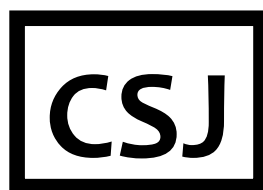


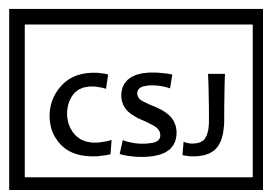
**ENGAGING THE APPROVED 2016 FEDERAL
HOUSING BUDGET**



CENTRE FOR SOCIAL JUSTICE (CSJ)

(Mainstreaming Social Justice In Public Life)

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ACRONYMS

FCT	Federal Capital Territory
FGN	Federal Government of Nigeria
FHA	Federal Housing Authority
FMBN	Federal Mortgage Bank Nigeria
FMoWPH	Federal Ministry of Works, Power and Housing
FRA	Fiscal Responsibility Act
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
ICESCR	International Covenant on Economic, Social and Cultural Right
IDA	International Development Association
LGA	Local Government Area
MDAs	Ministries, Departments and Agencies of Government
MRC	Mortgage Refinancing Company
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategy
NHF	National Housing Funds
NIIMP	National Integrated Infrastructure Master Plan
NMRC	Nigeria Mortgage Refinance Company
NV 20:20	Nigerian Vision 20: 2020
PPP	Public Private Partnership
SDGs	Sustainable Development Goals
SSA	Sub-Saharan African
USD	United State Dollars

EXECUTIVE SUMMARY

Housing is recognized as a fundamental and basic human need. Section 43 of the Constitution of the Federal Republic of Nigeria 1999 guarantees the right of every Nigerian to acquire and own immovable property anywhere in Nigeria. The International Covenant on Economic, Social and Cultural Rights (ICESCR)¹ provides for the right to an adequate standard of living, including adequate food, clothing and housing. This right is of central importance for the enjoyment of all other human rights. Housing is so fundamental to a dignified existence that homelessness or the lack of adequate housing is used as an indicator to measure poverty and inequality.

In the MTEF 2016-2018, the Federal Government of Nigeria (FGN) set a commitment to bridge the infrastructure gap including the housing deficit. It emphasized mass social housing schemes with emphasis on building strategies that will involve mass training and involvement of builders and building artisans. It pledged to support the development of necessary housing infrastructure by promoting policies that would engender the reduction of the cost of building materials, increase liquidity within the mortgage subsector and promote the availability of credit in the housing sector. Accordingly, the MTEF projects that this would ensure the creation of more job opportunities for workers in the housing industry including architects, engineers, bricklayers, plumbers, painters, etc.

Nigeria is estimated to be in need of between 17million to 23million new housing units to meet its housing challenge. The Ministry of Lands and Urban Development which is now merged into the Ministry of Power, Works and Housing has rightly identified the land, housing and urban development sector as a critical tool for transforming the economy. Thus, the housing sector is important to economic development and job creation. However, housing is beyond the concept of a roof over the head as it is qualified by the word “adequate”. Adequate housing must conform to seven functional parameters defined in General Comment No. 4 of the United Nations Committee on Economic, Social and Cultural Rights². The parameters are legal security of tenure; availability of services, materials, facilities and infrastructure; affordability; habitability; accessibility; location; and cultural adequacy.

Again, in Goal 11 of the Sustainable Development Goals (SDGs), adequate housing comes up under sustainable cities and communities. Goal 11 seeks to make cities inclusive, safe, resilient, and sustainable. Its targets include; by 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums; enhance inclusive and sustainable urbanization and capacity for participatory,

¹ The ICESCR has been ratified and applicable to Nigeria.

² General Comment No.4 adopted at the Sixth Session of the Committee in 1991.

integrated and sustainable human settlement planning and management in all countries, etc.

This review will examine the extent to which the 2016 federal budget provides for the activation of the existing housing policies to ensure the realisation of their noble goals. It will further review the housing budget to determine its coherence with national and international standards. There will also be a review of the efficiency and effectiveness of federal spending and the capacity of the Federal Ministry of Works, Power and Housing (FMoWPH) to implement budget programmes. Finally, the review determines whether Nigeria is investing the maximum of available resources to improve access to adequate housing for all Nigerians³.

The relevant sectoral policies and standards identified in the review include the National Housing Fund Act which mandates every Nigerian earning N3000 and above per annum, to contribute 2.5% of his monthly income to the Fund; Nigeria's Vision 20:2020; the National Integrated Infrastructure Master Plan (NIIMP) which projected an investment of \$1.4billion a year to meet the housing deficit; and Nigeria's Land, Housing and Urban Development Roadmap.

Relevant statistics indicate that Nigeria is the country with the highest housing deficit in Sub-Saharan Africa. The housing sector is beset with a plethora of challenges including those arising from extant law and policy. The issues include those around delay and cost of procurement of certificates of occupancy and governor's consent, simplifying the process of access to and transfer of land title, protracted foreclosure processes, etc. In terms of policies, states and FGN are yet to implement digitalisation of land registries, comprehensive land titling which will collateralize land assets in both the rural and urban areas and unleash securities which can be used to access credit in financial institutions.

FGN budgeted 0.65%, 0.46%, 0.16% and 1.13% of its overall budget for the housing sector in the years 2013, 2014, 2015 and 2016 respectively. This is an average of 0.60% for the four years. This is a very low percentage of the budget voted for the sector. The total sum budget for the sector in four years comes up N129.413 billion which is an average of N32.35 billion a year. The funding gap using the \$1.4billion projection of the NIIMP for the four years comes up to N1.07 trillion and a yearly average of N267.77 billion. In 2013, the BOF did not publish the housing budget information on releases, cash backed and utilized sums. In 2014, only 47.09% of the capital allocation was utilized; the utilization rate increased to 60.61% in 2015. This indicates an average utilization rate of 53.85% of the capital budget over the two years. Even the paltry capital expenditure was hardly utilized. The variance between the

³ This is as envisaged in the ICESCR and other international and regional standards to which Nigeria is a party.

appropriated sum and the utilized makes the budget an unreliable guide of public expenditure and as such, is contrary to good and fit practices of international public finance management.

The key findings show a policy summersault; FGN is coming back to direct involvement in building construction. The NHF which has been poorly managed had no vote in 2016 whilst the entire housing sector is grossly underfunded. There was no MTSS for the sector undergirding the 2016 budget; there exists a disconnect between the allocation to housing and the fiscal strategy. Like in other MDAs, a culture of underfunding of the capital budget emerged whilst the merger of the former ministries of works, power and housing into one ministry constricts the available human and financial resources needed to engage the housing crisis.

Based on the foregoing, the following recommendations were made.

(i) FGN through the Ministry should be Limited to Policy Formulation and Regulation

The FGN should withdraw from direct construction of houses. It should act as a regulator and set policies for individuals, communities, cooperatives and the private sector to implement direct housing construction. It should facilitate the pooling of resources through the NHF and other channels. FGN's projects are notorious for being over-valued, delayed in implementation and poor workmanship. Such notoriety should not be transferred and mainstreamed in the housing sector through direct construction by government.

(ii) Appropriate Funds for the National Housing Fund

In accordance with section 6 of the National Housing Fund Act and NIIMP's projections, FGN should as from the 2017 financial year commence the appropriation of not less than \$1.4 billion every year to the NHF. This will increase the pool of funds available to NHF for disbursement to contributors.

