onwards, due to more profits maximization by wealthy merchants who had funded the exploration of the "new worlds", had profitable slave trade and also had funded many public works after which they were accumulated the wealth. The agrarian and the industrial revolutions further enhanced capacities of the private sectors to undertake even bigger projects. The private sector has developed many projects like roads, turnpikes, rails, tunnels, water and sanitation, dykes, city lighting, solid waste management and financing of public baths since these early times and also their role increased after the second world wars, but pronounced after the 1990's, where the state faced a myriad of challenges key among them financing, innovation, technology, efficiency, effectiveness and economy in the production and supply of public goods. PPPs is the way to go for the next decade or so in the provision of down market urban housing and other infrastructural needs because it has been found to bring more finances, technology, innovation, efficiency, effectiveness, economy and better housing products than the traditional method of delivering government services.

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