

Review of Possible Solutions to the Causes and Effects of Project Abandonment using Engineering Approach and Terminologies for Sustainable Economic Development in Nigeria

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Abstract

In recent time, many projects are either uncompleted or abandoned In Nigeria. This paper evaluates the causes, negative effect on economy as well as possible solutions of projects abandonment in Nigeria and its impact on the immediate community. Data was collected through personal interview, questionnaire administration and reviewing of existing literature and journals which formed the data base and were analyzed by the relative important index (R.I.I.). The result obtained from this study revealed the causes of project abandonment as lack of project planning, inadequate project funding, price inflation, wrong estimate, faulty design, incompetent project managers and contractors, variation of project scope, death of client or contractor, delay payment and political factor. Economic effects of project abandonment include: waste of resources, decrease in employment opportunities, shortage of revenue to the government, disappointment of the users and difficulty in attracting foreign loans and investors. Solutions to these negative effects on our economy for sustainable growth and development are identified as: Adequate project planning should be undertaken by the client or his/her consultant and should possess enough fund before embarking on the project, also engaging contractors that have strong financial stand for their projects is another possible solution to this problem. Good accountability, transparency, fairness, honesty and integrity should be our culture. Government on its part should make strong effort to reduce inflation and whenever there is change in government, the projects embarked upon by previous administrations should not be abandoned.

Key words: Project Planning, Project Financing, Political Factor, Project Abandonment.

INTRODUCTION

According to [5] the word “abandon” refers to stop doing something because of some problems that causes impossibilities to its continuation. A proper planning is very necessary if projects are to be executed for effective economic development [1].

In Nigeria today, the landscape is littered with a lot of abandoned projects which include: buildings, roads and rail constructions, dams and other hydraulic structures at all level of government. Unfortunately, many of these projects are out – rightly abandoned [7].

At the moment, there are over 4000 abandoned federal government project with an estimated cost of over three hundred billion (₦300b) which will take not less than twenty (20) years to be completed looking at the present execution capacity of government [4].

This menace of project abandonment has been left without adequate attention from governments at all level which is now having a multiplier effects on national economic growth and development [3], [6]. This paper seeks to proffer adequate solutions to project abandonment in Nigeria so as to give way to the government to diversify our economy for sustainability and growth.

OBJECTIVES

1. To determine the causes of construction projects abandonment in Nigeria.
2. To assess the effects of construction projects abandonment on Nigerian economy.
3. To suggest the suitable solutions so as to forestall the problems of abandoned projects in other to give way to the government to diversify other sectors of Nigerian economy.

PROJECT PLANNING

Project planning is the process of defining your objectives and scope, your goals and milestones (deliverables), and assigning tasks and budgetary resources for each step. A good plan is easily shareable with everyone involved, and it's most useful when it's revisited regularly. Simply outlining a plan and never discussing it with your team again is a good recipe for wasted time and effort. You can do your project planning in a simple Google doc, or you can use project management software. The benefit of using project management software is that you're usually able to store all of your documents and deliverables in one place, and you can avoid losing important discussions and decisions to the email or Slack void. With a tool like Basecamp, for example, it's easy to track progress and keep track of conversations and items that require collaboration with a few different people. If you're thinking about project management as an entrepreneur or within a fast-paced startup, it might seem like it all takes too much time at the outset. But, you'll actually save a lot of time and resources if you document your project plan right from the start and use it as a roadmap to keep you and your team on track [9].

SEVEN KEY FACTORS TO SUCCESSFUL PROJECT PLANNING

1. Think of your plan as a roadmap for stakeholders

Every project needs a roadmap with clearly defined goals that should not change after the first phase of the project has been completed. All stakeholders benefiting from the outcome or involved in executing the project should be named and their needs stated during the initial project planning process.

- **The project manager** or the person ultimately responsible for completion
- **The “customer”** who receives the deliverables—this can be someone on your team (internal) or an actual paying customer.
- **The team** or the people responsible for any tactic that's part of the plan.

2. Break the project into a list of deliverables

Develop a list of all deliverables. This list should break down the larger project into smaller tasks that can be assigned to specific team members, and you should include estimated deadlines associated with each deliverable or task. Make sure that you understand and document the approval process for each deliverable. If your project is for an external customer, make sure you are clear on their internal approval process, so that you're not surprised by delays or slowed down with wading through competing opinions.[9]

3. Talk to your team

Identify by name all individuals and/or organizations involved in each deliverable or task, and describe their responsibilities in detail. Otherwise, miscommunication can lead to delays and situations where team members may have to reduce their work. Hold a kickoff meeting to talk to your team about your intended plan of attack. Ask them to help you think about the best way to get the work done. Not only will this help you be more efficient, it will help you get their buy-in because they'll feel more ownership over the process. Using a project management tool like Base camp can be helpful keeping everyone on track and storing documents and conversations all in one place.