(iii) Tap Alternative Sources of Funds for Housing

Alternative funding can be explored as follows:

- The Central Bank of Nigeria should consider the establishment of a special fund for the housing sector which should be in the neighbourhood of not less than N1 trillion. Similar funds have been set up in the past by CBN for other sectors.
- Concessionary funding can be raised by FGN and the states and specially dedicated to the housing sector.
- Bonds can also be used to finance the sector.
- The NMRC should be strengthened with more resources to increase its impact in bridging the housing deficit. It should be strengthened to target not less than 200,000 houses a year.

(iv) Reorganise the National Housing Fund

The NHF should be re-organised and re-engineered. Competent hands should be put in charge of its management. The Fund does not require personnel and management who have a sense of entitlement and civil service mentality. It needs creative and innovative minds who see the Fund as an opportunity to revolutionize the Nigerian economy and the standard of living of the people through the housing sector. The, rules for accessing the Fund should be re-engineered to make contributions the basis of getting access. A situation where the contributors are marginalised to the advantage of profit seeking artificial persons is antithetical to equity, natural justice and good conscience. All persons who by law are liable to contribute to the Fund should be made to contribute 2.5% of their income as required by law under the pain of punishment for failure to obey the law. Negotiations with labour unions to iron out creases and utmost good faith in the management of the Fund will encourage more contributors to be Fund. The informal sector should also be encouraged to contribute to the Fund.

(v) Prepare the MTSS 2017-2019 for the Housing Sector

In accordance with the Fiscal Responsibility Act (FRA), the Housing Sector MTSS 2017-2019 should be prepared to kick-start the 2017 budgeting process. All key stakeholders should be on board the Sector Team to prepare the MTSS. This should include the relevant civil society organisations, organised private, labour, professional groups, the committees with oversight on housing in the National Assembly and the MDA representatives.

(vi) Link Expenditure Allocations to Fiscal Strategy

The MTEF and its Fiscal Strategy Paper should be meticulously linked with appropriations in the budget. This will make for consistency between plans, policy and budgets and ensure coherence and evidence led budgeting. Housing should be seen from its multiplier effect of job creation, boosting industrial capacity utilization and the attendant refloating of an economy in distress.

(vii) Ring-fence Capital Budgets

To stop the pervading culture of under-spending in capital budget, FGN should consider ring-fencing capital votes not just to the housing sector but across all sectors. This will make capital budgets more predictable and result oriented. The idea of budgeting without releases and poor utilization cannot augur well for the sector

(viii) De-merge Works, Power and Housing

The Ministries of Works, Power and Housing need to be separated into three different Ministries to ensure efficient supervision of each of them by a Minister focused on their activities. The extant configuration is too unwieldy considering the intense demands of each of the merged sectors.

(ix) Amendment of Relevant Laws and Implementation of New Policies

The Land Use Act should be amended and removed from the 1999 Constitution. The amendments should eliminate the delay in the procurement of certificates of occupancy and governor's consent as well as the cost of procuring them; simplify the process of access to and transfer of land title. Foreclosure laws should make the process faster and quicker. FGN and states should digitise land registries, ensure comprehensive land titling which will collateralize land assets in both the rural and urban areas and unleash securities which can be used to access credit in financial institutions.

1. INTRODUCTION

1.1 Background

Housing is recognized as a fundamental and basic human need. Section 43 of the Constitution of the Federal Republic of Nigeria 1999 guarantees the right of every Nigerian to acquire and own immovable property anywhere in Nigeria. The International Covenant on Economic, Social and Cultural Right (ICESCR)⁴ provides for the right to an adequate standard of living including adequate food, clothing and housing. This right is of central importance to the enjoyment of all other human rights. Housing is so fundamental to a dignified existence that homelessness or the lack of adequate housing is used as an indicator to measure poverty and inequality.

Nigeria is yet to guarantee access to affordable housing for majority of its citizens. The growing population of Nigeria is faced with the challenge of inadequate housing and urban congestion, as housing infrastructure in urban areas is not enough to meet the growing population. The country is estimated to be in need of between 17million to 23million new housing units to meet the housing challenge. The Ministry of Lands and Urban Development which is now merged into the Ministry of Power, Works and Housing has rightly identified the land, housing and urban development sector as a critical tool for transforming the economy. It is well known that housing is one of the key sectors that contributes to the growth and development of the economy. As at 2013, housing contributed just about 8% to the Nigerian GDP and this is attributed to low activity in the sector.

Nigeria's Vision 20:2020 reported that 50% of Nigeria's population lives in the urban centres and this has contributed to the congestion of the urban centres. According to Vision 20:2020, the key challenge to home ownership is affordability⁵:

Achieving affordable housing will raise home ownership to about 50%, improve Nigeria's Human Development Index (HDI) ranking, reduce poverty in households, increase the productivity of Nigerians, and make the housing sector contribute over 20% to Nigeria's GDP. A major encumbrance to meeting the housing needs of the populace is the high cost of housing, which precludes low-income earners from having access to suitable shelter. The key priorities will be to meet the effective demand for housing, make housing finance available to the low to medium income earners, and provide the legal and regulation framework that will attract private investors to develop affordable housing products for that market.

In the MTEF 2016-2018, the Federal Government of Nigeria (FGN) set a commitment to bridge the infrastructure deficit including the housing deficit. It emphasized mass social

⁴ Ratified and applicable to Nigeria.

⁵ Page 34 in the online edition.

housing schemes with emphasis on building strategies that will involve mass training and involvement of builders and building artisans. It pledged to support the development of necessary housing infrastructure by promoting policies that would engender the reduction of the cost of building materials, increase liquidity within the mortgage subsector and promote the availability of credit in the housing sector. Accordingly, the MTEF projects that this would ensure the creation of more job opportunities for workers in the housing industry including architects, engineers, bricklayers, plumbers, painters, etc. Experts have emphasized the importance of investments in the housing sector as follows⁶:

The housing sector has the potential to generate employment, increase productivity, raise standard of living and alleviate poverty. This is because investment in housing affects all facets of life through its multiplier effect on economic development through forward linkages to the financial markets and backward linkages to land, building materials, tools, furniture and labour markets. For example, the construction of a medium sized (2/3 bedrooms) bungalow is capable of directly creating employment for an average of 76 workers. The number goes up significantly when the forward and backward linkages are factored into the process.

Thus, the housing sector is important to economic development and job creation. However, housing is beyond the concept of a roof over the head as it is qualified by the word “adequate”. Adequate housing must conform to seven functional parameters defined in General comment No. 4 of the United Nations Committee on Economic, Social and Cultural Rights⁷. They are legal security of tenure; availability of services, materials, facilities and infrastructure; affordability; habitability; accessibility; location; and cultural adequacy.

Again, in Goal 11 of the Sustainable Development Goals, adequate housing comes up under sustainable cities and communities. Goal 11 seeks to make cities inclusive, safe, resilient, and sustainable. Its targets include; by 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums; enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries, etc.

1.2 Objectives of the Review

This review will examine the extent to which the budget provides for the activation of the existing housing policies to ensure the realisation of their noble goals. It will further review the housing budget to determine its coherence with national and international standards. There will also be a review of the efficiency and effectiveness of federal

⁶ Housing as a Tool for Economic Development in Vanguard Newspaper of November 16 2015.

⁷ General Comment No.4 adopted at the Sixth Session of the Committee in 1991.

spending and the capacity of the Federal Ministry of Works, Power and Housing (FMoWPH) to implement budget programmes. Finally, the review determines whether Nigeria is investing the maximum of available resources to improve access to adequate housing for all Nigerians⁸.

2. SECTORAL STANDARDS AND POLICIES

2.1 National Housing Fund

The National Housing Fund is established by Act No. 3 of 1992⁹. It is a pool of funds made from contributions of 2.5% income of Nigerian workers both in the private and public sector. Banks are expected to invest 10% of their loans and advances at an interest rate of 1 percent above the interest rate payable on current account by banks. Insurance companies are to make an investment of 20% of their non life funds and 40% of life funds in the housing sector with 50% directly in the Fund. Also, the FGN is obliged to make contributions to the Fund for long term loans and to facilitate delivery of housing. The Fund is managed by the Federal Mortgage Bank which disburses to contributors and developers through mortgage banks¹⁰. By section 2 of the Act, the aims and objectives of the Fund are:

- *Facilitate the mobilization of the Fund for the provision of houses for Nigerians at affordable prices;*
- *Ensure the constant supply of loans to Nigerians for the purpose of building, purchasing and improvement of residential houses;*
- *Provide incentives for the capital market to invest in property development;*
- *Encourage the development of specific programmes that would ensure effective financing of housing development, in particular low cost housing for low income workers;*
- *Provide proper policy control over the allocation of resources and funds between the housing sector and other sectors of the Nigerian economy; and*
- *Provide long-term loans to mortgage institutions for on-lending to contributors of the Fund.*

A recent media publication reported the Federal Mortgage Bank as stating that contributions to the Fund have hit N192billion. The report states that the money was generated from 4.14m registered contributors in the NHF scheme. The Acting Managing Director of FMBN disclosed that the NHF has financed the construction of about 25,606 housing units and advanced 16,506 mortgage loans. He also reported that

⁸ This is as envisaged in the ICESCR and other international and regional standards to which Nigeria is a party.

⁹ Cap. N45, Laws of the Federation of Nigeria 2004.

¹⁰ <http://www.fmbn.gov.ng/doc/Funding>

disbursements are pending for the delivery of additional 15,085 housing units and 10,726 mortgage loans¹¹.

2.2. Nigerian Vision 20: 2020

Housing provision is supported by NV Vision 20: 2020, which pointed out that a major encumbrance to meeting the housing needs of the populace is the high cost of housing. It noted that the high cost of housing precludes low-income earners from having access to suitable shelter. The key priorities of the Vision is to meet the effective demand for housing; make housing finance available to the low and medium income earners, and provide the legal and regulatory framework that will attract private investors to develop affordable housing products for that market. Some of the strategies for affordable housing according to the Vision include the need for effective mortgages and involvement of private and public workers in contributions to the mortgage fund. Other key recommendations include:

- *Developing an effective land administration system to make land ownership available, accessible and easily transferable at affordable rates;*
- *Providing incentives and the necessary legal and regulatory environment to attract Public Private Partnership (PPP) in mass housing development;*
- *Reducing the cost of production of houses by developing and promoting appropriate designs and production technologies for the housing sector;*
- *Providing targeted subsidies and housing finance credit guarantees to facilitate home ownership by lower income groups/people with disabilities, and establishing a mortgage and title insurance system that will mitigate credit risk;*
- *Working with states and local governments to produce and implement a unified and integrated infrastructure development for housing, open up new layouts and provide sites and services for the private sector to develop affordable and decent mass housing.*

2.3. National Integrated Infrastructure Master Plan (NIIMP)

The NIIMP states as follows of the extant housing situation¹².

Nigeria is estimated to have 11 million houses and faces a housing deficit of about 17 million housing units. The current stock of housing is characterized by shanty-towns, dilapidated houses and unsanitary conditions without basic services like potable water, sanitation, public power supply, healthcare or education. The key challenge is the lack of affordable housing, with the additional housing need expected to rise to 30 million units by 2043. This is further exacerbated by rapid population growth and urbanization. Over the past 3 decades, the urban population has grown at a rate of 5.8 per cent per annum; the urban population comprises over 50 per cent of the total population and is projected to rise to 60 per cent by 2025. Furthermore, there are more than 840 urban centres and eight major cities with a growing population of over one million (Lagos, Kano, Ibadan,

¹¹ <http://punchng.com/national-housing-fund-contributions-hit-n192bn-says-fmbn/>

¹² http://www.niimp.gov.ng/?page_id=1268.

Abuja, Port Harcourt, Kaduna, Benin, and Zaria). Eliminating the housing deficit will require the development of an additional one million housing units annually until 2043.

Another challenge within the sector is that most households currently cannot afford adequate housing. 80 per cent of Nigerian households live on a monthly income of less than USD 133. An additional 14 per cent of households earn between USD 133 and USD 267 monthly, and would likely only be able to afford adequate housing through subsidised plans like the National Housing Fund. This suggests that only 6 per cent of the entire population can access the mortgage market or make outright cash purchases of housing units. Provision of social and low income housing is thus crucial to addressing Nigeria's current housing deficit. Several attempts have been made to improve the condition of the housing sector in Nigeria, including the National Housing Policy (2002), National Building Code (2010), Vision 2010, and Vision 20: 2020 to mention a few recent examples. These past policy drafts have assessed the housing challenges the nation faces and clearly outlined the need to develop a pragmatic solution to addressing the sector's primary issues of funding, land access and urban growth. There is a need for the nation to develop a clear housing philosophy that seeks to ensure affordability for all, regardless of socio-economic status. Achieving affordable housing for all Nigerians will require the development of strong and enduring mortgage institutions with transparent processes and procedures.

Another closely related issue is lack of access to land. In order to adequately address the nation's social housing issue, the Land Use Act of 1978 should be reviewed. The World Bank has long noted that the majority of the Nigerian populace resides in informal housing structures (with varying degrees of permanence) located on land to which they do not own the rights. The difficulty in acquiring land rights has thus led to the proliferation of informal, impermanent housing and made access to mortgage lending difficult, as a certificate of occupancy and land title are key requirements. The urban housing problem is further complicated by the inefficient land management system which has made it difficult to develop broad-scale tenement housing for urban residents. Urban and rural areas display different socio-economic and demographic attributes that consequently lead to distinct housing requirements. Over 50 per cent of housing settlements are currently categorised as urban, and there are several cities with a population of 1 million and more. While the majority of housing needs are located in urban areas, the required type of housing varies not only by urban/rural attributes but also cultural and other demographic factors.

Again, the NIIMP states that:

During 2014-18, the priority for the Housing sector will be on increasing the baseline number of available housing units in order to approach closure of the projected housing deficit through construction of 600,000 housing units under PPP arrangement, 240,000 affordable housing units by FHA and establishing prototype housing scheme to construct low-cost housing units in collaboration with LGAs using 90 per cent local materials. The various existing land registry systems are set to be modernized and digitized. Another priority is to make land easily available, transferable and affordable for housing development through implementation of housing finance infrastructure, preparation and adoption of regional development plans, preparation of National Street Addressing System and formulation of national land policy for Nigeria.

The NIIMP states that investment in housing infrastructure will need to increase significantly from USD 0.4 billion to USD 1.4 billion per annum by 2018. It endorses the creation of the Nigeria Mortgage Refinance Company (NMRC) to develop the mortgage market and provide affordable housing and the recapitalisation of the Federal Mortgage Bank of Nigeria. This financial projection seems to be an understatement of the sector's investment needs. At best, it may be the public sector investment projection.