4. Identify risks

Determine the risks involved in your project. Think through what you'll do if something takes much longer than expected, or if costs end up being much more than you initially anticipated. You don't have to have a specific course of action identified for every possible negative outcome, but you should spend some time with your team, thinking through what could go wrong. Then, you can do as much as you can to mitigate those risks from the outset, rather than being caught off guard later. Risk factors can also have some influence on how you budget.

5. Create a budget

Attached to your list of milestones and deliverables should be information about the project cost and estimated budget. Resist the urge to assign large dollar amounts to big projects without identifying exactly how the money is intended to be spent. This will help your team understand the resources they have to work with to get the job done. When you're setting your initial budget, these numbers might be ranges rather than absolutes. For certain items, you might need to get quotes from a few different vendors. It can be helpful to document the agreed upon project scope briefly in your budget documentation, in case you end up needing to make changes to the larger project based on budgetary constraints, or if your vendor doesn't deliver exactly what you expected.

6. Add milestones

Use your list of deliverables as a framework for adding milestones and tasks that will need to be completed to accomplish the larger goal. Establish reasonable deadlines, taking into account project team members' productivity, availability, and efficiency.

Think about your milestones within which your goals should be:

- **Specific:** Clear, concise, and written in language anyone could understand.
- **Measurable:** Use numbers or quantitative language when appropriate. Avoid vague descriptions that leave success up to personal, subjective interpretation.
- **Acceptable:** Get buy-in from stakeholders on your goals, milestones, and deliverables.
- **Realistic:** Stretch goals are one thing, but don't set goals that are impossible to achieve. It's frustrating for your team and for your stakeholders, and might ultimately delay your project because accomplishing the impossible usually costs more and takes longer.
- **Time-based:** Set concrete deadlines. If you have to alter deadlines associated with your milestones, document when and why you made the change. Avoid stealth changes—or editing deadlines without notifying your team and relevant stakeholders.

7. Set progress reporting guidelines

These can be monthly, weekly, or daily reports. Ideally, a collaborative workspace should be set up for your project online or offline where all parties can monitor the progress. Make sure you have a communication plan—document how often you'll update stakeholders on progress and how you'll share information—like at a weekly meeting or daily email. Use the framework you set up when you identified your milestones to guide your reports.[9] Try not to recreate any wheels or waste time with generating new reports each time you need to communicate progress. Keep in mind that using project management software like Base camp can keep stakeholders in the loop without cluttering up your inbox, or losing conversations in long Slack chats. The secret to effective project planning and management is staying organized and communicating well with your team and stakeholders. Whether you decide to use project management software or not, think about where and how you store all the materials and resources that relate to your project—keep everything in one place if you can.

POOR FINANCIAL CAPACITY

As is generally known, projects cannot be executed without the required funds. However, reports show that many Nigerian projects have experienced issues such as delays and abandonment as a result of financial problems [8] In Nigeria today, the practice of returning unexhausted budgeted funds to the national coffer at the end of each financial year by government ministries and agencies have left projects with inadequate funds during this periods, and in turn, increasing the likelihood of project failure. On a different note, the problem of poor financial capacity is not limited to the government. Contractors involved in government projects are also a major contributory factor to project failure as many contractors are not financially capable of executing these projects. As contained in the Nigerian procurement act, every contractor must have the required capital outlay to execute the project before a bid is submitted. Regardless of this principle, contracts are awarded to contractors who lack the capacity to execute the required project, hence, increasing the problem of project failure. Budgetary detriments have been linked to a high rate of project failures in Nigeria. Ubani and Ononuju (2013) established that the slow or non-disbursement of funds from the government towards the implementations of projects due to corruption, toxic bureaucracy, zero allocations made to projects, has seen a high rate of project failures of roads, buildings, energy and other infrastructural spheres within Nigeria. Dim (2018) established that indeed a high number of road construction projects in Nigeria are failures.

PROJECT FINANCE refers to the funding of long-term projects, such as public infrastructure or services, industrial projects, and others through a specific financial structure. Finances can consist of a mix of debt and equity. The cash flows from the project enable servicing of the debt and repayment of debt and equity. The structure of project financing relies on future cash flows for repayment of the project finances. The assets or rights held under the project act as collateral for the finance. Governments or companies prefer project finance for long gestation projects or for joint venture arrangements or collaboration arrangements. Project finance model adopted in BOT (build, operate, and transfer) model contains multiple key elements. The funds are arranged through a special purpose vehicle (SPV).[10] A company may carry the project themselves or subcontract a portion of the project. In the absence of revenues during the construction phase, the interest on debt capital is paid after the commencement of operations. Project financing is for projects which carry high risks on the capital employed. There is no revenue for the companies participating until the commencement of operations. During the construction phase, there may be one or two off take agreements, but no revenue streams. There is no recourse available to the parties funding the projects. The project generally remains off the balance sheet for the financing parties and the government. Companies typically hold the project debt in a subsidiary with a minority holding. This helps in maintaining the debt ratios of the company. For the government, they may wish to keep the project off their balance sheet to have more fiscal room.[10]