2.4 Nigeria's Land, Housing And Urban Development Roadmap

The Federal Ministry of Land, Housing and Urban Development prepared a road map for housing which tried to define the underlying philosophy for intervention by all actors in the lands, housing and urban development sector of the economy. It also assesses the current situation, identifies where the sector ought to be and finally advances the set of actions required to reach the set targets. The objectives of the Road Map are twofold, namely to be a vehicle for:

- Positioning lands, housing and urban development as one of the significant contributing sectors in the Nation's adopted national plan for transformation;
- Realizing the goals of the adopted legislation, policies and international development commitments including the Habitat Agenda, SDGs and World Summit on Sustainable Development.

It has nine key goals which are:

- Goal 1: Facilitate private sector led delivery of 800,000 homes per annum over the next 10 years.
- Goal 2: Facilitate the implementation of special housing programmes to promote the delivery of 200,000 units per annum for the next 10 years.
- Goal 3: Establish an information management system for planning, implementation, monitoring and evaluation of programmes and projects.
- Goal 4: Establish and enforce building standards based on the National Building Code to ensure quality, functionality, aesthetics and safety.
- Goal 5: Make serviced land with secure tenure easily available, accessible and transferable and at an affordable price for housing development.
- Goal 6: Build adequate capacity of professionals and artisans in the built environment.
- Goal 7: Make cities and human settlements inclusive, productive, safe, livable, resilient and sustainable.
- Goal 8: Transform the way Federal Ministry of Lands, Housing and Urban Development is structured and operates as the industry regulator and facilitator.
- Goal 9: Promote research and development.

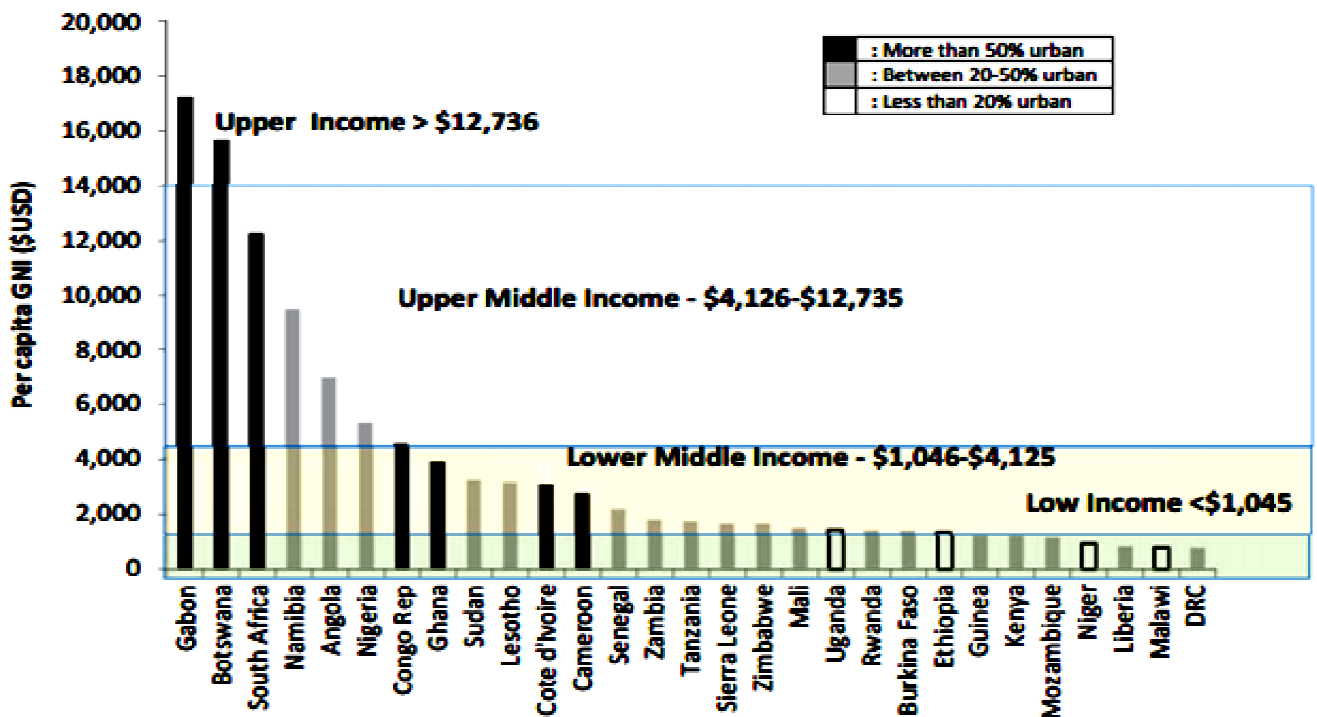
3. RELEVANT STATISTICS ON HOUSING

The statistics in this section is from a number of sources including the World Bank compiled data reporting on the Stocktaking of the Housing Sector in Sub-Saharan Africa. It seeks to show how Nigeria fares with comparator countries in the housing and urban settlement sector and the identification of sectoral challenges.

3.1 The Affordability Gap of Urbanization and GNI Per Capita (US\$) In Select SSA Countries 2014

Chart 1 is the Affordability Gap of Urbanization and GNI Per Capita (US\$) in Select SSA Countries 2014 and shows the percentage of the population that is urban vis-à-vis the GNI. The data below shows that Nigeria falls between the 20%-50% urban population and it also falls under the upper middle income countries. However, the classification of Nigeria as an upper middle income country may no longer be valid since the collapse of crude oil prices and the negative growth of the GDP.

Chart 1: Urbanization and GNI Per-Capita (US\$) in Select SSA Countries, 2014¹³



Source: World Bank 2014c.

¹³ <https://www.worldbank.org/content/dam/Worldbank/document/Africa/Report/stocktaking-of-the-housing-sector-in-sub-saharan-africa-full-report.pdf>

3.2 Housing Shortage Estimates for Selected SSA Countries

Table 1 shows the housing shortage for selected Sub-Saharan African countries.

Table 1: Recent Housing Shortage Estimates of Selected SSA Countries, 2013¹⁴

Country	Total Housing Shortage	Annual Additional Housing Shortage	Projection notes
Angola	2,000,000	--	
Cote d'Ivoire	600,000	--	
Ethiopia	1,000,000	--	Additional 225,000 backlog/year
Ghana	1,600,000	--	5.7 million short by 2020
Madagascar	2,000,000	--	Additional 100,000 backlog/year
Namibia	100,000	--	
Nigeria	17,000,000	--	
Senegal	200,000	--	Annual increase 10%
South Africa	2,100,000	--	
Tanzania	3,000,000	--	
Uganda	560,000 – 1,600,000	--	Backlog – 8,000,000 by 2020 if no countermeasures
Zambia	1,300,000	--	--
Zimbabwe	1,250,000	--	--
Burundi	--	20,000	--
Cameroon	--	100,000	--
Djibouti	--	2,500 – 3,500	--
Kenya	--	150,000	--
Niger	--	40,000	--
Rwanda	--	34,000	Backlog by 2022: 458,265

Source: CAHF 2013.

Available data from 13 Sub-Saharan African Countries shows that Nigeria has the highest housing deficit. This is evidence of the need for more public and private sector investments in housing.

3.3 Key Issues in the Nigerian Housing Market

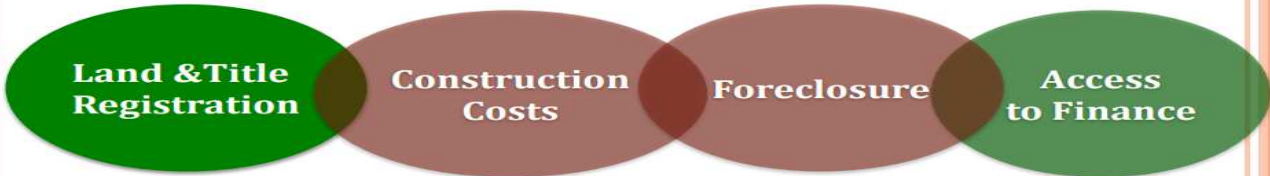
Charts 2 and 3 below summarize the key issues in Nigeria's Housing Market. Chart 2 shows the challenges and rigours in land registration and cost of registration, cost of building materials, the foreclosure process and the high bank interest rate.

¹⁴ <http://www.worldbank.org/content/dam/Worldbank/document/Africa/Report/stocktaking-of-the-housing-sector-in-sub-saharan-africa-summary-report.pdf>

Chart 2: Nigerian Housing Market Challenges (1)

NIGERIA HOUSING MARKET PROJECT

Key Issues



- Prolonged registration process and high cost of registration
- High cost of locally produced building materials
- Protracted foreclosure process
- High interest rate and funding mismatch

Source:

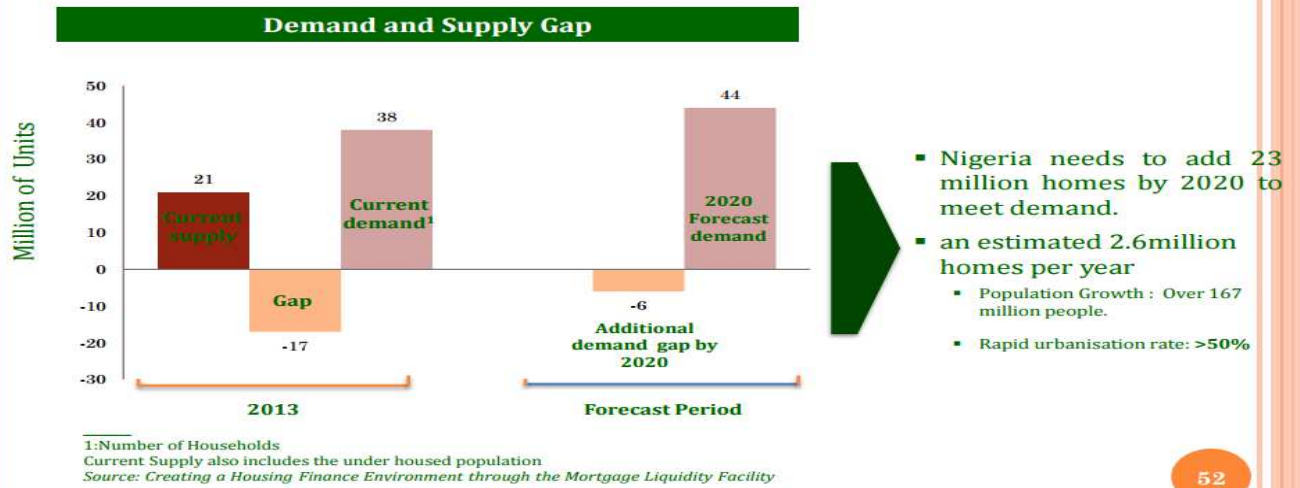
<http://www.worldbank.org/content/dam/Worldbank/Feature%20Story/japan/pdf/event/2014/Africa-Business-Seminar-100314.pdf>

Chart 3 shows the housing deficit, the rate of housing demand and its projected growth by 2020.

Chart 3: Nigerian Housing Market Challenges (2)

NIGERIA HOUSING MARKET

The Nigerian housing market currently has a deficit of about 17 million units



Source: <http://www.worldbank.org/content/dam/Worldbank/Feature%20Story/japan/pdf/event/2014/Africa-Business-Seminar-100314.pdf>

Again, the need for enhanced investments in the sector, reform of laws, policies and practices come to the fore. This is against the background of the fact that previous governments had established mechanisms to overcome the housing finance challenge through the National Housing Fund.

4. PROVISION FOR HOUSING IN THE 2016 BUDGET AND TREND ANALYSIS

4.1 Issues in this Part of the Review

This part will review the key provisions in the overall housing envelope, recurrent and capital expenditure as well as the funding gap (if any) using the NIIMP projections for housing. It will also highlight capacity deficits and frivolous, inappropriate and wasteful expenditure heads.

4.2 Allocations to Housing and the Funding Gap

In the 2016 federal budget, the Federal Government appropriated the overall sum of N456,936,811,203 for the Ministry of Works, Power and Housing. Out of this sum, N422,964,928,495 is for capital expenditure whilst N33,971,882,707 is for recurrent expenditure. The Minister of Works, Power and Housing declared in a media interview that 62% of the Ministry's allocation will be set aside for works, 23% will go to power whilst housing will get 15%.

It is pertinent to recall NIIMP's projection of USD 0.4 billion to USD 1.4 billion per annum by 2018 for the housing sector. Table 2 shows the trend of allocations to housing, its percentage and the funding gap using the NIIMP projections.

Table 2: Trend of Allocations and the Funding Gap (NIIMP)

Year	Overall Federal Budget	Total Allocation to Housing	% of Vote to Housing to Overall Vote	NIIMP Projection	Variance between Allocation and Projection: The Funding Gap
2013	4,987,382,196,690	32,179,108,276	0.65	223,860,000,000.00	191,680,891,724.00
2014	4,695,190,000,000	21,381,376,410	0.46	256,900,000,000.00	235,518,623,590.00
2015	4,493,363,957,158	7,312,088,618	0.16	278,740,000,000.00	271,427,911,382.00
2016	6,060,677,358,227	68,540,521,680	1.13	441,000,000,000.00	372,459,478,320.00

Source: Budget Office of the Federation and NIIMP

From Table 2, FGN budgeted 0.65%, 0.46%, 0.16% and 1.13% of its overall budget to the housing sector for the years 2013, 2014, 2015 and 2016 respectively. This is an average vote of 0.60% for the four years. This is a very low percentage of the budget voted for the sector. The total sum budgeted for the sector in four years comes up N129.413 billion which is an average of N32.35 billion a year. The funding gap for the

four years comes up to N1.07 trillion and a yearly average of N267.77 billion. It seems that this first projection based on the NIIMP excludes private sector funds. This informs the not too wide gulf between the projections and budgetary votes.

In 2013, the former governor of the Central Bank, Sanusi Lamido was quoted to have put the funding gap in the housing sector at about N25trillion. While speaking on a report tagged “ *Retrogressive view on the Mortgage Refinancing Company (MRC)*, he said the amount would be needed to bridge the housing gap which is estimated at 18million units and growing by two million units yearly¹⁵. The amount is based on the assumption of investing over a projection period of 30 years. This indicates that about N833 billion will be required annually to build 18 million units of housing at an approximate cost of N1.4m per housing unit.

In Table 3, the CBN projection is used to calculate the funding gap.

Table 3: The Trend of Allocations and the Funding Gap (CBN)

Year	Overall Budget	Federal	Total Allocation to Housing	% of Vote to Housing to Overall Vote	Funding Projection	Variance between Allocation and Projection: The Funding Gap
2013	4,987,382,196,690		32,179,108,276	0.65	833,000,000,000	800,820,891,724.00
2014	4,695,190,000,000		21,381,376,410	0.46	833,000,000,000	811,618,623,590.00
2015	4,493,363,957,158		7,312,088,618	0.16	833,000,000,000	825,687,911,382.00
2016	6,060,677,358,227		68,540,521,680	1.13	833,000,000,000	764,459,478,320.00

Source: Budget Office of the Federation and Retrogressive View on the Mortgage Refinancing Company

From Table 3, FGN budgeted 0.65%, 0.46%, 0.16% and 1.13% for the years 2013, 2014, 2015 and 2016 respectively. This is an average of 0.60% for the four years. This is a very low percentage of the budget voted for the sector. The total sum budget for the sector in four years comes up N129.413 billion which is an average of N32.35 billion a year. The funding gap for the four years comes up to N3.202 trillion and a yearly average of N800.64billion. It seems that this projection includes private sector funds. This informs the wide gulf between the projections and budgetary votes.