SOCIO-CULTURAL AND POLITICAL INTERFERENCES

Socio-cultural interferences through conflicts and incessant opposition to public projects have been established to confer impediments to project completion in Nigeria. Similarly, the lack of continuity in projects established which has seen succeeding governments fail to allocate funds for completion of projects started by their predecessors [11]. Such a lack of coherence in the political class towards development more so, the implementation of projects has seen projects fail across Nigeria. For instance, the Gas Revolution Industrial Park, Ogidigben in Delta State and the Gelegale Seaport in Edo State, have both failed to start despite the preparedness of the foreign and local governments towards the projects [11]. This is because of the conflicts and sabotage caused by them on the implementation of these two projects.

METHODOLOGY

The general causes and effects of project abandonment were listed in a well-structured questionnaire and administered to Architects, Quantity Surveyors, Civil Engineers, Electrical Engineers, Mechanical Engineers and Builders that have practiced for last ten (10) years in one state from each of the six geo- political zones (Lagos, Rivers, Enugu, Gombe, Kano and Sokoto states). The respondent rates each factor on scale 1 – 4. The ninety (90) well completed questionnaire retrieved formed the data in which the study is based. The data were analyzed by the relative important index (R.I.I.). Base on the workof Lim and Alum (1995).

$$R.I.I = \frac{[4n_4^4 + 3n_3^3 + 2n_2^2 + n_1]}{4N}$$

Where: $n_4 = \text{Mostimportant}$
 $n_3 = \text{Important}$
 $n_2 = \text{Notimportant}$
 $n_1 = \text{Mostnotimportant. And}$

N = Numberofrespondent

RESULTS

Table 1: Causes of Project Abandonment.

SN	CAUSE	S	1	2	3	4	R.I.I.
1	Administrative actio	n	10	5	7	4 0	0.855
2	Bankruptcy of contracto	r	0	0	3	5 7	0.979
3	Change of priorit	y	4	5	5	4 8	0.891
4	Death of clien	t	2	5	2	5 3	0.927
5	Delay in paymen	t	0	1	5	560	0.972
6	Disput	e	15	8	7	3 0	0.694
7	Faulty desig	n	2	5	5	5 0	0.915
8	Inadequate plannin	g	0	0	3	5 9	0.988
9	Inadequate financ	e	0	0	3	5 9	0.988
1 0	Incompetent project manage	r	1	5	6	5 0	0.915
1 1	Improper documentatio	n	5	5	2	5 0	0.891
1 2	Inflatio	n	0	0	3	5 8	0.984
1 3	Natural disaste	r	20	1	1	2 2	0.637
1 4	Political facto	r	0	3	4	5 5	0.959
1 5	Unqualified consultan	t	5	6	9	4 2	0.855
1 6	Variation of the project scop	e	0	1	5	5 6	0.972
1 7	Wrong estimat	e	2	5	5	5 0	0.915

Table 2: Economic Effects of Projects Abandonment.

S/N	EFFECT	S	1	2	3	4	R.I.I.
1	Disappointment of the populace .		0	0	3	59	0.988
2	Decrease in the tempo of economic development		0	0	3	57	0.976
3	Decrease in revenue to govt .		0	4	4	54	0.952
4	Difficulties in attracting foreign loan .		0	5	3	54	0.948
5	Reduction of employment opportunities		0	0	5	57	0.979
6	Wastage of resources .		0	0	4	58	0.984

FINDINGS

The findings from the analyzed result show that:

1. Most construction projects are complex and require a team of professionals to procure and deliver.
2. Continued neglect of ongoing projects of previous government by newly elected governments without considering the importance of such project to national economic development.
3. Inadequate planning of projects time frame and lack of effective monitoring.
4. Abandoned construction sites in Nigeria have become a habitat for rodents, reptiles and dump site for refuse thereby polluting the environment.
5. It also serves as hide out for criminals and miscreant people in so many locations.

CONCLUSION

This paper affirmed that abandoned projects have impacted positively on the national economic development. This affects the environment in reducing its beauty and spread of diseases, fire disasters, flooding e.tc. However, the following solutions are hereby put forward to solve most abandoned projects problems which affect national economic growth and development.

1. A proper planning and procurement committee should be provided at each government level.
2. Only new projects, which can be completed within the time frame and with available resources, should be initiated.
3. The selection process of contractors and consultants should be by honesty, integrity, transparency, accountability and capability.
4. The use of political undertone rather than economic advantage should be discouraged.
5. Corruption at all levels of government and other stake holders should be curbed through due process by the relevant agencies such as EFCC, ICPC etc.

RECOMMENDATIONS

To reduced causes and effects of abandoned projects, the client should undertake enough fund, adequate planning, reliable estimate at the inception, and engage services of competent professionals.

The government should also put in all effort to reduce inflation and when there is change in political administration previously started project should not be abandoned, which results in sabotaging the national economic development.

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