¹⁵ <http://thenationonlineng.net/mortgage-financing-to-cost-n25tr/>

4.3 Composition of Allocations

The trends analysis (2013-2016) for the housings sector is as shown in Table 4.

Table 4: Composition of the Housing Allocations: 2013-2016

Year	Total Allocation to Housing	Recurrent Expenditure	% of Recurrent Expenditure to Total Housing Allocation	Capital Expenditure	% of Capital Expenditure to Total Housing Allocation
2013	32,179,108,276	5,581,294,683	17.34	26,597,813,593	82.66
2014	21,381,376,410	5,624,655,407	26.31	15,756,721,003	73.69
2015	7,312,088,618	5,649,088,618	77.26	1,663,000,000	22.74
2016	68,540,521,680	5,095,782,406	7.43	63,444,739,274	92.57

Source: Budget Office of the Federation and CSJ Computation¹⁶

From Table 4, the average of recurrent expenditure over the four years is 32.09%. The year 2015 was an exception where the recurrent expenditure spiked to 77.26%. For capital expenditure, the four year average is 67.92%. Again, the 2015 capital expenditure was very low at 22.74%. The distribution between capital and recurrent is in the right direction considering that this is a capital intensive sector. However, the percentage of capital expenditure should have been not less than 80% of overall appropriation.

Table 5 shows the capital allocation to housing as a percentage of overall capital allocation.

Table 5: Capital Allocation to Housing as a Percentage of Overall Capital Vote

Year	Total Capital Allocation to all Sectors	Capital Allocation to Housing (N Million)	Capital Allocation to Housing as a percentage of Overall Capital Allocation for the Year
2013	1,591,657,252,789	26,597,813,593	1.67
2014	1,119,614,631,407	15,756,721,003	1.41
2015	556,995,465,449	1,663,000,000	0.30
2016	1,587,598,122,031	63,444,739,274	4.00

Source: Budget Office of the Federation

¹⁶ Note: Total location to Housing is based on 15% of the overall vote to Power, Housing and Works. The Recurrent Expenditure on Housing is based on 15% of overall recurrent vote to Power, Housing and Works while the Capital Expenditure on Housing is based on 15% of overall capital vote to Power, Housing and Works.

For the four years, the total allocation to housing came up to N107.46 billion which is a yearly average of N26.87billion. The percentage of the housing capital vote to overall capital vote came up to a yearly average of 1.85%.

Table 6 shows the recurrent allocation to housing as a percentage of overall recurrent allocation.

Table 6: Recurrent Allocation to Housing as a percentage of Overall Recurrent Vote

Year	Total Recurrent Allocation To All Sector	Recurrent Allocation To Housing (N Million)	Recurrent Allocation To Housing As A % Of Overall Capital Allocation For The Year
2013	2,415,745,972,812	5,581,294,683	0.23
2014	2,454,887,566,702	5,624,655,407	0.23
2015	2,607,132,491,708	5,649,088,618	0.22
2016	2,646,389,236,196	5,095,782,406	0.19

Source: Budget Office of the Federation

For the four years, the total recurrent allocation to housing came up to N21.95 billion which is a yearly average of N5.49 billion. The percentage of the housing recurrent vote to overall recurrent vote came up to a yearly average of 0.22%

4.4 Releases, Cash Backed and Utilised Parts of the Capital Budget

In the Nigerian budgeting practice, there are usually variances between the budgeted sums and the sum released whilst the released sums are not always fully cash backed. The utilisation also comes out lower. Table 7 indicates the position in the housing sector between 2013 and 2015.

Table 7: Allocations, Releases, Cash Backed and Utilised Sums in Sector Budget 2013-2015

Year	Total Capital Budget	Total Sum Utilized	Utilized as a % of Total Capital Budget	Utilized as a % of Releases	Utilized as a % of Cash Backed
2013	26,597,813,593	-	-	-	-
2014	15,756,721,003	7,420,029,520	47.09	99.68	99.68
2015	1,663,000,000	1,007,903,692	60.61	50.12	50.12

Source: Budget Office of the Federation: Budget Implementation Reports, 2013-2016

In 2013, the BOF did not publish the information on releases, cash backed and utilized sums in the housing sector. In 2014, only 47.09% of the capital allocation was utilized; the utilization rate increased to 60.61% in 2015. This indicates an average utilization rate of 53.85% of the capital budget over the two years. Even the paltry capital expenditure was hardly utilized. The variance between the appropriated sum and the utilized makes the budget an unreliable guide of public expenditure. This is contrary to

good and fit public finance management standards which demand a variance of no more than 5% between appropriation and actual expenditure.

4.5 Line Item Provisions for Housing

In the 2016 budget, the Federal Government stated its major housing intervention as the construction of 1,973 blocks of 7,068 housing units in 6 geopolitical zones and FCT at a cost of N35.6billion¹⁷. However, in the summary of capital expenditure, housing provision is projected to gulp N54.3billion. In the line items, there is un-disaggregated provision for Sustainable Development Goals 1 and Sustainable Development Goals 2 in the sum of N4billion and N5billion respectively. This provision comes after the Service Wide Votes have voted different sums for SDGs.

Other major projects are stated in Table 8 below.

Table 8: Major Housing Projects in the 2016 Budget

CODE	PROJECT	STATUS	AMOUNT (N)
FMWPH001021351	Monitoring and Evaluation of Housing Capital Projects	New	44,752,500
FMWPH001021378	As-Built Survey of Federal Government Landed Properties	New	33,607,548
FMWPH004021474	Construction of 1,973 Blocks of 7,068 Housing Units in the 6 Geo-Political Zones and the FCT.	New	35,600,000,000
MWPH004021477	Perimeter, Topographic and Layout Survey of Federal Government Land Nationwide (One(1) State in Each of the Geo-Political Zones and Abuja FCT)	New	81,770,088
FMWPH004021489	Completion of Ongoing Construction of Prototype Housing Scheme, Suleja	New	640,000,000
FMWPH007021484	Construction of Ongoing Extension of Federal Ministry of Lands, Housing and Urban Development Mabushi, Abuja	New	69,870,488
FMWPH008021485	Provision Of Furnishings in the New Extension of Federal Ministry of Lands, Housing and Urban Development Mabushi, Abuja	New	100,793,600
FMWPH009021405	(Ongoing) Establishment and Operations of a Comprehensive Landed Property Database	New	94,149,136

¹⁷ 2016 Change Agenda: A Citizens Guide to Understanding FGN Economic Policy & the 2016 Budget; Pg.16.

	Management System		
FMWPH015021503	Construction/and Provision Of Housing Infrastructure	New	210,023,068
FMWPH017021408	Completion of Provision of Infrastructure (Road & Drains) for Social Housing at Oron, Akwa Ibom State, Keffi, Nkwubor Enugu State	New	250,491,959
FMWPH023021390	Facilitation of Land Administration and Estate Management Services (Ongoing)	New	60,539,500
FMWPH026021501	Approved Bathymetrics Delineation for Foreshore Estates in Lagos (Ongoing)	New	7,275,000

4.6 Bloated, Inappropriate, Unclear and Wasteful Line Items

Some of the line item provisions appear to be bloated and these include attendance of statutory and international meetings on housing and development at the cost of N203.2million. This is on the high side. Some of the provisions are unclear as to the purpose of the votes such as research and development on housing matters for N142.7million¹⁸. This raises queries about who is conducting the research and the specific nature of the research. Other line items falling under this heading include the following in Table 9.

Table 9: Examples of Frivolous Line Items in the Housing Budget

Code	Project	Status	Amount (N)	Comments
FMWPH006021508	Construction of Viewing Centre at Nabar, Dull, Duglum, Dutsen Goggo, Kurum Dodo, Dashem Bakin Kogi and Gital, Bauchi State	New	70,000,000	A television viewing centre as priority in the federal budget? Or what exactly is a viewing centre?
FMWPH006021509	Construction of aTown Hall at Gambar, Zuya, Mallar, Lisa, Tapshin and Gambar Zugum, Bauchi State	New	125,000,000	FGN is to pay for town halls; essentially community halls. What is the duty of the LGAs and self help groups in these communities?
FMWPH006021510	Renovation of Worship Centres at Gori Mosque, Dass Central Mosque, Bununu Mosque and Lere Mosque, Bauchi	New	80,000,000	What is the business of FGN in renovation of worship centres whether Moslem,

¹⁸ The Code is FMWPH006021507

	State			Christian or any other? The state is forbidden from adopting a state religion.
FMWPH006021511	Upgrading of Path Way and Drive Way at Adewole/Adeta Ille Oloamoba Daudu Agaka Ilorin West LGA, Kwara State	New	100,000,000	Who does this pathway lead to his house? Should this not be done by the LGA that owns the territory?

Source: Budget Office of the Federation, Approved Budget 2016

5. MATTERS ARISING FROM THE APPROPRIATIONS AND OTHER ISSUES

5.1 Policy Summersault

The thrust of FGN's interventions in housing in recent years has been to transform the way former Federal Ministry of Lands, Housing and Urban Development is structured and operates as the industry regulator and facilitator. FGN was withdrawing from direct and actual construction of housing and allowing the sector to be private sector led with requisite interventions through contributions and the pool of funds arising from the NHF. FGN performed woefully in previous direct construction of houses such as the National Housing Programme where many depositors lost their money. It also performed poorly in the old President Shehu Shagari era construction of houses by the Federal Housing Authority. Thus, the 2016 allocation of funds for direct construction of houses goes back on this experience. This is not the best way to engage the sector and provide affordable housing to Nigerians.

It is not clear how FGN will dispose of the houses to ensure that the funds used in its construction are recovered so that the funds revolve over the years. It is also not clear how the FGN plans to shield the distribution of the houses from political patronage and partisan interests so that they can get to those in need of houses at affordable prices, with mortgage facilities.

5.2 No Appropriation for the National Housing Fund

For the last ten years including the year 2016, FGN has not voted funds to supplement the National Housing Fund. It will be recalled that one of the sources of the Fund as stated in section 6 of the National Housing Fund Act is FGN contributions. Section 6 of the Act states that:

(1) The Federal Government shall make adequate financial contributions to the Fund for the purpose of granting long-term loan and advances for housing development in Nigeria.

(2) The Federal Government may also make available such other sums either in naira or in foreign currency to the Fund as it may deem necessary.

The implication of the foregoing is that the FGN has consistently shirked its responsibility to the housing sector.

5.3 The National Housing Fund has been Poorly Managed

The expectation of the legislature in enacting the NHF Act was to pool funds to be used for adequate housing. A recent media publication reported Federal Mortgage Bank as stating that contributions to the Fund have hit N192billion. The report states that the money was generated from 4.14m registered contributors in the NHF scheme. The Acting Managing Director of FMBN disclosed that the NHF has financed the construction of about 25,606 housing units and advanced 16,506 mortgage loans. He also reported that disbursements are pending for the delivery of additional 15,085 housing units and 10,726 mortgage loans. If this is the score card and all that the NHF has achieved since inception in 1992, the evidence of poor management is crystal clear. For a Fund that is entitled to 2.5% of the income of all persons earning N3000 per annum and above, this performance is below par.

Many individuals who are supposed to contribute to the Fund are outside its purview and do not contribute whilst the Fund managers do nothing to enforce the rules. The Fund management seems more interested in making loans to developers and companies being artificial persons who are not contributors to the Fund whilst neglecting the natural persons who contribute to the Fund. It therefore alienates contributors and sets the stage for its own poor performance.

5.4 Underfunding of the Sector

With over 17million housing deficit, the 2016 budgetary intervention by FGN is too small and should have been increased to meet the projections of the NIIMP. When this level of funding is considered against the background that FGN is yet to galvanise private sector finances for investments in the sector, the underfunding becomes clearer. Also, alternative sources of funding the housing sector have not been explored.

5.5 The Nigeria Mortgage Refinance Company (NMRC) and the US\$300 Million World Bank Loan

The NMRC is established with the following objectives:

- To encourage financial institutions to increase their mortgage lending by providing them with long term funding;

- To increase the maturity structure of mortgage loans and assist to reduce mortgage lending rates;
- To increase the efficiency of mortgage lending by taking a lead role in proposing changes to the enabling environment for mortgage lending as well as standardizing mortgage lending practices of financial institutions, and
- To introduce a new class of high quality long term assets to the pension funds and other investors.

The World Bank approved a concessional US\$300 million, 40 year International Development Association (IDA) loan at 0.75%, which is obtained to facilitate the execution of the Housing Finance Programme. According to the NMRC, US\$250 million of the IDA loan will be disbursed in installments to the Nigeria Mortgage Refinancing Company (NMRC) as Tier 2 Capital based on key performance indicators; it will be retained on NMRCs balance sheet to provide credit support for NMRC's bond issuances. The balance of US\$50 Million will be allocated to other components of the Housing Finance Programme as follows: US\$25 million for the establishment of a Mortgage Guarantee Facility for lower income borrowers and US\$25 million to support the development and piloting of Housing Microfinance Products.¹⁹

The NMRC is part of the Nigerian Housing Programme whose components include reforms to the land and legal framework; access to affordable housing finance; development and construction of affordable houses; housing micro finance and the development of the secondary mortgage market. The NMRC promises to deliver 75,000 new homes per annum. Although, this is a welcome development, it will not scratch the surface of the 17million housing deficit. The impact of the NMRC is yet to be felt in the reduction of the housing deficit in Nigeria.

5.6 No MTSS Underlies the Housing Budget 2016

In accordance with the Fiscal Responsibility Act (FRA), the appropriation process should properly start with the preparation of Medium Term Expenditure Framework and its underlying Medium Term Sector Strategies. Both the MTEF and the MTSS are three year medium rolling frameworks in which the provisions of the first year of the framework determine the budget of the next financial year. Section 18 of the FRA is unequivocal in making the MTEF the basis for the preparation of the annual budget, including the need for the budget to be consistent with its sectoral and compositional distribution and its medium term developmental priorities. The MTSS reviews high level national policies in the sector, ongoing and new projects and seeks to determine the ones that will best facilitate the realisation of government's objectives in view of limited available resources. Thus the 2016 budget was proposed and passed without the underlying background documents which should inform the budget.

¹⁹<https://www.cbn.gov.ng/out/2014/ccd/overview%20of%20the%20nigeria%20mortgage%20refinance%20company.pdf>

5.7 Disconnect Between Fiscal Strategy and Expenditure Allocations

In the Fiscal Strategy Paper which is part of the MTEF 2016-2018, FGN stated its commitment to bridge the infrastructure deficit including the housing deficit. It emphasized mass social housing schemes with emphasis on building strategies that will involve mass training and involvement of builders and building artisans. It pledged to support the development of necessary housing infrastructure by promoting policies that would engender the reduction of the cost of building materials, increase liquidity within the mortgage subsector and promote the availability of credit in the housing sector. Accordingly, the MTEF projects that this would ensure the creation of more job opportunities for workers in the housing industry including architects, engineers, bricklayers, plumbers, painters, etc. But the allocation to housing did not demonstrate any emphasis or prioritization of the sector. If as pledged by the FSP that the policy thrust is to engender growth and reduce poverty through increased employment, housing's multiplier effect on employment creation and capacity utilization of local industries should have listed it among the big spenders. The fact that Nigeria is self sufficient in cement and even has export capacity shows that capacity utilization in local industries is bound to improve with more investments in housing.

5.8 A Culture of Under-spending in Capital Budgets

There is a pervading culture of under-spending in capital budgets. Year after year, programmed capital allocations are not fully released and cash backed, leading to low percentages of capital budget expenditure. The implication is large variances between appropriation and utilization leading to an average of less than 54% capital budget implementation over the last two years.

5.9 Merger of Works, Power and Housing Not Ideal

The merger of the Ministries of Works, Power and Housing into one super Ministry masks the depth of the challenges in each of the sectors. Each of the sectors is so vital to Nigeria's economic and social life that they should have been run alone and a Minister will have adequate time to focus sufficiently on each of them. If the 2016 budget of the three parts of the ministry is shared per sector, it will not amount to much. But putting them together creates a false impression on the resources available to the sectors. They need to be de-merged.

5.10 Law Reform and Implementation of New Policies

Several official panels and studies have recommended the amendment of the Land Use Act and its removal from the 1999 Constitution. The amendments include issues around delay and cost of procurement of certificates of occupancy and governor's consent, simplifying the process of access to and transfer of land title, protracted foreclosure processes, etc. In terms of policies, states and FGN are yet to implement digitalisation of land registries, comprehensive land titling which will collateralize land assets in both

the rural and urban areas and unleash securities which can be used to access credit in financial institutions. This is in view of the fact that housing and land are usually the highest single investments and the best assets of families and individuals.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

Housing is one of the three basic necessities of life and it is internationally recognized as a human right which is intrinsically linked to the right to an adequate standard of living. The housing sector is vital for job creation and improved capacity utilization of local industries. Nigeria's housing policies are good on paper but suffer from poor implementation. There seems to be a policy summersault recorded in the 2016 housing budget. Experiences from previous failures were not brought on board in designing the 2016 budget in terms of government's direct participation in housing construction.

Nigeria has the highest backlog of housing deficit in Sub-Saharan Africa which is estimated at 17million. The housing sector is beset with a number of challenges including prolonged registration processes and high cost of registration, high construction costs, protracted foreclosure processes, high interest rates and funding mismatch. The resources voted to housing in the budget are low whilst the government has not fully galvanised available social and private sector resources to improve the housing situation. A huge funding gap exists in the housing sector whilst idle resources remain untapped. Nigeria is therefore not dedicating the maximum of available resources for the progressive realisation of the right to adequate housing. On the basis of the foregoing, the review therefore makes the following recommendations.

6.2 Recommendations

6.2.1 FGN through the Ministry should be limited to Policy Formulation and Regulation

The FGN should withdraw from direct construction of houses. It should act as a regulator and set policies for individuals, communities, cooperatives and the private sector to implement direct housing construction. It should facilitate the pooling of resources through the NHF and other channels. FGN's projects are notorious for being over-valued, delayed in implementation and poor workmanship. Such notoriety should not be transferred and mainstreamed in the housing sector through direct construction by government.

6.2.2 Appropriate Funds for the National Housing Fund

In accordance with section 6 of the National Housing Fund Act and NIIMP's projections, FGN should as from the 2017 financial year commence the appropriation of not less

than \$1.4 billion every year to the NHF. This will increase the pool of funds available to NHF for disbursement to contributors.

6.2.3 Tap Alternative Sources of Funds for Housing

Alternative funding can be explored as follows:

- The Central Bank of Nigeria should consider the establishment of a special fund for the housing sector which should be in the neighbourhood of not less than N1 trillion. Similar funds have been set up in the past by CBN for other sectors.
- Concessionary funding can be raised by FGN and the states and specially dedicated to the housing sector.
- Bonds can also be used to finance the sector.
- The NMRC should be strengthened with more resources to increase its impact in bridging the housing deficit. It should be strengthened to target not less than 200,000 houses a year.

6.2.4 Reorganise the National Housing Fund

The NHF should be re-organised and re-engineered. Competent hands should be put in charge of its management. The Fund does not require personnel and management who have a sense of entitlement and civil service mentality. It needs creative and innovative minds who see the Fund as an opportunity to revolutionize the Nigerian economy and the standard of living of the people through the housing sector. The, rules for accessing the Fund should be re-engineered to make contributions the basis of getting access. A situation where the contributors are marginalised to the advantage of profit seeking artificial persons is antithetical to equity, natural justice and good conscience. All persons who by law are liable to contribute to the Fund should be made to contribute 2.5% of their income as required by law under the pain of punishment for failure to obey the law. Negotiations with labour unions to iron out creases and utmost good faith in the management of the Fund will encourage more contributors to be Fund. The informal sector should also be encouraged to contribute to the Fund.

6.2.5 Prepare the MTSS 2017-2019 for the Housing Sector

In accordance with the Fiscal Responsibility Act (FRA), the Housing Sector MTSS 2017-2019 should be prepared to kick-start the 2017 budgeting process. All key stakeholders should be on board the Sector Team to prepare the MTSS. This should include the relevant civil society organisations, organised private, labour, professional groups, the committees with oversight on housing in the National Assembly and the MDA representatives.

6.2.6 Link Expenditure Allocations to Fiscal Strategy

The MTEF and its Fiscal Strategy Paper should be meticulously linked with appropriations in the budget. This will make for consistency between plans, policy and

budgets and ensure coherence and evidence led budgeting. Housing should be seen from its multiplier effect of job creation, boosting industrial capacity utilization and the attendant refloating of an economy in distress.

6.2.7 Ring-fence Capital Budgets

To stop the pervading culture of under-spending in capital budget, FGN should consider ring-fencing capital votes not just to the housing sector but across all sectors. This will make capital budgets more predictable and result oriented. The idea of budgeting without releases and poor utilization cannot augur well for the sector

6.2.8 De-merge Works, Power and Housing

The Ministries of Works, Power and Housing need to be separated into three different Ministries to ensure efficient supervision of each of them by a Minister focused on their activities. The extant configuration is too unwieldy considering the intense demands of each of the merged sectors.

6.2.9 Amendment of Relevant Laws and Implementation of New Policies

The Land Use Act should be amended and removed from the 1999 Constitution. The amendments should eliminate the delay in the procurement of certificates of occupancy and governor's consent as well as the cost of procuring them; simplify the process of access to and transfer of land title. Foreclosure laws should make the process faster and quicker. FGN and states should digitise land registries, ensure comprehensive land titling which will collateralize land assets in both the rural and urban areas and unleash securities which can be used to access credit in financial institutions.